Company registration number 00703977 (England and Wales)

ALLIED DOMECQ SPIRITS & WINE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

ALLIED DOMECQ SPIRITS & WINE LIMITED

COMPANY INFORMATION

Directors	E Fells G Buist C Thompson S McKechnie
Secretary	A H Smiley
Company number	00703977
Registered office	20 Montford Place Kennington London SE11 5DE
Auditor	KPMG LLP 15 Canada Square London E14 5GL

ALLIED DOMECQ SPIRITS & WINE LIMITED

CONTENTS

ALLIED DOMECQ SPIRITS & WINE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Directors present the strategic report for the year ended 30 June 2023.

Principal activity
The principal activity of the Company is the ownership of a portfolio of intellectual property trademarks related to the Pernod Ricard Scotch Whisky and gin business, and the licensing of those trademarks, predominantly to a fellow group company, Chivas Brothers International Limited ("licensee"). The Company is one of the main subsidiaries of Pernod Ricard S.A. ("PRSA"), the accounts of which are publicly available from 5 Cours Paul Ricard, 75380 Paris, France.

Business review
The Company's results have been prepared in accordance with FRS 101 - Reduced Disclosure Framework ("FRS 101").

As a Company that owns intellectual property trademarks, the Company's Statement of Total Comprehensive Income generally comprises royalty income from licensing fees for use of the Company's brands. The Company currently has interest bearing intercompany lending to a fellow Pernod Ricard subsidiary undertaking ("PR Debtor").

The Company received royalty income of £11m (2022: £11m) in line with the previous financial year. In addition, the Company received adhoc dividend income of £3m (2022: nil) from its subsidiary Macnab Distilleries, which *resulted in an impairment of the subsidiary by £2m. The Company also received interest income of £1m (2022: nil)* from its PR Debtor, a combination of increasing Sterling interest rates and an £11.0m increase in lending from the start of the year.

Prior year results benefitted from a £12m gain on disposal of intellectual property that the Company held in the Tormore brand, as part of an internal reorganisation in advance of the sale of Tormore Distillery Limited.

Key performance indicators
The Company monitors royalty income and the performance of its brands to ensure that there are no changes in the carrying values of intangible assets.

	2023	**2022**
	£m	**£m**
<u>Key performance indicator</u>		
Royalty income from brand IP	11	11

Principal risks and uncertainties
As the owner of intellectual property trademarks, the Company's income comprises royalties. It is therefore reliant on the executive management teams of licensees to manage competitive pressures in all of the markets in which they operate and to grow the business in line with forecast expectations.

The Company has a cashflow interest rate risk on its floating rate loans, a risk it does not actively manage as all loans are within the Pernod Ricard S.A group.

As the licensor to a company involved in selling super premium and luxury spirits, the key risks impacting the Company's royalty income and profits are the principal risks faced by the licensee, which are as follows:

Risk from impact of geopolitical and macroeconomic instability
The licensee is exposed to competitive pressure in the markets in which it operates, a key risk is that the current prevailing economic and geopolitical uncertainties and their negative effects may result in consumers being unable to afford or choosing not to purchase the premium branded spirits sold by the licensee which could have an adverse effect on profits available for distribution.

In addition, the price of products sold by the licensee could be impacted by underlying raw material commodities and energy consumption used in their production, both of which are subject to price volatility caused by changes in global supply and demand.

The directors believe that this risk will be mitigated in part due to the premium nature of the licensee and the specialist range of products it sells being typically resilient in response to market fluctuations, with these products typically possessing established, robust branding.

In addition, the Group closely monitors political and regulatory changes to anticipate disruptions to its activities as far as possible, and crisis management programmes are in place across all affiliates.

Risk of decline in social acceptability
If the social acceptability of the Group's products declines or governments adopt policies against alcoholic beverages, the carrying values of intangible assets and any related royalty income could be materially adversely affected.

To manage this risk, the operational business actively participates with the legislative bodies and trade associations to which it belongs to contribute its views on responsible drinking and the need to target at risk consumers and irresponsible behaviours.

Litigation risk
Litigation and complaints from consumers or government authorities resulting from beverage quality, illness, injury, alcohol abuse, illegal sales or targeted advertising and promotion of alcoholic beverages to underage consumers, and health concerns or other issues stemming from excessive alcohol consumption may affect our industry. If such litigation resulted in fines, damages or reputational damage to our Group or our brands, the trading subsidiaries could be materially adversely affected.

This risk is managed through the operational business actively participating with legislative bodies and trade associations on these matters and adhering to the regulations of the respective jurisdictions it is advertising in, with marketing teams participating in voluntary self-regulation including adhering to the Group internal Code for Commercial Communications ("the Code") and interacting with the Group Responsible Marketing Panel (RMP) who enforce the Code at a Global level. The operational business also runs awareness campaigns aimed at reducing excessive consumption of alcohol, recognising the need to target at-risk consumers, with a key focus on promoting responsible drinking.

Risks relating to consumer tastes and preferences
The Group's portfolio of brands includes some of the world's leading alcoholic beverage brands as well as brands of local prominence. Maintaining competitive position depends on the continued ability to offer products that have a strong appeal to consumers. Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends, changes in travel, vacation or leisure activity patterns and a downturn in economic conditions, which may reduce consumers' willingness to purchase premium branded products. In addition, concerns about health effects due to negative publicity regarding alcohol consumption, negative dietary effects, regulatory action or any litigation or customer complaints against companies in the industry may have an adverse effect on the trading subsidiaries profits. Similarly any significant changes in consumer preferences coupled with a failure to anticipate and react to such changes could result in reduced demand for the trading subsidiaries products and the erosion of their competitive and financial position.

To maintain its competitive position, the operational business in partnership with Group pays keen attention to monitoring strategic local and trade inventory levels with a particular focus on ageing spirits given the investment involved. The Group aims to maintain global A&P investment at approximately 16% of sales to reinforce brands and is investing in digital marketing and e-commerce platforms to broaden its reach. The premium nature and specialist range of products the Company sells are typically resilient in response to market fluctuations. The risks from concerns over potential health effects of alcohol consumption are mitigated by the operational business running awareness campaigns aimed at reducing excessive consumption of alcohol, recognising the need to target at-risk consumers, with a key focus on promoting responsible drinking.

Financial Risk Management

Treasury operations and financial instruments

Pernod Ricard S.A group ("The Group") operates a centralised treasury function. The directors make use of this facility to assist in managing liquidity, interest rate and foreign currency risks associated with the Group's activities.

Liquidity risk

The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on its floating rate deposits, bank overdrafts and loans. The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates, where appropriate. The Company has no interest rate swaps in place as all loan balances are within the Pernod Ricard S.A. group.

Foreign currency risk

The Group's principal foreign currency exposures arise from trading operations in overseas companies. Group policy permits, but does not demand, that these exposures may be hedged. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks which must fulfill credit rating criteria approved by the Board of Directors of Pernod Ricard S.A.

Corporate Governance
The Company recognises the importance of the various factors set out under section 172(1) of the Companies Act 2006, and the directors continue to have particular regard to these matters, among others, as part of any decision making of the Board. As a company whose principal activity is the ownership of a portfolio of intellectual property trademarks relating to the Pernod Ricard Scotch Whisky and gin business, and, as a company with no employees, the Company sets out below how it has had regard to the matters set out in section 172(1):

- **The likely consequences of any decision in the long term**

Long term consequences, in line with Pernod Ricard group strategy, are central to all strategic decisions considered and made by the Board. In its management of brand intellectual property assets, the Company follows and implements the over-arching stated strategy of the Pernod Ricard group: to generate value over the long-term through our Transform and Accelerate growth plan.

- **The need to foster the company's business relationships with others**

The Company maintains close relationships with fellow Pernod Ricard Affiliates and the ultimate holding company PRSA to ensure all business decisions are mutually beneficial and promote the interests of the Pernod Ricard group.

- **The need to foster the company's business relationships with suppliers, customers and others**

The Company, in its ownership and management of brand intellectual property assets, engages with its principal licensee, Chivas Brothers International Limited. Chivas Brothers International Limited is also a member of the Pernod Ricard group.

- **The desirability of the company maintaining a reputation for high standards of business conduct**

As a Pernod Ricard group company, the Company shares one of the Pernod Ricard group's key values: doing business with integrity and acting with a strong sense of ethics. In its role as an investment holding company and in its management and ownership of brand intellectual property assets, the Company adheres to the Pernod Ricard group's code of business conduct.

- **The need to act fairly between members of the company**

The Company's parent is Chivas Brothers Limited (SC268758). The Company and its parent are members of the Pernod Ricard group of companies.

Going Concern
As detailed in accounting policy 1.7, at the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Future Developments
The Company's principal activity remains that of a passive brand owner. In the year ahead, the directors are conscious of the challenges the economic and geopolitical uncertainty could present to its licensee but are confident that the licensee will deliver strong results driven by its focus on revenue growth management and operational efficiencies in an environment where inflationary pressures are easing. The directors are confident that the demand for the licensee's excellent portfolio of brands will continue to increase, positively impacting the sales that underpin the royalty performance of the Company.

On behalf of the board

S McKechnie
Director
20 December 2023

ALLIED DOMECQ SPIRITS & WINE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Directors present their annual report and financial statements for the year ended 30 June 2023. The following information is not included in the Directors' Report because it is shown in the Strategic Report:

Principal activity
Business review
Principal risks and uncertainties
Financial Instruments
Corporate Governance
Going concern
Future developments

Directors
None of the directors had any beneficial interest in the share capital of the Company or any other group Companies in the United Kingdom, either at the beginning or at the end of the year. The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Buist
C Thompson
E Fells
S McKechnie

Results and dividends
The results for the year are set out on page 12. A review of the business and results for the year are discussed above.

The Company paid an ordinary dividend in the year of £2,970,000. In the previous financial year the Company paid a dividend in specie of £12,450,000.

Political donations
Neither the Company nor any of its direct subsidiaries made any political donations or incurred any political expenditure during the year.

Energy and Carbon
The Company is not required to make disclosures of energy and carbon information as in undertaking its activities for the year it has consumed less than 40MWh of energy and therefore qualifies as a low energy user.

Employee involvement
The average monthly number of persons (including directors) employed by the Company during the year was nil, and therefore did not exceed 250.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor
Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

S McKechnie
20 Montford Place
Kennington
London
SE11 5DE
20 December 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIED DOMECQ SPIRITS & WINE LIMITED

Opinion

We have audited the financial statements of Allied Domecq Spirits & Wine Limited ('the Company') for the year ended 30 June 2023 which comprise the statement of total comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, FRS 101 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are* independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included material journals posted after the financial close date.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALLIED DOMECQ SPIRITS & WINE LIMITED

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

Jeremy Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
20 December 2023

ALLIED DOMECQ SPIRITS & WINE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

ALLIED DOMECQ SPIRITS & WINE LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £'m	2022 £'m
Royalty income		11	11
Operating profit		11	11
Income from shares in group undertakings		3	-
Impairment of investments	**10**	(2)	-
Interest receivable and similar income	**5**	1	-
Gain on disposal of intangible assets	**6**	-	12
Profit before taxation		13	23
Tax on profit	**7**	-	-
Profit for the financial year		13	23
Other comprehensive income		-	-
Total comprehensive income for the year		13	23

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 30 are an integral part of these financial statements.

ALLIED DOMECQ SPIRITS & WINE LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 £'m	2023 £'m	2022 £'m	2022 £'m
Fixed assets					
Intangible assets	**9**		429		429
Investments	**10**		-		2
			429		431
Current assets					
Lease receivable due within one year	**13**	1		2	
Lease receivable due after one year	**13**	3		4	
Debtors falling due after one year	**12**	40		27	
		44		33	
Current liabilities					
Lease payable: amounts falling due within one year	**15**	(2)		(2)	
Net current assets			42		31
Total assets			471		462
Creditors: amounts falling due after more than one year	**16**		(1)		(1)
Lease payable: amounts due after one year	**15**		(4)		(5)
Net assets			466		456
Capital and reserves					
Called up share capital	**17**		83		83
Share premium account			-		-
Profit and loss reserves			383		373
Total equity			466		456

The notes on pages 15 to 30 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

S McKechnie
Director
20 Montford Place
Kennington
London
SE11 5DE
Company Registration No. 00703977

ALLIED DOMECQ SPIRITS & WINE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital £'m	Profit and loss reserves £'m	Total £'m
Balance at 1 July 2021		83	362	445
Year ended 30 June 2022:				
Profit and total comprehensive income		-	23	23
Dividends	8	-	(12)	(12)
Balance at 30 June 2022		83	373	456
Year ended 30 June 2023:				
Profit and total comprehensive income		-	13	13
Dividends	8	-	(3)	(3)
Balance at 30 June 2023		83	383	466

The notes on pages 15 to 30 are an integral part of these financial statements.

1 Accounting policies

Company information

Allied Domecq Spirits & Wine Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 20 Montford Place, Kennington, London, SE11 5DE.

The Company is a wholly owned subsidiary of Pernod Ricard S.A. and its results are included in the consolidated financial statements of Pernod Ricard S.A. The consolidated financial statements of Pernod Ricard S.A can be accessed at https://www.pernod-ricard.com/en/our-news-and-press/our-publications-and-reports/.

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101"). The presentation currency of these financial statements is Sterling, which is also the functional reporting currency of the Company.

All amounts in the financial statements have been rounded to the nearest £1m.

1.2 Changes in accounting standards

Applicable new standards, amendments and interpretations

There were no new standards, amendments or interpretations relevant to the Company from 1 July 2022, and as such there was no implementation of new standards or interpretations which resulted in material adjustments at company level.

1.3 Consolidated financial statements

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

1.4 Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by Paragraph 8 of FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- 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; and
- the requirements of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Pernod Ricard S.A. for the year ended 30 June 2023. Copies of its annual report may be obtained from 5 Cours Paul Ricard, 75380, Paris, France.

1 Accounting policies **(Continued)**

1.5 Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis. The principal accounting policies adopted are set out below and, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

1.6 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported in the statement of total comprehensive income during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Assessing for indicators of impairment

At each reporting date, the Company assesses whether there is any indication that its investments and intangible fixed assets may be impaired by considering both external and internal indicators that may have an adverse effect on these assets. If no such indicators of impairment are identified no further assessment is carried out by the Company.

Assessing lives of Intangible Assets

Based on the director's assessment of a range of factors, the useful lives of the brands and IP licenses held by the Company are, and will continue to be, considered to be indefinite.

Assessing Fair value of brand for disposal

In the previous financial year, the fair value for the brand disposed of as part of an internal reorganisation was calculated using a discounted cashflow approach. A five-year forecast of the cashflows associated with the brand incorporating net sales of branded spirit, cost of raw materials and maturation, and advertising and promotional spend was undertaken; a terminal cashflow added; and all cashflows were discounted using an appropriate weighted average cost of capital.

Adoption of interest rates upon cessation of LIBOR

In March 2021, the Financial Conduct Authority announced that immediately after 31 December 2021, all sterling London Interbank Offered Rates ('LIBOR') would either cease to be provided by any administrator, or no longer considered to be representative.

The Group's treasury function considered various options as an appropriate replacement for LIBOR in the context of inter group lending, and concluded that a Term Sterling Overnight Index Average ('SONIA') rate was the most pragmatic solution. Term SONIA rates refer to a forward-looking term rate which reflects the expected average SONIA over a given period, thus allowing the rate to be fixed at the outset of a given interest period.

From 1 January 2022, the Company applied Term SONIA rates to all lending contracts that had previously applied sterling LIBOR rates, as permitted under the terms of the lending contract.

1 Accounting policies **(Continued)**

1.7 Going concern

The directors have considered the appropriateness of adopting the going concern basis in UK companies that are passive brand owners of intellectual property ("IP") licensed by trading companies under the immediate control of Pernod Ricard UK Group Limited ("PRUKG"), and ultimate control of Pernod Ricard S.A ("Group").

The assets of the entities under consideration consist of IP; and in certain instances investments in intermediate subsidiaries of PRUKG and Group , as well as intercompany lending to intermediate trading subsidiaries of PRUKG and Group. Consistent with past practice for intra'UK liabilities, should the lending position not be rolled over on terms agreed by both parties, the liability could be discharged by the trading companies repayment using operational cash, if that was deemed the most appropriate use of its funds.

In the directors' opinion, the Company has adequate resources to continue operating for the foreseeable future.

1.8 Intangible fixed assets other than goodwill

The useful lives of the brands and IP licenses, held by the Company are, and will continue to be considered to be, indefinite; hence a policy of non-amortisation is deemed to be appropriate for these intangible assets.

The brands and IP *licenses are capable of continued measurement* so that *annual impairment reviews* are feasible.

Many factors are considered in determining the assessment of an indefinite useful life of an intangible asset, including:

(a) changes to the legal and regulatory environment;
(b) technical, technological, commercial or other types of obsolescence;
(c) the stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
(d) actions by competitors to their marketing or pricing policies or potential competitors entering the market;
(e) economic downturn; consumers may choose to purchase other brands.

1.9 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Any impairment losses or reversals of impairment losses are recognised immediately in the statement of total comprehensive income.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1 Accounting policies **(Continued)**

1.11 Financial instruments

(i) Recognition and initial measurement

The Company has elected to apply the provisions of IFRS 9 (Financial Instruments).

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Classification and subsequent measurement

Financial assets

a. Classification

On initial recognition, financial assets, which include trade receivable and intercompany lending arrangements are initially measured at transaction price including transaction costs and classified as measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities classified as measured at amortised cost are initially measured at transaction price including transaction costs, then subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

1 Accounting policies **(Continued)**

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

Long term receivables (General Approach)

ECLs are recognised in two stages. For credit exposures which are considered low risk or for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1 Accounting policies **(Continued)**

1.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The following policy has been applied to all contracts in place on 1 July 2019 and will be applied to any subsequent contracts

1. As a Lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at 1 July 2019 or the lease commencement date, whichever is the later. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Where the Company sublets a right-of-use asset under a lease term that covers the economic life of the right-of-use asset, the right-of-use asset is immediately de-recognised and a lease receivable recognised in its place.

Where a right-of-use asset has been recognised, it is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments at 1 July 2019 or the commencement date, whichever is later, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

1 Accounting policies **(Continued)**

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

As at 1 July 2019, this policy was applied to a head lease previously accounted for as an operating lease contract meeting the criteria of an onerous contract under IAS 37. The Company sub-let the underlying asset, reducing the payments used to calculate the onerous contract provision. On applying IFRS 16, the Company has derecognised the onerous contract provision and recognised the net investment in the sub lease as a lease receivable, and the future payments it will make under the head lease as a lease liability.

1 Accounting policies **(Continued)**

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a Lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

As discussed in section 1, as a Lessee, the Company has a sub-lease contract, previously accounted for as part of the onerous contract provision in respect of the head lease. Under IFRS 16, because the duration of the sub-lease matches the head lease, the arrangement is in substance equivalent to a lessor recognising an asset held under a finance lease. The Company has therefore recognised a lease receivable at 1 July 2019 (date of transition to IFRS 16) for this sub-lease contract.

1.13 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.14 Turnover from contracts with customers

Royalty income is earned on sales, made by a third-party licensee, of branded products for which the Company holds IP licenses. It is the only identifiable stream of revenue within the business.

Income is defined as a set percentage of net sales of products sold under the brands by the licensee in the relevant year to 30 June and is recognised on an accrual basis.

1.15 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

2 *Auditor's remuneration*

The auditor's remuneration for these financial statements amounts to £5,300 (2022: £5,000). The current and prior year audit fee has been borne by another group company. There are no additional fees receivable by the Company's auditor in respect of services other than the audit of the Company's financial statements.

3 Employees

There were no employees during the year (2022: nil).

4 Directors' remuneration

The number of directors remunerated by the Company for the year ended 30 June 2023 was nil (2022: nil). Directors' emoluments are borne by another group company in the current and prior year, the Directors perform no qualifying services for which remuneration is due and therefore they do not receive specific remuneration for their role as directors of the Company.

5 Interest receivable and similar income

	2023 £'m	2022 £'m
Interest income		
Interest receivable from group companies	1	-
Total income	1	-

6 Gain on disposal of intangible assets

	2023 £'m	2022 £'m
Gain on disposal of Tormore IP	-	12

On 26 April 2022, as part of an internal reorganisation, the Company sold the intellectual property rights to the trademark of its Tormore brand to its fellow subsidiary company Tormore Distillery Limited ("TDL") for shares in TDL with a fair value of £12,450,000. The brand had been carried at a book value of nil.

7 Taxation

	2023 £'m	2022 £'m
Total current tax	-	-

The charge for the year can be reconciled to the profit per the statement of total comprehensive income as follows:

	2023 £'m	2022 £'m
Profit before taxation	13	23
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	3	4
Expenses not deductible for tax purposes	-	-
Income not taxable for tax purposes	(1)	(2)
Surrender of tax losses from group companies	(2)	(2)
Tax expense for the year	-	-

The tax charge in the year to 30 June 2023 has been reduced by £2m (2022: £2m) in respect of group relief received from group undertakings for nil consideration.

Factors that may affect future tax charges

The company has unrelieved losses carried forward as at 30 June 2023 of £549m (2022: £549m). No deferred tax asset has been recognised in respect of these losses as at 30 June 2023 (or 30 June 2022), as it is uncertain whether there will be suitable profits emerging in future periods against which to relieve them. Relief for these losses will only be obtained if there are suitable profits arising in future periods. The potential deferred tax asset unrecognised as at 30 June 2023 is £137m (2022: £137m).

The company's tax charge in future periods will be affected by the availability of group relief for any losses that are incurred by other group undertakings.

Finance Act 2021 was substantively enacted on 24 May 2021, which had the effect of increasing the main rate of corporation tax from 19% to 25% from 1 April 2023.

8 Dividends

	2023 £'m	2022 £'m
Ordinary interim paid	3	-
Dividend in specie	-	12
	3	12

The Company paid an ordinary dividend of £2,969,000 on 30 March 2023 to its parent Chivas Brothers Limited.

In the prior year, the Company distributed its shares in TDL as a dividend in specie. Please refer to note 6 for more detail.

9 Intangible fixed assets

	Brands £'m	Total £'m
Cost		
At 1 July 2022 and 30 June 2023	429	429
Impairment		
At 1 July 2022 and 30 June 2023	-	-
Carrying amount		
At 30 June 2023	429	429
At 30 June 2022	429	429

The recoverable value of the brands and IP licences held by the Company have been calculated with reference to the value in use.

10 Fixed Asset Investments

Movements in fixed asset investments

Current financial year	Shares in subsidiary undertakings	Shares in associate undertakings	Total
	£'m	£'m	£'m
Cost			
At 1 July 2022 & 30 June 2023	69	-	69
Provision for diminution in value			
At 1 July 2022	67	-	67
Impairment losses	2	-	2
At 30 June 2023	69	-	69
Net book value			
At 30 June 2023	-	-	-
At 30 June 2022	2	-	2

The Company made an impairment charge in the year of £2m to reduce the carrying value of its investment in Macnab Distilleries Limited to its recoverable amount.

Prior financial year	Shares in subsidiary undertakings	Shares in associate undertakings	Total
	£'m	£'m	£'m
Cost			
At 1 July 2021	69	-	69
Additions	-	12	12
Disposals	-	(12)	(12)
At 30 June 2022	69	-	69
Provision for diminution in value			
At 1 July 2021 and 30 June 2022	67	-	67
Net book value			
At 30 June 2022	2	-	2

On 26 April 2022, as part of an internal reorganisation, the Company sold the intellectual property rights of its Tormore brand to its fellow subsidiary company Tormore Distillery Limited ("TDL") for shares in TDL with a fair value of £12,450,000. The shares were subsequently disposed of in satisfaction of a dividend in specie to the Company's parent on 13 May 2022.

Details of the Company's subsidiaries can be found in Note 11.

11 Subsidiaries

Details of the Company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking and country of registration or incorporation		**Class of shareholding**	**% Held Direct**
Allied Distillers Limited	Scotland	Ordinary	100.00
AD Former Rum Brands Limited	England	Ordinary	100.00
AD Former Rum Brands Limited	England	B ordinary	100.00
AD Former Rum Brands Limited	England	Deferred	100.00
Allied Domecq Spirits & Wine (Overseas) Limited	England	Ordinary	100.00
Beefeater Distillery Limited	England	Ordinary	100.00
European Cellars Limited	England	Ordinary	100.00
George Ballantine & Son Limited	Scotland	Ordinary	100.00
Glenburgie Distillery Limited	England	Ordinary	100.00
Glenlivet Spring Water Limited	England	Ordinary	100.00
Glentauchers Distillery Limited	England	Ordinary	100.00
Glentauchers Distillery Limited	England	Deferred	100.00
Mulben Warehouses Limited	Scotland	Ordinary	100.00
HWUK Limited	England	Ordinary	100.00
HW - Allied Vintners Limited	England	Ordinary	100.00
James Burrough Distillers Limited	England	Ordinary	100.00
James Burrough Limited	England	Ordinary	100.00
James Hawker & Company Limited	England	Ordinary	99.79
James Hawker & Company Limited	England	A Preference	100.00
James Hawker & Company Limited	England	B Preference	100.00
Long John Distilleries Limited	Scotland	Ordinary	100.00
Long John International Limited	England	Ordinary	100.00
Macnab Distilleries Limited	England	Ordinary	100.00
Miltonduff Distillery Limited	Scotland	Ordinary	100.00
Robert Macnish & Company Limited	Scotland	Ordinary	100.00
Stewart & Son of Dundee Limited	England	Ordinary	100.00
The Curtis Distillery Company Limited	England	Ordinary	100.00
The HW GRP Limited	England	Ordinary	100.00
The Scapa Distillery Ltd	England	Ordinary	100.00
Twelve Islands Shipping Company Limited	England	Ordinary	100.00
PR Shelfco 2022 Limited (formerly Tormore Distillery Limited')'	England	Ordinary	100.00

12 Debtors

	2023 £'m	2022 £'m
Amounts falling due after one year:		
Amounts due from fellow group undertakings	40	27

Amounts owed by group undertakings falling due after one year comprises an amount of £39,653,000 which is unsecured, repayable 31 March 2025, and interest bearing at 3M Term SONIA +0.84%). (2022: £27,351,000, 3M Term SONIA +0.84% from 01 January 2022, previously 3M LIBOR +0.84%).

13 Lease receivable

	2023 £'m	2022 £'m
Amounts falling due within one year :		
Lease receivable	1	2
Amounts falling due after one year :		
Lease receivable	3	4
Total lease receivable	4	6

14 Leases

Amounts recognised in income statement	2023 £'m
Depreciation expense on right-of-use assets	-
Interest expense on lease liabilities	(0.1)
Interest income on lease receivables	0.1
Expense related to short-term and low value leases	-
	-

At 30 June 2023, the Company did not recognise a right-of-use asset and was not committed to any short-term or low value leases (2022: none).

15 Lease payable

	2023	2022
Amounts falling due within one year:	**£'m**	**£'m**
Lease liability	2	2
Amounts falling due after more than one year:		
Lease liability	4	5

Lease liability maturity analysis

	2023	2022
	£'m	**£'m**
One to two years	2	2
two to three years	2	2
three to four years	-	1
	4	5

16 Creditors: amounts falling due after more than one year

	2023	2022
	£'m	**£'m**
Amounts owed to group undertakings	1	1

Amounts owed to group undertakings above comprises an amount of £1,169,000 which is unsecured, repayable 25 February 2026, and interest bearing at 3M Term SONIA +1%. (2022: £968,000 3M Term SONIA +1% from 01 January 2022, previously 3M LIBOR +1%).

17 Share capital

	2023	2022
	£'m	**£'m**
Ordinary share capital		
Allotted, called up and fully paid		
3,317,881,771 Ordinary shares of 2.5p each	83	83

The Company has one class of ordinary shares with no rights to fixed income.

18 Financial commitments, guarantees and contingent liabilities

The Company is party to a guarantee arrangement under the UK banking facilities agreement with HSBC plc. Under this agreement, Chivas Brothers Limited assumes liability for any net overdraft borrowings of the Company with HSBC.

19 Related party transactions

The Company has taken advantage of the exemption under the terms of paragraph 8 (k) of FRS 101 from disclosing transactions with entities that are wholly owned by the Pernod Ricard S.A. group. There were no other related party transactions in the year.

20 Controlling party

The Company's immediate parent company is Chivas Brothers Limited, a company registered in Scotland.

The ultimate parent undertaking and controlling party is Pernod Ricard S.A., a company incorporated in France. Copies of its annual report may be obtained from 5, Cours Paul Ricard, 75380, Paris, France. This is the largest and smallest group into whose consolidated accounts the Company's financial information is consolidated.

21 Events after the reporting date

No material events occurred after the reporting date.