

Registered number: 462438

NESTLÉ HOLDINGS (U.K.) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



NESTLÉ HOLDINGS (U.K.) PLC

COMPANY INFORMATION

Directors	S. Agostini M. Weber (appointed 1 March 2020) A. Shaw (appointed 1 February 2021)
Company secretary	Mark Maurice-Jones
Registered number	462438
Registered office	1 City Place Gatwick RH6 0PA
Independent auditor	Ernst & Young LLP, Statutory Auditor Chartered Accountants 1 More London Place London SE1 2AF

NESTLÉ HOLDINGS (U.K.) PLC

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NESTLÉ HOLDINGS (U.K.) PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the year ended 31 December 2020.

Business review

The performance achieved during the year is set out in the Profit and Loss account on page 9.

The results of Nestlé Holdings (U.K.) PLC "the Company" show a pre-tax loss of £20,134,000 (2019 - profit of £59,796,000).

The Company has total net assets of £696,682,000 (2019 - £796,590,000).

Principal risks and uncertainties

The Company is a holding company and its results are dependent upon interest and similar income receivable from, or payable to, other group companies. For additional information regarding principal risks and uncertainties please refer to the Nestlé group accounts that are available at www.nestle.com/investors/annual-report.

During this unprecedented time, the group's purpose of enhancing quality of life and contributing to a healthier future is now more important than ever. From our supply chain, to our factories, and right through to your homes, we're working around the clock to ensure that we continue to meet the nutritional needs of your families and pets during this difficult time.

Stakeholder review

Under section 172 of the UK Companies Act 2006 ('Section 172') directors must act in the way that they consider, in good faith, would be most likely to promote the success of their Company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172. The following section is our Section 172 statement, which describes how the directors of this Company have had regard to these matters when performing their duty.

Nestlé stands for Good food, Good life. Quality of food and quality of life go together. What and how we eat and drink is fundamental to our health and wellness, today and for the future. Our Nutrition, Health and Wellness journey is guided by our Creating Shared Value approach to business. We live by our purpose and responsibilities to our shareholders, the communities in which we operate and the planet on which we live. We aim to be trusted and dependable. That means responsibly manufacturing our products and managing our supply chain, bringing meaningful innovations to market, and building brands that delight and do good. We do this in a way that is true to the values that our company has been built on for more than 150 years. Because Good food and Good life are good business. Creating Shared Value is fundamental to how we do business at Nestlé. We believe that our company can only be successful in the long term by creating value both for our shareholders and for society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success.

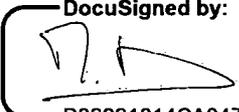
The 2020 Nestlé SA Annual Review gives further details of how the Nestlé Group of companies enhances the quality of life and contributes to a healthier future in the following areas:

- for individuals and families - enabling healthier and happier lives
- for our communities - helping develop thriving, resilient communities
- for the planet - stewarding resources and the environment

Further information can be found on the Nestle SA website <https://www.nestle.com/>

This report was approved by the board on 17 May 2021 and signed on its behalf on 21 May 2021.

M. Weber
Director

DocuSigned by:

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NESTLÉ HOLDINGS (U.K.) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

During the year the Company acted as a holding company for some of the United Kingdom interests of Nestlé S.A. The Company's subsidiaries are engaged in the manufacture and sale of food, drinks, nutrition products, bottled water, pet food products and associated activities. They are also involved in the distribution of coffee capsules, machines and other related products.

The Company is the holding company of certain Nestlé businesses operating in the United Kingdom. The principal operating company is Nestlé UK Limited.

Results and dividends

The loss for the year, after taxation, amounted to £14,418,000 (2019 - profit of £62,775,000).

The directors approved the payment of an interim dividend of £85,490,000 (2019 - £Nil) on 8 January 2020. This dividend was paid on 22 January 2020 (2019 - £Nil).

Going concern

Nestlé S.A., the parent company of Nestlé Holdings (U.K.) PLC, has provided the Company with an undertaking that for at least twelve months from the date of the approval of these financial statements, it will continue to provide financial and other support to enable the Company to continue in operational existence for the foreseeable future and that repayment of the above loans will not be sought if it would impede the Company's ability to meet its obligations to third parties and operate as a going concern.

On the basis of their assessment of the Company's financial position and performance and of enquiries made to Nestlé S.A., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and at least until 31 May 2022 and have accordingly adopted the going concern basis of accounting in the preparation of these financial statements.

Impact of Brexit

The Trade and Cooperation Agreement secured by the EU and United Kingdom in late December 2020 meant that the significant tariff costs that would have arisen in a no deal scenario were avoided. The UK group has still faced some cost increase as a result of the end of the transition period. This is caused by increased customs processing costs and the implementation of new rules such as the use of heat treated pallets for all trade.

The challenges faced by importing and exporting companies at the EU-UK border, both across the Channel and across the Irish Sea, are widely known and the UK group has not been immune to these. The UK group has, however, thanks to its careful planning for EU exit, managed to maintain supply to its customers.

Impact of COVID-19

The COVID-19 (Coronavirus) public health emergency continues to evolve. Nestlé UK & Ireland has a COVID-19 Committee in place to co-ordinate local actions to safeguard employee health and initiate Business Continuity Plans. Despite this health emergency, at the signing date, the Company continues to maintain a strong position and performance financially.

NESTLÉ HOLDINGS (U.K.) PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Director

The director who served during the period to the signing of the financial statements was:

D. Hix (resigned 1 February 2021)
D. McDaniel (resigned 1 March 2021)
S. Agostini
M. Weber (appointed 1 March 2020)
A. Shaw (appointed 1 February 2021)

Future developments

The external environment is expected to remain competitive and challenging in 2021.

Disabled employees

Nestlé UK and Ireland has an HR policy priority to be an organisation where everyone is valued and everyone is included, everyone is respected. We are an accessible employer and we make the most of our similarities and differences to grow our people and our business.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Matters covered in the strategic report

The business review, principal risks and certainties for the Company, a Strategic Management report and a S172 statement are included in the Strategic Report.

Disclosure of information to auditor

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

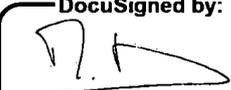
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor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

Auditor

The auditor, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 May 2021 and signed on its behalf on 21 May 2021.

M. Weber
Director

DocuSigned by:

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NESTLÉ HOLDINGS (U.K.) PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework, 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so..

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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ HOLDINGS (U.K.) PLC

Opinion

We have audited the financial statements of Nestlé Holdings (U.K.) PLC for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

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.

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 Company's ability to continue as a going concern for a period through to 31 May 2022 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ HOLDINGS (U.K.) PLC
(CONTINUED)**

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ HOLDINGS (U.K.) PLC
(CONTINUED)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 “Reduced Disclosure Framework”, the Companies Act 2006 and the relevant UK tax compliance regulations.
- We understood how Nestlé Holdings (U.K.) Plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures.
- We assessed the susceptibility of the Company’s financial statements to material misstatement, including consideration of how fraud might occur, by considering the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. We identified a fraud risk resulting from management override of controls arising from pressure to distribute profits to owners. We performed specific testing over manual journals around earnings which were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included testing manual journals, with a focus on journals posted to earnings and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, internal audit and management and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the accounts with all applicable reporting requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

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.

Ernst & Young LLP

Jon Killingley (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
24 May 2021

NESTLÉ HOLDINGS (U.K.) PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Administrative expenses		(1)	(1)
Operating loss		<u>(1)</u>	<u>(1)</u>
Income from shares in group undertakings		68,817	85,490
Amounts written off investments	8	(68,831)	-
Interest receivable and similar income	4	2,792	8,500
Interest payable and similar expenses	5	(22,911)	(34,193)
(Loss)/profit before tax		<u>(20,134)</u>	<u>59,796</u>
Tax on (loss)/profit	6	5,716	2,979
(Loss)/profit for the financial year		<u><u>(14,418)</u></u>	<u><u>62,775</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

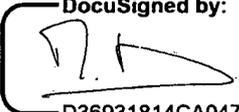
The notes on pages 11 to 19 form part of these financial statements.

NESTLÉ HOLDINGS (U.K.) PLC
REGISTERED NUMBER: 462438

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	8	2,489,627	2,558,458
		<u>2,489,627</u>	<u>2,558,458</u>
Current assets			
Debtors: amounts falling due within one year	9	19,188	92,259
		<u>19,188</u>	<u>92,259</u>
Creditors: amounts falling due within one year	10	(1,812,133)	(54,127)
		<u>(1,812,133)</u>	<u>(54,127)</u>
Net current (liabilities)/assets		(1,792,945)	38,132
Total assets less current liabilities		696,682	2,596,590
Creditors: amounts falling due after more than one year	11	-	(1,800,000)
		<u>-</u>	<u>(1,800,000)</u>
		696,682	796,590
Net assets		696,682	796,590
Capital and reserves			
Called up share capital	12	77,940	77,940
Share premium account		322,060	322,060
Other reserves		250,000	250,000
Profit and loss account		46,682	146,590
		<u>696,682</u>	<u>796,590</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2021.

DocuSigned by:

M. Weber
Director
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The notes on pages 11 to 19 form part of these financial statements.

NESTLÉ HOLDINGS (U.K.) PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £000	Share premium account £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 January 2019	77,940	322,060	250,000	83,815	733,815
Comprehensive income for the year					
Profit for the year	-	-	-	62,775	62,775
Other comprehensive income for the year					
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year					
Total comprehensive income for the year	-	-	-	62,775	62,775
Total transactions with owners					
Total transactions with owners	-	-	-	-	-
At 1 January 2020	77,940	322,060	250,000	146,590	796,590
Comprehensive income for the year					
Loss for the year	-	-	-	(14,418)	(14,418)
Other comprehensive income for the year					
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year					
Total comprehensive income for the year	-	-	-	(14,418)	(14,418)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(85,490)	(85,490)
Total transactions with owners					
Total transactions with owners	-	-	-	(85,490)	(85,490)
At 31 December 2020	77,940	322,060	250,000	46,682	696,682

The notes on pages 11 to 19 form part of these financial statements.

NESTLÉ HOLDINGS (U.K.) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies

1.1 Basis of preparation of financial statements

Nestlé Holdings (U.K.) PLC. (the "Company") is a public company limited by shares and is incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS's"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company is exempt from the obligation to prepare and deliver group accounts. These financial statements are for the Company only.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company's ultimate parent undertaking, Nestlé S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Nestlé S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Nestlé Headquarters, CH1800, Vevey, Switzerland.

The company is exempt from the obligation to prepare and deliver group accounts.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

NESTLÉ HOLDINGS (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1 and future developments section of the Directors' Report on pages 2 and 3.

The Company has net current liabilities of £1,792,945,000 at 31 December 2020 that include loans received from other group undertakings of £1,800,000,000. These loans terminate in 2021 but will be renewed automatically for another 3 years. The Company has provided undertakings to various subsidiary companies that for at least twelve months from the date of the approval of these financial statements, it will continue to provide financial and other support to enable those subsidiaries to continue in operational existence for the foreseeable future and that the repayment of loans will not be sought if it would impede the subsidiary's ability to meet its obligations to third parties and operate as a going concern.

Nestlé S.A. the parent company of Nestlé Holdings (U.K.) PLC, has provided the Company with an undertaking that for at least twelve months from the date of the approval of these financial statements, it will continue to provide financial and other support to enable the Company to continue in operational existence for the foreseeable future and that repayment of the above loans will not be sought if it would impede the Company's ability to meet its obligations to third parties and operate as a going concern.

The loans with Nestlé S.A. group undertakings are reviewed monthly with the lender with automatic renewal for further periods of three years. Historically such loans have always been renewed when requested. From discussions in 2020 and 2021 with Nestlé S.A there has been no indication that current loans will be recalled and not renewed.

On the basis of their assessment of the Company's financial position and performance and of enquiries made to Nestlé S.A., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and at least until 31 May 2022 and have accordingly adopted the going concern basis of accounting in the preparation of these financial statements.

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account.

1.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NESTLÉ HOLDINGS (U.K.) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)

1.6 Taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

In line with IFRS9, the Company has made considerations for expected credit losses. These are reflected in a provision made for the impairment of trade and other debtors which is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade.

1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. There will be a disclosure in the notes to the financial statements of dividends proposed or declared, which were not recognised in the financial statements, if this happens prior to the financial statements being authorised for issue.

2. Auditor's remuneration

The audit fee for 2020 is £20,000 (2019 - £20,000). This has been borne by Nestlé UK Limited.

NESTLÉ HOLDINGS (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Directors' remuneration**

The emoluments of the directors of Nestlé Holdings (U.K.) PLC are borne by Nestlé UK Limited.

None of the directors had any interests recorded in the Shareholders' Statutory Register at 31 December 2020.

4. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group companies	2,775	8,418
On group cash pooling arrangement	17	82
	<u>2,792</u>	<u>8,500</u>

Interest receivable from group undertakings comprises:

	2020	2019
	£000	£000
On loans from subsidiary undertakings	2,775	3,676
On loans from other group undertakings	-	4,742
	<u>2,775</u>	<u>8,418</u>

5. Interest payable and similar expenses

	2020	2019
	£000	£000
Interest payable to group undertakings	22,863	34,193
On group cash pooling arrangement	48	-
	<u>22,911</u>	<u>34,193</u>

NESTLÉ HOLDINGS (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	(3,823)	(2,989)
Adjustments in respect of previous periods	(1,893)	10
	<u>(5,716)</u>	<u>(2,979)</u>
Total current tax	<u>(5,716)</u>	<u>(2,979)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(5,716)</u>	<u>(2,979)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	<u>(20,134)</u>	<u>59,796</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(3,825)	11,361
Effects of:		
Non-tax deductible impairment	13,077	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,893
Adjustments to tax charge in respect of prior periods	(1,893)	10
Non-taxable income	(13,075)	(16,243)
Total tax credit for the year	<u>(5,716)</u>	<u>(2,979)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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7. Dividends

	2020 £000	2019 £000
Paid to parent undertaking	85,490	-
	<u>85,490</u>	<u>-</u>

8. Fixed asset investments

	Investments in subsidiary companies £000	Loans to subsidiary companies £000	Total £000
Cost or valuation			
At 1 January 2020	2,399,573	200,000	2,599,573
At 31 December 2020	<u>2,399,573</u>	<u>200,000</u>	<u>2,599,573</u>
Impairment			
At 1 January 2020	41,115	-	41,115
Charge for the period	68,831	-	68,831
At 31 December 2020	<u>109,946</u>	<u>-</u>	<u>109,946</u>
Net book value			
At 31 December 2020	<u>2,289,627</u>	<u>200,000</u>	<u>2,489,627</u>
At 31 December 2019	<u>2,358,458</u>	<u>200,000</u>	<u>2,558,458</u>

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8. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Buxton Mineral Water Limited	1 City Place, Gatwick, West Sussex, RH6 0PA	Ordinary	100%
Nestle UK Ltd.	1 City Place, Gatwick, West Sussex, RH6 0PA	Ordinary	100%
Nestle Waters (UK) Holdings Limited	1 City Place, Gatwick, West Sussex, RH6 0PA	Ordinary	100%
Purlaw Company	1 City Place, Gatwick, West Sussex, RH6 0PA	Ordinary	100%
Vitaflo International Holdings Limited	Suite 1.11, South Harrington Building, 182 Sefton Street, Brunswick Business Park, Liverpool, L3 4BQ	Ordinary	100%

9. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	15,349	89,254
Other debtors	16	16
Corporation tax repayable	3,823	2,989
	19,188	92,259

Amounts owed by group undertakings include £6,608,000 (2019 - £87,430,000) representing funds transferred to a subsidiary undertaking under the group cash pooling arrangement.

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10. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	1,812,133	54,127
	<u>1,812,133</u>	<u>54,127</u>

Amounts owed to group undertakings comprises of loans of £1,800,000,000 (2019 - £49,987,000), other amounts payable to group companies of £10,178,000 (2019 - £Nil) and accrued interest of £1,955,000 (2019 - £4,140,000).

Settlement date	Interest rate	£000
August 2021	3 month LIBOR plus 99 basis points	600,000
September 2021	3 month LIBOR plus 99 basis points	400,000
February 2021	6 month LIBOR plus 25 basis points	600,000
September 2021	3 month LIBOR plus 20 basis points	200,000
		<u>1,800,000</u>

Loans are reviewed monthly with the lender with automatic renewal for further periods of three years and with a 10 day notice period for recalling or non-renewal of the loan. It is expected that these loans will be renewed for a period of at least three years as they fall due.

11. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to group undertakings	-	1,800,000
	<u>-</u>	<u>1,800,000</u>

12. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
77,940,000 (2019 - 77,940,000) Ordinary shares of £1.00 each	77,940	77,940
	<u>77,940</u>	<u>77,940</u>

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13. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Société de Produits Nestlé S.A., CH-1800 Vevey, Switzerland which is incorporated in Switzerland. Nestlé S.A. is the Company's ultimate parent, CH-1800 Vevey, Switzerland which is incorporated in Switzerland and from whom copies of their group accounts can be obtained.