Whyte and Mackay Limited

Directors' report and financial statements

for the year ended 31 March 2013

Registered Number: SC14456

Whyte and Mackay Limited

Directors' report and financial statements for the year ended 31 March 2013

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Whyte and Mackay Limited

Directors and advisers

Directors
V Mallya
A K R Nedungadi
P A Murali
S Menon
S K Khanna
V K Rekhi
J E Beard

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Dalmore House
310 St Vincent Street
Glasgow
G2 5RG

Independent auditors
Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
95 Bothwell Street
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Royal Bank of Scotland plc
36 St. Andrew Square
Edinburgh
EH2 2YB

Whyte and Mackay Limited

Directors' report for the year ended 31 March 2013

The directors present their report together with the audited financial statements for the year ended 31 March 2013.

Principal activities
During the year ended 31 March 2013, the Company's principal activities were the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. Main brands include Whyte and Mackay, Dalmore, Isle of Jura, Vladivar, Glayva, Claymore and John Barr.

Business review
The operating profit of £33,916,000 for the year ended 31 March 2013 (2012: £25,686,000) is after exceptional items of £1,902,000 (2012: £2,924,000) relating mainly to onerous lease provisions, property costs and certain restructuring initiatives. The Company's operating profit before exceptional items was £35,818,000 for the year ended 31 March 2013 (2012: £28,610,000).

Results and dividends
The directors do not recommend payment of a dividend with the profit of £32,342,000 for the year ended 31 March 2013 (2012: £30,638,000) being added to reserves.

Directors
The directors of the company who were in office during the year and up to the date of signing the financial statements were: -

V Mallya
A K R Nedungadi
P A Murali
S Menon
S K Khanna
V K Rekhi
J E Beard

Principal risks and uncertainties
The directors of the parent company, Whyte and Mackay Group Limited, manage the group's risk at a group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Whyte and Mackay Limited's business. The principal risks and uncertainties of Whyte and Mackay Group Limited, which include those of the company, are discussed on page 3 of the group's financial statements, which does not form part of this report.

Directors' report for the year ended 31 March 2013 (continued)

Key Performance Indicators ("KPI's")

The directors of the parent company, Whyte and Mackay Group Limited, manage the group's operations at a group level, rather than at an individual company level. For this reason, the company's directors believe that analysis using KPI's for the company is not necessary or appropriate for an understanding of the development, performance or position of Whyte and Mackay Limited's business. The development, performance and position of Whyte and Mackay Group Limited, which include those of the company, are discussed in the Directors' Report of the group's annual report, which does not form part of this report.

Environmental policy

The Company has an environmental policy which commits it to ensuring that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment.

Employees

The Company gives full and fair consideration to the employment of disabled persons for suitable jobs. Every effort is made to continue the employment of persons who become disabled whilst in the Company's employment.

The Company maintains its commitment to pro-active programmes for involving its employees in its affairs. This is achieved in a variety of ways, including employee briefings and by consultation with recognised trade unions. The Company's bonus schemes encourage employees at all levels to contribute to the Company's goals.

Political and charitable donations

During the year the Company gave no donation to any political organisation (2012: nil). The Company gave a donation of £15,000 to the Outward Bound Trust for charitable purposes during the year (2012: £15,000).

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488 (1) of the Companies Act 2006.

Whyte and Mackay Limited

Directors' report for the year ended 31 March 2013 (continued)

Statement of directors' responsibilities
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 which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

- In so far as each director is 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 auditors are aware of that information.

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

On behalf of the Board
P A Murali
Director
31 May 2013

Independent auditors' report to the members of Whyte and Mackay Limited

Independent auditor's report to the members of Whyte and Mackay Limited
We have audited the financial statements of Whyte and Mackay Limited for the year ended 31 March 2013 which comprise profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page **3**, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Whyte and Mackay Limited (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
31 May 2013

Whyte and Mackay Limited

Profit and loss account for the year ended 31 March 2013

	Note	**2013**	**2013**	2012	2012
		£'000	**£'000**	£'000	£'000
Turnover	1		**263,395**		227,217
Cost of sales			**(211,689)**		(184,027)
Gross profit			**51,706**		43,190
Distribution costs			**(2,762)**		(2,722)
Administrative expenses - ordinary		**(13,126)**		(11,858)	
- exceptional costs	2	**(1,902)**		(2,924)	
			(15,028)		(14,782)
Operating profit	3		**33,916**		25,686
Interest receivable and similar income			**30**		48
Interest payable and similar charges	6		**-**		(44)
Other finance (charges) / income			**(391)**		651
Profit on ordinary activities before taxation			**33,555**		26,341
Tax on profit on ordinary activities	8		**(1,213)**		4,297
Profit for the financial year			**32,342**		30,638

The above results relate to continuing operations.

The accounting policies and notes form an integral part of these financial statements

Whyte and Mackay Limited

Statement of total recognised gains and losses for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		**32,342**	30,638
Actuarial losses on defined benefit pension scheme	7	**(6,591)**	(10,177)
Tax on items taken directly to equity	16	**1,516**	2,442
Total recognised gains and losses and for the financial year		**27,267**	22,903

Note of historical cost profits and losses for the year ended 31 March 2013

	2013 £'000	2012 £'000
Reported profit on ordinary activities before taxation	**33,555**	26,341
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**76**	76
Historical cost profit on ordinary activities before taxation	**33,631**	26,417
Historical cost profit for the year retained after taxation	**32,418**	30,714

Whyte and Mackay Limited

Balance sheet as at 31 March 2013 (Registered number: SC14456)

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	**31,375**	33,661
Tangible assets	10	**54,334**	55,590
Investments	11	**483,502**	483,505
		569,211	572,756
Current assets			
Stock	12	**119,508**	134,540
Debtors	13	**317,701**	276,329
Cash at bank and in hand		**3,240**	2,253
		440,449	413,122
Creditors: amounts falling due within one year	14	**(591,838)**	(598,646)
Net current liabilities		**(151,389)**	(185,524)
Total assets less current liabilities		**417,822**	387,232
Creditors: amounts falling due after more than one year	15	**(1,099)**	(1,159)
Provisions for liabilities	16	**(9,819)**	(9,250)
Net assets excluding pension deficit		**406,904**	376,823
Pension deficit	7	**(9,258)**	(6,444)
Net assets including pension deficit		**397,646**	370,379
Capital and reserves			
Called up share capital	17	**178,973**	178,973
Revaluation reserve	18	**2,167**	2,243
Profit and loss account	18	**216,506**	189,163
Total shareholders' funds	19	**397,646**	370,379

The financial statements on pages 7 to 33 were approved by the Board of Directors and were signed on its behalf on 31 May 2013 by:

P A Murali
Director

Whyte and Mackay Limited

Accounting policies

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Basis of preparation
The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements since the Company is itself a wholly owned subsidiary of another company incorporated in the United Kingdom. The accounting policies below have been applied consistently to all years presented in the financial statements.

Turnover
Turnover represents sales of goods and services by the Company net of discounts, allowances, promotional expenditure that is not wholly independent of the invoiced price and value added tax, but including excise duty.

Revenue from the sale of cased goods is recognised when the goods are shipped. Bulk whisky revenue is recognised when the stock is dispatched or when ownership of the stock is transferred to the purchaser.

Exceptional Items
Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.

Leased income
Operating lease income is accounted for on a straight line basis with any rental increases recognised during the year to which they relate.

Tangible fixed assets and depreciation
The Company holds tangible fixed assets, some at cost and some at valuation. Following the implementation of Financial Reporting Standard 15 'Tangible fixed assets', the Company has adopted a policy of not revaluing fixed assets. The carrying values of freehold land and buildings previously revalued in 1990 have been retained at their book amount in accordance with the transitional provisions of Financial Reporting Standard 15. The cost of other tangible fixed assets is their purchase cost, together with any incidental costs of acquisition and installation.

The cost or valuation of heritable buildings, plant and machinery, fixtures, motor vehicles, fittings and equipment is written off on a straight-line basis. No depreciation is charged in the quarter in which an asset is acquired.

The following annual depreciation rates, which reflect the useful lives of the assets concerned, are applied:

Heritable land and buildings	-	2% or over period of leases
Plant and machinery	-	5%, 6.67% or 10%
Vehicles, fittings and equipment	-	10%, 25% or 33.33%

Heritable land is not depreciated.

Assets in the course of construction are included at cost until construction is completed and the asset is available for use within the business.

Accounting policies (continued)

Tangible fixed assets and depreciation (continued)
The requirement for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use.

Profits or losses on disposal of assets previously revalued are based upon carrying value and are reported as profits or losses on disposal of fixed assets. The amount being carried within revaluation reserve in respect of an asset at the date of disposal is transferred directly to the profit and loss reserve.

Intangible fixed assets
Intangible fixed assets represent acquired trademarks and distribution rights and are amortised on a straight-line basis over their economic useful lives, subject to a maximum of 20 years.

In line with Financial Reporting Standard 11 'Impairment of fixed assets and goodwill', the Company undertakes an impairment review of its intangible assets if events or changes in circumstances indicate that the carrying amount may not be recoverable. Provision is made where it is considered that there has been a permanent diminution in value.

Fixed assets investments
Investments are included at the lower of cost or valuation less, where appropriate, amounts written off or provided. The value of investments is reviewed annually by the directors and provisions made where it is considered that there has been a permanent diminution in value.

Leased assets
Rental payments due under operating lease agreements are charged against profit on a straight-line basis.

Stocks
Stocks are valued at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads, including an element of depreciation. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made, where appropriate, for obsolete, slow moving and defective stocks.

Taxation
Current and deferred taxation is based on the profits of the period including all taxation liabilities accruing to the date of the financial statements.

In line with Financial Reporting Standard 19 'Deferred tax', deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Accounting policies (continued)

Foreign currencies
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at historical cost that are denominated in foreign currencies are translated at the rates prevailing at the date when the historical cost was determined. Gains and losses arising on retranslation are included in the profit and loss account.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries which have currencies of operation other than sterling and any related loans are taken to reserves. Other exchange differences are taken to the profit and loss account

Pensions
The Company closed the Whyte and Mackay Defined Benefit Pension Scheme to future accrual on 1 April 2012. The scheme is valued once every three years by professionally qualified independent actuaries. In accordance with Financial Reporting Standard 17 'Retirement Benefits', the full surplus or deficit of the pension scheme is recognised in the balance sheet of the Company. Contributions to the defined benefit scheme are determined in accordance with the recommendation of an independent actuary.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income and expenses. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The Company also operates a stakeholder pension scheme and contributions are charged to the profit and loss account as they arise.

Cash flow statement
The Company is a wholly owned subsidiary of Whyte and Mackay Group Limited and the cash flows of the Company are included in the consolidated group cash flow statement of Whyte and Mackay Group Limited. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (revised), "Cash Flow Statements", from publishing a cash flow statement.

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probably that the Company will be required to settle that obligation. Provisions are measured at the directors best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions for restructuring are recognised for direct expenditure on business reorganisations where plans are sufficiently detailed and well advanced, the Company is committed to implementing such programmes, and where appropriate communication to those affected has been undertaken on or before the balance sheet date. These costs are not discounted.

Accounting policies (continued)

Onerous lease provisions

When a leasehold property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease. The provision is calculated by discounting cash flows on a pre-tax basis.

Notes to the financial statements for the year ended 31 March 2013

1. Segmental analysis

By class of business
The Company's activities consist of the production, marketing and distribution of Scotch whisky and other alcoholic beverages.

By geographical area
In the opinion of the directors, the disclosure of turnover, profit before taxation and net assets by geographical segmentation would be prejudicial to the interests of the Company.

2. Exceptional items

The exceptional items are categorised as follows:

	2013	2012
Administrative expenses		Total £'000
Redundancy and other employee costs	**(49)**	624
Onerous lease provision	**1,442**	1,536
Dilapidations	**-**	138
Pension curtailment gain	**(843)**	-
Other restructuring	**1,352**	626
	1,902	2,924

Redundancy and other employee costs
Redundancy and other employee costs reflect previous year provisions released in respect of certain restructuring initiatives undertaken during that year related to improving operating efficiencies and re-aligning the business as a global branded company.

Onerous lease provision
The increase in the onerous lease provision reflects changes in assumptions relating to future sublet income expectations, the utilisation of previously vacant space and a reduction in rates relief available on vacant space.

Dilapidations
Provisions for dilapidations reflect the estimated cost to return our leased properties, under tenant repairing clauses, to the landlord at the end of the tenancy in a specified condition.

Pension curtailment gains
Following closure to future accrual of the Company Defined Benefit Pension Scheme on 1 April 2012, the scheme is no longer required to fund a significant death in service spouses pension which results in a pension curtailment gain.

2. Exceptional costs (continued)

Other restructuring costs

Other restructuring costs include costs incurred in the feasibility studies associated with certain restructuring initiatives, property related costs and advisory fees associated with registering our subsidiary Whyte & Mackay Americas Limited across various states.

3. Operating profit

	2013	2012
	£'000	£'000
Operating profit is stated after (crediting)/charging:		
Gain on sale of fixed assets	**(731)**	(564)
Amortisation of intangible fixed assets	**2,286**	2,042
Operating lease charges – plant and machinery	**294**	298
Operating lease charges – other	**3,355**	3,308
Depreciation of tangible fixed assets:		
- Owned by the Company	**5,417**	5,387
Exceptional costs (note 2)	**1,902**	2,924
Defined benefit scheme: (note 7)		
- Current service cost	**-**	552

The depreciation charge noted above is different from that shown in Note 10 to these financial statements, as depreciation is added to the cost of stocks and is not released to the profit and loss account until the relevant stock is sold. The figure shown above represents the annual depreciation that is charged directly to the profit and loss account on fixed assets, together with depreciation released through cost of sales on the sale of stock.

Fees paid to Grant Thornton UK LLP other than the statutory audit of the Company are not disclosed in the Company accounts since the consolidated accounts of Company's parent, Whyte and Mackay Group Limited, are required to disclose non-audit fees on a consolidated basis.

Notes to the financial statements for the year ended 31 March 2013

4. Directors' emoluments

	2013	2012
	£'000	£'000
Aggregate emoluments	**535**	516

The amount of pension accrued to the directors at the end of the year was £7,000 (2012: £7,000) or alternatively a lump sum of £32,000 (2012: £31,000) and residual pension of £5,000 (2012: £5,000).

These amounts relate to the highest paid director.

Highest paid director	**2013**	2012
	£'000	£'000
Aggregate emoluments	**535**	516

5. Employee information

The average number of persons (including executive directors) employed by the Company during the year was as follows:

By activity	**2013**	2012
	Number	Number
Sales, distribution and administration	**169**	173
Production	**260**	266
	429	439

Staff costs for the above persons:	**2013**	2012
	£'000	£'000
Wages and salaries	**17,920**	17,875
Social security costs	**1,828**	1,683
Other pension costs	**1,648**	-
Current service cost (note 7)	-	552
	21,396	20,110

6. Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable on bank loans and overdraft	-	44

7. Pension commitments

The Company operated and contributed to a defined benefit scheme during the year, under which assets are held in a separately administered fund. This scheme was closed to future accrual on 1 April 2012. The last independent actuarial valuation of the Scheme was carried out using the projected unit method of valuation with an effective date of 30 September 2009. At that date, the market value of the Scheme's assets was £103,155,000.

The latest formal valuation of the Scheme has been updated to 31 March 2013 by a qualified independent actuary. The major assumptions used as at 31 March 2013 were:

	2013	2012
	% per annum	% per annum
Rate of increase in pensionable salaries	2.0	1.9
Rate of increase in pensions in payment (RPI subject to a maximum of 5% p.a.)	3.4	3.3
Rate of increase in pensions in payment (RPI subject to max 5% and min 3% p.a.)	3.7	3.7
Discount rate	4.4	5.0
Return on assets	5.3	5.4
Inflation	2.0	3.3

7. Pension commitments (continued)

The discount rate is determined by valuing sample pensioner and non-pensioner cashflows with different durations using a yield curve approach to calculate the single equivalent discount rate for each set of cashflows. The yield curve is based on the AA yield curve published by Merrill Lynch. This yield curve covers years 0 to 30. The AA yield curve is then projected forward from years 30 to 50 based on the development of a swaps curve over this year. From year 50 onwards, the Nelson-Siegel methodology is employed to project the AA yield curve. This assumes that any trends present in the long end of the yield curve continue beyond year 50.

The base mortality assumptions follow the S1 series base tables adjusted by 115% with an allowance for future improvements in longevity based on medium cohort projection tables with a 1% per annum underpin applied based on each individuals year of birth.

The mortality assumptions used were as follows:

	2013 (years)	2012 (years)
Average future life expectancy for a current pensioner aged 65 in 2009		
Males	**19.7**	19.7
Females	**22.4**	22.4
Average future life expectancy for a non-pensioner aged 50 in 2009		
Males	**21.2**	21.2
Females	**23.8**	23.8

Notes to the financial statements for the year ended 31 March 2013

7. Pension commitments (continued)

The assets and liabilities of the scheme, and expected return rates were:

	Long-term rate of return expected 2013	2013	Long-term rate of return expected 2012	2012
	%	£'000	%	£'000
Equities	6.5	72,222	6.7	60,184
Corporate Bonds	4.1	26,921	4.7	25,652
Government Bonds	3.0	23,427	3.2	21,847
Property	4.0	6,342	4.2	6,352
Cash pending investment	0.5	518	0.5	104
Total market value of assets		129,430		114,139
Present value of scheme liabilities		(141,454)		(122,618)
Deficit in scheme		(12,024)		(8,479)
Related deferred tax asset		2,766		2,035
Net pension deficit		(9,258)		(6,444)

The estimated financial position under the requirements of Financial Reporting Standard 17 'Retirement benefits' showed an increase in the net deficit from £6,444,000 at the beginning of the year to £9,258,000 at 31 March 2013.

Following closure of the pension scheme to future accrual on 1 April 2012, the company is no longer required to pay ordinary contributions to the scheme.

The Company continues to pay additional contributions of £2,000,000 each year until 2014 then £2.250,000 in 2015 and each subsequent year with a final payment in 2027 to make good the funding shortfall revealed at the last actuarial valuation.

Whyte and Mackay Limited

Notes to the financial statements for the year ended 31 March 2013

7. Pension commitments (continued)

Analysis of amounts charged to operating profit:

	2013	2012
	£'000	£'000
Current service cost	**-**	552
Gains on curtailments	**(843)**	-
Total operating (income) / expense	**(843)**	552

Analysis of amounts charged / (credited) to other finance charges / (income):

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	**(6,171)**	(6,895)
Interest on pension scheme liabilities	**6,011**	6,244
Net pension interest income	**(160)**	(651)
Total amounts credited to profit and loss account	**(1,004)**	(99)

7. Pension commitments (continued)

Reconciliation of present value of scheme liabilities:

	2013 £'000	2012 £'000
Opening defined benefit obligation	**122,618**	112,341
Current service cost	**-**	552
Interest cost	**6,011**	6,244
Contributions by plan participants	**-**	134
Actuarial losses	**18,461**	7,746
Gain on curtailments	**(843)**	-
Benefits paid	**(4,793)**	(4,399)
Closing defined benefit obligation	**141,454**	122,618

Reconciliation of fair value of plan assets:

	2013 £'000	2012 £'000
Opening fair value of scheme assets	**114,139**	111,076
Expected return on scheme assets	**6,171**	6,895
Contributions by scheme participants	**11**	134
Contributions by the employer	**2,031**	2,863
Actual return on assets less expected return on assets	**11,870**	(2,431)
Benefits paid	**(4,793)**	(4,399)
Closing fair value of scheme assets	**129,429**	114,139

Scheme assets do not include any of the parent company's (Whyte and Mackay Group Limited) own financial instruments, or any property occupied by the parent company.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experience in the respective markets.

7. Pension commitments (continued)

The actual returns on pension scheme assets are as follows:

	2013	2012
	£'000	£'000
Actual gain on pension scheme assets	**18,041**	4,464

Amounts for current and previous four years:

	2013	2012	2011	2010	2009
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Defined benefit obligation:	**(141,454)**	(122,618)	(112,341)	(118,202)	(94,831)
Scheme assets:	**129,430**	114,139	111,076	105,157	81,972
Deficit	**(12,024)**	(8,479)	(1,265)	(13,045)	(12,859)
Experience adjustments on scheme assets:	**11,870**	(2,431)	675	20,152	(26,776)
Experience adjustments on scheme liabilities:	**(3,153)**	166	(703)	2,182	(158)
Total actuarial (losses) / gains recognised in STRGL:	**(6,591)**	(10,177)	9,172	(6,229)	(21,647)

Actuarial gains and losses

The cumulative actuarial loss recognised in the STRGL since the adoption of Financial Reporting Standard 17 'Retirement benefits' is £19,884,000.

8. Taxation on profit on ordinary activities

	2013	2012
	£'000	£'000
Current tax		
Adjustment to UK corporation tax in respect of previous years	-	(1,682)
Total current tax	-	(1,682)
Deferred tax		
Accelerated capital allowances and other timing differences	1,194	(267)
Adjustments in respect of previous years	(56)	(2,267)
Effect of rate change	75	(81)
Total deferred tax (note 16)	1,213	(2,615)
Tax on profit on ordinary activities	1,213	(4,297)

Deferred tax is calculated at the tax rate of 23% (2012: 24%)

In arriving at the tax charge for the year, no provision has been made for deferred taxation gains recognised on revaluing land and buildings to its market value in previous years. Such tax would only become payable if the property was sold without it being possible to claim rollover relief. The total amount unprovided is £499,000 (2012: £538,000). In accordance with Financial Reporting Standard 15 there will be no revaluations of fixed assets.

Deferred tax liabilities have not been discounted.

8. Taxation on profit on ordinary activities (continued)

The tax assessed for the year is lower than (2012: lower than) the standard effective rate of corporation tax in the UK for the year ended 31 March 2013 of 24% (2011: 26%). The differences are explained below:

	2012	2012
	£'000	£'000
Profit on ordinary activities before tax	**33,555**	26,341
Profit on ordinary activities multiplied by standard rate in the UK 24% (2012: 26%)	**8,053**	6,849
Effects of:		
Expenses not deductible for tax purposes	**447**	385
Group relief not paid for	**(6,660)**	(7,120)
Accelerated capital allowances and other timing differences	**(1,244)**	290
Adjustments to UK corporation tax in respect of previous years	-	(1,682)
Imputed interest	**(596)**	(404)
Current tax charge for the year	-	(1,682)

9. Intangible fixed assets

	Goodwill £'000	**Trademarks and distribution rights £000**	**Total £000**
Cost			
At 1 April 2012	297,168	65,465	362,633
Additions	-	-	
At 31 March 2013	**297,168**	**65,465**	**362,633**
Accumulated amortisation			
At 1 April 2012	297,168	31,804	328,972
Charge for the year	-	2,286	2,286
At 31 March 2013	**297,168**	**34,090**	**331,258**
Net book value			
At 31 March 2013	-	**31,375**	**31,375**
At 31 March 2012	-	33,661	33,661

Notes to the financial statements for the year ended 31 March 2013

10. Tangible fixed assets

	Heritable land and buildings	Plant and machinery	Vehicles, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2012	**38,183**	**69,723**	**6,242**	**114,148**
Additions	1,462	1,601	267	3,330
Disposals	-	(446)	(9)	(455)
At 31 March 2013	**39,645**	**70,878**	**6,500**	**117,023**
Depreciation				
At 1 April 2012	**9,889**	**43,442**	**5,227**	**58,558**
Charge for year	739	3,268	293	4,300
Disposals	-	(160)	(9)	(169)
At 31 March 2013	**10,628**	**46,550**	**5,511**	**62,689**
Net book value				
At 31 March 2013	**29,017**	**24,328**	**989**	**54,334**
At 31 March 2012	**28,294**	**26,281**	**1,015**	**55,590**
Cost or valuation				
Valuation 1990	4,753	2,323	529	7,605
Cost	33,430	67,400	5,713	106,543
	38,183	**69,723**	**6,242**	**114,148**

The amount of assets included above at a valuation determined according to the historical cost accounting rules is as follows:

	Heritable land & buildings	Plant & machinery	Vehicles, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost	35,902	69,298	6,699	111,899
Depreciation	(9,054)	(44,970)	(5,711)	(59,735)
Net book value				
At 31 March 2013	**26,848**	**24,328**	**988**	**52,164**
At 31 March 2012	**26,050**	**26,282**	**1,014**	**53,346**

10. Tangible fixed assets (continued)

Following the implementation of Financial Reporting Standard 15 "Tangible Fixed Assets", the Company has adopted a policy of not revaluing fixed assets. The carrying amount of the freehold land and buildings, previously revalued, has been retained at its book amount in accordance with the transitional provisions of Finanicial Reporting Standard 15. In accordance with the Company's accounting policy, no depreciation has been provided on site values of £2,260,000 (2012: £2,260,000).

11. Fixed asset investments

Cost or valuation	Interest in subsidiary undertakings £'000	Other investments £'000	Total £'000
At 1 April 2012	**483,384**	**121**	**483,505**
Written off	-	(3)	(3)
At 31 March 2013	**483,384**	**118**	**483,502**

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Interest in subsidiary undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The principal subsidiary undertaking of the Company at 31 March 2013 were:

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by Company
Whyte and Mackay Americas Limited	US	Ordinary	100%
Whyte & Mackay Singapore PTE Limited	Singapore	Ordinary	100%

Other investments include the holding of 14.0% of the £1 ordinary shares of The Scotch Whisky Heritage Centre Limited, an unlisted company registered in Scotland, the principal activity of which is the operation of a visitor attraction in Edinburgh.

During the year the company wrote off its investment in Prodico (Ecuador).

Notes to the financial statements for the year ended 31 March 2013

12. Stock

	2013	2012
	£'000	£'000
Raw materials and consumables	**2,765**	2,490
Maturing whisky stocks	**108,261**	120,083
Finished goods	**8,482**	11,967
	119,508	134,540

13. Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	**48,269**	47,488
Amounts owed by immediate parent company and fellow subsidiary undertakings	**188,889**	136,837
Amounts owed by ultimate parent company	**408**	17,432
Amounts owed by group undertakings	**4,425**	1,676
Amounts owed by subsidiary undertakings	**64,165**	66,235
Prepayments and accrued income	**10,996**	6,242
Other debtors	**549**	419
	317,701	276,329

Amounts owing from group undertakings are unsecured, interest free have no fixed repayment date.

Notes to the financial statements for the year ended 31 March 2013

14. Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	**14,082**	12,359
Amounts owed to ultimate parent company	**534**	2,042
Amounts owed to subsidiary undertakings	**545,376**	545,296
Corporation tax	-	-
Indirect taxes and social security liabilities	**269**	1,549
Other creditors	**4,063**	6,310
Accruals and deferred income	**27,514**	31,090
	591,838	598,646

Amounts owing to group undertakings are unsecured, interest free and have no fixed repayment date.

15. Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to subsidiary undertakings	**964**	964
Accruals and deferred income	**135**	195
	1,099	1,159

Amounts owing to subsidiary undertakings are unsecured, interest free and have no fixed repayment date.

16. Provisions for liabilities and charges

	Onerous lease provisions	Deferred taxation provision excluding deferred tax on pension liability	Total
	£'000	£'000	£'000
At 1 April 2012	**8,953**	**297**	**9,250**
Charged in the year	1,442	427	1,869
Utilised in year	(1,300)	-	(1,300)
At 31 March 2013	**9,095**	**724**	**9,819**

Onerous lease provisions

These provisions were set up in relation to leasehold properties in Glasgow and Edinburgh, which are vacant or sub-let at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease which at 31 March 2013 is between 3 and 16 years.

Deferred taxation

	2013	2012
Provision for deferred tax comprises:	**£'000**	£'000
Accelerated capital allowances	**(501)**	(1,236)
Short-term timing differences	**1,225**	1,533
Deferred tax provision excluding that relating to pension deficit	**724**	297
Deferred tax on pensions (note 7)	**(2,765)**	(2,035)
Total deferred tax (asset) / liability including pensions	**(2,041)**	(1,738)
Movements reconciliation:		
Balance at 1 April	**(1,738)**	3,319
Deferred tax charged in profit and loss account (note 8)	**1,213**	(2,615)
Deferred tax recognised in the statement of total recognised gains and losses	**(1,516)**	(2,442)
Balance at 31 March	**(2,041)**	(1,738)

16. Provisions for liabilities and charges (continued)

A number of changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and the relevant deferred tax balances have been re-measured accordingly. The March 2013 UK Budget Statement announced further changes with a reduction to the main rate to 21% from 1 April 2014 and 20% from 1 April 2015. These further changes had not been substantively enacted at the balance sheet date, and therefore, are not included in these financial statements.

The effect of the changes expected to be enacted in the Finance Act 2013 would be to reduce the deferred tax asset recognised at the balance sheet date by £177,000. This £177,000 decrease in the deferred tax asset would reduce profit by £177,000. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 23% to 21% with effect from 1 April 2014.

The overall effect of the further change from 21% to 20%, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £89,000.

17. Called up share capital

	2013	2012
	£'000	£'000
Authorised		
205,917,000 (2012: 205,917,000) ordinary shares of £1 each	**205,917**	205,917
Allotted and fully paid		
178,973,000 (2012: 178,973,000) ordinary shares of £1 each	**178,973**	178,973

Notes to the financial statements for the year ended 31 March 2013

18. Reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
At 1 April 2012	**2,243**	**189,163**
Profit for the financial year	-	32,342
Actuarial loss on defined benefit pension scheme	-	(6,591)
Tax on items taken directly to equity	-	1,516
Transfer to retained profit	(76)	76
At 31 March 2013	**2,167**	**216,506**
Pension deficit	-	9,258
Profit and loss reserve excluding pension deficit	**2,167**	**225,764**

19. Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Profit for the financial year	**32,342**	30,638
Actuarial (loss) / gain on defined benefit pension scheme	**(6,591)**	(10,177)
Tax on items taken directly to equity	**1,516**	2,442
Net change in shareholders' funds	**27,267**	22,903
Opening shareholders' funds	**370,379**	347,476
Closing shareholders' funds	**397,646**	370,379

Notes to the financial statements for the year ended 31 March 2013

20. Financial commitments

	2013	2012
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	-	2,594

21. Operating lease commitments

The Company has annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings	Other	Land and buildings	Other
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Within one year	131	330	121	93
Within two to five years	1,475	156	1,475	584
Ater five years	1,295	-	1,295	-
	2,901	486	2,891	677

22. Contingent liabilities

In the opinion of the directors, the Company has no material contingent liabilities at 31 March 2013 (31 March 2012: nil).

23. Related parties

In accordance with the provisions of Financial Reporting Standard 8, 'Related party disclosures', the Company, being a wholly owned subsidiary undertaking, has taken advantage of the exemption from disclosing related party transactions with group companies.

24. Ultimate parent company and controlling party

At 31 March 2013, the ultimate controlling party was United Spirits Limited a company incorporated in India.

At 31 March 2013, the ultimate UK parent undertaking and controlling entity was USL Holdings (UK) Limited.

The immediate parent company and smallest group in which the results of the company are consolidated is that of Whyte and Mackay Group Limited, Dalmore House, 310 St. Vincent Street, Glasgow, G2 5RG, whose consolidated financial statements may be obtained from the Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.