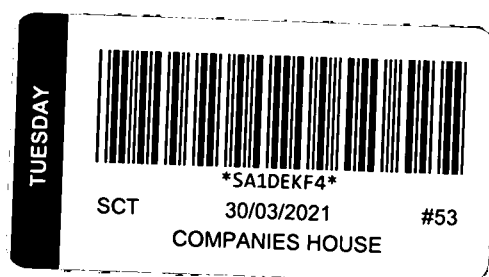


Company Registration No. 02869879 (England and Wales)

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020



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ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S Macnab C Thompson E Fells S McKechnie
Secretary	A H Smiley
Company number	02869879
Registered office	20 Montford Place Kennington London SE11 5DE
Auditor	KPMG LLP 15 Canada Square London E14 5GL

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

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ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The Directors present the strategic report for the year ended 30 June 2020.

Principal activity

The principal activity of the Company is that of an investment holding company.

Business review

The Company made a profit of €239.8m (2019: €630.2m). The key components of the profit for the year are dividend income of €198.4m (2019: €589.7m) and net interest income of €41.4m (2019: €40.5m).

The Company's financing activities resulted in net interest receivable of €41.6m, €0.9m higher than the previous financial year, as the result of higher lending to fellow group undertakings mitigating a slight decrease in Euro interest rates in the year.

On 31 March 2020, as a result of a best-practice business review, the Company's main trading subsidiary Chivas Brothers Limited ("CBL") split its business into two business units, one focussing on the production and manufacture of Scotch whisky and Gin products ("the operations") and the other focussed on brand strategy and development of marketing assets and campaigns for the Scotch whisky and Gin brands within its portfolio as well as the Customer Services activities, selling to global markets ("the commercial business"). The commercial business activity was hived across into a newly established subsidiary of the Company, Chivas Brothers International Limited ("CBIL"). The Directors believe this structure better aligns CBL's activities with many of its competitors and other global businesses of a similar stature, and is a more effective way of responding to global markets and economic uncertainty.

The transfer of the commercial business was between wholly owned subsidiaries of the Company and was undertaken at book value. In substance, nothing has changed for the Company and there has been no impact on the Company's balance sheet. Details of the "hive across" transaction and the Company's accounting approach can be found in note 1.5 of the notes to the financial statements.

In the second half of the financial year, the COVID-19 pandemic adversely impacted the sales of the Company's immediate trading subsidiaries, however the subsidiaries kept supply chains operational, and tightly controlled costs and cash during the pandemic. Encouragingly, their financial results showed strong resilience given the difficult trading environment. In the year ahead, the Directors expect another challenging trading environment due to the measures taken by countries to control the pandemic and the resultant impact on social gatherings, the hospitality industry and economies generally.

The Company remains committed to funding its investments in subsidiary companies using a mix of debt and equity financing and the directors, while conscious of the challenging trading environment, are satisfied with the overall performance of the underlying investments.

Financial key performance indicators

In addition to operating reviews, the Company monitors changes in the underlying value of equity investments and uses the results of this monitoring process to ensure there is no permanent diminution in the carrying value of its equity investments.

	2020	2019
	€'000	€'000
<u>Key performance indicator</u>		
Income from shares in group undertaking	198,366	589,718
Interest receivable and similar income	41,586	40,723
Interest payable and similar expenses	(212)	(215)

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties

The Principal risk facing the Company is cash flow interest rate risk on its floating rate loans. The Company does not actively manage this risk as all loans are within the Pernod Ricard S.A. group.

As the Company is a holding company, it is reliant on the executive management teams within the operational businesses 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 receives and reviews operating reports from these businesses and exercises appropriate management oversight.

The operational businesses have been adversely impacted in the current financial year by the COVID-19 pandemic. A key risk is that social distancing and consumer safety worries will lead to prolonged period of closure or suppressed trading in bars and restaurants.

Financial instruments

Treasury operations and financial instruments

The Pernod Ricard S.A. group ("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 Pernod Ricard S.A.

Potential impacts of Brexit

On 23 January 2020, the UK Parliament passed the newly renegotiated Withdrawal Agreement into legislation and on 31 January 2020, the UK exited the EU. The UK then entered into a transition period whereby it remains in the EU customs union and single market and continues to obey EU rules, but is no longer part of the political institutions. During the transition period, the UK will work with the EU to agree the terms of their future relationship by 31 December 2020.

A continued concern for the Directors is the inability for the UK and EU to agree on the terms by 31 December 2020 (a 'no-deal Brexit'). This could have an adverse impact on both the cost and supply of materials as well as reduced-rate tariff access of our products to particular markets under EU-negotiated agreements. However, the Directors believe that the Company has taken appropriate steps to prepare for all eventualities and are confident that the long-term prospects of the Scotch Whisky business remain strong.

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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 with no employees and whose principal activity is that of an investment holding company, the Company sets out below the 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. As an investment holding company, 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. In respect of the period affected by the Covid19 pandemic (the "Pandemic"), the Company considered the impact of the Pandemic in its relevant decision making and was aligned with the Pernod Ricard group's overall approach.

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

The Company maintains close relationship 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 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, 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 members are Allied Domecq (Holdings) Limited (00689729) and Chivas Holdings (IP) Limited (SC331555). The Company and its members are members of the Pernod Ricard group of companies.

Going concern

As detailed in accounting policy 1.6, 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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



S Macnab
Director
20 Montford Place
Kennington
London
SE11 5DE
15 December 2020

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their annual report and financial statements for the year ended 30 June 2020. The following information is not included in the Directors' Report because it is shown in the Strategic Report:

Business review
Principle risks and uncertainties
Financial key performance indicators
Financial instruments
Going concern

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Macnab	
V Turpin	(Resigned 30 September 2020)
C Thompson	
A Hamilton-Stanley	(Resigned 1 September 2020)
E Fells	(Appointed 1 October 2020)
S McKechnie	(Appointed 11 December 2019)

Results and dividends

The results for the year are set out on page 10. A review of the business and results for the year are contained in the Strategic Report on page 1 as stated above. The Directors declared and paid interim dividends of €181,650,000 for the year ended 30 June 2020 (2019: €380,775,000).

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.

Employees

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

Future developments

The Company remains committed to funding its investments in subsidiary companies using a mix of debt and equity financing. In the year ahead, the directors expect the challenging trading environment in the immediate subsidiaries CBL and CBIL to continue, due to the measures taken by countries to control the COVID-19 virus and the resultant impact on social gatherings, the hospitality industry and economies generally. The directors are confident that CBL and CBIL will carry on tightly controlling costs and cash and keep their supply chains operational, thus underpinning the performance of the Company's investments in these unprecedented times.

Auditor

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

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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 Macnab

Director

20 Montford Place

Kennington

London

SE11 5DE

15 December 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Allied Domecq Spirits & Wine Holdings Limited ('the Company') for the year ended 30 June 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALLIED DOMECQ SPIRITS & WINE HOLDINGS 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 9, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

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
15 December 2020

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

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

FOR THE YEAR ENDED 30 JUNE 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 DOMEQ SPIRITS & WINE HOLDINGS LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 €'000	2019 €'000
Income from shares in group undertakings		198,366	589,718
Operating profit		198,366	589,718
Foreign exchange gain on financing activities		37	12
Interest receivable and similar income	5	41,586	40,723
Interest payable and similar expenses	6	(212)	(215)
Profit before taxation		239,777	630,238
Tax on profit	7	-	-
Profit for the financial year		239,777	630,238
Other comprehensive income		-	-
Total comprehensive income for the year		239,777	630,238

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

The notes on pages 13 to 22 are an integral part of these financial statements.

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 €'000	2019 €'000
Fixed assets			
Investments	9	7,364,119	7,364,119
Current assets			
Debtors: amounts falling due within one year	10	2,763,774	1,978,204
Debtors: amounts falling due after more than one year	10	255,663	982,931
		3,019,437	2,961,135
Creditors: amounts falling due within one year	11	(13,594)	(13,419)
Net current assets		3,005,843	2,947,716
Total assets less current liabilities		10,369,962	10,311,835
Capital and reserves			
Called up share capital	12	6,072,989	6,072,989
Profit and loss reserves		4,296,973	4,238,846
Total equity		10,369,962	10,311,835

The notes on pages 13 to 22 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2020 and are signed on its behalf by:



S Macnab
Director
 20 Montford Place
 Kennington
 London
 SE11 5DE

Company Registration No. 02869879

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Called up share capital €'000	Profit and loss reserves €'000	Total €'000
Balance at 1 July 2018		6,072,989	3,989,383	10,062,372
Year ended 30 June 2019:				
Total comprehensive income for the year		-	630,238	630,238
Dividends	8	-	(380,775)	(380,775)
Balance at 30 June 2019		6,072,989	4,238,846	10,311,835
Year ended 30 June 2020:				
Total comprehensive income for the year		-	239,777	239,777
Dividends	8	-	(181,650)	(181,650)
Balance at 30 June 2020		6,072,989	4,296,973	10,369,962

The notes on pages 13 to 22 are an integral part of these financial statements.

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Allied Domecq Spirits & Wine Holdings Limited is a limited company domiciled and incorporated in England and Wales. On 1 July, the registered office moved to 20 Montford Place, Kennington, London, SE11 5DE (previously Chivas House, 72 Chancellors Road, London, W6 9RS). During the year, the principal place of business moved to 2-4 Blythswood Square, Glasgow, G2 4AD (previously 111-113 Renfrew Road, Paisley, Renfrewshire, PA3 4DY).

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 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and December 2017 have been applied.

The presentation currency of these financial statements is Euro, which is also the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest €1,000.

1.2 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.

1.3 Reduced disclosure exemptions

The Company has taken advantage of certain disclosure exemptions in preparing these financial statements, as permitted by Section 1 of FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation;
- the requirements of Section 11 Basic Financial Instruments, financial instruments disclosures;
- the requirements of Section 33 Related Party Disclosures, key management personnel compensation.

This information is included in the consolidated financial statements of Pernod Ricard S.A. as at 30 June 2020. Copies of its annual report may be obtained from 5, Cours Paul Ricard, 75008 Paris, France.

1.4 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 years presented in these financial statements.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.5 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:

Hive across transaction

On 31 March 2020 the Company's main trading subsidiary Chivas Brothers Limited ("CBL") split its business into two business units, one comprising the production and manufacture of Scotch whisky and Gin products ("the operations") and the other focussed on brand strategy and development of marketing assets and campaigns for the Scotch whisky and Gin brands within its portfolio as well as the Customer Service activities, selling to global markets ("the commercial business"). The latter activity was hived across into a newly established subsidiary of the Company, Chivas Brothers International Limited ("CBIL").

The hive across transaction was effected as follows:

- CBL declared a dividend to the Company, which the Company requested be settled by CBL transferring the commercial business to its sister company CBIL at book value
- CBIL issued shares to the Company as consideration for the acquisition of the commercial business.

The Company has assessed the transaction in accordance with paragraph 2.8 of FRS 102 which requires transactions to be presented in accordance with their substance and economic reality. Accordingly, the Company has viewed the transaction in its totality, taking the following actions:

- the Company has reallocated part of the historic cost of its investment in CBL on a relative future profit basis and reflected it as a cost of investment in CBIL

In summary there has been no economic change for the Company, it continues to own the same business, the only change has been that the business, previously undertaken by one wholly owned direct subsidiary, is now undertaken by two wholly owned direct subsidiaries and as such there is no impact on the overall cost of investment as a result of the transaction.

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Assessing indicators of impairment

Investments

At each reporting date, the Company assesses whether there is any indication that its investments may be impaired. If no such indicators of impairment are identified, no further assessment is carried out by the Company.

Where there are indicators of impairment of investments, the Company performs impairment tests based on a model operated by Pernod Ricard S.A group. The model was originally developed to value key holdings companies within the group then enhanced further to enable the Company to make use of it for impairment tests of investments.

The model uses discounted future estimated cash flows in relevant trading companies adjusted for net debt. Net debt and certain other key metrics are updated annually. Cash flows have been projected in perpetuity, using average long-term growth rates ranging from -1% to 3% as appropriate for the brand involved, and an average discount rate ranging from 7.5% to 9.2% dependent on the brand.

For the purposes of modelling the impact of COVID-19, scenarios were built using assumptions for key markets and the weight of each brand within those markets. These scenarios were then applied to the annual brand business plan valuations, which were compared to last year's brand business plan valuations to calculate a percentage change in value. This change in brand value was applied to the valuation of trading companies calculated by the model.

The Company has made use of this modelling in assessing the carrying value of investments.

Other assets

The Company assesses for any indication that its other assets may be impaired by considering whether any significant changes have taken place, or are expected to take place, which could have an adverse effect on the entity.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.6 Going concern

In light of the global pandemic, the directors considered the appropriateness of adopting the going concern basis in all active, non-trading companies in the UK under the intermediate 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 entirely of either investments in, or intercompany lending between fellow PRUKG or Group subsidiaries. Receivables are in the form of lending to fellow PRUKG or Group entities and similarly payables are in the form of borrowings from fellow PRUKG or Group entities. Consistent with past practice for intra UK liabilities, should the lending position not be replaced by loans on terms agreed by both parties, the liability could be discharged via a corporate transaction such as a dividend in specie, an offset against loan receivables, or capitalisation of the debt, depending on the precise circumstances involved in each case.

After carefully considering each intra UK borrowing, the directors concluded that all intra UK liabilities of active non-trading companies, if not replaced by loans on agreed new terms, could be discharged in full, and, as a consequence, anticipate full recoverability for the UK company providing the corresponding lending.

In the directors' opinion, given the Company is an active non-trading UK company, it therefore has adequate resources to continue operating for the foreseeable future.

1.7 Foreign exchange

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of total comprehensive income for the period.

1.8 Fixed asset investments

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 benefit from its activities.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of total comprehensive income.

1.9 Cash and cash equivalents

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

1.10 Financial assets and liabilities

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its 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.

ALLIED DOMEQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial instruments

Basic financial instruments which include trade payables and receivables; inter-company lending arrangements; and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected unless the arrangement constitutes a financing transaction, where the Company measures the debt instrument at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1.11 Equity instruments

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

1.12 Revenue

Dividend income receivable is recognised when the Company's right to receive the payment is established and is classified as forming part of operating profit.

1.13 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 €12,900 (£11,300) (2019 €5,000 (£5,700)). 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 (2019: nil).

4 Directors' remuneration

The number of directors remunerated by the Company for the year ended 30 June 2020 was nil (2019: 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.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5 Interest receivable and similar income

	2020 €'000	2019 €'000
Interest receivable from group undertakings	41,586	40,712

6 Interest payable and similar expenses

	2020 €'000	2019 €'000
Interest payable to group undertakings	212	215

7 Taxation

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

	2020 €'000	2019 €'000
Profit before taxation	239,777	630,238
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	45,558	119,745
Tax effect of income not taxable in determining taxable profit	(37,690)	(112,046)
Surrender of tax losses from group companies	(7,868)	(7,699)
Tax expense for the year	-	-

The tax charge for the year to 30 June 2020 has been reduced by €7,868,000 (2019: €7,699,000) in respect of losses claimed from group companies for nil consideration.

Factors that may affect future tax charges

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 2016 had the effect of reducing the main rate of corporation tax from 19% to 17% from 1 April 2020. However, this previously enacted reduction in the tax rate was then substantively withdrawn by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020. As a result of this enacted change to the tax rate, any deferred tax assets or liabilities are now provided for at 19%.

8 Dividends

	2020 €'000	2019 €'000
Ordinary interim paid	181,650	380,775

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

9 Fixed asset investments

Current financial year	Shares in subsidiary undertakings €'000
Cost	
At 1 July 2019 and 30 June 2020	7,364,119
Carrying amount	
At 30 June 2020	7,364,119
At 30 June 2019	7,364,119

On 7 November 2019 the Company acquired 1 ordinary share of a new company, Chivas Brothers International Limited ("CBIL") representing 100% of the ordinary share capital in issue.

On 31 March 2020 the Company's main trading subsidiary Chivas Brothers Limited ("CBL") split its business into two business units, comprising operations and commercial activities. The commercial business activity was hived across to CBIL as described in note 1.5 of the accounts. As per note 1.5 of the accounts, the Company reallocated part of the historic cost of its investment in CBL to its investment in CBIL, in recognition of the 1,000,000 ordinary shares of £1 issued to it by CBIL.

There were no movements in fixed asset investments in the financial year from 1 July 2018 to 30 June 2019.

Details on the Company's subsidiaries can be found in Note 16 to the accounts.

10 Debtors

	2020 €'000	2019 €'000
Amounts falling due within one year:		
Amounts due from fellow group undertakings	2,763,774	1,978,204
Amounts falling due after one year:		
Amounts due from fellow group undertakings	255,663	982,931
Total debtors	3,019,437	2,961,135

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11 Creditors: amounts falling due within one year

	2020 €'000	2019 €'000
Amounts due to group undertakings	13,589	13,414
Other taxation and social security	5	5
	<u>13,594</u>	<u>13,419</u>

12 Share capital

	2020 €'000	2019 €'000
Ordinary share capital		
Issued and fully paid		
4,708,737,744 Ordinary Shares of £1 each	<u>6,072,989</u>	<u>6,072,989</u>

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

13 Related party transactions

The Company has taken advantage of the exemption under the terms of paragraph 33.1A of FRS 102 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.

14 Controlling party

The Company's immediate parent companies are Chivas Holdings (IP) Limited, a company registered in Scotland and Allied Domecq (Holdings) Limited, a company registered in England.

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, 75008 Paris, France. This is the largest and smallest group into whose consolidated accounts the Company's financial information is consolidated.

15 Subsidiaries

Details of the Company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking and country of incorporation or residency		Class of shareholding	% Held Direct
AD Investment Holdings Limited	England	Ordinary	100
Chivas Brothers Limited	Scotland	Ordinary	100
Chivas Brothers International Limited	Scotland	Ordinary	100

Details of the Company's indirect subsidiaries can be found in Note 16 to the accounts.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

16 Indirect subsidiaries

The Company indirectly controls more than 50% of the share capital of the following companies:

Name of undertaking	Country of registration or incorporation	Shares held	
		Class	%
ADSW Investment Holdings Limited	England	Ordinary	100.00%
Allied Domecq Spirits & Wine Limited	England	Ordinary	100.00%
Caperdonich Distillery Company Limited	Scotland	Ordinary	100.00%
Chefco Limited	Scotland	Ordinary	100.00%
Chivas Brothers Pension Scheme (Trustee) Limited	Scotland	Ordinary	100.00%
Chivas Investments Limited	Scotland	Ordinary	100.00%
George & J.G. Smith Limited	Scotland	Ordinary	100.00%
Hill, Thomson & Co. Limited	Scotland	Ordinary	100.00%
Seagram Research Limited	England	Ordinary	100.00%
The Glenlivet Agencies Limited	Scotland	Ordinary	100.00%
The Glenlivet Distilleries Limited	Scotland	Ordinary	100.00%
The Glenlivet Mineral Water Company Limited	Scotland	Ordinary	100.00%
Warehouse Asset Management Limited	Scotland	Ordinary	100.00%
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%
Glenburgie Distillery 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%
Glenlivet Spring Water Limited	England	Ordinary	100.00%
Mulben Warehouses Limited	Scotland	Ordinary	100.00%
HWUK Limited (formerly Hiram Walker (UK) Limited)	England	Ordinary	100.00%
HW - Allied Vintners Limited (formerly Hiram Walker-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	A Preference	100.00%
James Hawker & Company Limited	England	B Preference	100.00%
James Hawker & Company Limited	England	Ordinary	99.00%
Long John Distilleries Limited	Scotland	Ordinary	100.00%
Long John International Limited	England	Ordinary	100.00%
Macnab Distilleries Limited	England	Ordinary	100.00%
Tormore Distillery Limited	England	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 (formerly The Hiram Walker Group Limited)	England	Ordinary	100.00%
Milnorduff Distillery Limited	England	Ordinary	100.00%
The Scapa Distillery Ltd	England	Ordinary	100.00%
Twelve Islands Shipping Company Limited	England	Ordinary	100.00%

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

16 Indirect subsidiaries (Continued)

Glentauchers Distillery Limited	England	Ordinary	100.00%
Glentauchers Distillery Limited	England	Deferred	100.00%
Pernod Ricard UK Limited	England	Ordinary	100.00%
Warehouse Investment Holding Limited	Scotland	Ordinary	100.00%
Lawson & Smith Limited	Scotland	Ordinary	100.00%
The Longmorn Distilleries Ltd	Scotland	Ordinary	100.00%
Chivas Atlantic (Holdings) Limited	England	Ordinary	100.00%
Chivas Atlantic (Holdings) Limited	England	Preference	100.00%
Coates & Co. (Plymouth) Limited	England	Ordinary	100.00%
The Original Plymouth Gin Company Limited	England	Ordinary	100.00%

Other interests

Chivas Operating Properties LP*

Chivas Operating Properties 2 LP*

*Warehouse Asset Management Limited is the General Partner of Chivas Operating Properties LP & Chivas Operating Properties 2 LP. The address of Chivas Operating Properties LP & Chivas Operating Properties 2 LP is Kilmalid, Stirling Road, Dumbarton, Scotland, G82 2SS (previously 111-113 Renfrew Road, Paisley, PA3 4DY). During the year, the principal place of business moved to 2-4 Blythswood Square, Glasgow, G2 4AD (previously 111-113 Renfrew Road, Paisley, Renfrewshire, PA3 4DY).

17 Events after the reporting date

No material events occurred after the reporting date.