Registered number: 03982132

AB INBEV UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AB INBEV UK LIMITED

COMPANY INFORMATION

Directors	Timiko Cranwell (appointed 4 February 2020) Oliver Devon (appointed 1 January 2019) Iain Hall (appointed 4 February 2020) Paula Lindenberg (appointed 1 January 2019) Rory McLellan James Rowe Cara Sargeantson (appointed 20 October 2020) Evgeniya Vlasova (appointed 10 August 2020) Josip Viskovic (appointed 10 August 2020) Jean-David Alexis (appointed 20 October 2020) Mark Wingfield (appointed 20 October 2020)
Company secretary	Alex O'Connell
Registered number	03982132
Registered office	Bureau 90 Fetter Lane London England EC4A 1EN

AB INBEV UK LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their Strategic Report together with the audited financial stataments for the year ended 31 December 2019 for AB InBev UK Limited ("the Company").

The nature of the Company's operations and its principal activities are brewing, distributing and importing beer. The Company is a wholly owned subsidiary. The ultimate parent company and controlling party is Anheuser Busch InBev NV/SA, incorporated in Belgium and the immediate parent company is Nimbuspath Limited, a company incorporated in the United Kingdom.

Business review

It has been a significant year for us as we moved our head office to central London and rebranded to Budweiser Brewing Group UK&I, using the power and recognition of our global brand to introduce our renewed ambitions, which include creating a nation of smart drinkers and championing Britain's iconic beer culture.

In 2019, we saw revenue growth of 5.65% (2018: 5.67%), with own beer volumes growing by 3.76% (2018: 7.00%). This was driven by great performance of our global brands, further enhanced by our revenue management and premiumisation initiatives in both on-trade (the on-trade market includes outlets like bars, restaurants, coffee shops, clubs, hotels etc.) and off-trade (the off-trade market includes all retail outlets like supermarkets, convenience stores etc).

Our EBITDA increased by 2.66% (2018: 11.78%). During the year, the Company incurred a goodwill impairment of £12,228,000. If it wasn't for this impairment EBITDA would have been higher.

The Balance Sheet shows the Company's financial position at the year end and indicates that net assets were £116,289,000 (2018: £127,125,000). The changes in net assets are listed in the Statement of changes in equity.

Brand performance

Stella Artois remained the number one selling alcohol brand in 2019 and continues to grow year on year. The brand continued its partnerships with iconic events including the Wimbledon Championships and Ascot Racecourse. Building on the premium credentials, 2019 saw us launch a new accreditation scheme in partnership with Beer Marque to improve beer quality and increase premium experiences across UK venues.

Corona had an outstanding year with year-on-year growth of 11.7%. The brand brought incremental growth to the beer category throughout 2019 and increased its footprint in the on-trade. We launched Corona on draught, which provides a super-premium experience for consumers, whilst adding value and volume for customers to the much-loved Corona in a bottle. Corona also continued its mission to help rid the world's seas of plastic by organising 68 UK beach cleans and cleaning a total of 5.8 million m^2. This mission and growing Corona draught will remain areas of focus in 2020.

Our iconic global brand Budweiser became the first ever beer brand to partner with the England Senior Women's Football Team, supporting the inspiring Lionesses throughout their run at the FIFA Women's World Cup 2019™.

Our no and low alcohol portfolio remains a focus area for the business as we look to meet our ambitious smart drinking goals. Bud Light is growing in both value and volume and has achieved double digit growth in the on-trade. Bud Light also announced its sponsorship of the England Senior Men's team, which will be an exciting focus in 2020.

Our craft and speciality brands had a great year in 2019; both Camden Hells and Camden Pale Ale were in the top 10 contributors to craft category growth in the off-trade. Camden grew both in on- and off-trade, while Goose Island IPA saw double digit growth.

Future Developments

Looking ahead, we are focused on accelerating growth, especially in the super premium segment with Corona and Camden, celebrating Bud Light's sponsorship of the England senior men's team at the Euro 2020 Tournament, making an impact in sustainable brewing by brewing all of our beers with 100% renewable electricity, and working to create a nation of smart drinkers by enhancing our no and low alcohol portfolio.

The main area of opportunity for us remains the On-Trade market as there are significant opportunities for growth in this sales channel. In order to grow our On-Trade share, we will continue to focus on urban centres, strong wholesaler distribution models and premium points of contact, where we can build consumer experiences. As part of our wider company strategy, we will also continue to leverage our alcohol-free, low-alcohol brands and craft portfolios in both On and Off-Trade, as both segments continue to grow.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to increasing commodity costs which increases production costs. These are monitored regularly by the Board of Directors and management of the Company.

Risk management policy

The Company's Board of Directors monitor risk management and the controls in place. These controls are regularly reviewed.

The main risks affecting the Company and their related risk management policies are as follows:

Credit risk

No material exposure is considered to exist in respect of intercompany loans or third party debt. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and the Company monitors the exposure to individual customers on an ongoing basis. The Company principally trades with large, well known businesses.

Interest rate risk

The Company has both interest bearing intercompany assets and interest bearing intercompany liabilities. No material exposure is therefore considered to exist with regard to changes in interest rates.

Foreign currency risk

Purchases of goods and services from overseas group undertakings are denominated in foreign currencies with the Company assuming the foreign currency risk. The Group treasury function takes out contracts to manage this risk at the group level with the use of financial derivatives governed by the Ultimate Parent Company's policies approved by its Board of Directors. The Company does not use any foreign exchange derivatives for speculative purposes.

Exiting the EU risk
AB InBev UK Limited purchases its raw materials both from within and outside the UK so does have some import risk in a no-deal scenario. Most of our products sold in the UK are produced in the UK, with a limited number of finished products imported and exported to other markets. The raw materials and finished products that cross borders are subject to Exiting the EU risk in a no-deal scenario. We have a compliant EORI (Economic Operator Registration and Identification number) in place as well as Commodity Tariff Codes. There are also further uncertainties regarding product labelling changes required as a result of a no-deal exit, and other supply related uncertainties.

Forecasts have been made of the impacts of Exiting the EU on our employees and our internal processes adjusted accordingly. We continue to monitor the situation and adjust our advice based on government and consultancy advice. Employees have also been trained in the process for requesting the right to continue to work in the UK in the event of deal/no-deal.

An exiting the EU committee has been formed and a comprehensive plan of mitigation strategies is in place to deal with no-deal risk, but significant uncertainty remains and not all risks are capable of mitigation.

Climate change risk
Climate change is a big challenge affecting our industry and the whole world. It can impact the Company by affecting water and other raw materials' availability and prices. The Company has undertaken initiatives in order to have a positive impact on the environment such as the Corona sponsored beach clean ups around the UK and the Corona plastic-free beer can rings. No material financial exposure is considered to exist with regard to climate change risk.

COVID-19 risk
The COVID-19 pandemic outbreak has had a big impact on the UK economy and the beer market.

Pubs, bars and restaurants closed on 23 March 2020, which has significantly impacted the On-trade. In response, the Company launched "Save Pub Life" in March 2020 to provide urgent financial support to the trade during the closure period. The initiative enabled pub-goers to buy a gift card to spend at their local pub once it reopens, and the Company matched the value of the gift cards to pubs. The programme sold 20,000 gift cards, funnelling over £1 million directly into the pub sector throughout the UK.

While the On-trade has been significantly impacted, we have seen sales in the Off-trade increase during the period since 23 March 2020.

At this stage, the impact on our results can't be reliably assessed as it depends on further developments.

Going concern
Based on forecasts and current level of activity in the business, the Directors deem it appropriate to prepare the financial statements on a going concern basis.

In addition, Anheuser-Busch InBev NV/SA, the ultimate parent company of AB InBev UK Limited has provided the Company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to enable the Company to continue in operational existence for the foreseeable future. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that the support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Financial key performance indicators

The Company's Directors use the following KPI's to measure the performance of the business:

	2019	2018
Sales Volumes	9,585 KHL	9,238 KHL
Revenue Growth	5.65%	5.67%
EBITDA Growth	2.66%	11.78%

Sales volume grew in 2019 by 3.76% (2018: 7.00%). This resulted in an increase in market share and revenue.

Sales volume is targeted at 9.731 MHL (2019: 9.544 MHL) with the same key drivers as the market share. We *are choosing not to disclose the targets we are setting on revenue and EBITDA growth for 2020.*

Other key performance indicators

The Company's Directors use Market share to measure the performance of the business:

	2019	2018
Market Share	21.42%	20.45%

For 2020, the shipment beer market (the beer brewing market) share for the Company is targeted at 21.54% (2019: 21.25%) with key drivers being our global brands, Bud Light, Michelob Ultra and our expanding craft segment.

Directors' statement of compliance with duty to promote the success of the Company (s172(1) statement)

The Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in section 172 of the Companies Act 2006. In doing so, the Directors must have regard (among other matters) to:

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

The Directors acted in a way that they consider would promote the success of the Company in accordance with the above.

The Directors welcome the new legislation regarding stakeholder engagement.

The Company's Board of Directors consider the likely consequences of any decision in the long term by monitoring risk management and the controls in place. These controls are regularly reviewed. The Company also has access to sophisticated forecasting, business planning and macro and micro economic analysis.

The relationships with stakeholders are considered by the Board of Directors when making decisions and the impact these decisions may have on stakeholders.

We list below our key stakeholders and how we engage with them. The list reflects a combination of the key touchpoints of our business on a day to day basis, and others that are important to us as a business and our role in society. The Directors understand that not every decision they make will result in a positive outcome for all stakeholders. However, they aim to take them into consideration at all times alongside the Company's purpose, values and strategic priorities.

Employees - In order to attract and retain the best people, the Company continually looks for effective ways to engage with and reward its employees. It offers a wide range of flexible benefits, including healthcare and pension plans. Senior employees are given to the opportunity to participate in group-wide employee share schemes.

The Company acts to protect jobs by pursuing a profitable growth strategy. Managing costs tightly ensures that resources are best deployed.

The Company is committed to increasing employee engagement and involvement and believes that effective two way communication between the Company and its employees brings real business benefits. Employees have opportunities to express their views at meetings with management and through regular employee opinion surveys. These surveys are then reviewed and turned into engagement action plans, to which management strive to improve results annually.

On a regular basis, employees are made aware of the financial performance of the Company, their business units and of the wider group as a whole, via in house newsletters, emails, all employee meetings and online calls with senior leaders. Questions are routinely taken and answered by senior leaders as part of the meetings and online sessions.

Directors meet monthly to discuss in detail initiatives related to employees and in between these routine meetings the directors have weekly team meetings, 1:1's with executive teams and frequent ad hoc meetings with the People team and employees.

Frequent employee surveys are carried out and Directors are held accountable for these results. 360 Degree assessment is in place and all Directors complete training on unconscious bias at least annually.

Suppliers - Our suppliers are fundamental to our business. Our strong long-term working relationships with our suppliers are important to ensure the efficiency of the Company's operations and we pride ourselves on working fairly with all of our suppliers. The Company receives full support from an expert procurement team in its supplier relationships who apply European best practice.

Customers - Customers are of course a key part of our business, and our teams talk to them every day to understand their concerns and to work with them to support mutual goals. The Company aims to be number one in customer service and makes it business decisions accordingly. During the year, we made significant commitments to customers. In response to customer feedback, we announced we will be bringing our drinks dispense service in-house in 2020. The new service will offer improved flexibility and reliability to our On-Trade customers, who as a result of this project will be served by a team that is fully integrated into the business. In addition to a focus on quick response times, this will provide customers with access to the latest technology, including diagnostic tools and more environmentally-friendly solutions. We launched Raising the Bar, our fairer system for draught connection fees in pubs and bars. We also launched a partnership with leading renewable energy supplier Opus Energy to offer a green energy tariff to our On Trade customers, which we know is an important concern for many of them. For our Off Trade customers, we held our annual customer sales convention at Wembley Stadium, where as well as providing them with our plans for 2020, we met with many of them individually to discuss how we can succeed together.

Consumers - A key part of our culture is recognising that the consumer is the boss, and on that basis we work every day to put the consumer at the centre of what we do. We aim to create a nation of smart drinkers and to champion Britain's iconic beer culture. During 2019, we launched the draft format of Corona, allowing more consumers to access this much-loved beer. We also brought Mike's Hard Sparkling Water into the market. At 5% ABV, the alcoholic sparkling water is 99 calories per 330ml can, meeting a consumer demand for an alcoholic drink with natural flavours. We also launched draftLine, our new in house creative agency, which offers social listening and responding, digital content production and media buying, bringing cutting edge creativity closer to our business and ultimately to our consumers.

The community - We recognise the importance of having strong working relationships with our local communities, in particular around our breweries in Samlesbury, Lancashire and Magor in South Wales, which celebrated its 40th anniversary in 2019. We know that they want us to be positive members of the communities. In 2019, we welcomed our local MPs to both breweries to celebrate National Apprentice Week and to meet our locally recruited apprentices. We also held the first of our now regular community council engagement sessions. We are proud to support local community projects and charities.

Environment- We strive to make the world a better place, combining our scale, resources and energy with the needs of our communities. Our sustainability strategy is embedded throughout our business and across our supply chain. In 2019, we launched a partnership with leading renewable energy supplier Opus Energy to offer a green energy tariff to our On-Trade customers. We also committed to secure 100% of purchased electricity from renewable sources by 2025. In addition, we announced a multi-million pound investment in new technology, allowing us to eliminate plastic rings from can packaging across its entire UK-produced beer range by the end of 2020. This £6.3 million investment will enable us to eliminate a total of 850 tonnes of plastic each year.

Government and Regulators – We are a founder member of the Portman Group, support Drinkaware and Club Soda, and are a central member of the British Beer and Pub Association. We are also members of the All Party Parliamentary Beer Group, All Party Parliamentary Corporate Responsibility Group, Parliamentary Renewable and Sustainable Energy Group and Industry and Parliament Trust. We engage openly and proactively with Governments and Councils at a national, devolved and local level to support our industry and work towards supporting its success in the future.

As a Company, we never take shortcuts. We know that integrity, hard work, quality, and responsibility are key to building our business. On that basis, we strive to maintain a reputation for high standards of business conduct when acting with all of our stakeholders.

Finally, with regard to the need to act fairly as between members of the Company, the Company is wholly owned by Nimbuspath Limited.

This report was approved by the board and signed on its behalf.

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Oliver Devon

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £35,425,000 *(2018 - £22,789,000)*.

The Directors do not recommend the payment of a dividend (2018: £nil).

Directors

The Directors who served since 1 January 2019 were:

Rowan Chidgey (appointed 4 February 2020, resigned 29 September 2020)
Oliver Devon (appointed 1 January 2019)
Ryan Fritsch (appointed 4 February 2020, resigned 30 September 2020)
Jens Hoffmann (resigned 30 June 2020)
Martin Ijntema (appointed 1 January 2019, resigned 29 September 2020)
Paula Lindenberg (appointed 1 January 2019)
Rory McLellan
Claire Richardson (resigned 1 September 2020)
James Rowe
Nicolas Bartholomeeusen (resigned 1 January 2019)
Paul Maguire (resigned 1 January 2019)
Tatiana Stadukhina (resigned 4 February 2020)
Taner Su (resigned 11 January 2019)
Jason Warner (resigned 1 January 2019)
Andrew Whiting (resigned 4 February 2020)
Timiko Cranwell (appointed 4 February 2020)
Iain Hall (appointed 4 February 2020)
Cara Sargeantson (appointed 20 October 2020)
Evgeniya Vlasova (appointed 10 August 2020)
Josip Viskovic (appointed 10 August 2020)
Jean-David Alexis (appointed 20 October 2020)
Mark Wingfield (appointed 20 October 2020)

Deeds of indemnity

As at the date of this report and during the year, indemnities are in force under which AB InBev S.A, a fellow AB InBev group company, has agreed to indemnify the Directors of the Company, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company. These indemnities meet the definition of a qualifying third party indemnity provision.

Employee safety

The Company makes every effort, in conjunction with employees, suppliers, environmental health offices and the applicable regulators to provide a safe working environment for all its employees. The Company believes that a safe environment improves morale and motivation and enhances customer relations.

Equal opportunities

The Company is committed to the principle that the sole criterion for the selection or promotion of employees is the suitability of the applicant for the job. Training and development opportunities are available to all levels and categories of staff. People with disabilities are offered the same opportunities as all others in respect of recruitment, training, promotion and career development. Employees who become disabled will be retained, wherever possible, and, if necessary, retrained.

Matters covered in the strategic report

Engagement with employees, suppliers, customers and others, risk management and future developments are covered in the strategic report.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end except COVID-19 pandemic outbreak. At this stage, the impact on our results can't be reliably assessed as it depends on further developments.

We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as business scenario planning, communicating effectively with stakeholders, complying with new government regulations and receiving government aid, supporting physical and emotional well-being of our employees.

The Company launched "Save Pub Life" in March 2020 to provide urgent financial support to the trade during the closure period. The initiative enabled pub-goers to buy a gift card to spend at their local pub once it reopens, and the Company matched the value of the gift cards to pubs. The programme sold 20,000 gift cards, funnelling over £1 million directly into the pub sector throughout the UK.

The Company announced it will be bringing its drinks dispense service in-house, bringing more than 80 technician roles into the business.

The Company announced that, during 2021, Camden Town Brewery Limited will become fully integrated within the Company. It is not expected to have a significant financial impact.

Auditors

The auditors, RSM UK Audit LLP, were appointed this year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board and signed on its behalf.

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DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AB INBEV UK LIMITED

Opinion

We have audited the financial statements of AB INBEV UK LIMITED (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

In connection with our audit of the financial statements, 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 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AB INBEV UK LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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.

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 the 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 on page 11, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AB INBEV UK LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

RSM UK Audit LLP

ANDREW MONTEITH (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor Chartered Accountants

Marlborough House
Victoria Road South
Chelmsford
CM1 1LN

15th December 2020.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*2018 £000*
Turnover	4	**1,676,845**	*1,587,122*
Cost of sales		**(1,275,715)**	*(1,213,774)*
Gross profit		**401,130**	*373,348*
Distribution costs		**(38,803)**	*(33,650)*
Administrative expenses		**(316,648)**	*(295,551)*
Operating profit	5	**45,679**	*44,147*
Interest receivable and similar income	9	**47**	*3,223*
Interest payable and similar expenses	10	**(1,723)**	*(3,459)*
Net Interest payable on defined benefit pension scheme	11	**(6,424)**	*(6,730)*
Profit before tax		**37,579**	*37,181*
Tax on profit	12	**(2,154)**	*(14,392)*
Profit for the financial year		**35,425**	*22,789*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension schemes	26	**(56,130)**	*(8,957)*
Movements of deferred tax relating to defined benefit pension deficit	26	**9,542**	*1,523*
		(46,588)	*(7,434)*
Total comprehensive income for the year		**(11,163)**	*15,355*

The notes on pages 19 to 52 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Goodwill	14		**36,586**		*48,814*
Other intangible assets	13		**3,701**		*3,255*
Property, Plant and Equipment	15		**200,865**		*186,264*
Investments	16		**-**		*189*
			241,152		*238,522*
Current assets					
Debtors	18	**582,978**		*574,510*	
Stocks	17	**58,720**		*73,582*	
		641,698		*648,092*	
Creditors: amounts falling due within one year	19	**(489,560)**		*(489,019)*	
Net current assets			**152,138**		*159,073*
Total assets less current liabilities			**393,290**		*397,595*
Creditors: amounts falling due after more than one year	20		**(4,718)**		-
			388,572		*397,595*
Provisions for liabilities					
Other provisions	22	**(5,394)**		*(7,446)*	
			(5,394)		*(7,446)*
Net assets excluding pension liability			**383,178**		*390,149*
Defined benefit pension plan deficit	26		**(266,889)**		*(263,024)*
Net assets			**116,289**		*127,125*
Capital and reserves					
Called up share capital	23		**181,327**		*858,140*
Profit and loss account	24		**(65,038)**		*(731,015)*
			116,289		*127,125*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
Oliver Devon
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Oliver Devon

15-Dec-2020 | 21:22:24 CET

The notes on pages 19 to 52 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	**858,140**	**(746,988)**	**111,152**
Comprehensive income for the year			
Profit for the year	**-**	**22,789**	**22,789**
Actuarial losses on pension scheme	**-**	**(7,434)**	**(7,434)**
Other comprehensive income for the year	**-**	**(7,434)**	**(7,434)**
Total comprehensive income for the year	**-**	**15,355**	**15,355**
Share based payments	**-**	**618**	**618**
Total transactions with owners	**-**	**618**	**618**
At 1 January 2019	**858,140**	**(731,015)**	**127,125**
Comprehensive income for the year			
Profit for the year	**-**	**35,425**	**35,425**
Actuarial losses on pension scheme	**-**	**(46,588)**	**(46,588)**
Other comprehensive income for the year	**-**	**(46,588)**	**(46,588)**
Total comprehensive income for the year	**-**	**(11,163)**	**(11,163)**
Share cancellation	**(676,813)**	**676,813**	**-**
Share based payments	**-**	**327**	**327**
Total transactions with owners	**(676,813)**	**677,140**	**327**
At 31 December 2019	**181,327**	**(65,038)**	**116,289**

The notes on pages 19 to 52 form part of these financial statements.

1. General information

AB InBev UK Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page. The nature of the Company's operations and its principal activities are brewing, distributing and importing beer.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

These financial statements are presented in GBP because that is the currency of the primary economic environment in which the Company operates.

A rounding level of £000 has been applied to these financial statements.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

Accounting policies have been applied consistently over the financial year and the preceding year.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is a wholly owned subsidiary of Nimbuspath Limited and is included in the consolidated financial statements of Anheuser-Busch InBev NV/SA, incorporated in Belgium, which are publicly available and can be obtained as set out in note 29. Consequently, the Company has used the right of exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. These financial statements are separate financial statements.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- 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
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- 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.

2. Accounting policies (continued)

2.3 Going concern

In 2020, the world experienced the COVID-19 pandemic outbreak. The Directors have considered the impact on the business, which although is considered difficult to quantify, has not had a significant impact on performance. We have taken a number of measures to monitor and mitigate the effects of the COVID-19 virus such as business scenario planning, communicating effectively with stakeholders, complying with new government regulations, receiving government aid, supporting physical and emotional wellbeing of our employees.

The directors have prepared forecasts that demonstrate that the company will generate positive cash flows over the forecast period, although at certain times of year, such as to fund the annual pension fund contribution, funds will need to be drawn from the group treasury facility. If support is required, Anheuser-Busch InBev NV/SA, the ultimate parent company of AB InBev UK Limited has provided the Company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to enable the Company to continue in operational existence for the foreseeable future. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that the support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of the forecasts and this agreed facility in place, the directors consider they have access to sufficient facilities to meet the Company's liabilities as they fall due for the foreseeable future. The Directors have therefore concluded that based on forecasts and the current level of activity in the business that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

On transition to IFRS 16, the Company elected to apply the following practical expedient:

- for leases previously classified as operating leases under IAS 17, the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

Balance Sheet (extract)

	31 December 2018 As originally presented £000	IFRS 16 £000	1 January 2019 Adjusted balance £000
Goodwill	48,814	-	48,814
	48,814	-	48,814
Fixed assets			
Intangible assets	3,255	-	3,255
Property, Plant and Equipment	186,264	7,120	193,384
Investments	189	-	189
	238,522	7,120	245,642
Current assets			
Stocks	73,582	-	73,582
Debtors	574,510	-	574,510
Total current assets	648,092	-	648,092
Creditors: amounts falling due within one year	(489,019)	(1,679)	(490,698)
Total assets less current liabilities	397,595	5,441	403,036
Creditors: amounts falling due after more than one year	-	(5,441)	(5,441)
Other provisions	(7,446)	-	(7,446)
Pension liability	(263,024)	-	(263,024)
Net assets	127,125	-	127,125
Capital and reserves			
Called up share capital	858,140	-	858,140
Profit and loss account	(731,015)	-	(731,015)
	127,125	-	127,125

2. Accounting policies (continued)

2.5 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.

All differences are taken to The Statement of Comprehensive Income.

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Sale of goods

Turnover from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

2. Accounting policies (continued)

2.7 Leases (continued)

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and 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 Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' line in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.15.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 Interest income

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

2.9 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.

2. Accounting policies (continued)

2.10 Pensions

The Company operates a defined contribution pension scheme and four defined benefit pension schemes providing benefits based on final pensionable pay.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plans

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 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 by 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 tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.13 Goodwill

Goodwill represents the excess of the cost of a business combination over the total fair value, at acquisition date, of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the Directors, would be misleading.

2.14 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Licenses	-	4	years being the duration of the Licences
Delivery rights	-	4	years being the duration of the Delivery rights

2.15 Property, Plant and Equipment

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.15 Property, Plant and Equipment (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 15 to 30 years (6.67% to 3.33% per annum)
Long-term leasehold property	- Over the term of the lease
Plant and machinery	- 3 to 30 years (33.33% to 3.33% per annum)
Fixtures and fittings	- 10 to 30 years (10% to 3.33% per annum)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Freehold land is not depreciated.

Assets under construction are not depreciated until they are ready for use, when they are transferred to the relevant asset class and depreciated over their useful economic life.

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost. A provision is recognised for slow moving and obsolete stock.

2. Accounting policies (continued)

2.19 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.

2.20 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.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Financial instruments

The Company 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 Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies which are described in note 2, the Directors are required to make judgements, 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 year or in the year of the revision and future periods if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies
Given the size of investment in Property, Plant and Equipment in the current year a critical judgement lies around recoverability of the Property, Plant and Equipment value. We depreciate Property, Plant and Equipment using straight line to nil value which we feel is reasonable due to the lifetime of these assets mentioned in note 2.15. Another key judgement area is recoverability of intercompany debtors, which also makes up a large proportion of the Balance Sheet at the year-end. We believe that the intercompany debtors are recoverable due to significant net assets of the counterparties.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Defined benefit pension schemes
The Company's liability to the pension schemes is dependent on the life expectancy estimations in relation to both current & former employees, the discount and inflation rates used in the actuarial modelling, future pension increases and asset valuation (see note 26). The schemes liability is estimated by an independent actuary and calculated using industry standard models. The defined benefit pension plans deficit is £266,889,000 (2018: £263,024,000).

Goodwill
Determining whether the Company's Goodwill has been impaired requires key assumptions and estimations to establish the Goodwill's value in use (See note 14). The value in use calculations require the entity to estimate discount rates, growth rates and expected cash flows. Discount rates are estimated using pre- tax rates that reflect current market assessment of the time value of money, growth rates are estimated using the Company's long term growth rates and cash flows are estimated using extrapolated financial budgets approved by management. The carrying amount of Goodwill at the Balance Sheet date was £36,586,000 (2018: £48,814,000).

4. Turnover

Turnover represents the amounts derived from the provision of goods and services to customers, including duty, after deducting discounts and value added tax. Turnover to third parties by destination is not materially different from the turnover by origin. The Company operates in one class of business, this being the manufacture and distribution of beer.

An analysis of turnover by class of business is as follows:

	2019 £000	*2018 £000*
Revenue from sales to third parties	1,633,389	*1,555,435*
Revenue from sales to related parties	43,456	*31,687*
	1,676,845	*1,587,122*

Analysis of turnover by country of destination:

	2019 £000	*2018 £000*
United Kingdom	1,639,534	*1,558,620*
Belgium	27,788	*23,905*
Rest of the world	9,523	*4,597*
	1,676,845	*1,587,122*

5. Operating profit

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

	2019 £000	*2018 £000*
Excise duty paid	843,602	*803,044*
Depreciation of Property, Plant and Equipment (Note 15)	35,226	*33,121*
Amortisation of intangible assets (Note 13)	1,076	*935*
Impairment of intangible assets (Note 14)	12,228	*-*
Operating lease rentals - land and buildings	2,295	*3,240*
Operating lease rentals - plant and machinery	683	*333*
Operating lease rentals - other assets	3,993	*3,986*
Staff costs	83,080	*71,155*
Restructuring charges (Note 22)	2,228	*5,232*
Exchange differences	(2,039)	*96*
Other provisions relating to claims and disputes (Note 22)	204	*248*
Defined contribution pension cost	3,578	*3,120*

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	130	171

The Company has used the right of exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries (including Share based payments)	71,380	62,029
Social security costs	8,122	6,006
Cost of defined contribution scheme	3,578	3,120
	83,080	71,155

Employees participate in an annual bonus scheme, which includes performance measurements for the Company and economic benchmarks. This encourages employees' involvement in the Company's performance and also ensures a common awareness of the financial and economic factors that affect the performance of the Company. Senior management are also entitled to join the share option scheme provided by the ultimate parent company.

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

	2019 No.	2018 No.
Administration	113	111
Manufacturing	686	664
Marketing	63	52
Sales	173	171
Development	29	27
	1,064	1,025

8. Directors' remuneration

Directors' emoluments for the year amounted to £1,877,000 (2018: £2,803,000).

	2019 £000	*2018* *£000*
Directors' emoluments	**1,877**	*2,803*
	1,877	*2,803*

The highest paid Director received remuneration of £569,000 (2018: £873,000). This figure is inclusive of £nil (2018: £nil) of pension contributions, £nil (2018: £nil) compensation for loss of office and £nil (2018: £98,000) of exercised share options.

Directors' emoluments includes £34,000 (2018: £50,000) in pension contributions.

During the year retirement benefits were accruing to 7 directors (2018: 10) in respect to defined contribution pension schemes.

During the period, 1 (2018: 2) Director, exercised share options which are held in the ultimate parent company, Anheuser-Busch InBev NV/SA.

9. Interest receivable and similar income

	2019 £000	*2018* *£000*
Interest receivable from group companies	**47**	*3,223*
	47	*3,223*

10. Interest payable and similar expenses

	2019 £000	*2018* *£000*
Interest payable to group undertakings	**1,546**	*2,552*
Interest payable on finance leases	**177**	*-*
Other interest payable	**-**	*907*
	1,723	*3,459*

11. Net Interest payable on defined benefit pension scheme

	2019 £000	*2018 £000*
Interest receivable on defined benefit pension schemes	22,429	*20,808*
Interest payable on defined benefit pension schemes	(28,853)	*(27,538)*
	(6,424)	*(6,730)*

12. Taxation

	2019 £000	*2018 £000*
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	7,689	*10,691*
Changes to tax rates	(809)	*(1,125)*
Adjustment in respect of prior year	(4,726)	*4,826*
Total deferred tax	2,154	*14,392*
Taxation on profit	2,154	*14,392*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £000	*2018 £000*
Profit before tax	**37,579**	*37,181*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**7,140**	*7,064*
Effects of:		
Expenses not deductible for tax purposes	**51**	*52*
Depreciation and loss on disposal on non qualifying assets	**1,193**	*1,189*
Prior year deferred tax	**(4,726)**	*4,826*
Other timing differences leading to an increase (decrease) in taxation	**(321)**	*2,827*
Share based payments	**(374)**	*(441)*
Change in tax rates	**(809)**	*(1,125)*
Total tax charge for the year	**2,154**	*14,392*

Factors that may affect future tax charges

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act 2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the reporting date, on 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 17%.
There were no other factors that may affect future tax charges.

13. Intangible assets

	Other Intangibles £000
Cost	
At 1 January 2019	**10,545**
Additions	**1,143**
Transfers	**371**
Disposals	**(6,072)**
At 31 December 2019	**5,987**
Amortisation	
At 1 January 2019	**7,290**
Charge for the year	**1,076**
Disposals	**(6,072)**
Transfers	**(8)**
At 31 December 2019	**2,286**
Net book value	
At 31 December 2019	**3,701**
At 31 December 2018	*3,255*

All amortisation was charged to administrative expenses in the statement of comprehensive income.

Transfers relates to a reclassification of assets between Property, Plant and Equipment and intangible assets.

14. Goodwill

	2019 £000
Cost	
At 1 January 2019	48,814
At 31 December 2019	**48,814**
Amortisation	
Impairment charge	12,228
At 31 December 2019	**12,228**
Net book value	
At 31 December 2019	**36,586**
At 31 December 2018	*48,814*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating (CGUs) or the brand/brands that are expected to benefit from that business combination.

Goodwill relates to the acquisition of The Whitbread Beer Company assets. An impairment test is carried out once a year, using value in use calculation, to ensure that the CGU represents the long term position of the Company. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected cash flows during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the brands associated to the CGU. The growth rates are based on long term company growth rates.

The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The rate used to discount the forecasted cash flows from the goodwill is 5.60% (2018: 6.50%).

15. Property, Plant and Equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2019	103,638	614,591	22,899	741,128
Additions	6,044	43,969	522	50,535
Disposals	(7,378)	(173,363)	(16,266)	(197,007)
Transfers between classes	2,304	(12,979)	10,304	(371)
At 31 December 2019	104,608	472,218	17,459	594,285
Depreciation				
At 1 January 2019	66,368	474,871	13,625	554,864
Charge for the year on owned assets	5,177	26,538	3,511	35,226
Disposals	(7,357)	(172,910)	(16,411)	(196,678)
Transfers between classes	-	21	(13)	8
At 31 December 2019	64,188	328,520	712	393,420
Net book value				
At 31 December 2019	40,420	143,698	16,747	200,865
At 31 December 2018	*37,270*	*139,720*	*9,274*	*186,264*

The net book value of fixed assets above includes assets under construction of £4,349,000 (2018: £6,646,000) as at 31 December 2019. During the year, £2,298,000 (2018: 2,629,000) was removed from assets under construction.

The net book value of Freehold property above includes Right of Use assets with a Net book value of £4,980,000 (2018: £nil) as at 31 December 2019.

The net book value of Plant and machinery above includes Right of Use assets with a Net book value of £387,000 (2018: £nil) as at 31 December 2019.

The net book value of Fixtures and fittings above includes Right of Use assets with a Net book value of £185,000 (2018: £nil) as at 31 December 2019.

Transfers relates to a reclassification of assets between Property, Plant and Equipment and intangible assets due to the assets being initially incorrectly classified.

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	**990**
At 31 December 2019	**990**
Impairment	
At 1 January 2019	**801**
Charge for the year	**189**
At 31 December 2019	**990**
Net book value	
At 31 December 2019	**-**
At 31 December 2018	*189*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
ZXV UK Limited (previous name: Lowenbrau Limited)	Dormant	Ordinary	100%
AB INBEV UK Healthcare Trustee Limited	Dormant	Ordinary	100%
AB INBEV UK Pension Trust Limited	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
ZXV UK Limited (previous name: Lowenbrau Limited)	**1**	**-**
AB INBEV UK Healthcare Trustee Limited	**1**	**-**
AB INBEV UK Pension Trust Limited	**1**	**-**

17. Stocks

	2019 £000	*2018 £000*
Raw materials and consumables	**19,131**	*10,119*
Work in progress (goods to be sold)	**5,348**	*5,252*
Finished goods and goods for resale	**34,241**	*58,211*
	58,720	*73,582*

18. Debtors

	2019 £000	*2018 £000*
Due after more than one year		
Other debtors	**7,500**	*17,500*
Deferred tax asset	**72,618**	*65,230*
	80,118	*82,730*
Due within one year		
Trade debtors	**293,767**	*241,130*
Amounts owed by group undertakings	**189,168**	*230,704*
Other debtors	**18,675**	*19,101*
Prepayments and accrued income	**1,250**	*845*
	582,978	*574,510*

Amounts owed by group undertakings include £122,724,000 (2018: £221,807,000) owed by Nimbuspath Limited, which is unsecured. Of this amount £nil (2018: £221,807,000) is subject to interest at a rate of LIBOR + 0.7%.

Amounts owed by group undertakings include £33,300,000 (2018:£226,000) owed by Anheuser Busch InBev NV/SA, the Company's ultimate parent. These amounts are unsecured and accrue no interest.

All other amounts due from group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

The other debtors include a £17,500,000 (2018: £25,000,000) advance given to C&C Group plc. This amount includes £10,000,000 due during 2020 and £7,500,000 due in 2021 with the final payment due on 3 April 2021. It is subject to an annual interest rate of the higher of Libor and 2%.

19. Creditors: Amounts falling due within one year

	2019 £000	*2018 £000*
Trade creditors	**277,245**	*216,307*
Amounts owed to group undertakings	**27,685**	*74,054*
Other taxation and social security	**128,564**	*124,191*
Lease liabilities	**899**	-
Accruals and deferred income	**55,167**	*74,467*
	489,560	*489,019*

Amounts owed to group undertakings include £11,249,000 (2018: £5,699,000) owed to Anheuser Busch InBev NV/SA, the Company's ultimate parent. These amounts are unsecured and accrue no interest.

All other amounts due to group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

20. *Creditors: Amounts falling due after more than one year*

	2019 £000	*2018 £000*
Lease liabilities	**4,718**	-
	4,718	-

21. Deferred taxation

	2019 £000
At beginning of year	**65,230**
Charged to profit or loss	**(2,154)**
Charged to other comprehensive income	**9,542**
At end of year	**72,618**

21. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2019 £000	*2018 £000*
Accelerated capital allowances	**25,717**	*18,671*
Tax losses carried forward	**613**	*613*
Pension surplus	**45,371**	*44,680*
Other timing differences	**917**	*1,266*
	72,618	*65,230*

A net deferred tax asset is regarded as recoverable, and therefore recognised only when the future reversal of the underlying timing differences can be deducted in the foreseeable future.

22. Provisions

	Restructuring provisions £000	Other provisions £000	Total £000
At 1 January 2019	726	6,720	7,446
Charged to profit or loss	2,228	204	2,432
Utilised in year	(1,009)	(3,475)	(4,484)
At 31 December 2019	**1,945**	**3,449**	**5,394**

23. Share capital

	2019 £000	*2018 £000*
Allotted, called up and fully paid		
181,327,269 *(2018 - 858,140,000)* Ordinary shares of £1 each	**181,327**	*858,140*

The Company has one class of Ordinary share which is entitled to one vote in any circumstances.

Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

On 21 January 2019, the Company reduced share capital by 673,245,178 ordinary shares.

On 25 June 2019, the Company reduced share capital by 3,567,553 ordinary shares.

25. Share based payments (continued)

As at 31 December 2019, the Company has 263,870 (2018: 213,075) outstanding restricted stock units ("RSUs") to certain members of senior management. Upon vesting, each RSU gives the executive the right to receive one existing AB InBev share. The RSUs can have a vesting period of 5 years or of 10 years. The shares resulting from the RSU vesting will only be delivered provided a performance test is met by the company. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

26. Pension commitments

Defined contribution pension scheme
The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the period represents contributions payable by the Company to the scheme and amounted to £3,578,000 (2018: £3,120,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Defined benefit pension scheme
The Company operates four Defined Benefit Pension Schemes.

AB InBev UK Ltd Pension Plan (the "Plan"):

The Plan is a funded defined benefit scheme which is closed to new members and closed to future accrual with effect from 31 May 2013.

The Plan's funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial adviser.

The valuation of the liabilities for the Plan has been based on results from the actuarial valuation of the Plan as at 31 December 2018, rolled forward to 31 December 2019. This roll forward allows for actual cashflows from 1 January 2019 to 31 December 2019 and also changes in market conditions. The roll forward does not make any allowance for membership movements since 31 December 2018.

The weighted average duration of the defined obligation of the scheme is 20 years.

InBev UK Ltd Top-Up Pension ("ITUP"):

The ITUP is unfunded.

The ITUPs funds are administered by trustees and are independent of the Company's finances.

The valuation of ITUP is based on a valuation of the one existing member's benefits as at 31 December 2019 (using membership data as at 31 December 2019).

The weighted average duration of the defined obligation of the scheme is 16 years.

Stag Brewing Pension Plan ("Stag"):

The plan is a funded defined benefit scheme which is closed to new members and closed to future accrual with effect from 1 April 2012.

The Plan's funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial adviser.

The valuation of the liabilities for Stag has been based on the results of the actuarial valuation of Stag as at 1 April 2018, rolled forward to 31 December 2019. This roll forward allows for actual cashflows from 1 April 2018 to 31 December 2019 and also changes in market conditions. The roll forward does not make any allowance for membership movements since 1 April 2018.

The weighted average duration of the defined obligation of the scheme is 21 years.

24. Reserves

Profit and loss account

The balance in the profit and loss account represents the total reserves of the Company.

25. Share based payments

Different share and share option programmes allow Company senior management and members of the Board of Directors to acquire shares of Anheuser-Busch InBev NV/SA (the ultimate parent company). The options' exercise price equals the average market price of the underlying shares in the thirty calendar days preceding the offer date. The options have a contractual life of 10 years. The fair value of the options granted is estimated at grant date, using the binomial Hull model. Until 2005, the Company used the Black-Scholes-Merton option pricing model to determine the fair values of its employee share options granted.

Since the acceptance period of the options is two months, the fair value was determined as the average of the fair values calculated on a weekly basis during the two months offer period. The fair value of options granted to employees is expensed over the vesting period.

Expected volatility is based on historically calculated volatility using 1,766 days of historical data. In the determination of the expected volatility the group is excluding the volatility measured during the period 15 July 2008 until 30 April 2009, in view of the extreme market conditions experienced during that period. The binomial Hull model assumes that all employees would immediately exercise their options if the AB InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

	Weighted average exercise price (pence) 2019	**Number 2019**	*Weighted average exercise price (pence) 2018*	*Number 2018*
Outstanding at the beginning of the year	**8153**	**213,596**	*8582*	*200,343*
Granted during the year	**6115**	**131,088**	*6755*	*66,469*
Forfeited during the year	**7995**	**(27,730)**	*9411*	*(16,834)*
Exercised during the year	**6394**	**(850)**	*3425*	*(36,382)*
Outstanding at the end of the year	**7170**	**316,104**	*8153*	*213,596*

The range of exercise prices of the outstanding option is between £57.55 and £103.76 while the weighted average remaining contractual life is 8.28 years.

The total expenses recognised for the year arising from share based payments are as follows:

	2019 £000	*2018 £000*
Equity-settled share based payments	**327**	*618*
	327	*618*

26. Pension commitments (continued)

Inbev Ireland Limited Pension Plan ("Inbev Ireland")

The plan was transferred to AB Inbev UK Limited in January 2019, when Inbev Ireland Limited became dormant.

The valuation of the InBev Ireland Limited (Republic of Ireland) Pension Plan used for the purpose of IAS 19 (Revised 2011) disclosure has been based on the most recent actuarial valuation at 31 December 2019 and updated by the actuary, Mercer, to take account of the requirements of IAS 19 (Revised 2011) in order to assess the liabilities of the scheme at 31 December 2019. Scheme assets are stated at their fair value at 31 December 2019.

The scheme is closed to new members and future accrual.

The figures below are in respect of the of the Company's participation in these schemes, these have been derived using established methodology.

Due to 86% of the schemes assets being invested in debt securities, the major risk to which the scheme exposes the Company is debt securities market risk.

Reconciliation of present value of plan liabilities:

	2019 £000	*2018* *£000*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**1,053,024**	*1,091,580*
Current service cost	**117**	*101*
Additions	**12,101**	-
Interest cost	**28,853**	*27,538*
Actuarial losses/(gains)	**125,919**	*(32,688)*
Benefits paid	**(39,013)**	*(36,382)*
Past service cost	**-**	*2,875*
Effect of changes in foreign exchange rates	**(549)**	-
At the end of the year	**1,180,452**	*1,053,024*

Additions relate to Inbev Ireland Limited Pension Plan ("Inbev Ireland"), which was transferred to AB Inbev UK Limited on January 2019.

Reconciliation of present value of plan assets:

	2019 £000	*2018* *£000*
At the beginning of the year	**790,000**	*794,105*
Additions	**10,075**	-

26. Pension commitments (continued)

Interest income	**22,429**	*20,808*
Actuarial gains/(losses)	**69,789**	*(41,645)*
Contributions	**60,825**	*52,971*
Benefits paid	**(39,013)**	*(36,138)*
Administrative costs	**-**	*(101)*
Effect of changes in foreign exchange rates	**(542)**	*-*
At the end of the year	**913,563**	*790,000*

Composition of plan assets:

	2019 £000	*2018 £000*
Equity securities	**120,608**	*98,311*
Debt securities	**788,509**	*689,934*
Other	**4,446**	*1,755*
Total plan assets	**913,563**	*790,000*

Balance Sheet reconciliation:

	2019 £000	*2018 £000*
Fair value of plan assets	**913,563**	*790,000*
Present value of plan liabilities	**(1,180,452)**	*(1,053,024)*
Net pension scheme liability	**(266,889)**	*(263,024)*

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2019 £000	*2018 £000*
Current service cost	**(117)**	*(101)*
Interest on obligation	**(28,853)**	*(27,538)*
Interest income on plan assets	**22,429**	*20,808*
Past service cost	**-**	*(2,875)*
Total	**(6,541)**	*(9,706)*

26. Pension commitments (continued)

The amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £56,130,000 loss *(2018 - £8,957,000 loss).*

The Company expects to contribute £59,190,000 to its Defined Benefit Pension Schemes in 2020.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019 **%**	*2018* *%*
Discount rate	**1.95**	*2.75*
Price inflation rate (RPI)	**3.10**	*3.35*
Price inflation rate (CPI)	**2.35**	*2.35*
Pension increases for deferred benefits (Final Salary Section members and ITUP)	**3.10**	*3.35*
Pension increases for deferred benefits (S&I Section members and Stag)	**2.90**	*2.35*
Life expectancy (Plan and ITUP)		
- for a male aged 65 now	**21.7**	*22.2*
- at 65 for a male aged 50 now	**22.4**	*22.9*
- for a female aged 65 now	**23.6**	*24.1*
- at 65 for a female member aged 50 now	**24.5**	*25.0*
Life expectancy (Stag)		
- for a male aged 65 now	**22.1**	*21.3*
- at 65 for a male aged 50 now	**22.7**	*22.0*
- for a female aged 65 now	**24.0**	*24.1*
- at 65 for a female member aged 50 now	**24.9**	*25.0*

The Directors believe that the sensitivity of the Company liability at 31 December 2019 and the preliminary pension expense for the year to 31 December 2019 are subject to two key factors, the discount rate and the rate of inflation.

An increase/(decrease) of 0.5% p.a. in the discount rate would decrease/(increase) the total FRS 101 defined benefit obligation at 31 December 2019 by approximately 9.3% (10.2%), amounting to a decrease (increase) of £110,217,000 (£119,921,000).

An increase/(decrease) of 0.5% p.a. in the price inflation assumptions (both RPI and CPI) and corresponding changes to assumed pension increases in payment and revaluation for deferred pensions in excess of GMP would increase/(decrease) the total FRS 101 defined benefit obligation at 31 December 2019 by approximately 6.7% (6.7%), amounting to a increase/(decrease) of £78,977,000 (£79,077,000).

27. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	*2018 £000*
Not later than 1 year	**631**	*2,082*
Later than 1 year and not later than 5 years	**2,016**	*5,128*
Later than 5 years	**5,367**	*38,744*
	8,014	*45,954*

Significant leasing arrangements exist for the following locations:

Samlesbury - Brewery Site
Magor - Brewery Site
Porter Tun House - Office

No contingent rents are payable in respect of any of these leases. No terms of renewal, purchase options or escalation clauses exist for these leases. There are no restrictions imposed on the Company by these lease arrangements.

	2019 £000	*2018 £000*
Not later than 1 year	**268**	*1,378*
Later than 1 year and not later than 5 years	**345**	*3,514*
Later than 5 years	**2**	*422*
	615	*5,314*

28. Post balance sheet events

There have been no significant events affecting the Company since the year end except COVID-19 pandemic outbreak. At this stage, the impact on our results can't be reliably assessed as it depends on further developments.

We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as business scenario planning, communicating effectively with stakeholders, complying with new government regulations and receiving government aid, supporting physical and emotional well-being of our employees.

The Company launched "Save Pub Life" in March 2020 to provide urgent financial support to the trade during the closure period. The initiative enabled pub-goers to buy a gift card to spend at their local pub once it reopens, and the Company matched the value of the gift cards to pubs. The programme sold 20,000 gift cards, funnelling over £1 million directly into the pub sector throughout the UK.

The Company announced it will be bringing its drinks dispense service in-house, bringing more than 80 technician roles into the business.

The Company announced that, during 2021, Camden Town Brewery Limited will become fully integrated within the Company. It is not expected to have a significant financial impact.

29. Controlling party

The ultimate parent company and controlling party is Anheuser Busch InBev NV/SA and the immediate parent company is Nimbuspath Limited, a company incorporated in the United Kingdom.

The largest and smallest group to consolidate these financial statements is Anheuser Busch InBev NV/SA, incorporated in Belgium. The consolidated financial statements are available to the public and may be obtained from the Company's registered office, Anheuser Busch InBev, Grand' Place 1, Brussels, Belgium.