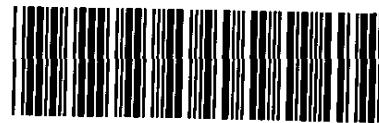


**Registered number SC065527**

**HEINEKEN UK LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **HEINEKEN UK LIMITED**

### **CONTENTS**

	Page(s)
<b>Company Information</b>	1
<b>Strategic Report</b>	2-14
<b>Directors' Report</b>	15-16
<b>Directors' Responsibilities Statement</b>	17
<b>Independent Auditor's Report to the Members of Heineken UK Limited</b>	18-21
<b>Consolidated Statement of Comprehensive Income</b>	22
<b>Consolidated Statement of Financial Position</b>	23-24
<b><i>Consolidated Statement of Changes in Equity</i></b>	25
<b>Consolidated Statement of Cash Flows</b>	26-27
<b>Notes to the Consolidated Financial Statements</b>	28-69
<b>Company Statement of Financial Position</b>	70-71
<b>Company Statement of Changes in Equity</b>	72
<b>Notes to the Company Financial Statements</b>	73-91

## **HEINEKEN UK LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	J I Crampton N Erguven J Ford M Gillane B Haarsma C Kerr R Kleinjan I J W Mountstevens L J Nicoll M M Pinto S Rooney
<b>Company secretary</b>	L J Nicoll
<b>Registered number</b>	SC065527
<b>Registered office</b>	3-4 Broadway Park South Gyle Broadway Edinburgh United Kingdom EH12 9JZ
<b>Independent auditor</b>	Deloitte LLP 3rd Floor 9 Haymarket Square Edinburgh United Kingdom EH3 8RY

## HEINEKEN UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report together with the audited financial statements of Heineken UK Limited ('the Company') and all of its subsidiary undertakings (together 'the Group') for the year ended 31 December 2022.

The Group is a leading United Kingdom (UK) pub, cider and beer business. There have been no changes in the Group's principal activities and no significant changes are expected.

The Group produces and sells an expansive portfolio of brands including Birra Moretti, Desperados, Foster's, Heineken, Inch's, Old Mout and Strongbow together with a full range of niche and speciality brands, including Neck Oil and Gamma Ray.

The Company purchased the remaining shares in TP & Munch Ltd in September 2022, resulting in full ownership of Beavertown Brewery and Beavertown brands, a positive step that allows the Group to fully support Beavertown's brand position in premium beer, inimitable creativity and growth potential.

*We are a passionate supporter of the Great British Pub. At the end of the year, our Star Pubs & Bars estate was comprised of 2,394 pubs (2021: 2,415 pubs) throughout the UK.*

The Company is a wholly owned subsidiary of Scottish & Newcastle Limited. Scottish & Newcastle Limited and its subsidiary undertakings are part of a global organisation led by Heineken Holding N.V. ('the Heineken Group').

### BUSINESS REVIEW

The two main routes to market for the Company are the On-trade and Off-trade. The On-trade channel refers to the direct or indirect supply of beer and cider to licensed premises, for onward consumption by consumers. The Off-trade channel relates to the sale of beer and cider to grocers or wholesalers for sale onward to the ultimate consumer. The Group also operates in the rental and management of pubs and the supply of Heineken and third-party products to the pub estate.

The pub estate prospers through high-quality well-invested pubs run by skilled operators. Over the longer term, based on our strategy, footprint, investment plans, and leveraging potential increased footfall due to On-trade outlet closures, we foresee incremental value growth of our estate, particularly due to our suburban footprint.

In 2022, the Group remains the market leader with total beer and cider market value and volume share of 25.7% and 26.1% respectively (-100 bps vs 2021<sup>1</sup>). The share decline being across both categories of beer and cider and both channels but predominately driven by On-trade.

*Beavertown beer market value and volume share grew at a combined level to 1.2% and 0.6% respectively (+40/+30 bps vs 2021<sup>1</sup>).*

As the beer market continues to move to a more premium offering, the Group has grown share of total market premium beer volume to 25.0% (+500 bps vs 2021<sup>1</sup>).

Total volumes reported for the year advanced by 3.7% compared to the prior year, coupled with supporting a net revenue (revenue net of excise duty borne by the Group) growth of 17.8%, which is the driving factor of a gross profit improvement, moving from £793m to £934m, which has had a positive impact on operating profit.

The Group operating profit for the year was £207m (2021: £145m) and the Group net cash from operating activities was £191m (2021: £170m). Following impairment review of the pub estate, in 2020 an impairment expense of £172m was incurred in tangible fixed assets. In 2022, following review of the pub estate and current market conditions, including forecast profitability and capital investment, the Directors reversed £46m of previous impairment expense and recognised £47m of additional impairment in respect of property, plant and equipment. As at 31 December 2022, net assets of the Group were £459m (2021: £4,103m). The decrease in net assets was as a result of legal entity restructure within the UK and distributions to the parent company.

Volatility in economic conditions continues into 2023, with increased inflation impacting costs and the Bank of England only partially mitigating this through increases in the base rate. On a day-to-day basis these challenges, as well as operating efficiency, profitability, and cash flow continue to be monitored closely. The Group is actively investing in its pub estate and brands in order to grow the business. As outlined on page 16, in April 2023, the Company agreed to sell the UK rights for Kronenbourg 1664 to Carlsberg Group, the Company will continue to brew and pack the brand under contract until 2024 and will continue to list and provide the brand in our pub estate. We will continue to support our own brand portfolio, including strengthening our premium brands. We have launched Cruzcampo in the UK and are excited about its potential.

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<sup>1</sup> CGA and Nielsen Data to 03.12.2022

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### CORPORATE GOVERNANCE STATEMENT

##### Wates Corporate Governance Principles

The Company is a private limited company incorporated under the laws of Scotland. The Board is required to comply with, among other regulations, company law requirements. In this report, the Board address the corporate governance structure and states to what extent the best practice provisions are applied, as defined by the Wates Corporate Governance Principles for Large Private Companies. This report also includes the information that is required to be disclosed pursuant to the new private company reporting requirements under the Companies (Miscellaneous Reporting) Regulations 2018.

The Board supports the Wates Principles on Corporate Governance for Large Private Companies and confirms that it has complied with all of the provisions throughout the financial year ended 31 December 2022, and has applied the principles as set out in this statement. The responsibility of the Board to consider risks to the business are discussed in the financial and principal risks sections of this report.

##### UK Corporate Governance Code and Section 172 Statement

The following statement also describes how the Directors have had regard to matters set out in section 172(1)(a-f) when performing duties under section 172 of the Companies Act 2006.

The Board of Directors of the Company and subsidiary undertakings, both together and separately, consider that we have acted in good faith and in a way that would promote the success of the Company and subsidiary undertakings. In discharging our section 172 duty we have done so through our agreed strategy, for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006, in the decisions taken during the year ended 31 December 2022.

In doing so, section 172 requires each Director to have regard (amongst other matters) to:

- a. The likely consequences of any decisions in the long-term.
- b. The desirability of maintaining a reputation for high standards of business conduct.
- c. The need to act fairly as between members.
- d. The interests of employees.
- e. The need to foster business relationships with suppliers, customers and others.
- f. The impact of operations on the community and environment.

##### Board composition and Director responsibilities

Heineken UK Limited is the key operating company of the Group, the Directors of the Board are the most senior leaders of the business. The 11 Directors of the Board and 1 Interim Director, are collectively known as the 'Management Team'. The Management Team are aligned to the key channels and functional areas of the business and a Managing Director. The key areas and lines of responsibility are: Star Pubs & Bars, On-trade, Off-trade, Supply Chain, Marketing, Finance, Legal Affairs, Digital & Technology, Transformation, Corporate Affairs and People. Some of the Directors are also Directors of subsidiary undertakings, along with other commercial channel and functional leaders, to ensure collective decisions and priorities are appropriate for, and implemented across, the Group.

The Management Team is responsible for creating and delivering sustainable shareholder value through the management of the Group's business. The Directors are responsible for complying with all legislation, for managing the risks associated with the Company's activities and for financing the Company. In discharging their roles, the Directors are guided by the interests of the Company and its subsidiary undertakings, taking into consideration the interests of stakeholders.

The Management Team contains a balance of skills, backgrounds, experience and knowledge, the Directors are experts in their key area and many are also long term employees of the Heineken Group. The Management Team ensures that all Directors are aware of their obligations, including with regard to training and development. The Directors consider that the size and structure of the Management Team is appropriate to facilitate constructive challenge and effective decision making. There are no independent directors, being part of a global organisation, the Management Team adheres to policies and procedures of the Heineken Group.

The management of the Heineken Group is assigned by the ultimate parent company, Heineken Holdings N.V., to Heineken N.V. and its subsidiaries and associated companies. The structure allows Heineken Holdings N.V. to supervise the management and promote the continuity, independence and stability of the Heineken Group.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### CORPORATE GOVERNANCE STATEMENT (CONTINUED)

##### Board composition and Director responsibilities (continued)

Principal decisions are made within the context of Heineken Group's global strategy and are overseen by the Executive Board of the Heineken Group. During the year the Management Team made several decisions, including the purchase of the remaining shares in TP & Munch Ltd in September 2022, a positive step that allows the Group to fully support Beavertown's brand position in premium beer, inimitable creativity and growth potential. In addition, the Management Team worked with colleagues in Heineken Group to review and approve a legal entity restructure within the UK. As part of the restructure, the Company's parent, Scottish & Newcastle Limited, became a wholly owned subsidiary of Heineken International B.V. on 28 June 2022. The financial implications and interests of stakeholders were considered in detail. The outcomes of the decisions continue to be monitored in the context of our strategy.

##### Purpose and leadership

*Our strategy, EverGreen, is set by the Heineken Group and is implemented within each operating company. In the UK, the strategy will be accomplished through in-depth plans drawn up by the Board and senior leadership teams and objectives are included in colleague development plans.*

We launched our EverGreen strategy in 2021 with the goal to future-proof the business, adapt to new external dynamics and emerge stronger from the COVID-19 crisis. EverGreen 2025 is a bold strategy to deliver superior and balanced growth and the next evolution of our Heineken business. Our company is more than 150 years old and we aim to deliver long-term, sustainable value creation. In EverGreen we have grounded our strategy in our refreshed Purpose, Values and Behaviours and clearly defined our Dream, where we will play and how we will win, increasingly informed by deepening consumer insight.

Our Values are what we stand for:

- Passion for consumers and customers
- Courage to dream and pioneer
- Care for people and planet
- Enjoyment of life

Our Purpose is our core reasons for being, and it shapes our strategy and inspires our people: "We brew the joy of true togetherness to inspire a better world."

The strategy leverages our existing strengths alongside new opportunities to chart the next chapter of our growth. Putting customers and consumers firmly at the core, we aim to continually enhance and expand our portfolio and footprint. We are making great strides in our end-to-end digital transformation to benefit our route-to-customer and drive cost efficiencies as we aim to become the best connected brewer. We are stepping up our focus to deliver continuous productivity improvements and raising the bar for our environmental and social sustainability ambitions.

EverGreen is a balance of both continuity and change, building on what has made us great and what is needed next. True to our ambitions, it meets short-term challenges and will ensure the long-term sustainability of our business to create lasting value for our stakeholders.

Our five priorities are:

- Drive superior growth.
- Fund the growth.
- Unlock the full potential of our people.
- Become the best connected brewer.
- Raise the bar on sustainability and responsibility.

The Management Team, senior leaders and colleagues continue to support EverGreen and the benefits it will bring to the Heineken Group.

Further detail on the EverGreen strategy can be found in the Heineken N.V. 2023 annual report <https://www.theheinekencompany.com/Investors/Reports-and-Presentations>.

## **HEINEKEN UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

##### **Employee engagement**

As highlighted in EverGreen, one of our priorities is to unlock the full potential of our people. In a highly competitive, and increasingly global market, we need to attract and retain the most talented and skilled people to remain the leading UK pub, cider and beer company. Our colleagues are what makes the Group great and the interests of colleagues are paramount to the long-term success of the business.

##### *Wellbeing & Inclusion*

The health & wellbeing of our colleagues continues to be a priority. We support colleagues through a suite of support and resources, including proactive and reactive ways to improve overall health & wellbeing. Our support targets physical health, mental health and how we can improve our wellbeing through supporting our local communities. We train more Mental Health Champions every year across all functions and geographies who can support colleagues and signpost them to resources where relevant. We have trained a community of Menopause Mentors to ensure colleagues impacted by menopause can obtain the support they require.

Our Diversity, Equity & Inclusion (DE&I) strategy guides us towards creating a deep sense of belonging for colleagues. Our community of DE&I Ambassadors amplify the messages in their functions. We have five Heineken Colleague Networks focussing on underrepresented groups such as LGBTQ+, Gender, Disability, Age and Race & Ethnicity. These are run for colleagues by colleagues. Their role is to raise awareness of the barriers faced by underrepresented groups and at the same time support improving our diversity. We continue to run an anonymous diversity census on an annual basis so we can track our progress.

##### *Communications*

To ensure colleagues are kept up to date on the latest business performance and what's happening across the business, a strong communications infrastructure is in place. This includes monthly leadership calls led by the Management Team, weekly drumbeat communications that recap on the key highlights each week, brand engagement activities including competitions and product sampling activities, regular senior leader video updates, What's Brewing events, virtual Townhalls and functional cascades.

Workplace by Facebook is our internal social media channel, which provides a platform for more informal interaction across all levels of the business. This channel is also used to host Workplace Live events.

Our annual Climate Survey provides an opportunity for all colleagues to provide honest confidential feedback about working for the Heineken Group. The results are shared across the business, after which teams, from the Management Team down, produce a Climate Survey action plan to address key points raised. In addition, we carry out pulse surveys on an ad hoc basis to get in the moment feedback from colleagues.

##### *Learning & development*

The Group regards investment in learning and development as vital to the ongoing growth of the organisation. There is significant support offered to all levels of the organisation with the Group offering an enviable range of development. Great success has been made in transitioning from 'in person' to 'virtual' training, which is aligned to flexible working arrangements in the business.

We delivered several programmes across the full organisation including Mentoring 2022, Talent programme, Senior Leader Development and Apprenticeships in both Supply chain and Digital & Technology roles. As well as organisational programmes, we have also delivered functional training required by departments to be both compliant to health and safety regulation and continue to upskill our colleagues in current best practices for their roles.

##### *Policies and Employee Council*

The Group has appropriate equal opportunities and human rights policies in place to ensure equal treatment throughout the recruitment process and duration of employment. We also have policies and training in place to ensure that colleagues are not subjected to discrimination and are treated fairly and equally at all times. Where colleagues have concerns in these areas they are able to raise those concerns in a number of ways, including through our Global Speak Up platform. In the event of employees becoming disabled, every effort is made to accommodate any reasonable adjustments necessary to allow the employee to continue in employment and to overcome any disadvantage suffered as a result of the disability.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### CORPORATE GOVERNANCE STATEMENT (CONTINUED)

##### Employee engagement (continued)

###### *Policies and Employee Council (continued)*

Employee representatives met with the Employee Council and subgroups being held throughout the year. Information is shared and discussed, with consultation on matters in accordance with the Council's Constitution. Members of the Management Team attended the meetings to address the Council, and to provide updates on their respective functions and answer questions. The Employee Council is made up of elected representatives, representing non-negotiated colleagues and Unite, the Union shop stewards, represent negotiated colleagues in our production sites. Unite the Union shop stewards also take part in local dialogue with the Group.

###### *Remuneration and Reward*

All colleagues participate in a short-term incentive, or some other variable pay arrangement, which contains a strong link to performance at the Group, channel, function or team level, as well as taking account of individual performance.

Additionally, a performance-based share plan (Long-term Incentive Plan, LTIP) is in place for senior management of the Group. The scheme is operated by Heineken N.V.. The vesting of the share rights is subject to internal financial measures of performance and continued service over a three-year period. The 2020-2022 LTIP plan vested in April 2023.

Details of our latest gender pay gap analysis published in April 2023 are included in the Brew a Better World section of this report.

##### Stakeholder engagement

Engaging with stakeholders to deliver long term success is a key priority for the Management Team. The Group's strategy is built around EverGreen and all decisions take into account the impact on stakeholders. We design our strategy to enable us to win in the marketplace, focus on the long-term sustainability of our business and create value for stakeholders. We aim to consider our effect on the wider society, communities and the environment.

Our stakeholders and partners are crucial to the long-term success of the Group. They help us to stay focused and tell us when they feel we are moving off track. We engage with them and measure the progress of our relationships in three ways: reputation research, roundtables and ongoing stakeholder dialogue.

###### *Suppliers*

We continue to work together with our suppliers to ensure high ethical standards and respect for human rights and the environment. As a large company we recognise that late supplier payment continues to be a problem for small and medium sized enterprises (SMEs) as it affects cash flow and ability to trade. This is why we have moved to daily payment runs for invoices due to be paid, following implementation of our new systems in October 2022. Our standard payment terms are normally a maximum of 60 days for SMEs and 120 days to all non SMEs. However, supplier payment terms are mutually agreed with each supplier at onboarding and with contracted suppliers during negotiation. In addition, suppliers may take advantage of finance available with our preferred banking provider.

###### *Customers and consumers*

The Management Team and senior leaders regularly review how the Group maintains positive relationships with customers and consumers. As digital innovation reshapes the beer industry's route to market, the customer and consumer relationship is vital. We offer an exceptional range of cutting edge draught dispense solutions that can be tailored to the needs of any bar. As a Heineken SmartDispense customer, our customer also receives access to a complete package of benefits that will help to grow the business. Further information can be found at <https://smartdispense.heineken.co.uk/>. We have also invested significantly in systems and processes to help improve the experiences for both customers and colleagues with successful launches of Salesforce Case Management and Salesforce Automation. Through our e-commerce channels, 95% of our UK On-trade customer base now transacts with us online. The Management Team are committed to improving relationships with customers and consumers with continued investment in digital and data.

Our relationships with suppliers, customers and consumers are further discussed in the Brew a Better World section below.



## **HEINEKEN UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

##### **Sustainability**

Climate change is a global threat to humanity that will shape the way we do business in the coming decades. It is causing dangerous and widespread disruption to nature and affecting the lives of many people all around the world. Urgent action is required to dramatically reduce, and where possible avoid, the worst impacts of climate change. Our role as the UK's largest pub, beer, and cider company means we have responsibilities that extend beyond running a profitable business.

The challenges and risks related to climate change require us to take measures that may result in additional costs to the business, but over the long-term this will mitigate against severe disruption and importantly, protect the planet we all share. In the worst-case scenarios, climate change could impact on water availability, the yield of our raw ingredients such as barley and apples, the cost and availability of raw materials as well as interrupting the production of our beers and ciders and the operation of our pubs.

We strive to not only reduce our impact on the environment, but to have a positive impact in the communities where we work and so our Brew a Better World 2030 ambitions are woven into the fabric of our balanced growth strategy, EverGreen, putting sustainability and responsibility front and centre as we write our next growth chapter.

Strong governance for sustainability is crucial for enabling success of our overall business strategy. Sustainability has been included as part of the Green Diamond, a 'North Star' of our EverGreen strategy and long-term value creation model, alongside top-line growth, profitability and capital efficiency. We have a well-established Sustainability Cabinet made up of cross-functional senior leaders whose role it is to set and monitor our environmental sustainability targets, as well as driving action across the business and monitoring any risks that could impact our progress. At a global level, we are supporting the delivery of our sustainability ambitions through sustainability-linked long-term incentives for all senior leaders.

##### **BREW A BETTER WORLD**

In 2021, we stepped up our ambition in sustainability and responsibility when we announced our Brew a Better World 2030 strategy. Our approach has three pillars: environmental, social and responsibility – these guide us on the path to zero impact on the environment, an inclusive fair and equitable world, and moderation and no harmful use. As part of this strategy, we have set the ambition to reach net zero carbon emissions across our total value chain (Scope 3) by 2040, with an intermediate target of net zero carbon emissions across our production sites (Scopes 1 and 2) by 2030. These targets are being verified by the Science Based Targets initiatives (SBTi). SBTi permits a small percentage of offsets (10% for Scopes 1 and 2, up to 20% for Scope 2) the level of offsets will be determined at a global level and will remain within these parameters.

In 2022, we continued the work to embed our sustainability strategy across the business, building roadmaps, piloting initiatives, and putting the right governance in place to ensure it forms part of all our decision-making processes. Whilst we still have a long way to go, we are making good progress and can see the momentum we are building.

##### **Environmental**

Under environmental, our ambition areas are carbon, water, and circularity, and they deliver against four of the United Nations Sustainable Development Goals (UN SDGs) (6, 7, 12 and 13).

As shown on page 10 our total energy consumption increased over the last year. Our natural gas consumption increased mainly due to a rise in production volumes in Heineken UK Limited. Our data also includes sites owned by TP & Munch Ltd for the first time. Transport fuel consumption rose due to increased production.

Our ambition is to reach net zero emissions in production by 2030. Between the 2018 baseline and 2022, we decreased our absolute CO<sub>2</sub> emissions in Production by -20% (2% more than our target of -18%) (2021: -17% equal to our target of -17%), as a result of efficiencies in energy use. Looking at our energy use, 32% (2021: 30%) of our combined gas and electricity came from renewable sources. In 2022, we finalised our roadmap to net zero emissions in production including both energy reduction initiatives and replace initiatives to switch to renewable energy sources, with capital expenditure identified. In 2023 we will move from the planning phase to the execution phase of this. Our roadmap includes targets for production emissions of -22% by 2023, -38% by 2024 and -50% by 2025. All targets are against the 2018 baseline and are by the end of the year.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### BREW A BETTER WORLD (CONTINUED)

##### Environmental (continued)

When we consider water, our water-use in production decreased slightly in 2022 versus 2021 to 3.28 hl/hl (2021: 3.36hl/hl). This decrease was largely due to production stabilising following a couple of years of interrupted production due to COVID-19. We know there is more to be done on reducing our water use, and in 2022 we updated our ambition, to aim to reach a water efficiency metric of 2.7 hl/hl by 2025. Our current water reduction roadmaps take us to 2.8hl/hl and so we continue to explore other water efficiencies across our brewery network.

On the topic of waste and circularity, our circularity strategy is still under development at a global level, however, in the UK, in 2022, we continued with the roll-out of the Green Grip cardboard topper, replacing the need for plastic rings on can multipacks, including installing the Green Grip technology at our final production site, Tadcaster. We also launched an updated version of the Green Grip in 2022, resulting in a stronger solution that is easier for consumers to handle leading to fewer breakages.

Given our long-term ambition to achieve a net zero value chain by 2040, in 2022, we developed the first roadmaps to reduce carbon across certain areas of our supply chain including Logistics, Cooling and Packaging. This process gave us sight of the initiatives our suppliers have planned to reduce carbon along with an overview of the initiatives we have planned and therefore what more we need to do to meet our ambitions. At a global level, packaging and cooling suppliers, including our suppliers in the UK, were brought together to align on net zero ambitions and the role that we all play. We know that supplier engagement is going to be key for us to reduce carbon across our supply chain.

Elsewhere in our supply chain, we increased our sustainability focus within our Star Pubs & Bars estate, and for the first time calculated the carbon footprint of our estate and mapped out what it would take to achieve net zero. As with the brewing and cider-making part of our business, we have ambitions to reach net zero in our managed pubs (Scopes 1 & 2) by 2030, and then to reach net zero in our wider leased and tenanted pubs (Scope 3) by 2040. These net zero ambitions encompass every area of the pubs business from energy use to food and drinks, and from our capital expenditure projects to waste management. In 2022, we spent almost £1m on pilot studies in our managed pubs to further our understanding on how we can reach our net zero ambitions.

##### Social

The social pillar is our path to an inclusive, fair, and equitable world and our ambition areas are diversity, equity, and inclusion (DE&I), a fair and safe working and community impact, delivering against two of the UN SDGs (5 and 8). In 2022, we continued to make progress towards our gender diversity target of 30% women in our senior management roles by 2025, finishing the year at 16%. We know we have more work to do in this area. We also continued our DE&I engagement with our colleague led task-forces and rolled-out inclusive leadership training modules for all people managers. The Heineken brand's 12th woman campaign during the UEFA Women's Euros also challenged stereotypes gender inequality across football and we brought this to life internally with our colleagues.

On the topic of a fair and safe workplace, we have an ambition to close any gaps by 2023 on paying colleagues a fair wage. At the end of 2022 we were at 99% with a plan to reach 100% during the 2023 pay period. We are also committed to equal pay for equal work between female and male colleagues and each year we publish our Gender Pay Gap Report. In 2022, our mean gender pay gap reduced from 5.8% to 2.5%, a fall in the difference between the average hourly rate of pay of males compared to females. Our median hourly pay gap, the difference between the hourly pay of the middle female and the hourly pay of the middle male, increased from -1.3% to -6.2%, away from neutral in favour of female colleagues. This is partly due to an increase in the proportion of women in our upper pay quartile from 32% to 35%. For bonus, males continue to earn more on average, but the figures are impacted by the timing of our bonus payments to different colleague groups. Separately, Heineken Group conducts an Equal Pay Assessment to measure any average gender pay differences by grade, with a focus on identifying any trends and targets to improve our gender representation over time. Whilst we are heading in the right direction with our pay gaps in pockets of the organisation, we know we have more to do to achieve balanced gender representation in all areas and at all levels of our business.

## **HEINEKEN UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **BREW A BETTER WORLD (CONTINUED)**

##### **Social (continued)**

On safety, we want all our colleagues to be able to return safely to their families at the end of the working day, and we are creating leadership capacity to drive zero fatal accidents and serious injuries. In 2022, 88% of people managers completed new training on our Life Saving Commitments, in 2023, we know we have more to do to improve this number

Looking outside of our business and into the communities where we operate, in 2022 and following a break during the COVID-19 pandemic, our Brewing Good Cheer campaign returned. And we supported 100 charity organisations with donations and hosted 'thank you' events in 100 of our pubs. Our focus was to bring people together again in a way that was sensitive to people's comfort and acknowledging it was time to celebrate being able to get back together again in the community local. We also supported the Humen charity in their 'Rise Against Suicide' campaign with 15 of our Star Pubs & Bars, taking part in the 'Pub Pilgrimage'.

##### **Responsibility**

The responsibility pillar is our path to moderation and no harmful use, and our ambition areas are making low and no products 'Always a Choice', addressing harmful use and making moderation cool, delivering against two of the UN SDGs (3 and 12).

We want our consumers to always have a choice when it comes to low and no alcohol beers and ciders, reflected by having Heineken 0.0 (the UK's leading zero alcohol beer), Birra Moretti Zero and alcohol free Old Mout in our portfolio. At the end of 2021, we began to roll-out Heineken 0.0 on draught, a first at scale for the industry, increasing the availability of no alcohol alternatives for consumers, helping normalise alcohol free beers in the On-trade environment. In 2022, we raised the profile of Heineken 0.0 on draught even further with a ground-breaking partnership with ITV and Heineken 0.0 has been installed in prime locations on two of the nation's favourite soaps.

We are committed to investing at least 10% of our media spend on promoting responsible consumption, and in 2022, we invested 10% of this spend on Heineken 0.0 and digital campaigns such as When You Drive, Never Drink. We continue our work with several industry organisations to find targeted solutions to support and educate the minority of consumers who choose to misuse alcohol and in 2022 we announced a new partnership with Huddersfield Town AFC and Drinkaware, with the aim of encouraging responsible drinking through an innovative Walking Football programme.

More details on Brew a Better World, including our Heineken UK Sustainability Report 2021/2022, our progress and ambitions can be found at <https://www.heineken.co.uk/sustainability>.

##### **Quantification and Methodology**

The following summary relates to UK operations and has been prepared following the Greenhouse Gas (GHG) Reporting Protocol – Corporate Standard and using the guidance set out in Environmental Reporting Guidelines: Including streamlined energy and carbon reporting (SECR) guidance – HM Government.

Energy consumption data has been sourced from utility suppliers and includes invoiced and metering data, and internal monitoring and measurement in energy management systems within the Breweries. A significant proportion of the data sources is generated and externally verified within our compliance activities that cover UK Emissions Trading Scheme, Climate Change Agreements and the Energy Savings Opportunity Scheme.

Transport emissions have been calculated based on mileage data from leased vehicle telematics. It has not been possible to quantify the emissions associated with business travel in third party vehicles for the reporting year, however, the total impact has been determined to be less than 1% of the business' emissions and is therefore not material.

Refrigerant gas emissions were calculated from data within maintenance service reports for our brewing sites and offices, and fridges supplied to the market. At present the business is still in the process of evaluating the carbon impact associated with refrigeration systems across the pub estate but it has been qualitatively determined that this emission source will not materially affect our emissions total.

Conversion from energy to emissions was completed by application of the relevant location-based emissions factor from UK Government GHG Conversion Factors for Company Reporting for the appropriate year. Net emissions were determined by accounting for market-based mitigation of emissions using Renewable Energy Guarantees of Origin (REGOs) certificates.

## HEINEKEN UK LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

## BREW A BETTER WORLD (CONTINUED)

## Energy saving

Parameter	Units	Current reporting year 2022	Comparison reporting year 2021	Base year for SECR 2018
Natural gas consumed	kWh	201,562,622	191,660,710	207,731,221
Other combustion fuels consumed	kWh	640,686	589,569	23,097,018
Grid electricity consumed	kWh	91,583,464	100,238,509	85,961,585
Transport fuels consumed	kWh	2,003,240	1,677,070	24,172,951
<b>Total energy consumption used to calculate emissions</b>	<b>kWh</b>	<b>295,790,012</b>	<b>294,165,858</b>	<b>340,962,775</b>
Emissions from combustion of gas (Scope 1 <sup>2</sup> )	tCO <sub>2</sub> e	40,042	37,983	36,214
Emissions from combustion of liquid fuels (Scope 1)	tCO <sub>2</sub> e	173	164	6,384
Emissions from transportation in vehicles owned or controlled by reporting company (Scope 1)	tCO <sub>2</sub> e	467	391	266
Fugitive emissions from refrigeration plant (Scope 1)	tCO <sub>2</sub> e	202	202	-
Emissions from purchased electricity (Scope 2 <sup>3</sup> )	tCO <sub>2</sub> e	16,660	20,514	24,333
Emissions from business travel in vehicles owned or operated by 3rd parties (Scope 3 <sup>4</sup> )	tCO <sub>2</sub> e	549	804	234
<b>Total gross carbon emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>58,093</b>	<b>60,058</b>	<b>67,431</b>
Carbon reduction through green electricity tariff backed by REGOs	tCO <sub>2</sub> e	(15,219)	(19,732)	-
<b>Total net carbon emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>42,874</b>	<b>40,326</b>	<b>67,431</b>
Intensity ratio	tCO <sub>2</sub> e / revenue (£m)	18.26	19.35	28.95

Our intermediate goal to reach net zero emissions in production by 2030, concerns our Scope 1 and 2, which are controllable. Emissions in Scope 3 are either influenceable or controllable.

<sup>2</sup> Scope 1: Own production of electricity and thermal energy (heat).

<sup>3</sup> Scope 2: Procuring electricity and thermal energy from 3rd party sources

<sup>4</sup> Scope 3: All other indirect emissions that occur in a company's value chain.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### FINANCIAL RISK MANAGEMENT POLICY

The Executive Board of the Heineken Group sets rules and monitors the adequacy of the Group's risk management and control systems. These systems are regularly reviewed to reflect changes in market conditions and the Group's activities. Financial risks are monitored by the Heineken Group Global Treasury function ('Global Treasury').

As detailed in the Corporate Governance Statement, our commitment to sustainability is embedded in our EverGreen priorities and sustainability is a financial risk to the business. Further risks associated with the Group's (including the Company's) financial assets and liabilities are specifically detailed below, whilst key strategic risks are outlined together in Principal Risks and Uncertainties on pages 13 to 14.

#### Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet payment obligations associated with its liabilities when they are due. The Group's financial liabilities include loans and trade payables. The Company has access to funding facilities from Heineken International B.V., a foreign parent undertaking, as well as from other Group companies under common control. There are strong cost and cash management procedures in place, including controls over investment proposals. The Group liquidity position is monitored by Global Treasury, and managed by the Management Team in conjunction with the Directors of subsidiary undertakings, together ensuring that the maturity of any debt is aligned with the forecasted cash flow generation of the business, as a result liquidity risk is deemed limited.

#### Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will adversely affect the fair value or cash flows of a financial instrument and cause volatility in the results of the Company. The most significant risk relates to the interest rates applied on loans.

The Company has agreed mainly fixed interest rate loans from Heineken International B.V. to support the long term growth of the business. Intercompany interest rates are assessed in line with the risk profile of the borrower, as the risk is limited, a lower overall cost of funding has been agreed with Heineken International B.V. than would be achieved through raising funds from a third party.

A variable rate of interest is received or paid on loans between Group companies. The variable rate of interest is determined by management in line with the Global Credit Policy, ensuring an equitable spread of the cost of funding throughout the Group.

#### Commodity price risk

Commodity price risk is the risk that changes in the prices of commodities will adversely impact the Group's costs and in turn reduce the profit margin of the business. The objective of risk management is to manage and control commodity risk exposures within acceptable parameters, providing forward guidance of key input costs to allow for business planning. A combination of tightening of supply chains, labour market pressures and commodity price inflation driven by the war in Ukraine, have resulted in significant commodity price volatility and inflation, with the largest price increases witnessed over the last 20 years.

The main commodity exposure in the Group relates to the purchase of aluminium cans, glass bottles, malt and utilities. In principle, the risk is mitigated by negotiating fixed prices in supplier contracts with appropriate contract durations and investing in commodity derivatives. Global Treasury enters into derivatives for certain commodities, such as utilities, in line with usage and sale requirements on behalf of the Group and recharges the derivative movements to the Company. To mitigate against increasing costs in the business and the adverse impact on profit margin, the Group continues to deliver against operating efficiency targets and may implement sales price increases, whilst monitoring consumer preferences and demand for goods.

The Group operates in a highly competitive market, which is a continuing risk and changes to consumer preferences could result in losing sales to key competitors. This risk is managed by providing high quality brands at competitive prices and maintaining strong relationships with both customers and suppliers. Whilst minimising commodity price risk and the associated costs is currently a challenge, this challenge is shared throughout the industry and the Group remains focused on our strategy whilst remaining agile and adapting quickly to change.

## **HEINEKEN UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)**

##### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk arises principally from receivables from customers.

The Heineken Group places particular focus on a strong Global Credit Policy. All local operations are required to comply with the principles contained within the Global Credit Policy and develop local credit management procedures accordingly. Compliance with these procedures is reviewed annually and continued focus is placed on ensuring that adequate controls are in place to mitigate any identified risks in respect of both customer and supplier risk. The Group also applies the Heineken Group policies in respect of compliance with Anti-Money Laundering Laws and considers it important to know with whom business is conducted and from whom payments are received.

During the year and at the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial instrument, in the Consolidated Statement of Financial Position.

##### *Loans to customers*

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group's investments include loans to customers, issued based on a loan contract. Loans to customers are ideally secured by, among others, rights on property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated by the Group are at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of loans that represents its estimate of incurred losses.

The maximum exposure to credit risk is shown in note 15 as total loans and advances to customers.

##### *Trade and other receivables*

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. In line with credit policies, all customers requiring credit over a certain amount are reviewed and new customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The review includes external ratings, where available, and financial review. Purchase limits are established for each customer and these limits are reviewed regularly. Customers that fail to meet benchmark creditworthiness or are deemed high risk are placed on a restricted customer list, and future sales are made on a prepayment basis only with approval of management.

The Group establishes an allowance for impairment that represents its estimate of incurred and expected losses in respect of trade and other receivables.

Further details on credit management procedures are outlined in notes 3 and 19 to the consolidated financial statements.

##### **Foreign currency risk**

Foreign currency risk is the risk that fluctuations in foreign exchange rates will adversely impact the profitability of the Group.

The Group is mainly exposed to transactional risk on sales, working capital, and purchases denominated in a currency other than pound sterling. The main currency that gives rise to this risk is the Euro, which has strengthened against the pound. Foreign currency risk is managed to minimise adverse movements and volatility in the results where possible. Global Treasury calculates the exposure to foreign currency risk across the Heineken Group to provide the basis of hedging decisions, including the type and length of term of hedging instruments.

The majority of the Company's direct and indirect subsidiaries use the reporting currency pound sterling. Following rationalisation of the Group structure and reduction of the Statement of Financial Position of a subsidiary in 2021, the impact of translation on reported numbers is not material.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### PRINCIPAL RISKS AND UNCERTAINTIES

In addition to financial risks, dedicated resource is in place to identify potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses. Effective management of risk forms an integral part of how the Group operates as a business and is embedded in its day-to-day operations. Responsibility for managing the main risks faced by the Group and for reviewing the adequacy of the Group's internal control system lies primarily with the Management Team, in consultation with other commercial channel and functional leaders, some of whom are Directors of other Group undertakings.

#### The Heineken Group business framework

*The Heineken Group business framework articulates the key elements that the Company relies on to operate effectively and deliver long-term value creation while protecting the Company's people, assets and reputation.*

Our Purpose, Our Dream and Our Values underpin our EverGreen strategy, enabled by our organisational structure and strong governance. The behaviours provide clear guidance to all employees on how to act and foster a culture of achievement, collaboration and growth, underpinned by the behaviours framework that reflects the expected attitudes in decision making. Risk management is an ongoing activity supporting achievement of our business objectives, based on our Risk Assessment Cycle, the Heineken Group Code of Business Conduct ('the Code') and the Heineken Group Rules.

The Heineken Group Rules articulate how we work and the standards to which we commit. They are a key element for managing the risks faced by our Company and translate our objectives into clear instructions on how to conduct our daily business. The Code and its underlying policies set out the Heineken Group's commitment to conducting business with fairness, integrity and respect for the law and our values. The Code is communicated to all colleagues and training is provided.

Through 2022, the Group's approach to risk management remained aligned to the Heineken Global Risk Management process with risk review sessions held with the Management Team to define the Strategic Risks that could impact the delivery of business objectives. In 2022, the Risk Cabinet also met on a quarterly basis. In 2023, the approach is intended to become more focussed, with Management Team risk owners making use of subject matter experts across the business to develop practical mitigating actions that will be tracked by the Process & Control Improvement team.

#### Principal risks

In 2022, there were a number of headwinds impacting the global economy with the rise in inflation driven by increased energy and commodity prices, the uncertainty caused by the War in Ukraine and significant pressures on disposable incomes, all resulting in cost-of-living pressures. Following this, we note a significant degree of inter-connection across the top 5 strategic risks:

- Energy Price Inflation impacting input costs and supply availability. To mitigate this impact, as a business we are committed to a range of Cost and Value initiatives to drive efficiency savings and our pricing strategy has been set to pass on input costs on a pound for pound basis.
- Macro-economic Downturn driven by cost of living crisis. Our commercial teams closely monitor volume trends but our premium brands such as Birra Moretti, Neck Oil and Gamma Ray continue to perform well in the market. Any adjustments to volume and value forecasts are managed as part of the Financial Rolling Forecast (ROFO) process.
- Supply Chain Disruption driven by service and rate challenges with our main supplier. The Management Team have regular engagement with our supplier's executive management to drive sustainability in both service performance and the commercial relationship.
- Risk of a Cyber Security Incident has been on the rise since the start of the War in Ukraine. The Heineken Group increasingly relies on IT, both in the office environment as well as in the industrial control domain of our breweries. Failure of systems or security incidents may lead to business disruption, loss of confidential information, breach of data privacy, financial and reputational damage. Our Cyber Defence and Operations teams monitor and continually act upon cyberattacks. The Management Team held a Cyber Security Crisis Simulation Workshop to assess our internal readiness. The Cyber Security Backlog project has delivered a lot in terms of strengthening our defences from an access, behaviours and IT Security perspective. Across the business, Cyber Security Awareness month was held in October 2022 and was viewed as a great success.

## HEINEKEN UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### Principal risks (continued)

- Alcohol Legislation is something that is gathering pace and scale and introduces additional costs, complexity and responsibilities on the business. Restrictions or bans on advertising and marketing, sponsorship, availability of products and increased taxes and duties could lead to lower overall consumption or to consumers switching to different product categories. The Heineken Group strongly believes in the importance of reducing alcohol-related harm, and responsible consumption is one of the priorities of the Brew a Better World sustainability programme. Corporate Affairs continue to monitor the developments in this area from both a UK and devolved parliament basis. Deposit Return Scheme (DRS) was planned to launch in Scotland in August 2023 and has been delayed until October 2025 at the earliest.

As a business, we continue to move forward against our EverGreen strategy. In times of uncertainty, the importance of our cost consciousness culture remains. The Management Team have continuing confidence that the combination of our premium brands, new product innovations and highly committed workforce will ensure that we are well placed to deliver against our EverGreen priorities.

#### FUTURE OUTLOOK

For 2023, the Group expects the following:

- To navigate the economic climate in the best possible way, focusing on people & safety, consumers and customers. The Group will continue to demonstrate it can leverage its unique strengths, including its strong brand portfolio and scale pub estate, and will mitigate the impact of inflationary challenges through pricing and cost management;
- Revenue growth driven by price, premiumisation and new innovations in beer and cider, while maintaining overall market share across all business channels; and
- Continued focus on productivity initiatives and reinvestment in growth, in line with the Heineken Group's EverGreen strategy.

#### KEY PERFORMANCE INDICATORS

The key measurements of effectiveness of the Group and Company operations are net revenue, gross profit, operating profit and net cash from operations. The Group achieved net revenue and gross profit of £1,428m and £934m respectively (2021: net revenue £1,212m, gross profit £793m). Operating profit of £207m (2021: £145m) was driven by total volume and net revenue growth. Other income included a one-off gain on the transfer of TP & Munch Ltd from associate to subsidiary undertaking. The Consolidated Statement of Comprehensive Income for the year is set out on page 22 of the financial statements. The Group achieved net cash from operating activities of £191m (2021: £170m) as reported in the Consolidated Statement of Cash Flows on page 26.

Qualitative performance indicators are discussed separately in the Strategic Report on pages 3-10 and can be found in the Heineken UK Sustainability Report referenced therein. These include targets on: emissions in production, water-use in production, gender balance across senior management, fair wages for employees, and equal pay (including mean gender pay gap and median hourly pay gap). Additional performance considerations can be referred to in the consolidated financial statements of Heineken N.V..

This report was approved by the Board on 14 September 2023 and signed on its behalf by:

DocuSigned by:  
  
F27FA39476324F1  
**R Kleinjan**  
Director



## **HEINEKEN UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their annual report and the audited consolidated financial statements of Heineken UK Limited ('the Company') and all of its subsidiary undertakings ('the Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 36, together with the Company's Statement of Financial Position, the Company's Statement of Changes in Equity and the related notes 1 to 28, and related appendix.

The consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board. The individual subsidiaries within the Group are exempt from audit under s479A to s479C of the Companies Act 2006, refer to note 1 of the accompanying Group financial statements for further information.

#### **DIRECTORS**

The Directors who served during the year and up to the date of approval of the report were:

J S Brydon (resigned on 31 March 2022)  
M J Callan (resigned on 10 October 2022)  
J I Crampton  
N Erguven (appointed 27 January 2023)  
D C M Flochel (resigned on 11 March 2022)  
J Ford  
M Gillane  
B Haarsma (appointed 27 January 2023)  
C Kerr (appointed 15 August 2023)  
R Kleinjan (appointed 3 March 2023)  
L J W Mountstevens  
L J Nicoll  
M M Pinto (appointed 19 December 2022)  
S Rooney (appointed 3 May 2023)  
R Sikorsky (resigned on 15 August 2022)  
S Watt (resigned 28 April 2023)

#### **RESULTS AND DISTRIBUTIONS**

The profit for the year, after tax, amounted to £139m (2021: £135m) driven by total volume and net revenue growth, offset by higher operating and administrative costs. Other income included a one-off gain on the transfer of TP & Munch Ltd from associate to subsidiary undertaking. Net finance costs increased as a result of restructuring of intercompany loans following legal entity rationalisation in the Group. A review is presented in the Strategic Report on pages 2 to 14 and forms part of this report by cross reference.

As at 31 December 2022, net assets of the Group were £459m (2021: £4,103m). Distributions totalling £3,898m (2021: £1,032m) were declared during the year as shown on the Consolidated Statement of Changes in Equity. No distributions were proposed after year end.

#### **POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS**

The Group made no political contributions during the year (2021: £nil) and made charitable donations during the year amounting to less than £1m (2021: £1m).

#### **MATTERS INCLUDED IN THE STRATEGIC REPORT**

Details of: principal risks and financial risk management, future outlook, engagement with suppliers, customers, employees and others, policy for disabled, corporate governance arrangements, and energy reporting can be found in the Strategic Report from pages 2 to 14 and form part of this report by cross reference.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third-party indemnity provisions are in place for the benefit of Directors or Officers of the Heineken Group (which extend to the performance of any duties as a Director or Officer of any associated company) and these remain in force at the date of this report.

## HEINEKEN UK LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### EVENTS AFTER THE REPORTING DATE

In April 2023, Heineken UK Limited agreed to sell the UK rights for Kronenbourg 1664 to Carlsberg Group. The transfer of the license was effective from 1 June 2023. The Kronenbourg 1664 brand is owned globally by Carlsberg Group. Under the agreement, Heineken UK Limited will continue to brew and pack Kronenbourg 1664 under contract, before moving to Carlsberg Marston's Brewing Company in 2024. A three-year commercial arrangement has also been agreed to continue to list and provide the brand to our pub estate.

#### GOING CONCERN

In line with the FRC's guidance on going concern, the Directors have reviewed the appropriateness of the going concern basis of preparation.

The financial position of the Group is set out in the Consolidated Statement of Financial Position on pages 23 to 24 of the financial statements. The Group had net assets of £459m (2021: £4,103m) and net current liabilities of £173m (2021: net current assets of £2,926m). The Group made a profit for the financial year of £139m (2021: £135m) as set out in the Consolidated Statement of Comprehensive Income on page 22.

The Group continues to have access to unutilised overdraft facilities that are not forecast to be required under the annual plan forecast. The repayment of borrowings granted to the Company by Heineken International B.V. are under existing long term agreements and are not due to be repaid within 12 months from the date of this report.

Having reviewed the Group's forecasts, projections and other relevant evidence including external industry judgement, as well as stress testing the projections with sensitivities and reasonably possible scenarios, the Directors have a reasonable expectation that the Group will continue in operational existence for at least 12 months from the date of signing of this report. Accordingly, the financial statements of the Group have been prepared on a going concern basis and we note that there are no material uncertainties in arriving at this conclusion.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### INDEPENDENT AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor of the Group and, under Sections 485 to 488 of the Companies Act 2006, will be deemed re-appointed.

This report was approved by the Board on 14 September 2023 and signed on its behalf by:

DocuSigned by:  
  
F27FA39476324F1  
**R Kleinjan**  
Director

## **HEINEKEN UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board and the parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of Heineken UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- the financial statements of Heineken UK Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 36 to the consolidated financial statements;
- the parent company statement of financial position;
- the parent company statement of changes in equity; and
- the related notes 1 to 28 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independent Auditor's Report to the Members of Heineken UK Limited (Continued)**

### **Report on the audit of the financial statements (Continued)**

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- financing facilities including nature of facilities and repayment terms;
- linkage to business model and medium-term risks;
- assumptions used in the forecasts;
- amount of headroom in the forecasts;
- sensitivity analysis; and
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent Auditor's Report to the Members of Heineken UK Limited (Continued)**

### **Report on the audit of the financial statements (Continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's *documentation of their policies and procedures relating to fraud and compliance with laws and regulations*. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation applicable to the group (including its components) and the sector it operates in; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Pubs Code etc. Regulations 2016 and other relevant laws and regulations applicable to the group (including its components) and the sector it operates in.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, valuations, real estate specialists, and IT industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result of performing the above, we identified the greatest potential for fraud in management override of controls.

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

## **Independent Auditor's Report to the Members of Heineken UK Limited (Continued)**

### **Report on the audit of the financial statements (Continued)**

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Pratt, CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, UK

14 September 2023

**HEINEKEN UK LIMITED**  
**REGISTERED NUMBER: SC065527**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £m	2021 £m
<b>Revenue</b>	5	<b>2,348</b>	2,084
Excise tax expense		(920)	(872)
<b>Net revenue</b>		<b>1,428</b>	1,212
Cost of sales		(494)	(419)
<b>Gross profit</b>		<b>934</b>	793
Distribution costs		(146)	(108)
Administrative expenses		(660)	(552)
Other income		79	12
<b>Operating profit</b>	6	<b>207</b>	145
Finance income	9	23	15
Finance costs	10	(66)	(37)
Share of profit from joint ventures and associates	14	1	-
<b>Profit before tax</b>		<b>165</b>	123
Income tax	11	(26)	12
<b>Profit for the year</b>		<b>139</b>	135
<b>Other comprehensive (expense) / income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Exchange loss on translation		-	(51)
Other		(1)	2
<b>Other comprehensive expense, net of tax</b>		<b>(1)</b>	(49)
<b>Total comprehensive income for the financial year</b>		<b>138</b>	86

The notes on pages 28 to 69 form part of these financial statements.

All results are derived from continuing operations.



**HEINEKEN UK LIMITED**  
**REGISTERED NUMBER: SC065527**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

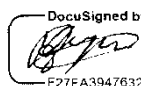
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>£m</b>	<b>£m</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>1,934</b>	1,874
Goodwill	13	<b>89</b>	5
Other intangible assets	13	<b>469</b>	267
Interests in joint ventures and associates	14	<b>33</b>	96
Loans and advances to customers	15	<b>1</b>	4
Deferred tax asset	16	<b>61</b>	141
Other non-current assets	17	<b>27</b>	52
		<b>2,614</b>	2,439
<b>Current assets</b>			
Loans and advances to customers	15	<b>8</b>	9
Inventories	18	<b>109</b>	107
Trade receivables	19	<b>185</b>	117
Other receivables	19	<b>22</b>	5,824
Prepayments, accrued income and fulfilment costs	19	<b>25</b>	21
Assets classified as held for sale	20	<b>5</b>	5
Cash and bank balances	21	<b>33</b>	28
		<b>387</b>	6,111
<b>Total assets</b>		<b>3,001</b>	8,550
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	22	<b>(229)</b>	(192)
Other payables	22	<b>(148)</b>	(2,838)
Accruals and deferred income	22	<b>(59)</b>	(44)
Current tax liabilities	22	<b>(108)</b>	(94)
Provisions	23	<b>(16)</b>	(17)
		<b>(560)</b>	(3,185)
<b>Net current (liabilities)/assets</b>		<b>(173)</b>	2,926
<b>Non-current liabilities</b>			
Other payables	22	<b>(1,976)</b>	(1,258)
Provisions	23	<b>(6)</b>	(4)
		<b>(1,982)</b>	(1,262)
<b>Total liabilities</b>		<b>(2,542)</b>	(4,447)
<b>Net assets</b>		<b>459</b>	4,103

**HEINEKEN UK LIMITED**  
**REGISTERED NUMBER: SC065527**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>£m</b>	<b>£m</b>
<b>EQUITY</b>			
Called-up share capital	24	1	1,046
Other reserves	25	(3)	(118)
Retained earnings	25	461	3,175
<b>Total equity</b>		<b>459</b>	<b>4,103</b>

The consolidated financial statements on pages 22 to 69 were approved and authorised for issue by the Board and were signed on its behalf on 14 September 2023 by:

DocuSigned by:  
  
F27FA39476324F1

**R Kleinjan**  
Director

The notes on pages 28 to 69 form part of these financial statements.

## HEINEKEN UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called-up share capital £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2021</b>		1,046	(116)	51	4,068	5,049
Profit for the year		-	-	-	135	135
Other comprehensive expense for the year		-	(2)	(51)	4	(49)
<b>Total comprehensive income for the year</b>		-	(2)	(51)	139	86
Distribution in kind	33	-	-	-	(1,032)	(1,032)
<b>Balance at 31 December 2021</b>		1,046	(118)	-	3,175	4,103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Called-up share capital £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2022</b>		1,046	(118)	-	3,175	4,103
Profit for the year		-	-	-	139	139
Other comprehensive expense		-	(1)	-	-	(1)
<b>Total comprehensive income for the year</b>		-	(1)	-	139	138
Conversion of Preference shares into Ordinary shares	24	116	116	-	(116)	116
Capital reduction	24	(1,161)	-	-	1,161	-
Distribution in kind	33	-	-	-	(3,898)	(3,898)
<b>Balance at 31 December 2022</b>		1	(3)	-	461	459

The notes on pages 28 to 69 form part of these financial statements.

**HEINEKEN UK LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>£m</b>	<b>£m</b>
Profit for the year		<b>139</b>	135
Adjustments for:			
Share of profit from joint ventures and associates	14	(1)	-
Finance income	9	(23)	(15)
Finance costs	10	66	37
Depreciation, impairment and impairment reversal of property, plant and equipment and assets held for sale	6	66	63
Amortisation and impairment of intangible assets	6	20	17
Income tax charge/(credit)	11	26	(12)
Gain on disposal of property, plant and equipment	6	(3)	(5)
Gain on previously held equity investment	6	(66)	-
Gain on sale of intangible assets	6	(8)	(7)
Long-term prepayments, accrued income and fulfilment costs		10	(7)
Amortisation of advances to customers		10	5
Increase/(decrease) in provisions	23	1	(12)
Other non-cash items in profit or loss		(2)	2
<b>Operating cash flows before movements in working capital</b>		<b>235</b>	<b>201</b>
Decrease/(increase) in inventories		3	(1)
Increase in trade and other receivables		(166)	(27)
Increase in trade and other payables		177	26
<b>Cash generated by operations</b>		<b>249</b>	<b>199</b>
Income taxes paid		(5)	-
Interest paid		(53)	(29)
<b>Net cash from operating activities</b>		<b>191</b>	<b>170</b>
<b>Investing activities</b>			
Acquisition of subsidiary	32	(141)	-
Proceeds on disposal of property, plant and equipment		12	20
Purchases of property, plant and equipment		(64)	(52)
Proceeds on disposal of intangible assets		10	7
Purchases of intangible assets		(7)	(7)
Loans and advances issued to customers		(7)	(5)
Repayments on loans to customers		1	2
<b>Net cash used in investing activities</b>		<b>(196)</b>	<b>(35)</b>

**HEINEKEN UK LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022 £m</b>	<b>2021 £m</b>
<b>Financing activities</b>			
Repayments of group loans	21	(2)	(85)
Acquisition of subsidiary	21	-	(1)
Payment of lease liabilities	21	(15)	(19)
<b>Net cash used in financing activities</b>		<b>(17)</b>	<b>(105)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	21	<b>(22)</b>	<b>30</b>
<b>Cash and cash equivalents at beginning of year</b>	21	<b>24</b>	<b>(6)</b>
<b>Cash and cash equivalents at end of year</b>	21	<b>2</b>	<b>24</b>

The notes on pages 28 to 69 form part of these financial statements.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. CORPORATE INFORMATION**

Heineken UK Limited ('the Company') is a private company limited by shares incorporated in the UK under the Companies Act 2006 and is registered in Scotland, at the following address: 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom.

The consolidated financial statements of the Group, consisting of Heineken UK Limited and subsidiary companies consolidated, have been prepared in accordance with UK adopted International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The individual subsidiaries within the Group are exempt from audit under s479A-479C of the Companies Act 2006.

Heineken UK Limited financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard (FRS) 101 'Reduced Disclosure Framework'.

The financial statements are presented in pound sterling, as this is the presentation currency of the Group, and all values are rounded to the nearest million except where otherwise indicated.

**Subsidiary audit exemption**

For the year ended 31 December 2022, the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

On the date of approval and signing of the consolidated financial statements, as set out on page 24, the outstanding liabilities at the Statement of Financial Position date, 31 December 2022, of the named subsidiaries were guaranteed by the parent undertaking, Heineken UK Limited (registered number: SC065527), pursuant to s479A to s479C of the Companies Act:

<b>Subsidiary</b>	<b>Registered number</b>
Beavertown Brewery Ltd	07704796
Blue Star Pub Company Limited	SC366273
Brixton Brewery Limited	08552778
Broadway Inns Limited	05267571
Fountain Pub Company Limited	05999916
Heineken UK Group Life Scheme Trust Company Limited	SC425468
Lost Star East Limited	10249275
Punch Partnerships (PTL) Limited	03512363
Punch Taverns (Chiltern) Limited	10840658
Punch Taverns (Jubilee) Limited	04821157
Punch Taverns Holdings Limited	03499144
Red Star Pub Company (WR) Limited	SC194006
Red Star Pub Company (WR II) Limited	SC202689
Red Star Pub Company (WR III) Limited	04089947
S&NF Limited	SC300161
Star Pubs & Bars (Property) Limited	00236608
Star Pubs & Bars Limited	SC250925
TP & Munch Ltd	07685744

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. CORPORATE INFORMATION (CONTINUED)****Dormant subsidiary exemption from the preparation/filing of accounts**

For the year ended 31 December 2022, the following dormant subsidiaries of the Company were entitled to exemption from preparing individual accounts under s394A of the Companies Act 2006, and from filing individual accounts under s448A of the Companies Act 2006.

On the date of approval and signing of the consolidated financial statements, as set out on page 24, the outstanding liabilities at the Statement of Financial Position date, 31 December 2022, of the named subsidiaries were guaranteed by the parent undertaking, Heineken UK Limited (registered number: SC065527), pursuant to s394C of the Companies Act 2006:

<b>Subsidiary</b>	<b>Registered number</b>
Alloa Brewery Company Limited	SC002871
B.W.B. Limited	00055803
Caledonian Brewery Limited	SC104493
Lost Star Limited	10248117
Newcastle Federation Breweries Limited	1873267
Punch Taverns (PR) Limited	00050484
Punch Taverns Properties Limited	03528601
Punch Taverns (RH) Limited	00124723
Punch Taverns (VPR) Limited	03982447
S&N Angel Investments Ltd.	00525192
Tetley Walker Limited	00664108
The Globe Pub Company Limited	05167852
Tolchard and Son Limited	00683250
Walker Cain Limited	00176978

**2. ADOPTION OF NEW AND REVISED STANDARDS****New and amended standards that are effective for the current year**

The Group and the Company have adopted the following new IFRS, IAS, interpretations and amendments to existing standards, which are effective by UK endorsement for annual periods beginning on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 'Reference to the Conceptual Framework';
- Amendments to IAS 16 'Property, Plant and Equipment - Proceeds before Intended Use';
- Amendments to IAS 37 'Onerous Contracts—Cost of Fulfilling a Contract'; and
- 'Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle'.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)****New and revised standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS that have been issued but are not yet effective and (in some cases) had not yet been adopted by UK Endorsement Board:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non – current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

**3. ACCOUNTING POLICIES****Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of financial assets and liabilities held at fair value through profit and loss and fair value through other comprehensive income. The principal accounting policies have been applied consistently throughout the year.

**Basis of consolidation***Subsidiaries*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of newly acquired subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

On consolidation, intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates and joint ventures are netted against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Details of all subsidiary undertakings (including indirect subsidiaries) of the Company at 31 December 2022 are provided in the appendix to the financial statements (see pages 89 to 91).



**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Basis of consolidation (continued)***Business combinations and goodwill*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the fair value of any previously held equity interest in the acquiree and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent considerations are recognised in profit or loss.

Contingent liabilities assumed in a business combination are recognised at fair value even if it is not probable that an outflow will be required to settle the obligation. After initial recognition and until the liability is settled, cancelled or expired, the contingent liability is measured at the higher of the amount that would be recognised in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the initial liability amount.

*Investment in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss from an associate and a joint venture is shown on the face of the Statement of Comprehensive Income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

## HEINEKEN UK LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. ACCOUNTING POLICIES (CONTINUED)

##### **Basis of consolidation (continued)**

###### *Investment in associates and joint ventures (continued)*

The financial statements of the associate or joint venture are prepared for the reporting period detailed in the appendix to the financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of loss from joint ventures and associates' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

###### *Acquisitions of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

##### **Going concern**

In line with the FRC's guidance on going concern, the Directors have reviewed the appropriateness of the going concern basis of preparation.

The financial position of the Group is set out in the Consolidated Statement of Financial Position on pages 23 and 24 of the financial statements. The Group had net assets of £459m (2021: £4,103m) and net current liabilities of £173m (2021: £2,926m net current assets). The Group made a profit for the financial year of £139m (2021: £135m) as set out in the Consolidated Statement of Comprehensive Income on page 22.

The Group continues to have access to unutilised overdraft facilities that are not forecast to be required under the annual plan forecast. The repayment of borrowings granted to the Company by Heineken International B.V. are under existing long term agreements and are not due to be repaid within 12 months from the date of this report.

Having reviewed the Group's forecasts, projections and other relevant evidence including external industry judgement, as well as stress testing the projections with sensitivities and reasonably possible scenarios, the Directors have a reasonable expectation that the Group will continue in operational existence for at least 12 months from the date of signing of this report. Accordingly, the financial statements of the Group have been prepared on a going concern basis and we note that there are no material uncertainties in arriving at this conclusion.

##### **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Foreign currency translation (continued)**

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within finance income or costs. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

**Revenue**

The majority of the Group's revenue is generated by the sale and delivery of products to customers. The product portfolio of the Group mainly consists of cider and beer. Products are mostly own-produced finished goods from the Heineken Group's brewing activities, but also contain purchased goods for resale from the Group's wholesale activities. The Group's customer group can be split between On-trade customers like cafés, bars and restaurants, including our own pubs, and Off-trade customers like retailers and wholesalers.

Revenue is recognised when control over products has transferred and the Group has fulfilled its performance obligation to the customer. For the majority of the sales, control is transferred either at delivery of the products or upon pickup by the customer from the Group's premises. Revenue is recognised based on the price specified in the contract, net of returns, discounts, VAT and other sales taxes in line with IFRS15. The policy for excise tax expenses is disclosed below.

Other revenues include rental income from pubs, royalties, income from wholesale activities, pub management services and technical services to third parties. Royalties are sales-based and recognised in the Statement of Comprehensive Income on an accrual basis in accordance with the relevant agreement. Rental income, income from wholesale activities, pub management services and technical services are recognised in the Statement of Comprehensive Income when the services have been delivered.

**Discounts**

The Group uses different types of discounts depending on the nature of the customer. Some discounts are unconditional, like cash discounts, early payment discounts and temporary promotional discounts. Unconditional discounts are recognised at the same moment as the related sales transaction. The Group also provides conditional discounts to customers. These contractually agreed conditions include volume and promotional rebates. Conditional discounts are recognised based on estimated target realisation.

The estimation is based on accumulated experience supported by historical and current sales information. A discount accrual is recognised at each reporting date for discounts payable to customers based on their expected or actual volume up to that date.

Other discounts include listing and shelving visibility fees charged by the customer whereby the payments to customers are closely related to the volumes sold. The Group assesses the substance of contracts with customers to determine the classification of payments to customers as either discounts or marketing expenses.

Discounts are accounted for as a reduction of revenue. Only when these payments to customers relate to a distinct service, are the amounts classified as an operating expense.

**Excise tax expense**

For the cider and beer business, excise duties are effectively a production tax, borne by the Group, as excise duties become payable when goods are moved from bonded warehouses. Excise tax expenses on own-produced goods are presented below revenue and within a subtotal called 'net revenue'. Net revenue is not a statutory measure and therefore represents an alternative performance measure. Excise duties on products brought in for resale are excluded from net revenue and included within cost of sales, in the Statement of Comprehensive Income.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Property, plant and equipment**

Property, plant and equipment are carried at historical cost, less accumulated depreciation and any provision for impairment. Cost comprises the initial purchase price and expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset as follows:

*Land and buildings*

- |                       |  |
|-----------------------|--|
| • Freehold land       | Not depreciated  |
| • Freehold buildings  | 40 years   |
| • Leasehold buildings | the shorter of 50 years or the unexpired term of the lease |

*Plant and equipment*

- |  |                |
|--|----------------|
| • Brewing plant                        | 10 to 30 years |
| • Kegging, bottling and canning plant  | 5 to 20 years  |
| • Commercial vehicles and private cars | 5 to 8 years   |
| • Containers and other equipment       | 3 to 15 years  |
| • Furniture, fixtures and fittings     | 5 years        |

All property, plant and equipment items excluding land are depreciated over their estimated useful life to the asset's residual value.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal of property, plant and equipment reflect the difference between net selling price and the carrying amount at the date of disposal and are recognised in the Statement of Comprehensive Income.

Right-of-use (ROU) assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

**Assets held for sale**

Property, plant and equipment are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Assets held for sale typically relate to pubs not part of our strategic vision that have been actively marketed.

**Intangible assets**

Intangible assets are initially recognised at historical cost or fair value. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation in the year is recognised within administrative expenses in the Statement of Comprehensive Income. The amortisation method, useful lives and residual values are reassessed annually. Changes in useful lives or residual value are recognised prospectively.

*Brands and licences*

Brand licences acquired from a group undertaking and brands acquired as part of business combinations are recognised at fair value on acquisition if they are separately identifiable. The brands recognised in the Consolidated Statement of Financial Position are considered strategic brands as they are well known international or local brands with a strong market position and an established brand name.

Brand licences and strategic brands are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. The estimated useful lives are as follows:

- |                    |             |
|--------------------|-------------|
| - Brand licences   | 25 years    |
| - Strategic brands | 40-50 years |

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Intangible assets (continued)***Customer lists*

Customer lists were acquired on the purchase of a business. This intangible asset is amortised on a straight-line basis over its expected useful life of 5 years.

*Software*

Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred. Capitalised development software is amortised on a straight-line basis over its expected useful life of between 3-7 years.

*Goodwill*

Goodwill represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of CGUs for impairment testing and is tested annually for impairment. An impairment loss in respect of goodwill cannot be reversed.

*Lease premiums*

These acquired intangible assets are amortised on a straight-line basis over their expected useful life, which depends on the length of the underlying headlease contract.

**Leases***Definition of a lease*

A contract is or contains a lease if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor. The right to control the use of the identified asset exists when having the right to obtain substantially all of the economic benefits from use of that asset and when having the right to direct the use of that asset.

*The Group as a lessee*

At the start date of the lease, the Group ('lessee') recognises a ROU asset and a lease liability in the Statement of Financial Position. The ROU asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. For measurement of the lease liability, refer to note 22.

The Group applies the following practical expedients for the recognition of leases:

- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the Consolidated Statement of Comprehensive Income on a straight-line basis.
- The low value lease exemption, meaning that leased assets with an individual value of €5,000, (£4,435) or less if bought new, are expensed in the Consolidated Statement of Comprehensive Income on a straight-line basis. This policy is set by the Heineken Group, and embedded within our Group at the appropriate exchange rate.

Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate (IBR). Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be remeasured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The IBR is determined on the term of the lease. The IBR is calculated based on the risk-free rate plus a default spread and a credit spread.

The lease term is determined as the non-cancellable period of the lease, together with:

- Periods covered by a unilateral option to extend the lease if the Group is reasonably certain to make use of that option.
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to make use of that option.

The Group applies the following practical expedients for the recognition of leases:

Apply a single discount rate per country to a portfolio of leases with reasonably similar characteristics.

## HEINEKEN UK LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. ACCOUNTING POLICIES (CONTINUED)

##### **Leases (continued)**

###### *The Group as a lessor*

A lease is classified as a finance lease when it transfers substantially all the risks and rewards relating to ownership of the underlying asset to the lessee. For contracts where the Group acts as an intermediate lessor, the subleases are classified with reference to the ROU asset.

The lease receivables are initially measured at fair value, which is considered equal to the net investment in the lease, and subsequently at amortised cost minus any impairment losses.

###### *Lessor rent concessions*

Rent concessions are deemed as modification to the lease. Rent concessions were recognised upfront in the Statement of Comprehensive Income and are deferred over the average lease term. The deferred rent concessions are recognised in Statement of Financial Position and included within Prepayments, accrued income and fulfilment costs.

##### **Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Where there is any indication that an asset may be impaired, the carrying value of the CGU, to which the asset has been allocated, is tested for impairment. An impairment loss is recognised for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the CGU. Impairment losses are first allocated to goodwill with an indefinite useful life. A remaining impairment loss is then allocated to the other assets in the unit on a pro-rata basis.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first-in, first-out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

The Group has included a provision for certain out of date inventories within the Consolidated Statement of Financial Position.

##### **Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value, net of transaction costs directly related to their issue. The Group holds the trade receivables with the objective to collect the contractual cash flows and measures them subsequently at amortised cost using the effective interest method, less any impairment.

For trade receivables, the Group has applied the IFRS 9 simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses. These allowances cover specific losses that relate to individual exposures and collective losses established for groups of similar customers. For details of the allowance measurement, refer to note 19 in the consolidated financial statements.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Receivables (continued)**

Certain customers are subject to a factoring arrangement. Under this arrangement the Group and the Company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, under this arrangement the debt factor bear ultimate credit default risk. The amount repayable under the factoring agreement is netted against trade receivables in the Statement of Financial Position.

The Group's definition of default is when a customer has not paid for invoices on their due date. The Group's management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies all customers requiring credit above a certain amount are reviewed and new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are determined for each customer and are reviewed regularly.

Customers are monitored according to their credit risk characteristics. Distinction is made between individuals and legal entities, type of distribution channel, geographic location, ageing profile, maturity and existence of previous financial difficulties. The consequence of default vary according to the credit risk characteristics.

Further details on credit management procedures during COVID-19 are included in note 19.

**Cash and bank balances**

For the purposes of the Consolidated Statement of Cash Flows, cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Financial instruments**

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial assets. Other than the financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

***Financial assets at amortised cost***

*Financial assets at amortised cost include financial assets held with the objective of collecting contractual cash flows from payments of principle and interest on the principle amount outstanding. Such assets are subsequently measured at amortised cost using the effective interest rate method, which ensures that the interest income over the period of repayment is at a constant rate on the balance of the asset carried into the Statement of Financial Position.*

***Fair value through other comprehensive income (FVOCI)***

*Financial assets at fair value through other comprehensive income are carried in the Statement of Financial Position at fair value with changes in fair value recognised in other comprehensive income in the Statement of Comprehensive Income.*

***Fair Value through profit or loss (FVTPL)***

*By default, all other financial assets are measured subsequently at fair value and through profit or loss in the Statement of Comprehensive Income.*

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)****Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL, depending on the classification of the financial liability. Other than the financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

***Financial liabilities at amortised cost***

*Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.*

*Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, were classified as liabilities. Any dividends on these Preference shares are recognised in the Statement of Comprehensive Income as interest payable.*

***Fair value through profit or loss (FVTPL)***

*Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.*

*Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in profit or loss.*

**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Further detail on financial assets and liabilities is presented in note 31 in the consolidated financial statements.

**Trade Payables**

Payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Finance income**

Finance income is recognised in the Statement of Comprehensive Income using the effective interest method.

**Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method, so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Pensions*****Defined benefit pension plan***

A defined benefit pension plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The members of the Scottish & Newcastle Pension Plan ('the Plan') are past employees of Scottish & Newcastle Limited, who are currently employed by the Company or are no longer employed by the Group. Scottish & Newcastle Limited is legally the sponsoring employer, otherwise known as the 'principal employer', of the Plan and therefore the net defined benefit pension obligation has been recognised on its Statement of Financial Position. There is no stated Group policy for recharging the net defined benefit pension cost to the Company. In line with the Schedule of Contributions, the Company has arranged to make employer's contributions to the Plan, and has made payments in respect of the shortfall in funding per the recovery plan of April 2022 on behalf of Scottish & Newcastle Limited. As such, the associated costs have been charged to the Statement of Comprehensive Income of the Company.

***Defined contribution pension plan***

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

*For defined contribution plan, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.*

**Share based payment plans**

Heineken N.V. operates share based equity settled share-based payment plans, the Long-term incentive plan (LTIP) and the Extraordinary share plan, in respect of certain employees of the Company, the criteria of which are set out in note 26 to consolidated the financial statements.

The cost of plans are measured by reference to the fair value at the date at which the shares are granted and is recognised as an expense over the vesting period, which ends on the date the employees become fully entitled to the award. As assessed by our global team, the grant date fair value is calculated by adjusting the Heineken N.V. share price at grant date for estimated foregone dividends during the performance period, as the participants are not entitled to receive dividends during that period. The foregone dividends are estimated by applying the Heineken Group's dividend policy on the latest forecasts of net profit before exceptional items and amortisation ('beia'). At each reporting date, the Heineken Group uses its latest forecasts to calculate the expected realisation on the performance targets per plan. The number of shares are adjusted to the new target realisation and the Heineken Group increases/decreases the total plan cost. The cumulative effect is recorded in the profit or loss, with a corresponding adjustment to equity.

Expenses related to employees that voluntarily leave the Heineken Group are reversed as they will not receive any shares from the LTIP. The expense calculation includes the estimated future forfeiture. The Heineken Group uses historical information to estimate this forfeiture rate.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. ACCOUNTING POLICIES (CONTINUED)****Provisions for liabilities****General**

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that can be estimated reliably, and it is probable (>50%) that an outflow of economic benefits will be required to settle the obligation. In the case of accounting for business combinations, provisions are also recognised when the likelihood is less than probable but more than remote (>5%). Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects the time value of money and the risks specific to the obligation. When payments are made, they are charged to the provision carried in the Statement of Financial Position.

**Onerous contracts**

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract, and the expected net cost of continuing with the contract. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

**Restructuring**

Restructuring provisions are recognised only when the Group has a constructive obligation: (i) a detailed and formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the restructuring has either commenced or has been announced publicly.

**Current Income Tax**

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

**Deferred Tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

## HEINEKEN UK LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. ACCOUNTING POLICIES (CONTINUED)

##### **Deferred Tax (continued)**

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **Government grants**

Government grants are recognised at their fair value when it is reasonably assured that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they become receivable.

Further details on government grants received are included in note 6 in the consolidated financial statements and in the Company financial statements.

##### **Distributable reserves**

Following the reduction of a company's Statement of Financial Position, the post-tax reserves are distributed to the parent company by virtue of SI 2008/1915 'The Companies (Reduction of Share Capital) Order 2008', which states that reserves created on the reduction of capital by way of a Directors' solvency statement are distributable by law, when the reduction is properly filed at Companies House.

Distributions received in respect of cash or qualifying assets are considered realised and are recorded in operating income, in the Statement of Comprehensive Income and retained earnings on the Statement of Financial Position.

In contrast, where a distribution is received in respect of a non-cash asset the amount is generally considered unrealised profit and the distribution will be recorded within other comprehensive income, on the Statement of Comprehensive Income and retained earnings.

Subsequently, the Company may distribute all or part of the reserves in accordance with section 846 of the Companies Act 2006. This states that where a company makes a distribution in kind, and any part of the asset relevant to the distribution represents an unrealised profit, the amount is to be treated as realised for the purposes of the distribution.

On closure or disposal of a subsidiary whose functional currency is different to the parent, the historic foreign exchange reserves associated with this subsidiary are recycled through administrative expenses and other comprehensive income.

Further details on transactions relating to restructuring during the year are included in note 33 in the consolidated financial statements and in note 25 in the Company financial statements.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements in applying the Group's accounting policies**

The Directors believe there are no key areas of judgement in preparing these financial statements.

**Key sources of estimation uncertainty**

The Directors believe there are no key sources of estimation uncertainty in preparing these financial statements.

*Impairment and impairment reversal of tangible fixed assets in the pub estate*

In 2020, an impairment expense of £172m was incurred in tangible fixed assets (£167m in respect of property, plant and equipment and £5m in assets held for sale) within the pub estate. There was no trigger for impairment or impairment reversal in 2021.

In 2022, the Directors undertook a detailed impairment review and recognised impairment reversals of £46m (£45m in respect of property, plant and equipment and £1m in assets held for sale) and impairment losses of £47m. Impairment was assessed at the individual pub level and measured at fair value less cost of disposal, being the higher of fair value less cost of disposal and value in use. A large driver of impairment was the reduction in the value in use calculation driven by the increase in the discount rate applied, partly a result of the instability in UK government and UK country risk. The majority of the reversals related to sites that received capital investment, which had improved profitability compared to previously impaired values. The estate is a portfolio of pubs within which there is constant flux and churn, both in the licencees running the pubs and in the invested/ pub lifecycle situation of the pubs. Part of the impairments and reversals also came from this churn. There is no individually material CGU in the pub estate, given each pub is a CGU. However, it is possible that a combination of improved performance across a number of pubs, or decreased performance across a range of pubs, could lead to a cumulative impairment reversal or charge.

As noted above, the measurement of impairment was driven by sensitivities in the discount rate applied. The Directors determined that an increase in discount rate would result in no material adjustments to impairment, the impairment would continue to be measured at fair value less cost of disposal. In contrast, it was determined that a significant fall in the discount rate of more than 2.45% (to September 2021 levels) would be required to result in a material adjustment, notably an increase in impairment reversal. The Directors do not anticipate that a fall in the discount rate of such magnitude will occur, the 30 year gilt yield included in the Group Weighted Average Cost of Capital (WACC) is expected to remain high, it will not return to rates consistent with the response to COVID-19. As a result, a change to the discount rate is not expected to result in a material adjustment to the carrying amounts of pub assets within the next financial year. Further information on the impairment review is included in note 12.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****5. REVENUE**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Sales of cider and beer	<b>2,262</b>	2,008
Proceeds from services from vending equipment, machine income and other services provided to third parties	<b>6</b>	23
Rental income	<b>80</b>	53
	<b>2,348</b>	2,084

Analysis of revenue by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
UK	<b>2,315</b>	2,058
Rest of the world	<b>33</b>	26
	<b>2,348</b>	2,084

**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Inventory expensed through profit and loss	<b>494</b>	419
Staff costs (note 7)	<b>203</b>	188
Property, plant and equipment:		
Gain on disposal	<b>(3)</b>	(5)
Depreciation (note 12)	<b>65</b>	62
Impairment (note 12)	<b>47</b>	-
Reversal of impairment (note 12)	<b>(45)</b>	-
Intangible assets:		
Gain on sale	<b>(8)</b>	(7)
Amortisation (note 13)	<b>19</b>	17
Impairment (note 13)	<b>1</b>	-
Assets classified as held for sale:		
Impairment (note 20)	<b>-</b>	1
Reversal of impairment (note 20)	<b>(1)</b>	-
Foreign exchange loss / (gain)	<b>2</b>	(3)
Government grants related to COVID-19	<b>-</b>	(3)
Low value and variable lease expense	<b>6</b>	6
Share of profit from joint ventures and associates (note 14)	<b>(1)</b>	-
Gain on previously held equity-interest (note 32)	<b>(66)</b>	-

Audit fees for the consolidated financial statements and the Company in the year were £0.4m (2021: £0.4m). The audit fee does not include any fees for the subsidiaries of the Group as they are unaudited for both the current and prior year. There were non-audit services totalling £15,500 (2021: £7,500) provided to the Group. Non-audit services in the current year consisted of agreed-upon procedures and in prior year consisted of the review and confirmation of licence volume information.

The Company also paid audit fees of £31,800 (2021: £30,000) on behalf of its immediate parent company, Scottish & Newcastle Limited and £25,600 (2021: £24,100) on behalf of Scottish & Newcastle's direct subsidiary undertakings.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. EMPLOYEES**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Wages and salaries	<b>120</b>	115
Social security costs	<b>16</b>	14
Other pension costs	<b>61</b>	59
Restructuring costs	<b>6</b>	-
	<b>203</b>	188

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Supply chain	<b>1,153</b>	1,125
Finance	<b>142</b>	135
Commerce	<b>818</b>	824
Digital & Technology	<b>90</b>	84
Human resource	<b>76</b>	72
General management	<b>37</b>	33
	<b>2,316</b>	2,273

**8. DIRECTORS' REMUNERATION**

The amount of remuneration received by the Directors in respect of their qualifying services to the Group is disclosed in the Related Party disclosures (note 30).

**9. FINANCE INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Interest receivable from group companies	<b>21</b>	14
Income from fixed asset investment	<b>1</b>	-
Other interest receivable	<b>1</b>	1
	<b>23</b>	15

**10. FINANCE COSTS**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Interest payable to group undertakings	<b>60</b>	34
Other	<b>6</b>	3
	<b>66</b>	37

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. INCOME TAX**

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Current tax</b>		
Current tax on profit for the year	<u>5</u>	<u>4</u>
<b>Total current tax</b>	<u><b>5</b></u>	<u><b>4</b></u>
<b>Deferred tax</b>		
Current year	<b>22</b>	24
Adjustments in respect of prior years	<b>(1)</b>	1
Effect of changes in tax rates	<u>-</u>	<u>(41)</u>
<b>Total deferred tax</b>	<u><b>21</b></u>	<u><b>(16)</b></u>
<b>Tax per Consolidated Statement of Comprehensive Income</b>	<u><b>26</b></u>	<u><b>(12)</b></u>

**FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE YEAR**

The effective tax rate of 15.76% (2021: (9.76)%) for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	<b>2022</b>	2021
	<b>£m</b>	£m
Profit before tax	<u><b>165</b></u>	<u><b>123</b></u>
Tax on profit before tax at standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	<b>31</b>	23
<b>Effects of:</b>		
Adjustments in respect of prior years	<b>(1)</b>	1
Expenses not deductible	<b>4</b>	1
Tax rate changes	<b>6</b>	(34)
Property, plant and equipment tax basis on consolidation	<b>(2)</b>	-
Group relief surrendered/(claimed) for no payment	<b>1</b>	(3)
Income not taxable	<u><b>(13)</b></u>	<u>-</u>
<b>Income tax charge/(credit) reported in the Consolidated Statement of Comprehensive Income</b>	<u><b>26</b></u>	<u><b>(12)</b></u>

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. INCOME TAX (CONTINUED)****FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 during the prior year and these changes were reflected within the tax figures. This included an increase to the main rate of corporation tax to 25.00% from 1 April 2023 and this is the rate that has been used to calculate deferred tax where applicable at the year-end and the prior year. The Finance Act 2022 and 2023, receiving Royal Assent on 24 February 2022 and 10 January 2023 respectively, will have no impact on the corporation tax figures.

**12. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment (PPE) are fixed assets that are owned by Group, as well as right of use (ROU) assets under a lease agreement. Refer to the table below for the split between owned assets and ROU assets as per Statement of Financial Position date:

	2022 £m	2021 £m
PPE – owned assets (note 12a)	1,843	1,805
ROU assets (note 12b)	91	69
	<u>1,934</u>	<u>1,874</u>

**12a) Owned assets**

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
At 1 January 2021	1,821	615	2,436
Additions	13	43	56
Transfers to assets held for sale (note 20)	(7)	(1)	(8)
Disposals	(4)	(28)	(32)
<b>At 31 December 2021</b>	<b>1,823</b>	<b>629</b>	<b>2,452</b>
Acquisition of subsidiary	9	27	36
Additions	23	41	64
Transfers from assets held for sale	2	-	2
Transfers to assets held for sale (note 20)	(3)	(4)	(7)
Disposals	(7)	(15)	(22)
<b>At 31 December 2022</b>	<b>1,847</b>	<b>678</b>	<b>2,525</b>



**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>12a) Owned assets (continued)</b>	<b>Land and buildings £m</b>	<b>Plant and equipment £m</b>	<b>Total £m</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	262	365	627
Charge for the year	13	36	49
Transfers to assets held for sale (note 20)	(2)	-	(2)
Disposals	(1)	(26)	(27)
<b>At 31 December 2021</b>	<b>272</b>	<b>375</b>	<b>647</b>
Charge for the year	13	39	52
Impairment	45	2	47
Reversal of impairment	(41)	(4)	(45)
Transfers to assets held for sale (note 20)	(1)	(3)	(4)
Disposals	(2)	(13)	(15)
<b>At 31 December 2022</b>	<b>286</b>	<b>396</b>	<b>682</b>
<b>Net book value</b>			
At 31 December 2021	1,551	254	1,805
Movement in the year	10	28	38
<b>At 31 December 2022</b>	<b>1,561</b>	<b>282</b>	<b>1,843</b>

The net book value of land and buildings comprises:

	<b>2022 £m</b>	<b>2021 £m</b>
Freehold	<b>1,493</b>	1,481
Long leasehold (50 years and greater)	<b>30</b>	28
Short leasehold (less than 50 years)	<b>38</b>	42

Land and buildings include the breweries and offices of the Group as well as pubs, bars and warehouses. Plant and equipment contain all assets needed in the Group's brewing, packaging and filling activities, commercial fixed assets and furniture, fixtures and fittings.

Following an impairment review in 2020, an impairment of £167m on owned PPE and £5m relating to assets held for sale, was recognised. In 2021, the Directors concluded that there was no trigger for impairment nor impairment reversal. Following recent economic challenges due to high inflation which has resulted in lower EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and cashflows across the hospitality sector in the UK, in 2022, an impairment review was performed across the pub estate. Following the impairment test, the Directors recognised reversal of previous impairment of £45m on owned PPE and £1m on assets held for sale (note 20), and an impairment loss of £47m on owned PPE. The amounts have been charged to Administrative expenses in the Consolidated Statement of Comprehensive Income.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The Group considers that each of its individual pubs is a cash-generating unit (CGU) and as a result, each asset was reviewed for impairment by comparing the recoverable amount to the carrying value. Recoverable amount was determined at fair value less cost of disposal (FVLCD), being the higher of fair value less costs of disposal (FVLCD) or value in use (VIU).

As detailed in note 4, the Directors believe there are no key sources of estimation uncertainty that are expected to result in a significant risk of a material adjustment within the next financial year. Information on the measurement of impairment in the review is included below:

*Discount rate*

The discount rate used in the VIU model started with the Group Weighted Average Cost of Capital (WACC) calculated independently by Heineken Group Treasury and applied the beta and gearing of listed UK pub companies. As outlined in note 4, a significant fall in the discount rate of more than 2.45% (to September 2021 levels) would be required to result in a material adjustment to the impairment, notably an increase in impairment reversal. The Directors do not anticipate that a fall of this magnitude will occur based on market conditions.

*Valuation multiple*

In absence of up to date estate valuations and fair maintainable cash flows, and in order to calculate a FVLCD, an EBITDA multiple of 10 times was applied to each pub's projected future cash flows. This is a typical market valuation methodology to determine a 'fair selling price' in this sector. Prior market transactions between February 2022 and May 2022 generated multiples of 11.0, 12.2 and 8.1 times resulting in the multiple of 10 times as a reasonable mid-point. A mid-point lower than 9.2 times would be required to result in a material adjustment to the impairment. Transactions in the UK market vary depending on the structure of transactions, quality of the pubs and the buyer/seller market conditions. Based on analysis of recent transactions from 2020, including the multiples above, the Directors do not see current market conditions having a material impact on the multiples for which pubs transact in the market, whilst multiples could be lower in certain transactions these are not expected to impact the mid-point on our large portfolio of pubs.

*Forecast cash flows*

The forecast cash flows are based on site level historic average 3 year EBITDA, with the exception of pubs that we have invested in where we used the latest 12 months to October 2022 as the best indicator of future cash flows. The Directors believe the 3 year average allows for any one off extremes in any year going forward. In the current high inflation environment how each pub handles their price increases on the bar, cost management and promotional offsets will determine how successful they are going forward. As a result, the Directors believe the approach adopted is the most appropriate basis to forecast the future cashflows and represents the best estimate of the range of economic conditions that will exist over the remaining useful life of the asset.

The Directors will continue to assess market conditions for triggers of impairment and impairment reversal in the pub estate and expect to perform an assessment twice per annum.

**12b) ROU assets**

The Group leases pubs, offices, warehouses, cars, forklift trucks and other equipment in the ordinary course of business. The Group has 516 (2021: 734) leases with a wide range of different terms and conditions. Some of the leases contain extension and termination options, which are included in the lease term if the Group is reasonably certain to exercise an extension option and reasonably certain not to exercise a termination option. The table below shows the carrying amount of ROU assets per asset class:

	2022	2021
	£m	£m
Land and buildings	84	61
Plant and equipment	7	8
Carrying amount of ROU assets	91	69

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

During 2022, £12m (2021: £4m) was added to the ROU assets as a result of entering into new leases. The depreciation of ROU assets during the financial year was as follows:

	<b>2022</b>	2021
	<b>£m</b>	£m
Land and buildings	<b>10</b>	10
Plant and equipment	<b>3</b>	3
Depreciation of ROU assets	<b>13</b>	13

The income from subleasing ROU assets was £2m (2021: £2m).

**13. INTANGIBLE ASSETS**

	<b>Brands and licences £m</b>	<b>Customer lists £m</b>	<b>Software £m</b>	<b>Goodwill £m</b>	<b>Other intangibles £m</b>	<b>Total £m</b>
<b>Cost</b>						
At 1 January 2021	349	2	45	1	18	415
Additions	-	-	5	4	2	11
<b>At 31 December 2021</b>	<b>349</b>	<b>2</b>	<b>50</b>	<b>5</b>	<b>20</b>	<b>426</b>
Acquisition of subsidiary	208	9	-	84	-	301
Additions	-	-	6	-	1	6
Disposals	-	-	(4)	-	(1)	(4)
<b>At 31 December 2022</b>	<b>557</b>	<b>11</b>	<b>52</b>	<b>89</b>	<b>20</b>	<b>729</b>
<b>Accumulated amortisation and impairment</b>						
At 1 January 2021	120	2	13	-	2	137
Charge for the year	10	-	6	-	1	17
<b>At 31 December 2021</b>	<b>130</b>	<b>2</b>	<b>19</b>	<b>-</b>	<b>3</b>	<b>154</b>
Charge for the year	12	-	7	-	-	19
Impairment	-	-	-	-	1	1
Disposals	-	-	(3)	-	-	(3)
<b>At 31 December 2022</b>	<b>142</b>	<b>2</b>	<b>23</b>	<b>-</b>	<b>4</b>	<b>171</b>
<b>Net book value</b>						
At 31 December 2021	219	-	31	5	17	272
Movement in the year	196	9	(2)	84	(1)	286
<b>At 31 December 2022</b>	<b>415</b>	<b>9</b>	<b>29</b>	<b>89</b>	<b>16</b>	<b>558</b>

Intangible assets are comprised of goodwill of £89m (2021: £5m) and other intangible assets of £469m (2021: £267m).

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. INTANGIBLE ASSETS (CONTINUED)**

The Group has been granted licences by a group undertaking in respect of Strongbow and Bulmers cider brands. Brand licences are amortised over 25 years. The carrying amount of the cider brands licence agreement was £28m (2021: £33m) and the remaining amortisation period was 6 years (2021: 7 years).

Foster's and Beavertown brands are amortised over 50 years and 40 years respectively. Beavertown brands were acquired during the year. At 31 December 2022, the carrying amounts of the Foster's and Beavertown brands were £181m (2021: £187m) and £206m (2021: £nil) and the remaining amortisation periods were 35 years (2021: 36 years) and 39 years (2021: nil) respectively.

Other intangibles primarily relate to lease premiums paid upfront for head leases and will amortise in line with the useful life of the lease.

**Goodwill**

The net book value of assets assessed as having an indefinite useful life are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
TP & Munch Ltd	<b>84</b>	-
Other	<b>5</b>	5
	<b>89</b>	5

The Directors assessed the value of the investment in TP & Munch Ltd, including goodwill, in line with IAS 36. The recoverable amount was assessed on the basis of VIU, being the present value of future cashflows. Forecast cashflows for 2023 to 2026 were calculated based on the strategic plan, with a growth rate of 2% in line with inflation applied to a terminal value. The discount rate used in the assessment was aligned to a market participant view, calculated independently by Heineken Group Treasury, using the Group WACC as a starting point, prior to market adjustments. The recoverable amount significantly exceeded the investment value of £289m (note 32) resulting in no indication of impairment.

**14. INTERESTS IN JOINT VENTURES AND ASSOCIATES**

The Group has interests in a number of joint ventures and associates. The total carrying amount of these joint ventures and associates was £33m as at 31 December 2022 (2021: £96m) and the total share of profit was £1m in 2022 (2021: £nil).

On 1 September 2022, Heineken UK Limited acquired the remaining Ordinary share capital of TP & Munch Ltd, previously an associate, making the company a wholly owned subsidiary. TP & Munch Ltd together with its wholly owned subsidiaries: Beavertown Brewery Ltd, Lost Star Limited and Lost Star East Limited, are known as 'Beavertown'.

The acquisition of Beavertown has been detailed in note 32 of the consolidated financial statements.

Summarised financial information for equity accounted joint ventures and associates:

	<b>Joint ventures</b>		<b>Associates</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Carrying amounts of interest	8	8	25	88	33	96
Share of:						
Profit from continuing operations	-	-	1	-	1	-

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers are inherent to the Group's business model. Loans to customers are repaid in cash on fixed dates while the settlement of advances to customers are linked to the sales volume of the customer. Loans and advances to customers are ideally backed by a collateral such as properties. All amounts reflect their fair values.

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Amounts falling due within one year</b>		
Loans to customers	1	3
Advances to customers	7	6
	<u>8</u>	<u>9</u>

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Amounts falling due after more than one year</b>		
Loans to customers	1	1
Advances to customers	-	3
	<u>1</u>	<u>4</u>

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Allowance for credit losses included in the above</b>		
Loans and advances to customers	<u>(4)</u>	<u>(4)</u>

**16. DEFERRED TAX ASSET**

The deferred tax balance is made up as follows:

	<b>2022</b>	2021
	<b>£m</b>	£m
Fixed assets	(76)	(3)
Temporary differences - trading	2	3
Temporary differences – non-trading	34	40
Tax losses	101	101
	<u>61</u>	<u>141</u>

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****16. DEFERRED TAX ASSET (CONTINUED)**

	<b>Accelerated tax depreciation</b>	<b>Provisions</b>	<b>Deferred interest deductions</b>	<b>Tax losses</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2021	6	1	36	82	125
(Charge) / credit to profit or loss	(9)	2	4	19	16
<b>At 31 December 2021</b>	<b>(3)</b>	<b>3</b>	<b>40</b>	<b>101</b>	<b>141</b>
Charge to profit or loss	(14)	(1)	(6)	-	(21)
Net impact of business combination	(59)	-	-	-	(59)
<b>At 31 December 2022</b>	<b>(76)</b>	<b>2</b>	<b>34</b>	<b>101</b>	<b>61</b>

The deferred tax asset has been recognised because it is anticipated that the various components of the asset will be capable of being utilised in future periods.

Deferred tax of £99m (2021: £73m) on capital losses of £395m (2021: £290m) has not been recognised as it is uncertain that there will be capital profits in the future. Capital losses can be carried forward indefinitely.

**17. OTHER NON-CURRENT ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Prepayments, accrued income and fulfilment costs	<b>18</b>	27
Investment	-	1
Loans to joint ventures and associates (note 30)	-	13
Finance lease receivables	<b>9</b>	11
	<b>27</b>	<b>52</b>

Investment consists of the Company's non-controlling share in Camerons Brewery Limited, which was fully impaired in 2022. Camerons Brewery Limited is an unquoted investment and does not fall into the category of an associate company.

**Finance Lease Receivables**

The Group entered into finance lease arrangements as a lessor of pubs. The average outstanding term of the finance lease receivables, including the short-term portion of lease receivables, is 6 years (2021: 7 years). The Group is not exposed to foreign currency risk as a result of the lease arrangements as all leases are denominated in presentation currency. Residual value risk on property under lease is not significant due to the existence of a secondary market on rental property.

The average effective interest rate contracted approximates 2.60% (2021: 1.90%).

At the reporting date less than £1m (2021: less than £1m) of the finance lease receivable was past due. Taking into account the historical default experience and the future prospects of the pub industry in which the lessees operate, together with the value of collateral held over these finance lease receivables, the Directors reviewed the recoverability of the finance lease and accounted for an allowance for credit losses in the year.

Finance income on the present value of the lease receivable is included within other interest receivable as disclosed in note 9.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. OTHER NON-CURRENT ASSETS (CONTINUED)**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
<b>Amounts receivable under finance lease</b>		
Less than 1 year	<b>2</b>	2
Between 1 and 5 years	<b>7</b>	7
Greater than 5 years	<b>3</b>	5
Undiscounted lease payments	<b>12</b>	14
Less unearned finance income	<b>(2)</b>	(2)
<b>Present value of lease payments receivable</b>	<b>10</b>	12
Lease receivable allowance for credit losses	-	-
<b>Net investment in the lease</b>	<b>10</b>	12

Undiscounted lease payments analysed as:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Recoverable after 12 months	<b>10</b>	12
Recoverable within 12 months	<b>2</b>	2

Net investment in the lease analysed as:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Recoverable after 12 months	<b>9</b>	11
Recoverable within 12 months	<b>1</b>	1

**18. INVENTORIES**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Raw materials and consumables	<b>12</b>	10
Work in progress	<b>41</b>	39
Finished goods and goods for resale	<b>56</b>	58
	<b>109</b>	107

## HEINEKEN UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 19. TRADE AND OTHER RECEIVABLES

	2022 £m	2021 £m
<b>Amounts falling due within one year</b>		
<b>Trade receivables (net of provisions and factoring)</b>	<b>185</b>	<b>117</b>
<b>Other receivables</b>		
Funding amounts owed by direct and intermediate parent undertakings	-	5,812
Trade amounts owed by direct and intermediate parent undertakings	1	2
Trade amounts owed by subsidiaries of direct and intermediate parent undertakings	8	4
Amounts owed by joint ventures (note 30)	7	4
Other current tax	1	-
Lease receivables	1	1
Other receivables	4	1
	<b>22</b>	<b>5,824</b>
<b>Prepayments, accrued income and fulfilment costs</b>	<b>25</b>	<b>21</b>
	<b>232</b>	<b>5,962</b>

Funding amounts owed by group undertakings are unsecured. An annual interest rate of 1.55% (2021: 0.10%) plus average SONIA is charged on outstanding balances per annum. All amounts reflect their fair values.

In the prior year, funding amounts owed by direct and intermediate parent undertakings were classified from non-current assets to current assets as a result of legal entity rationalisation, which occurred after the reporting date. Further information is outlined in note 33.

The ageing of trade and other receivables (excluding prepayments) at the reporting date is as follows:

	2022				Past due
£m	Total	Not past due	0-30 days	31-120 days	>120 days
<b>Gross</b>	<b>216</b>	<b>181</b>	<b>13</b>	<b>8</b>	<b>14</b>
<b>Allowance</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(9)</b>
	<b>206</b>	<b>181</b>	<b>13</b>	<b>7</b>	<b>5</b>

	2021				Past due
£m	Total	Not past due	0-30 days	31-120 days	>120 days
Gross	5,963	5,872	61	11	19
Allowance	(22)	(12)	(4)	(1)	(5)
	5,941	5,860	57	10	14

The Group's maximum exposure to credit risk is defined as the total amount of trade and other receivables (as above) and amounts owed by joint ventures and associates (refer to note 17) at the year-end.



**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****19. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The expected credit losses on trade receivables are estimated using the expected loss rates based on past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions on a monthly and annual basis.

Collective loss allowances are determined based on historical data of payment statistics and updated periodically to incorporate forward-looking information. For example, the Group recognises a loss allowance of 100% against all receivables over 365 days past due because historical experience indicates that these receivables are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group's credit management decisions have prevented any material impact on the level of loss allowance for trade receivables recognised in the Statement of Financial Position or the level of credit losses recognised in the Statement of Comprehensive Income. At the reporting date, COVID-19 related payment plans offered to customers to ease cashflow through the restrictions have now ceased. The Group continues to monitor economic uncertainties due to high inflation and cost of living pressures for our customers as part of normal credit management procedures. Credit risk provisioning and receivables balances are broadly in line with pre-COVID-19 levels.

**20. ASSETS CLASSIFIED AS HELD FOR SALE**

	£m
<b>Cost</b>	
<b>At 1 January 2021</b>	15
Transfers from PPE	8
Disposals	(15)
<b>At 31 December 2021</b>	<b>8</b>
Transfers from PPE	7
Transfers to PPE	(2)
Disposals	(3)
<b>At 31 December 2022</b>	<b>10</b>
<b>Accumulated depreciation and impairment</b>	
<b>At 1 January 2021</b>	6
Impairment	1
Transfers from PPE	2
Disposals	(6)
<b>At 31 December 2021</b>	<b>3</b>
Impairment reversal	(1)
Transfers from PPE	4
Disposals	(1)
<b>At 31 December 2022</b>	<b>5</b>
<b>Net book value</b>	
At 31 December 2021	5
Movement in the year	-
<b>At 31 December 2022</b>	<b>5</b>

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****20. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)**

Assets held for sale relate typically to pubs being actively marketed as these do not form part of our strategic vision.

In line with previous years, the disposal value of pubs identified as held for sale were determined internally by our estates team. Certain pub sites were impaired to their fair value less cost to sell. This resulted in an impairment charge of £1m last year and an impairment reversal of £1m this year. Impairment and impairment reversal on assets held for sale were recognised in administrative expenses in the Consolidated Statement of Comprehensive Income.

Within accumulated depreciation, the current year disposals include £nil (2021: £3m) of prior year impairment on assets that have been sold in the year.

**21. CASH AND BANK BALANCES**

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following balances at 31 December:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Cash at bank	<b>33</b>	28
Bank overdrafts (note 22)	<b>(31)</b>	(4)
Cash and cash equivalents	<b><u>2</u></b>	<b><u>24</u></b>

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****21. CASH AND BANK BALANCES (CONTINUED)**

Analysis of movement in financing activities:

	Note	At 1 January 2021 £m	Financing cash flows £m	Other non-cash changes £m	At 31 December 2021 £m
Cash at bank		6	22	-	28
Cash and cash equivalents for the Consolidated Statement of Financial Position		6	22	-	28
Bank overdrafts		(12)	8	-	(4)
Cash and cash equivalents for the Consolidated Statement of Cash Flows		(6)	30	-	24
Lease liabilities	22	(95)	19	(11)	(87)
Group loans	22	(4,871)	85	975	(3,811)
Acquisition of subsidiary		-	1	-	1
Preference shares	22	(116)	-	-	(116)
Other financing liabilities		(17)	-	-	(17)
<b>Liabilities from financing activities</b>		<b>(5,099)</b>	<b>105</b>	<b>964</b>	<b>(4,030)</b>

Other non-cash changes consist of interest paid on intercompany loans and on lease liabilities recognised within net cash from operating activities in the Consolidated Statement of Cashflows, as well as transactions relating to legal entity rationalisation.

## HEINEKEN UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 21. CASH AND BANK BALANCES (CONTINUED)

	Note	At 1 January 2022 £m	Financing cash flows £m	Other non-cash changes £m	At 31 December 2022 £m
Cash at bank		28	5	-	33
Cash and cash equivalents for the Consolidated Statement of Financial Position		28	5	-	33
Bank overdrafts	22	(4)	(27)	-	(31)
Cash and cash equivalents for the Consolidated Statement of Cash Flows		24	(22)	-	2
Lease liabilities	22	(87)	15	(34)	(106)
Group loans	22	(3,811)	2	1,922	(1,887)
Preference shares	22	(116)	-	116	-
Other financing liabilities		(17)	-	-	(17)
Liabilities from financing activities		(4,031)	17	2,004	(2,010)

Other non-cash changes consist of interest paid on intercompany loans and on lease liabilities recognised within net cash from operating activities in the Consolidated Statement of Cashflows, as well as transactions relating to legal entity rationalisation.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. TRADE AND OTHER PAYABLES**

	2022 £m	2021 £m
<b>Amounts falling due within one year</b>		
Trade payables	229	192
<b>Other payables</b>		
Funding amounts owed to direct and intermediate parent undertakings	2	2,458
Funding amounts owed to subsidiaries of direct and intermediate parent undertakings	-	168
Trade amounts owed to direct and intermediate parent undertakings	14	13
Trade amounts owed to subsidiaries of direct and intermediate parent undertakings	54	36
Amounts owed to joint ventures (note 30)	8	-
Preference shares (note 24)	-	116
Other payables	23	28
Bank overdrafts	31	4
Lease liabilities	16	15
	<b>148</b>	<b>2,838</b>
<b>Accruals and deferred income</b>	<b>59</b>	<b>44</b>
<b>Current tax liabilities</b>		
Other taxation and social security	108	94
	<b>108</b>	<b>94</b>
	<b>544</b>	<b>3,168</b>
	2022 £m	2021 £m
<b>Amounts falling due after more than one year</b>		
Funding amounts owed to direct and intermediate parent undertakings	1,885	1,185
Lease liabilities	90	72
Other payables	1	1
	<b>1,976</b>	<b>1,258</b>

Funding amounts due to parent and subsidiary undertakings are unsecured and have no fixed terms of repayment. An annual interest rate of 1.55% (2021: 0.10%) plus average SONIA is charged on outstanding balances with parent and subsidiary undertakings per annum.

Various rates are charged on outstanding balances with Heineken International B.V. per annum, these rates are: fixed 2.57% (2021: 2.57%), 4.89% and 4.76% and variable rates of between SONIA plus 1.45% (2021: 1.45%), SONIA plus 1.50% (2021: 1.50%) and SONIA plus 1.55% (2021: 1.55%). The repayment dates of the balances fall between 2024 and 2029.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. TRADE AND OTHER PAYABLES (CONTINUED)**

Intercompany loans were restructured during the year, further details are included in note 33.

Disclosure of the terms and conditions attached to the non-equity shares and information on the movement in the number of shares are included in note 24.

In 2021, the book value of the Preference shares that relates to the cumulative fixed rate dividend of 6.50% were shown under creditors with the balance shown under shareholders' funds. During the year, Preference shares were converted to Ordinary shares as shown in note 24.

Trade and other payables include lease liabilities of £16m (2021: £15m) and £90m (2021: £72m) due within one year and greater than one year respectively. The total cash outflow for leases amounts to £18m (2021: £23m). The interest expense on lease liabilities recognised in profit or loss during the year totalled £3m (2021: £2m). Expense relating to short-term leases was immaterial in the current and prior year.

The maturity of the lease liabilities and the contractual cash flows are as follows:

	Carrying amount £m	Total £m	Contractual cash flows		
			Less than 1 year £m	1 – 5 years £m	More than 5 years £m
<b>Lease liabilities 2022</b>	<b>106</b>	<b>167</b>	<b>19</b>	<b>33</b>	<b>115</b>
Lease liabilities 2021	87	132	17	31	84

**23. PROVISIONS**

	Onerous contracts £m	Restructuring £m	Other £m	Total £m
<b>At 1 January 2022</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>21</b>
Created during the year	2	6	5	13
Released during the year	(1)	-	(2)	(3)
Utilised during the year	-	(8)	(1)	(9)
<b>At 31 December 2022</b>	<b>5</b>	<b>11</b>	<b>6</b>	<b>22</b>
Current	1	11	4	16
Non-current	4	-	2	6

**Onerous contracts**

The provision is measured at the present value of the lower of the expected cost of terminating the contract, and the expected net cost of continuing with the contract. The latter takes into consideration any reasonably obtainable sub-leases for onerous lease contracts.

Current provisions are expected to be utilised in 2023. Non-current provisions relate to dilapidations across various properties and they are long term in nature. Their utilisation time depends on the lease end dates, which are between 2022 and 2054.

**Restructuring**

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. The provision is measured at the best estimate, including risks and uncertainties, of the expenditure required to settle the present obligation. It is expected to be utilised within 12 months of the reporting date.

**Other**

Other provisions relates to Emission Trading Scheme (ETS) certificates to cover the costs of 2022 emissions, Other Personnel Schemes, claims and litigations and other.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****24. CALLED-UP SHARE CAPITAL**

	2022 No.	2021 No.
<b>Authorised shares</b>	<b>1,250,000,000</b>	<b>1,107,147,650</b>
	2022 £m	2021 £m
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,161,922,439 (2021: 1,019,070,089) Ordinary shares of £0.001 (2021: £1) each	1	1,019
Nil (2021: 13,376,175) 6.50% Preference shares of £1 (2021: £2) each	-	27
	<b>1</b>	<b>1,046</b>
	2022 £m	2021 £m
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
Nil (2021: 58,050,000) 6.50% Preference shares of £1 (2021: £2) each	-	116

In June 2022, 6.50% £2 Preference shares of £27m and £116m, totalling £143m, were subdivided in number and converted to £1 Ordinary shares. Subsequently, the Ordinary share capital was reduced to £1m.

	No.	£m
<b>Movements in Preference shares</b>		
<b>At 1 January 2022</b>	<b>71,426,175</b>	<b>143</b>
Additional shares due to subdivision	71,426,175	-
Subdivision into 142,852,350 6.50% Preference shares of £1 each	142,852,350	143
Conversion of Preference shares classified as equity	(26,752,350)	(27)
Conversion of Preference shares classified as debt	(116,100,000)	(116)
Conversion of Preference shares into Ordinary shares	(142,852,350)	(143)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>
<b>Movements in Ordinary shares</b>		
<b>At 1 January 2022</b>	<b>1,019,070,089</b>	<b>1,019</b>
Conversion of Preference shares classified as equity	26,752,350	27
Conversion of Preference shares classified as debt	116,100,000	116
Conversion of Preference shares into Ordinary shares	142,852,350	143
Reduction of the nominal value of the Company's issued Ordinary shares from £1 to £0.001	-	(1,161)
<b>At 31 December 2022</b>	<b>1,161,922,439</b>	<b>1</b>

There were no movements in shares in 2021, therefore, comparative information has not been disclosed. Further information on legal entity rationalisation is included in note 33.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****25. RESERVES****Other reserves**

Other reserves included the cumulative dividends on Preference shares treated as debt. At the reporting date, other reserves represents movements in an investment treated as FVOCI.

**Translation reserve**

The translation reserve comprised foreign currency differences arising from the translation of the assets and liabilities of foreign operations of the Group (excluding amounts attributable to non-controlling interests).

**Retained earnings**

Retained earnings represents the accumulated profits, losses and distributions of the Group. All other components of equity are as stated in the Consolidated Statement of Changes in Equity.

**26. SHARE BASED PAYMENTS**

Heineken N.V. operates equity settled share-based payment plans: the Long-term incentive plan and the Extraordinary share plan.

**Long-term incentive plan (LTIP)**

The Heineken Group has a performance-based LTIP for the Executive Board and senior management. Under this LTIP, share rights are conditionally awarded to participants on an annual basis. The vesting of these rights (transfer of the shares into ownership) is subject to the performance of Heineken N.V. on specific internal performance conditions and continued service over a three calendar year period by the employee. The share rights are not dividend-bearing during the performance period.

The performance conditions for LTIP are organic net revenue growth, organic operating profit before exceptional items and amortisation ('beia') growth, earnings per share beia growth and free operating cash flow, which are measured by Heineken Group. The performance conditions are equally weighted. At target performance, 100% of the awarded share rights vest. At threshold performance, 50% of the awarded share rights vest. At maximum performance, 200% of the awarded share rights vest. The grant date, the fair market value (FMV) related to the Heineken N.V. share price denominated in Euros, and service period for the LTIP are as follows:

LTIP Plan	Grant date	Grant date FMV(€)	3 Year Performance period
2020-2022	1 January 2020	90.11	1 January 2020 - 31 December 2022
2021-2023	1 January 2021	87.03	1 January 2021 - 31 December 2023
2022-2024	1 January 2022	93.81	1 January 2022 - 31 December 2024

Performance shares vest on April 1st following the end of the performance period, or 20 business days after presentation of the business results, whichever is later.

Heineken Group deducts shares at vesting to cover payroll taxes on behalf of employees. The number of outstanding share rights and the movement over the year under LTIP were as follows:

	2022	2021
	No.	No.
Outstanding at the beginning of the year	50,416	24,920
Granted during the year	28,380	13,932
Forfeited during the year	(17,293)	(7,015)
Vested during the year	(6,685)	-
Performance adjustment	6,483	18,579
<b>Outstanding at the end of the year</b>	<b>61,301</b>	<b>50,416</b>
<b>Share price as at 31 December in EUR (€)</b>	<b>87.88</b>	<b>98.86</b>



**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****26. SHARE BASED PAYMENTS (CONTINUED)****Extraordinary share plan**

Under the Extraordinary share plan for senior management, share grants are not performance related but have a service condition and vest between 1 and 5 years. On 1 January 2021, 6,000 shares were awarded conditionally and 50% of the shares vested in the first year. The remaining shares were expected to vest in the second year, however, these shares lapsed during the year when the participant left the business. No shares were awarded or vested in the current year.

**Share based payment expense**

In 2022, total share-based compensation recognised in wages and salaries, at note 7, amounted to £1.1m (2021: £1.7m).

**27. OPERATING LEASE RECEIVABLES**

Operating lease arrangements in which the Group is the lessor, relates to property owned and leased by the Group and income is received through the Consolidated Statement of Comprehensive Income. Operating lease terms range from lease terms of 1 month to 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At 31 December 2022, the Group had future minimum lease income under non-cancellable operating leases as follows:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Not later than 1 year	<b>63</b>	59
Later than 1 year and not later than 5 years	<b>172</b>	159
Later than 5 years	<b>159</b>	186
<b>Total</b>	<b>394</b>	404

**28. OFF- BALANCE SHEET COMMITMENTS**

	<b>2022</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Technical service, maintenance and installation works	587	59	234	294
Logistics and warehousing contracts	152	25	98	29
Third party drinks	36	14	22	-
Raw materials purchase contracts	20	6	14	-
PPE ordered	19	14	5	-
Procurement contracts	5	4	1	-
Marketing and merchandising commitments	2	1	1	-
Other off-balance sheet obligations	3	3	-	-
<b>Off-balance sheet commitments</b>	<b>824</b>	<b>126</b>	<b>375</b>	<b>323</b>

Other commitments include purchases from suppliers.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****28. OFF- BALANCE SHEET COMMITMENTS (CONTINUED)**

	2021	Less than 1 year	1-5 years	More than 5 years
	£m	£m	£m	£m
Technical service, maintenance and installation works	568	57	227	284
Logistics and warehousing contracts	177	25	98	54
Third party drinks	21	18	3	-
Raw materials purchase contracts	5	5	-	-
PPE ordered	9	8	1	-
Procurement contracts	26	15	11	-
Marketing and merchandising commitments	3	3	-	-
Other off-balance sheet obligations	26	26	-	-
<b>Off-balance sheet obligations</b>	<b>835</b>	<b>157</b>	<b>340</b>	<b>338</b>

In 2021, other commitments included purchases from suppliers and an undrawn loan amount to an associate.

Guarantees and contingencies included in other off-balance sheet obligations in 2021 have been removed from the prior year comparative and are disclosed in note 36.

**29. PENSION COMMITMENTS****Defined contribution plans**

The Group operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the plans prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the Statement of Comprehensive Income of £11m (2021: £11m) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2022, contributions of £4m (2021: £nil) due in respect of the current reporting period had not been paid over to the plans and had been included in accruals.

**Defined benefit plan**

As outlined in note 3, The Scottish & Newcastle Pension Plan ('the Plan') is a defined benefit pension plan that is closed to new entrants. The latest schedule of contributions was agreed by the Trustees and Scottish & Newcastle Limited in April 2022. The schedule of contributions will be reviewed and jointly agreed by the Trustees and Scottish & Newcastle Limited no later than 15 months after the effective date of each actuarial valuation due every three years. The associated cost of £49m (2021: £47m) has been charged to the Company. The net pension plan liability, to which the Company makes payments on behalf of the parent company, is £75m at 31 December 2022 (2021: £127m) as recognised in the Statement of Financial Position of Scottish & Newcastle Limited.

Information about the Plan is disclosed in note 20 of the financial statements of Scottish & Newcastle Limited for the year ended 31 December 2022, which can be obtained from the registered office at 3-4 Broadway Park, South Gyle Broadway, Edinburgh, United Kingdom, EH12 9JZ. The disclosures of the Plan in line with the requirements of IAS19 include: the characteristics, future funding arrangements, risks, details of the fair value of plan assets, present value of the defined benefit obligation, and key actuarial assumptions.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****30. TRANSACTIONS WITH RELATED PARTIES**

Transactions and balances between the Group and its joint ventures / associates, as well as entities in the Heineken Group, are disclosed below.

This includes transactions and balances between the Company and TP & Munch Ltd until the acquisition date of the remaining share capital of the former associate.

This note does not include transactions and balances between the Company and its subsidiaries, that have been eliminated on consolidation.

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Joint ventures:		
Purchases	<b>(57)</b>	<b>(59)</b>

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Associates:		
Sales	<b>1</b>	<b>2</b>
Purchases	<b>(17)</b>	<b>(16)</b>

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Heineken Group – trading activities:		
Sales	<b>33</b>	<b>25</b>
Purchases	<b>(254)</b>	<b>(251)</b>
Other transactions	<b>(98)</b>	<b>(67)</b>

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Amounts owed by joint ventures (within receivables)	<b>7</b>	<b>4</b>
Amounts owed to joint ventures (within payables)	<b>(8)</b>	<b>-</b>

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Amounts owed by associates (within receivables)	<b>-</b>	<b>13</b>
Amounts owed to associates (within payables)	<b>-</b>	<b>(1)</b>

Amounts owed by associates within receivables were due to be repaid in 2024 and were charged at an annual fixed interest rate of 5.50% (2021: 5.50%) per annum.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The amounts owed by / to joint ventures and associates disclosed above are also applicable to the Company financial statements (note 24).

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****Remuneration of key management personnel**

The remuneration of the Directors is set out below:

	2022 £m	2021 £m
<b>Total Directors' remuneration</b>		
Short term employee benefits	3	3
Share based payments	-	-
	<u>3</u>	<u>3</u>
	2022 £m	2021 £m
<b>Highest paid Director</b>		
Short term employee benefits	1	1
Share based payments	-	-
	<u>1</u>	<u>1</u>

The Group operates a defined contribution pension plan. In the year, there were 5 Directors (2021: 7) to whom retirement benefits were accruing under this plan.

Directors may be eligible to share awards under the Heineken N.V. performance-based share plan (LTIP) and the Extraordinary share plan, further details are outlined in note 26. During the year, 9 Directors (2021: none), including the highest paid Director, received share awards in respect of qualifying services.

Remuneration of members of the Management Team who were employees of the Company during the year but were not Directors are less than £1m, with no amounts accruing to pension or share plans. No other key management personnel are required to be disclosed in respect of the prior year.

**31. FINANCIAL INSTRUMENTS**

Analysis of financial assets and liabilities by measurement basis:

31 December 2022	Amortised cost £m	FVOCI £m	FVTPL £m	Fair value hierarchy
<b>Assets</b>				
Cash and cash equivalents	33	-	-	-
Loans and advances to customers	9	-	-	-
Loans to joint ventures and associates	-	-	-	-
Investment in unlisted shares	-	-	-	-
Trade and other receivables	202	-	3	Level 2
<b>Liabilities</b>				
Trade and other payables	2,355	-	-	-
Accruals	59	-	-	-

In respect of level 3 fair value instruments, an adjustment of £1m (2021: £2m) was recognised in other comprehensive income, the value of the investment at the year end was £nil (2021: £1m).

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****31. FINANCIAL INSTRUMENTS (CONTINUED)**

<b>31 December 2021</b>	<b>Amortised cost</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>Fair value hierarchy</b>
<b>Assets</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Cash and cash equivalents	28	-	-	-
Loans and advances to customers	13	-	-	-
Loans to joint ventures and associates	13	-	-	-
Investment in unlisted shares	-	1	-	Level 3
Trade and other receivables	5,940	-	-	-
<b>Liabilities</b>				
Trade and other payables	4,292	-	3	Level 2
Accruals	43	-	-	-
Contingent consideration in business combination	-	-	1	Level 3

**32. BUSINESS COMBINATIONS**

On 1 September 2022, Heineken UK Limited acquired the remaining Ordinary share capital of TP & Munch Ltd. TP & Munch Ltd together with its subsidiaries: Beavertown Brewery Ltd, Lost Star Limited and Lost Star East Limited, are known as 'Beavertown'. Prior to the acquisition, the Group held 49.00% of the Class A Ordinary share capital, and the investment was recorded within interests in joint ventures and associates. From the date of acquisition, the results of Beavertown have been consolidated into the results of the Group. The acquisition is of benefit to customers and shareholders, adding a further brewery and craft beer brands to the Group.

Details of the purchase consideration are as follows:

	<b>£m</b>
Cash paid	147
Fair value of the previously held equity interest	131
Settlement of pre-existing relationships	11
<b>Total purchase consideration</b>	<b>289</b>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>£m</b>
PPE	59
Intangible assets	217
Inventories	9
Trade and other current receivables	17
Cash and cash equivalents	6
Borrowings	(23)
Deferred tax liabilities	(59)
Trade and other current payables	(21)
<b>Net identifiable assets</b>	<b>205</b>
Add: Goodwill	84
<b>Net assets acquired</b>	<b>289</b>

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****32. BUSINESS COMBINATIONS (CONTINUED)**

Goodwill arising from the acquisition consisted largely of the synergies expected to be achieved. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of acquired trade and other receivables is £17m and the gross contractual value is £17m, with a loss allowance of £nil recognised on acquisition.

Cash impact of the acquisition:

	£m
Cash consideration	(147)
Cash and cash equivalents acquired	6
	<u>(141)</u>
Direct costs relating to the acquisition, within administrative expenses	(1)
	<u>(142)</u>

As a result of the step acquisition, the Beavertown associate was treated as disposed at fair value, less a control premium, and re-acquired at fair value. There was a gain recognised on the previously held equity interest of £66m in the Statement of Comprehensive Income, within other income.

Beavertown contributed £24m revenue and £5m of profit towards Group profit for the period between the date of acquisition and the reporting date. If the acquisition of Beavertown had been completed on the first day of the financial year, Group revenues for the year would have been £2,405m and Group profit would not have been materially different.

**33. GROUP LEGAL ENTITY RATIONALISATION**

In June 2022, the Management Team implemented an internal legal entity restructure to simplify the Group, which included refinancing debt within the UK corporate structure and reducing the capital of four holding companies. As part of the restructure, the Company's parent company, Scottish & Newcastle Limited, became a wholly owned subsidiary of Heineken International B.V. on 28 June 2022.

As shown in the Consolidated Statement of Changes in Equity on page 25 and note 24, the Company converted its Preference shares, consisting of £116m in debt and £27m in equity to Ordinary share capital of £143m. The balance in other reserves, representing the accrued dividends on Preference shares treated as debt, was settled (through settlement of intercompany loan) and recognised as a realised loss in retained earnings. Ordinary share capital was subsequently reduced by £1,161m to £1m, thereby generating additional distributable reserves.

Intercompany loans were rationalised, with £5,832m receivables reduced by way of offset against £2,634m payables to Scottish & Newcastle Limited, and following receipt of £700m loan from Heineken International B.V., the Company declared distributions to Scottish & Newcastle Limited totalling £3,898m (2021: £1,032m), which were satisfied with remaining intercompany receivables totalling £3,198m (2021: £1,032m) and £700m settled via intercompany loans on a cashless basis (2021: £nil).

**34. EVENTS AFTER THE REPORTING DATE**

In April 2023, Heineken UK Limited agreed to sell the UK rights for Kronenbourg 1664 to Carlsberg Group. The transfer of the licence was effective from 1 June 2023. The Kronenbourg 1664 brand is owned globally by Carlsberg Group. Under the agreement, Heineken UK Limited will continue to brew and pack Kronenbourg 1664 under contract, before moving to Carlsberg Marston's Brewing Company in 2024. A three-year commercial arrangement has also been agreed to continue to list and provide the brand to our pub estate.

**HEINEKEN UK LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****35. ULTIMATE PARENT COMPANY**

The ultimate parent undertaking at the Statement of Financial Position date was Heineken Holding N.V. and the ultimate controlling party is Mrs C.L. de Carvalho-Heineken. Heineken Holding N.V. is a company registered and incorporated in the Netherlands. Group financial statements for this company may be obtained from the Company Secretary, Heineken N.V., Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands, which is also the registered office.

Further information can be found in the note 27 in the Company financial statements.

**36. CONTINGENCIES**

A contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Company. Contingent assets are not material, therefore not disclosed.

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognised in the Consolidated Statement of Financial Position because the existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or because the risk of loss is estimated to be possible but not probable or because the amount cannot be measured reliably.

The contingent liabilities relate to civil cases and the Directors' best estimate of the potential financial impact of these cases is £0.8m (2021: £1.6m).

**Guarantees**

	<b>2022</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Energy contracts of pubs	5	5	-	-
Other guarantees	3	2	1	-
<b>Guarantees</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>-</b>

	<b>2021</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Energy contracts of pubs	5	-	5	-
Other guarantees	39	4	8	27
<b>Guarantees</b>	<b>44</b>	<b>4</b>	<b>13</b>	<b>27</b>

Other guarantees include lease liabilities of an associate and guarantees to HMRC in respect of tax.

**HEINEKEN UK LIMITED**  
**REGISTERED NUMBER: SC065527**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b> <b>£m</b>	<b>2021</b> <b>£m</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	361	362
Intangible assets	8	59	64
Investments in subsidiaries	9	526	310
Interests in joint ventures and associates	10	32	101
Loans and advances to customers	11	1	4
Deferred tax asset	12	89	100
Other non-current assets	13	1,323	1,327
		<u>2,391</u>	<u>2,268</u>
<b>Current assets</b>			
Loans and advances to customers	11	8	9
Inventories	14	102	105
Trade receivables	15	149	97
Other receivables	15	356	5,979
Prepayments, accrued income and fulfilment costs	15	12	10
Current tax assets	15	6	-
Assets classified as held for sale	16	3	-
Cash and bank balances		13	22
		<u>649</u>	<u>6,222</u>
<b>Total assets</b>		<u><b>3,040</b></u>	<u><b>8,490</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	17	(209)	(181)
Other payables	17	(632)	(3,065)
Accruals and deferred income	17	(43)	(33)
Current tax liabilities	17	(85)	(78)
Provisions	18	(13)	(14)
		<u>(982)</u>	<u>(3,371)</u>
<b>Net current (liabilities)/assets</b>		<u><b>(333)</b></u>	<u><b>2,851</b></u>
<b>Non-current liabilities</b>			
Other non-current liabilities	17	(1,922)	(1,222)
Provisions	18	(4)	(3)
		<u>(1,926)</u>	<u>(1,225)</u>
<b>Total liabilities</b>		<u><b>(2,908)</b></u>	<u><b>(4,596)</b></u>
<b>Net assets</b>		<u><b>132</b></u>	<u><b>3,894</b></u>



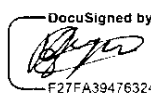
**HEINEKEN UK LIMITED**  
**REGISTERED NUMBER: SC065527**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>£m</b>	<b>£m</b>
<b>EQUITY</b>			
Called-up share capital	19	<b>1</b>	1,046
Other reserves	20	<b>(3)</b>	(118)
Retained earnings	20	<b>134</b>	2,966
<b>Total equity</b>		<b>132</b>	3,894

As permitted under section 408 of the Companies Act 2006, the Company elected not to present its own Statement of Comprehensive Income for the current and previous years. The Company reported a profit for the year of £21m (2021: £143m) and other comprehensive expense of £1m (2021: £222m income) for the year ended 31 December 2022.

The financial statements on pages 70 to 91 were approved and authorised for issue by the Board and were signed on its behalf on 14 September 2023 by:

DocuSigned by:  
  
 F27FA39476324F1.

**R Kleinjan**  
 Director

The notes on pages 73 to 91 form part of these financial statements.

**HEINEKEN UK LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Called-up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2021</b>		1,046	(116)	3,631	4,561
Profit for the financial year	5	-	-	143	143
Investment impairment	13	-	(2)	-	(2)
Unrealised gain on investment		-	-	224	224
Total comprehensive income for the financial year		-	(2)	367	365
Distribution in kind	25	-	-	(1,032)	(1,032)
<b>Balance at 31 December 2021</b>		1,046	(118)	2,966	3,894

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Called-up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2022</b>		1,046	(118)	2,966	3,894
Profit for the financial year	5	-	-	21	21
Investment impairment	13	-	(1)	-	(1)
Total comprehensive income for the financial year		-	(1)	21	20
Conversion of Preference shares into Ordinary shares	19	116	116	(116)	116
Capital reduction	19	(1,161)	-	1,161	-
Distribution in kind	25	-	-	(3,898)	(3,898)
<b>Balance at 31 December 2022</b>		1	(3)	134	132

The notes on pages 73 to 91 form part of these financial statements.

## HEINEKEN UK LIMITED

### NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. GENERAL INFORMATION

Heineken UK Limited ('the Company') is the UK's leading cider and beer business. The Company produces and sells an expansive portfolio of brands including Birra Moretti, Desperados, Foster's, Heineken, Inch's, Old Mout and Strongbow together with a full range of niche and speciality brands. The Company also exports to Europe and North America.

The Company is a private company limited by shares and is incorporated in the UK under the Companies Act 2006 and is registered in Scotland. The address of its registered office is 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates and rounded to the nearest million except where otherwise indicated.

#### 2. BASIS OF PREPARATION

These financial statements contain information about the Company as an individual company and do not contain consolidated financial statements as the parent of the Group, defined as Heineken UK Limited and subsidiary companies.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations', can be omitted, provided that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.
- IFRS 7 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, 129 and second sentence of paragraph 110 of IFRS 15 'Revenue from Contracts with Customers' (disaggregation of revenue recognised from contracts with customers, qualitative and quantitative information related to changes in contract assets and contract liabilities, information about an entity's performance obligations, transaction prices and any significant judgements).
- Paragraph 52 and paragraph 58 of IFRS 16 'Leases', provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) is presented separately for lease liabilities and other liabilities, and in total.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1, (reconciliation of number of shares outstanding at the beginning and at end of the period);
  - Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. BASIS OF PREPARATION (CONTINUED)**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 (continued):

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) ('statement of cash flows');
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B - D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134 - 136 (capital management disclosures).
- IAS 7 'Statement of Cash Flows'.
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 74(b) of IAS 16 (amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost).
- Paragraphs 17 (key management compensation) and 18A of IAS 24 'Related party disclosures', related to key management services provided by a separate management entity.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been provided in the Group accounts in which the Company is consolidated. The financial statements have been prepared on a going concern basis, under the historical cost convention.

**New standards adopted during the year**

The new standards adopted during the year were consistent with those adopted by the Group, refer to note 2 of the consolidated financial statements for further details.

**3. ACCOUNTING POLICIES**

The accounting policies of the Company are the same as those of the Group which are set out in note 3 to the consolidated financial statements. Investments in subsidiaries held by the Company are carried at historical cost less accumulated impairment as detailed in the policy below.

**Going concern**

The financial position of the Company is set out in the Statement of Financial Position on pages 70 to 71 of the financial statements. The Company had net assets of £132m (2021: £3,894m) and net current liabilities of £333m (2021: £2,851m assets). Funding amounts owed to other group companies of £146m (2021: £2,752m) were reported as current liabilities in absence of unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. These amounts are owed to companies under common control and will not be recalled within 12 months without prior consideration of the Company's liquidity position.

The Directors continue to adopt the going concern basis in preparing the annual report and financial statements, as confirmed in the Directors' Report on page 16. The Company is considered as part of the Group assessment.

**Investments in subsidiaries**

Investments held in non-current assets are measured at cost less accumulated impairment.

## HEINEKEN UK LIMITED

### NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. ACCOUNTING POLICIES (CONTINUED)

##### **Interests in joint ventures and associates**

Associates are those entities in which the Company has significant influence, but not control or joint control. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights. Joint ventures are the arrangement in which the Company has joint control.

Interests in joint ventures and associates are held at cost less accumulated impairment losses.

##### **Impairment of investments in subsidiaries / Interests in joint ventures and associates**

These assets are subject to impairment as follows:

At each Statement of Financial Position date the asset not carried at fair value is assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, within administrative expenses.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimation) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical accounting judgements in applying the Company's accounting policies**

The Directors believe there are no key areas of judgement in preparing these financial statements.

##### **Key sources of estimation uncertainty**

The Directors believe there are no key sources of estimation uncertainty in preparing these financial statements.

#### 5. PROFIT FOR THE YEAR

As permitted under section 408 of the Companies Act 2006, the Company elected not to present its own Statement of Comprehensive Income for the year. The Company reported a profit for the year of £21m (2021: £143m) and other comprehensive expense of £1m (2021: £222m income) for the year ended 31 December 2022.

Further information on how the Company has been impacted by legal entity rationalisation activity has been included in note 25.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****6. EMPLOYEES**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Wages and salaries	<b>116</b>	117
Social security costs	<b>15</b>	14
Other pension costs	<b>61</b>	59
Restructuring costs	<b>6</b>	-
	<b>198</b>	190

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Supply chain	<b>1,086</b>	1,109
Finance	<b>137</b>	134
Commerce	<b>783</b>	813
Digital & Technology	<b>88</b>	84
Human resource	<b>73</b>	71
General management	<b>35</b>	32
	<b>2,202</b>	2,243

Employee costs of Star Pubs & Bars Limited, a direct subsidiary of the Company, are recognised within the Company's employee costs because these individuals are employed by the Company. A total of £19m (2021: £19m) of employee costs and 259 (2021: 256) monthly average number of employees has been recognised in the year.

In previous years the UK Government introduced grants to ease the burden of COVID-19 on qualifying business. In line with FRS101, the amounts received were reported within other income in the Statement of Comprehensive Income (2021: £2m of Government grants in relation to the Coronavirus Job Retention Scheme, to contribute towards the cost of employee wages and salaries, social security costs and pensions). In 2022 there were no further grants received due to COVID-19.

Refer to note 26 of the consolidated financial statements for the incentives of the senior management of the Company (share-based payment plans).

**7. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment (PPE) are fixed assets that are owned by the Company as well as right of use (ROU) assets under a lease agreement. The tables below provide further details on owned assets and ROU assets as at the reporting date:

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
PPE – owned assets (note 7a)	<b>315</b>	316
ROU assets (note 7b)	<b>46</b>	46
	<b>361</b>	362

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****7a) Owned assets**

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
At 1 January 2022	193	487	680
Additions	-	31	31
Transfers to assets held for sale (note 16)	(2)	(5)	(7)
Disposals	(1)	(8)	(9)
At 31 December 2022	<u>190</u>	<u>505</u>	<u>695</u>
<b>Accumulated depreciation</b>			
At 1 January 2022	75	289	364
Charge for the year	5	21	26
Transfers to assets held for sale (note 16)	(1)	(3)	(4)
Disposals	-	(6)	(6)
At 31 December 2022	<u>79</u>	<u>301</u>	<u>380</u>
<b>Net book value</b>			
At 31 December 2021	118	198	316
Movement during the year	(7)	6	(1)
At 31 December 2022	<u>111</u>	<u>204</u>	<u>315</u>

The net book value of land and buildings comprises:

	2022 £m	2021 £m
Freehold	65	72
Long leasehold (50 years and greater)	26	22
Short leasehold (less than 50 years)	20	24

Land and buildings include the breweries and offices of the Company as well as warehouses. Plant and equipment contain all assets needed in the Company's brewing, packaging and filling activities, commercial fixed assets and furniture, fixtures and fittings.

**7b) ROU assets**

The Company leases offices, warehouses, cars, forklift trucks and other equipment in the ordinary course of business. The table below shows the carrying amount of ROU assets per asset class:

	2022 £m	2021 £m
Land and buildings	40	38
Plant and equipment	<u>6</u>	<u>8</u>
Carrying amount of ROU assets	<u>46</u>	<u>46</u>

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****7b) ROU assets (continued)**

During 2022, £12m (2021: £2m) was added to the ROU assets as a result of entering into new leases. The depreciation of ROU assets during the financial year was as follows:

	<b>2022</b>	2021
	<b>£m</b>	£m
Land and buildings	<b>9</b>	9
Plant and equipment	<b>3</b>	2
Depreciation of ROU assets	<b>12</b>	11

**8. INTANGIBLE ASSETS**

	<b>Brand licences £m</b>	<b>Customer lists £m</b>	<b>Software £m</b>	<b>Other intangibles £m</b>	<b>Total £m</b>
<b>Cost</b>					
At 1 January 2022	115	2	49	2	168
Additions	-	-	6	1	6
Disposals	-	-	(3)	(1)	(3)
At 31 December 2022	<b>115</b>	<b>2</b>	<b>52</b>	<b>2</b>	<b>171</b>
<b>Accumulated amortisation</b>					
At 1 January 2022	83	2	19	-	104
Charge for the year	4	-	7	-	11
Disposals	-	-	(3)	-	(3)
At 31 December 2022	<b>87</b>	<b>2</b>	<b>23</b>	<b>-</b>	<b>112</b>
<b>Net book value</b>					
At 31 December 2021	32	-	30	2	64
Movement in the year	(4)	-	(1)	-	(5)
At 31 December 2022	<b>28</b>	<b>-</b>	<b>29</b>	<b>2</b>	<b>59</b>

The Company has been granted licences by a Group undertaking in respect of Strongbow and Bulmers cider brands. Brand licences are amortised over 25 years in line with the licence term. The carrying amount of the licence was £28m (2021: £32m) and the remaining amortisation period was 6 years (2021: 7 years).

During the year, an impairment trigger review was performed on the underlying brands. No impairment was deemed necessary.



**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****9. INVESTMENTS IN SUBSIDIARIES**

	<b>Investments in subsidiaries companies £m</b>
<b>Cost</b>	
At 1 January 2022	1,535
Additions	216
At 31 December 2022	<u>1,751</u>
<b>Accumulated impairment</b>	
At 1 January 2022 and 31 December 2022	<u>1,225</u>
<b>Net book value</b>	
At 31 December 2021	310
Movement in the year	216
At 31 December 2022	<u>526</u>

Details of all subsidiary undertakings (including indirect subsidiaries) of the Company at 31 December 2022 are provided in the appendix to the financial statements on pages 89 to 91.

**10. INTERESTS IN JOINT VENTURES AND ASSOCIATES**

The Company had interests in a number of joint ventures and associates. The total carrying amount of these joint ventures and associates was £32m as at 31 December 2022 (2021: £101m).

On 1 September 2022, the Company acquired the remaining Ordinary share capital of TP & Munch Ltd, previously an associate, making the company a wholly owned subsidiary. TP & Munch Ltd together with its wholly owned subsidiaries: Beavertown Brewery Ltd, Lost Star Limited and Lost Star East Limited, are known as 'Beavertown'.

The acquisition of Beavertown has been detailed in note 32 of the consolidated financial statements.

Summarised financial information for joint ventures and associates:

	<b>Joint Ventures £m</b>	<b>Associates £m</b>	<b>Total £m</b>
<b>Cost</b>			
At 1 January 2022	7	94	101
Disposals	-	(69)	(69)
At 31 December 2022	<u>7</u>	<u>25</u>	<u>32</u>
<b>Net book value</b>			
At 31 December 2021	7	94	101
Movement in the year	-	(69)	(69)
At 31 December 2022	<u>7</u>	<u>25</u>	<u>32</u>

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers are inherent to the Heineken Group's business model. Loans to customers are repaid in cash on fixed dates while the settlement of advances to customers are linked to the sales volume of the customer. Loans and advances to customers are ideally backed by collateral such as a property.

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Amounts falling due within one year</b>		
Loans to customers	<b>1</b>	3
Advances to customers	<b>7</b>	6
	<b>8</b>	9
<b>Amounts falling due after more than one year</b>		
Loans to customers	<b>1</b>	1
Advances to customers	<b>-</b>	3
	<b>1</b>	4

**12. DEFERRED TAX ASSET**

The deferred tax balance is made up as follows:

	<b>2022</b>	2021
	<b>£m</b>	£m
Accelerated capital allowances	<b>(5)</b>	3
Other timing differences	<b>2</b>	3
Tax losses	<b>92</b>	94
	<b>89</b>	100

	<b>Accelerated tax depreciation</b>	<b>Tax losses</b>	<b>Other</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2021	9	76	2	87
(Charge) / credit to profit or loss	(6)	18	1	13
<b>At 1 January 2022</b>	<b>3</b>	<b>94</b>	<b>3</b>	<b>100</b>
Charge to profit or loss	(8)	(2)	(1)	(11)
<b>At 31 December 2022</b>	<b>(5)</b>	<b>92</b>	<b>2</b>	<b>89</b>

The deferred tax asset has been recognised on the basis that it is anticipated that the various components of the asset will be capable of being utilised in future periods.

Deferred tax of £44m (2021: £18m) on capital losses of £176m (2021: £72m) has not been recognised as it is uncertain that there will be capital profits in the future. Capital losses can be carried forward indefinitely.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. DEFERRED TAX ASSET (CONTINUED)****FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 during the prior year and these changes were reflected within the tax figures. This included an increase to the main rate of corporation tax to 25.00% from 1 April 2023 and this is the rate that has been used to calculate deferred tax where applicable at the year-end and the prior year. The Finance Act 2022 and 2023, receiving Royal Assent on 24 February 2022 and 10 January 2023 respectively, will have no impact on the corporation tax figures.

**13. OTHER NON-CURRENT ASSETS**

	<b>2022</b>	2021
	<b>£m</b>	£m
Investment	-	1
Prepayments, accrued income and fulfilment costs	<b>8</b>	8
Loans to joint ventures and associates (note 24)	-	13
Funding amounts owed by direct and indirect subsidiary undertakings	<b>1,315</b>	1,305
	<b>1,323</b>	1,327

Investment consists of the Company's non-controlling share in Camerons Brewery Limited, which was fully impaired in 2022. Camerons Brewery Limited is an unquoted investment and does not fall into the category of an associate company.

Funding amounts owed by Group undertakings are unsecured. An annual interest rate of 1.55% (2021: 0.10%) plus average SONIA were charged on outstanding balances per annum. Further information is outlined in note 24. All amounts reflect their fair values and are considered to fall due after more than one year due to their use on a continuing basis.

**14. INVENTORIES**

	<b>2022</b>	2021
	<b>£m</b>	£m
Raw materials and consumables	<b>9</b>	9
Work in progress	<b>40</b>	40
Finished goods and goods for resale	<b>53</b>	56
	<b>102</b>	105

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. RECEIVABLES**

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Amounts falling due within one year</b>		
<b>Trade receivables (net of provisions and factoring)</b>	<b>149</b>	97
<b>Other receivables</b>		
Funding amounts owed by direct and intermediate parent undertakings	-	5,812
Trade amounts owed by direct and intermediate parent undertakings	1	2
Trade amounts owed by subsidiaries of direct and intermediate parent undertakings	13	4
Trade amounts owed by direct and indirect subsidiary undertakings	332	156
Amounts owed by joint ventures (note 24)	7	4
Other	3	1
	<b>356</b>	5,979
<b>Prepayments, accrued income and fulfilment costs</b>	<b>12</b>	10
<b>Current tax assets</b>		
Other current tax	6	-
	<b>6</b>	-
	<b>523</b>	6,086

Trade balances are unsecured, incurred in the ordinary course of business and are not subject to interest. Amounts owed by joint ventures are disclosed in note 24.

Funding amounts owed by Group undertakings are unsecured. An annual interest rate of 1.55% (2021: 0.10%) plus average SONIA is charged on outstanding balances per annum. Further information is outlined in note 24. All amounts reflect their fair values.

**16. ASSETS CLASSIFIED AS HELD FOR SALE**

	<b>£m</b>
<b>Cost</b>	
At 1 January 2022	-
Transfers from property, plant and equipment (note 7a)	7
At 31 December 2022	<u>7</u>
<b>Accumulated depreciation</b>	
At 1 January 2022	-
Transfers from PPE (note 7a)	4
At 31 December 2022	<u>4</u>
<b>Net book value</b>	
At 31 December 2021	-
Movement in the year	3
At 31 December 2022	<u>3</u>

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. PAYABLES**

	<b>2022</b>	2021
	<b>£m</b>	£m
<b>Amounts falling due after more than one year</b>		
Funding amounts owed to direct and intermediate parent undertakings	<b>1,885</b>	1,185
Lease liabilities	<b>36</b>	36
Other payables	<b>1</b>	1
	<b>1,922</b>	1,222
<b>Amounts falling due within one year</b>		
<b>Trade payables</b>	<b>209</b>	181
<b>Other payables</b>		
Bank overdrafts	<b>31</b>	3
Funding amounts owed to direct and intermediate parent undertakings	<b>2</b>	2,449
Trade amounts owed to direct and intermediate parent undertakings	<b>14</b>	11
Funding amounts owed to subsidiaries of direct and intermediate parent undertakings	<b>-</b>	168
Trade amounts owed to subsidiaries of direct and intermediate parent undertakings	<b>57</b>	39
Funding amounts owed to direct and indirect subsidiary undertakings	<b>144</b>	135
Trade amounts owed to direct and indirect subsidiary undertakings	<b>361</b>	127
Preference shares (note 19)	<b>-</b>	116
Amounts owed to joint ventures (note 24)	<b>8</b>	-
Lease liabilities and other payables	<b>12</b>	12
Other payables	<b>3</b>	5
	<b>632</b>	3,065
<b>Accruals and deferred income</b>	<b>43</b>	33
<b>Current tax liabilities</b>		
Other taxation and social security	<b>85</b>	78
	<b>85</b>	78
	<b>969</b>	3,357

The bank overdrafts are unsecured. The Company is a participant in group cash pooling arrangements.

Funding amounts due to parent and subsidiary undertakings are unsecured and have no fixed terms of repayment. An annual interest rate of 1.55% (2021: 0.10%) plus average SONIA is charged on outstanding balances with parent and subsidiary undertakings per annum.

Various rates are charged on outstanding funding balances with Heineken International B.V. per annum, these rates are: fixed 2.57% (2021: 2.57%), 4.89% and 4.76% and variable rates of between SONIA plus 1.45% (2021: 1.45%), SONIA plus 1.50% (2021: 1.50%) and SONIA plus 1.55% (2021: 1.55%). The repayment dates of the balances fall between 2024 and 2029.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. PAYABLES (CONTINUED)**

Trade balances are unsecured, incurred in the ordinary course of business and are not subject to interest.

Trade and other payables include lease liabilities of £12m (2021: £12m) and £36m (2021: £36m) due within one year and greater than one year respectively. The total cash outflow for leases amounts to £14m (2021: £14m). Interest expense on lease liabilities recognised in profit and loss during the year amounts to £1m (2021: £1m). Expense relating to short-term leases was immaterial in the current and prior year.

The maturity of the lease liabilities and the contractual cash flows are as follows:

	Carrying amount £m	Total £m	Contractual cash flows		
			Less than 1 year	1 – 5 years	More than 5 years
			£m	£m	£m
<b>Lease liabilities 2022</b>	<b>48</b>	<b>80</b>	<b>13</b>	<b>15</b>	<b>52</b>
Lease liabilities 2021	48	76	13	18	45

**18. PROVISIONS**

	Onerous leases £m	Restructuring £m	Other £m	Total £m
At 1 January 2022	1	13	3	17
Created during the year	1	6	4	11
Released during the year	-	-	(2)	(2)
Utilised during the year	-	(8)	(1)	(9)
<b>At 31 December 2022</b>	<b>2</b>	<b>11</b>	<b>4</b>	<b>17</b>
Current	-	11	2	13
Non-current	2	-	2	4

**Onerous leases**

The provision for onerous leases relates to a number of leasehold properties that are surplus to requirements. Non-current provisions represent dilapidations across various properties. Their utilisation time depends on the lease end dates and they are long term in nature.

**Restructuring**

The restructuring provision relates to a significant reorganisation to business support capabilities within the UK. The provision is measured at the best estimate, including risks and uncertainties, of the expenditure required to settle the present obligation. The provision is expected to be utilised within 12 months of the reporting date.

**Other**

The other provision relates to ETS certificates to cover the costs of 2022 emissions, Other Personnel Schemes, claims and litigations and other. The ETS provision of £1m will be fully utilised in early 2023.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****19. CALLED-UP SHARE CAPITAL**

	<b>2022</b>	2021
	<b>No.</b>	No.
<b>Authorised shares</b>	<b><u>1,250,000,000</u></b>	<b><u>1,107,147,650</u></b>
	<b>2022</b>	2021
	<b>£m</b>	<b>£m</b>
<b>Shares classified as equity</b>		
<b>Allotted, called-up and fully paid</b>		
1,161,922,439 (2021: 1,019,070,089) Ordinary shares of £0.001 (2021: £1) each	<b>1</b>	1,019
Nil (2021: 13,376,175) 6.50% Preference shares of £1 (2021: £2) each	<b>-</b>	27
	<b><u>1</u></b>	<b><u>1,046</u></b>
	<b>2022</b>	2021
	<b>£m</b>	<b>£m</b>
<b>Shares classified as debt</b>		
<b>Allotted, called-up and fully paid</b>		
Nil (2021: 58,050,000) 6.50% Preference shares of £1 (2021: £2) each	<b>-</b>	116

Refer to note 24 of the consolidated financial statements for the disclosure of movements in the number of shares during the year.

In June 2022, 6.50% Preference shares totalling £143m were redesignated as Ordinary shares. Further information on how the Company has been impacted by legal entity rationalisation activity has been included in note 25.

**20. RESERVES****Other reserves**

Other reserves included the cumulative dividends on Preference shares treated as debt. At the reporting date, other reserves represents movements in an investment treated as FVOCI.

**Retained earnings**

Retained earnings represents accumulated profits, losses and distributions of the Company.

**21. OPERATING LEASE RECEIVABLES**

The Company held no finance lessor agreements as at 31 December 2022. Operating lease arrangements in which the Company is the lessor relates to property owned and leased by the Company. Income is received through the Statement of Comprehensive Income. At 31 December 2022, the Company had future minimum lease income under non-cancellable operating leases as follows:

	<b>2022</b>	2021
	<b>£m</b>	<b>£m</b>
No later than 1 year	<b>1</b>	-
Later than 1 year and not later than 5 years	<b>2</b>	1
Later than 5 years	<b><u>1</u></b>	<u>1</u>
<b>Total</b>	<b><u>4</u></b>	<u>2</u>

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. OFF-BALANCE SHEET COMMITMENTS**

	2022	Less than 1 year	1-5 years	More than 5 years
	£m	£m	£m	£m
Technical service, maintenance and installation works	587	59	234	294
Logistics and warehousing contracts	152	25	98	29
Third party drinks	36	14	22	-
Raw materials purchase contracts	1	1	-	-
PPE ordered	19	14	5	-
Procurement contracts	5	4	1	-
Marketing and merchandising commitments	2	1	1	-
Other off-balance sheet obligations	3	3	-	-
<b>Off-balance sheet commitments</b>	<b>805</b>	<b>121</b>	<b>361</b>	<b>323</b>

Other commitments include purchases from suppliers.

	2021	Less than 1 year	1-5 years	More than 5 years
	£m	£m	£m	£m
Technical service, maintenance and installation works	568	57	227	284
Logistics and warehousing contracts	177	25	98	54
Third party drinks	21	18	3	-
Raw materials purchase contracts	5	5	-	-
PPE ordered	9	8	1	-
Procurement contracts	26	15	11	-
Marketing and merchandising commitments	3	3	-	-
Other off-balance sheet obligations	26	26	-	-
<b>Off-balance sheet commitments</b>	<b>835</b>	<b>157</b>	<b>340</b>	<b>338</b>

Guarantees and contingencies included in other off-balance sheet obligations in 2021 have been removed from the prior year comparative and are disclosed in note 28.

**23. PENSION COMMITMENTS**

Refer to note 29 in the consolidated financial statement for details of pension commitments.



**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****24. TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Joint ventures:		
Purchases	<b>(57)</b>	<b>(59)</b>
	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Associates*:		
Sales	<b>1</b>	<b>2</b>
Purchases	<b>(17)</b>	<b>(16)</b>

\*This note includes transactions between the Company and TP & Munch Ltd until the acquisition date of the remaining share capital of the company. Amounts owed by / to joint ventures and associates have been disclosed within notes 13, 15 and 17. Further detail on these amounts can be found in note 30 within the consolidated financial statements.

**25. GROUP LEGAL ENTITY RATIONALISATION**

As shown in the Statement of Changes in Equity on page 72 and note 19, the Company converted its Preference shares, consisting of £116m in debt and £27m in equity to Ordinary share capital of £143m. The balance in other reserves, representing the accrued dividends on Preference shares treated as debt, was settled (through settlement of intercompany loan) and recognised as a realised loss in retained earnings. Ordinary share capital was subsequently reduced by £1,161m to £1m, thereby generating distributable reserves. Intercompany loans were rationalised, with £5,832m receivables reduced by way of offset against £2,634m payable to Scottish & Newcastle Limited and following receipt of £700m loan from Heineken International B.V., the Company paid distributions to Scottish & Newcastle Limited totalling £3,898m (2021: £1,032), which were satisfied with remaining intercompany receivable totalling £3,198m (2021: £1,032) and £700m settled via intercompany loans on a cashless basis (2021: £nil).

**26. EVENTS AFTER THE REPORTING DATE**

In April 2023, Heineken UK Limited agreed to sell the UK rights for Kronenbourg 1664 to Carlsberg Group. The transfer of the licence was effective from 1 June 2023. The Kronenbourg 1664 brand is owned globally by Carlsberg Group. Under the agreement, Heineken UK Limited will continue to brew and pack Kronenbourg 1664 under contract, before moving to Carlsberg Marston's Brewing Company in 2024. A three-year commercial arrangement has also been agreed to continue to list and provide the brand to our pub estate.

**27. ULTIMATE PARENT COMPANY**

The immediate parent undertaking at the Statement of Financial Position date is Scottish & Newcastle Limited. Scottish & Newcastle Limited's registered office is also 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom.

The ultimate parent company and the parent of the largest group of undertakings to consolidate these financial statements at the Statement of Financial Position date is Heineken Holding N.V.. The ultimate controlling party is Mrs C.L. de Carvalho-Heineken.

Heineken Holding N.V. is the parent company of Heineken N.V. and its subsidiary undertakings. Heineken N.V. is the parent for the smallest group of undertakings for which group financial statements were drawn up and of which the Company was a member.

Heineken Holding N.V. and Heineken N.V. are incorporated and registered in The Netherlands. Group financial statements for Heineken Holding N.V. and Heineken N.V. can be obtained from their registered office at Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****28. CONTINGENCIES**

A contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Company. Contingent assets are not material, therefore not disclosed.

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognised in the Statement of Financial Position because the existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or because the risk of loss is estimated to be possible but not probable or because the amount cannot be measured reliably.

The contingent liabilities relate to civil cases and the Directors' best estimate of the potential financial impact of these cases is £0.8m (2021: £1.6m).

**Guarantees**

	<b>2022</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Energy contracts of pubs	5	5	-	-
Other guarantees	3	2	1	-
<b>Guarantees</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>-</b>

	<b>2021</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Energy contracts of pubs	5	-	5	-
Other guarantees	39	4	8	27
<b>Guarantees</b>	<b>44</b>	<b>4</b>	<b>13</b>	<b>27</b>

Other guarantees include lease liabilities of an associate and guarantees to HMRC in respect of tax.

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****APPENDIX TO THE FINANCIAL STATEMENTS**

List of subsidiaries as at 31 December 2022:

**DIRECT SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation / principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>
Brixton Brewery Limited <sup>(7)</sup>	England & Wales	Ordinary	100.00%
Caledonian Brewery Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Heineken UK (Canada) Inc. <sup>(3)</sup>	Canada	Ordinary	100.00%
Heineken UK Group Life Scheme Trust Company Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Newcastle Federation Breweries Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns (Chiltern) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
S&N Angel Investments Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
S&NF Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Star Pubs & Bars Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
TP & Munch Ltd <sup>(8) A</sup>	England & Wales	Ordinary	100.00%

**INDIRECT SUBSIDIARY UNDERTAKINGS**

At 31 December 2022, investments were indirectly held in the following companies:

<b>Name</b>	<b>Country of incorporation / principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>
Alloa Brewery Company Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Beavertown Brewery Ltd <sup>(8) B</sup>	England & Wales	Ordinary	100.00%
Blue Star Pub Company Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Broadway Inns Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
B.W.B. Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Fountain Pub Company Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Lost Star Limited <sup>(8) B</sup>	England & Wales	Ordinary	100.00%
Lost Star East Limited <sup>(8) B</sup>	England & Wales	Ordinary	100.00%
Punch Taverns (Jubilee) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Partnerships (PTL) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns (PR) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns (RH) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns (VPR) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns Holdings Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Punch Taverns Properties Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Red Star Pub Company (WR) Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%
Red Star Pub Company (WR II) Limited <sup>(2)</sup>	Scotland	Ordinary	100.00%

**HEINEKEN UK LIMITED****NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****APPENDIX TO THE FINANCIAL STATEMENTS (CONTINUED)****INDIRECT SUBSIDIARY UNDERTAKINGS (CONTINUED)**

<b>Name</b>	<b>Country of incorporation / principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>
Red Star Pub Company (WR II) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Star Pubs & Bars (Property) Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Tetley Walker Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
The Globe Pub Company Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Tolchard and Son Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%
Walker Cain Limited <sup>(1)</sup>	England & Wales	Ordinary	100.00%

**PARTICIPATING INTERESTS****JOINT VENTURES AND ASSOCIATES**

<b>Name</b>	<b>Associate / Joint Venture</b>	<b>Principal activity</b>	<b>Country of incorporation / principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Year-end</b>
Coors On-Line Limited <sup>(9)</sup>	Associate	Financing	England & Wales	Ordinary	27.00%	31 Dec
Serviced Dispense Equipment (Holdings) Limited <sup>(4)</sup>	Joint Venture	Technical services	England & Wales	Ordinary	50.00%	1 Jan
Serviced Dispense Equipment Limited <sup>(4) c</sup>	Joint Venture	Technical services	England & Wales	Ordinary	50.00%	1 Jan
Old Innserv Limited <sup>(10) c</sup>	Joint Venture	Technical services	England & Wales	Ordinary	50.00%	1 Jan
Innserv Limited <sup>(10) c</sup>	Joint Venture	Technical services	England & Wales	Ordinary	50.00%	1 Jan
T.&R. Theakston Limited <sup>(6)</sup>	Associate	Brewery	England & Wales	Ordinary	28.30%	31 Dec
United Breweries Limited <sup>(6)</sup>	Associate	Brewery	India	Ordinary	3.21%	31 Mar

## HEINEKEN UK LIMITED

### NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### APPENDIX TO THE FINANCIAL STATEMENTS (CONTINUED)

**Registered address of investments:**

- (1) Registered address of Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE
- (2) Registered address of 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ
- (3) Registered address of 2 International Blvd, Suite 101, Etobicoke, Ontario, Canada, M9W 1A2
- (4) Registered address of Maltings Building, Leeds Road, Tadcaster, North Yorkshire, LS24 9HB
- (5) Registered address of The Brewery, Moulton, Ripon, North Yorkshire, HG4 4YU
- (6) Registered address of UB Tower, Level 4, UB City, 24 Vittal Maliya Road, Bangalore (Karnataka), 560 001, India
- (7) Registered address of Unit 1&2, Dylan Road, London, SE24 0HL
- (8) Registered address of Unit 17&18, Lockwood Industrial Estate, Mill Mead Road, London, N17 9PQ
- (9) Registered address of 137 High Street, Burton On Trent, Staffordshire, DE14 1JZ
- (10) Registered address of The Old Maltings, Leeds Road, Tadcaster, North Yorkshire, LS24 9HB

The following transactions impacted the Group corporate structure within the year:

- A On 1 September 2022, the Company acquired the remaining share capital of TP & Munch Ltd making it a wholly owned subsidiary.
- B The company became an indirect subsidiary undertaking in 2022 following the acquisition of TP & Munch Ltd.

**Additional information:**

- C Joint ventures indirectly held through Serviced Dispense Equipment (Holdings) Limited.

The Company had a 100.00% indirect interest in the below 10 subsidiary companies, which were dissolved in 2022:

- Agnew Stores (Holdings) Limited
- BK Investments Limited
- Inn Business Property Limited
- Punch Taverns Finance Limited
- Punch Taverns Holdco (A) Limited
- Punch Taverns Intermediate Holdco (A) Limited
- Punch Taverns Loanco (A) Limited
- Red Star Pub Company (WRH) Limited
- Scottish & Newcastle Property 3 Limited
- XXFM Limited.