Row & Company Limited

Annual report and financial statements for the year ended 31 March 2019

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Company Registration No. SC017727

Row & Company Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

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Row & Company Limited

DIRECTORS AND ADVISERS

DIRECTORS:

M. Fabris

J. Chaplin

Y. Audo

F. Gourgeon

SECRETARY:

G. M. Robson

REGISTERED OFFICE:

100 Queen Street
Glasgow
G1 3DN

INDEPENDENT AUDITORS:

Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

SOLICITORS:

Dentons
1 George Square
Glasgow
G2 1AL

REGISTERED NUMBER:

SC017727

Principal Activities

The company is principally engaged in the blending, bottling and supply of Scotch whisky. The company is jointly owned by Edrington Distillers Limited and ITM Participations S.A.S.

Edrington Distillers Limited is a wholly owned subsidiary of The Edrington Group Limited, a company registered in Scotland. ITM Participations S.A.S. is a wholly owned subsidiary of ITM Enterprises S.A.S, a company registered in France.

Market Context

As in recent years, the business has been impacted by the competitive French market environment, where low priced national whisky brands are heavily discounted and have entered into the territory of the supermarket private label whiskies. This has resulted in lower sales of cased goods and non-cased goods compared to the previous year, with overall revenue 7.1% lower.

Like many businesses with significant trade with Europe, we are working hard to be as prepared as possible for any outcome from the ongoing Brexit situation.

Strategic Focus

The company's primary revenue and profit source is the supply of cased Scotch whisky products for sale in the French market. While this market continues to remain highly competitive the joint venture partner's strategy is to optimise maturing stock holding levels and therefore longer term profitability. This includes sales of non-cased whisky goods and adjustments in new whisky purchases.

Principal risks and uncertainties

The principal operational risks are associated with the performance of brands in this key European market. The company continues to focus investment behind these brands in order to continue successful development in the market and hence mitigate these risks. The company is also dependent upon the economic prosperity of the market in which it sells, and the company continues to monitor this risk on a regular basis.

The company's operations expose it to a variety of financial risks, including changes in interest rates, credit and liquidity risks. The company has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the company. The company has no debt finance and therefore has sufficient funds available for company activities.

The company makes sales only in sterling, and, as a consequence, is not exposed to exchange rate movements.

The risk of theft, failure or corruption of digital assets and/or key systems could have an impact on the business or profits. The group carries out a business wide information risk management review, enhanced by its cyber incident response plan, and implemented a used awareness trading and education programme. The company has also increased system patching, updates and monitoring, carried out penetration testing, performed a SAP System User Role Review to eliminate excessive access and segmented the network to protect mission-critical networks from general access networks.

The board retains overall responsibility for the company's system of internal financial control, which is designed to give reasonable assurance against material financial misstatement or loss. Financial controls have been established which the board believes enable it to meet its responsibility for the integrity and accuracy of the company's financial records.

Key performance indicators

The key performance indicators used by the Company to measure and assess performance are explained below.

<u>Turnover</u>
Turnover has decreased by 7.1% to £5.3m, reflecting a decrease in cased and non-cased whisky sales.

<u>Profit before tax</u>
Profit before tax of £0.8m is 27.7% lower than 2018 as a result of a decrease in sales in the current year.

<u>Profit for the financial year</u>
Profit for the financial year of £0.7m is 28.6% lower than 2018. This is principally driven by lower sales performance in the year.

View of future prospects
The Company participates in the Scotch whisky sector, which is forecast to continue to represent the largest spirits category in France over the longer term.

Approved and signed by order of the Board

Jeremy Chaplin
Director
21 October 2019

Row & Company Limited

Report Of The Directors

The directors present the financial statements for the year ended 31 March 2019.

Results for the year

The company's financial results which are detailed in the income statement on page 7, cover the year to 31 March 2019.

The directors regard the result of the company for the year to be satisfactory given the context of the competitive nature of the core market in which the business operates. The profit for the year after taxation attributable to the company was £0.7m (2018: £0.9m) and the company paid a dividend in the year of £0.5m (2018: £1.0m).

The financial position and liquidity of the company remains strong with shareholders' funds of £15.2m (2018: £15.0m).

Going concern

The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future and, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Directors

The following directors held office during the year:

M. Fabris
J. Chaplin
Y. Audo
F. Gourgeon

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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:

- 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 company's auditor is 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.

BY ORDER OF THE BOARD

Jeremy Chaplin
Director
21 October 2019

Independent auditor's report to the members of Row & Company Limited

Opinion

We have audited the financial statements of Row & Company Limited (the 'company') for the year ended 31 March 2019 which comprise the Income Statement, Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

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

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Grant Thornton UK LLP

Lynne Bicket
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
21 October 2019

Row & Company Limited

INCOME STATEMENT

Year ended 31 March 2019

	Note	2019 £	2018 £
Revenue	1	**5,272,111**	5,677,913
Cost of sales		**(4,428,153)**	(4,542,868)
Gross profit		**843,958**	1,135,045
Other administrative (costs)/ income		**(13,523)**	16,745
Operating profit	2	**830,435**	1,151,790
Finance Cost	3	**(138)**	(155)
Finance Income	3	**9,455**	9,194
Profit before taxation		**839,752**	1,160,829
Taxation	4	**(168,885)**	(221,323)
Profit for the financial year		**670,867**	939,506

There was no other comprehensive income for the year to 31 March 2019 or the prior year hence no other comprehensive income statement has been prepared.

The accounting policies and notes on pages 11 to 19 form an integral part of these financial statements.

Row & Company Limited

STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Note	2019 £	2018 £
Assets			
Non-current			
Tangible assets	6	**407,080**	523,701
Total non-current assets		**407,080**	523,701
Current			
Inventory	7	**13,406,930**	13,829,831
Trade and other receivables	8	**465,150**	1,633,222
Cash and cash equivalents	13	**1,764,144**	149,429
Total current assets		**15,636,224**	15,612,482
Total assets		**16,043,304**	16,136,183
Equity & Liabilities			
Equity			
Called-up share capital	11	**5,600,000**	5,600,000
Retained Earnings		**9,558,907**	9,388,040
Total equity		**15,158,907**	14,988,040
Liabilities			
Non-Current			
Deferred tax liability	10	**161,369**	160,602
Total non-current liabilities		**161,369**	160,602
Current			
Current tax liability		**78,661**	170,524
Trade and other payables	9	**644,367**	817,017
Total liabilities		**723,027**	987,541
Total equity and liabilities		**16,043,304**	16,136,183

The accounting policies and notes on pages 11 to 19 form an integral part of these financial statements.

The financial statements of the company (registered number SC017727) were approved by the directors on 21 October 2019 and signed on behalf of the board by

Jeremy Chaplin
Director
21 October 2019

Row & Company Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2018	5,600,000	9,388,040	14,988,040
Dividend (note 5)	-	(500,000)	(500,000)
Transaction with owners	-	(500,000)	(500,000)
Profit for the year	-	670,867	670,867
Total comprehensive income for the year	-	670,867	670,867
Balance at 31 March 2019	**5,600,000**	**9,558,907**	**15,158,907**

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2017	5,600,000	9,448,534	15,048,534
Dividend (note 5)	-	(1,000,000)	(1,000,000)
Transaction with owners	-	(1,000,000)	(1,000,000)
Profit for the year	-	939,506	939,506
Total comprehensive income for the year	-	939,506	939,506
Balance at 31 March 2018	5,600,000	9,388,040	14,988,040

The accounting policies and notes on pages 11 to 19 form an integral part of these financial statements.

Row & Company Limited

CASH FLOW STATEMENT

Year ended 31 March 2019

	Note	2019 £	2018 £
Operating activities			
Operating profit		**830,435**	1,151,790
Adjustments for:			
Depreciation		**126,388**	123,077
Gain on sale of fixed assets		**(2,032)**	(9,767)
Operating cash flows before movements in working capital		**954,791**	1,265,100
Decrease in inventories		**377,859**	36,297
(Increase)/decrease in debtors		**1,168,072**	(956,817)
Decrease increase in creditors		**(172,650)**	(452,836)
Cash generated/(utilised) by operations		**2,328,072**	(108,256)
Taxation paid		**(259,981)**	(138,056)
Net cash from operating activities		**2,068,091**	(246,312)
Investing activities			
Interest received		**9,455**	9,194
Interest paid		**(138)**	(155)
Purchase of fixed assets		**(10,750)**	(7,899)
Sale of fixed assets		**48,057**	16,505
Net cash from investing activities		**46,624**	17,645
Financing activities			
Dividend paid	5	**(500,000)**	(1,000,000)
Net cash used in financing activities		**(500,000)**	(1,000,000)
Net decrease in cash and cash equivalents		**1,614,715**	(1,228,667)
Net cash and cash equivalents at beginning of year	13	**149,429**	1,378,096
Net cash and cash equivalents at end of year	13	**1,764,144**	149,429

The accounting policies and notes on pages 11 to 19 form an integral part of these financial statements.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, with the company reporting under IFRS. The following are the accounting policies used in their preparation. They have all been applied consistently throughout the year and the preceding year.

The company is incorporated and domiciled in the UK. The financial statements are presented in Sterling (£).

Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 3 (amendments) Business Combinations;
- IFRS 10 (amendments) Sale or Contribution of Assets between Investor and Associate or Joint Venture;
- IFRS 9 (amendments) Prepayment Features with Negative Compensation;
- IFRS 11 (amendments) Joint Arrangements;
- IFRS 16 Leases;
- IFRS 17 Insurance Contracts;
- IAS 12 (amendments) Income Taxes;
- IAS 19 (amendments) Plan Amendment, Curtailment or Settlement;
- IAS 23 (amendments) Borrowing Costs;
- IAS 28 (amendments) Long-term Interest in Associates and Joint Ventures; and
- IFRIC 23 Uncertainty over Income Tax Treatments.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods. A detailed review of IFRS 16 was conducted during the period and it was concluded the introduction of this standard will have no material impact on the financial statements of the company in future periods.

IFRS 15 Revenue from Contracts with Customers

The core principle of the new standard is that revenue is recognised when control of the goods or services are transferred to the customer and provides a five step model to be applied to all sales contracts. The new standard provides further guidance on measurement of sales contracts which have discounts or rebates as well as classification of expenses between revenue and cost of sales. Adopting the new standard had no material impact on how revenue is recognised within the Company and no material impact on the classification between revenue and cost of sales.

IFRS 9 Financial Instruments

IFRS 9 – Financial Instruments replaces IAS 39 (Financial Instruments – Recognition and measurement) and addresses the classification, measurement of financial instruments, introduces new principles for hedge accounting and a new forward -looking impairment model for financial assets. There was no impact to the primary statement from the transition to IFRS 9. All classes of financial assets and liabilities had, in accordance within IAS 39 and IFRS 9, the same carrying values as at 1 April 2018.

The new impairment model requires the recognition of allowances for doubtful debt based on expected credit losses (ECL), rather than only incurred credit losses as is the class under IAS 39. Given the high credit quality of the financial assets, the adoption of the expected loss approach has not resulted in any additional impairment loss.

Revenue recognition

Revenue comprises the sale of goods, royalties and rents receivable from contracts with customers. Revenue is measured at the fair value of consideration received or receivable, excluding sales tax, and reduced by any rebates and trade discounts allowed. The sale of goods are recognised depending upon individual customer terms based on the point at which the transfer of control is deemed to have been made. For most customers this is the point at which the goods are transported onto the ship for delivery but it can differ for some customers. Revenue is recognised to the extent that it is highly probable that a material reversal will not occur and at the value the Company expects to be entitled.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Taxable income differs from the profit before tax reported in the income statement because of items of income/expense which are taxable/deductible in other years ("temporary differences") and items that are never taxable/deductible ("permanent differences"). Current tax is measured using tax rates enacted or substantively enacted at the reporting date.

Taxation (continued)

Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probably that the temporary difference will not reverse it in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow for the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Inventories

Inventory is valued at the lower of cost and net realisable value. Cost is defined as the production cost (including distillery overheads) or purchase price, as appropriate, plus carrying costs (excluding interest). Net realisable value is based on estimated selling price, less the estimated costs of completion and selling. Provision is made for obsolete and slow-moving items where appropriate.

Tangible assets and depreciation

Tangible assets are stated at cost net of depreciation and any provision for impairment. Depreciation of casks has been calculated on a straight-line basis by reference to their useful life. The principal rate used for this purpose is 5%.

Foreign currencies

The Company presents its financial statements in Sterling. Transactions in foreign currencies are translated at the spot rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at each balance sheet date, with exchange gains and losses recognised in the income statement.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

When the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and contributions relating to equity instruments are debited direct to equity.

The Company classifies its financial assets and liabilities into the following categories: amortised cost and cash and cash equivalents.

Amortised Cost
Financial assets measured at amortised cost, are assets held for the purpose of collecting contractual cash flows where the contractual terms of the financial asset give rise to cash flows, on specific date, that are solely payments of principal and/or principal and interest on the principal amount outstanding.

Trade and other receivables are recognised initially at the transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less an allowance for expected credit loss (ECL). The amount of the ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the receivable. The ECL on financial assets is estimated using a provision matrix by reference to past default experience and an analysis of current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company only writes off trade receivables when there is information that the debtor is in financial distress (liquidation or bankruptcy) and there is no prospect of recovery.

Financial instruments (continued)

Amortised Cost
The carrying amount of the asset is reduced by the allowance for ECL and the amount of the loss is recognised in the income statement within cost of sales.

Cash and cash equivalents
Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Cash equivalents comprise term deposits of less than one year (other than cash) and loans from group undertakings which are repayable on demand.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the directors which also describes the financial position of the Company. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Retained earnings

Retained earnings reflect the Company's accumulated earnings less dividends paid and payable.

1. Revenue

All sales of cased goods are to European markets.

	2019 £	2018 £
Sale of cased goods	**3,760,334**	4,285,438
Sale of non-cased goods	**1,511,777**	1,392,475
Total revenue	**5,272,111**	5,677,913

2. Operating profit

Operating profit is stated after charging:	2019 £	2018 £
Audit fees	**7,640**	7,400
Inventory charged to income statement	**2,566,724**	2,675,000
Depreciation on tangible fixed assets	**126,388**	123,077
Gain on the sale of tangible fixed assets	**(2,032)**	(9,767)

Wages and salaries are borne by Edrington Distillers Limited, a wholly owned subsidiary of The Edrington Group Limited.

None of the directors were remunerated by Row & Company Limited in either the current or preceding financial years.

The depreciation charge noted above is different from that shown in Note 6 of the financial statements, as the current year's cask depreciation charge is added to the stocks of Scotch whisky and is not released to the income statement until the relevant stock is sold.

3. Finance income and finance costs

	2019 £	2018 £
Group interest receivable	**9,033**	9,025
Other interest receivable	**422**	169
Total finance income	**9,455**	9,194
Other interest payable	**(138)**	(155)
Total finance costs	**(138)**	(155)

4. Taxation

	2019	2018
The tax charge for the year is made up as follows:	£	£
Current tax:		
Current tax on profits for the year	158,696	230,276
Adjustment in respect of prior years	9,422	(258)
Total current tax	**168,118**	230,018
Deferred tax:		
Current tax	857	(9,717)
Effect of changes in tax rate	(90)	1,022
Total deferred tax	**767**	(8,695)
Total tax	**168,885**	221,323

	2019	2018
	£	£
Profit before tax	839,752	1,160,829
Tax on profit at standard UK tax rate of 19% (2018: 19%)	159,553	220,558
Effect of:		
Adjustments to tax charge in respect of prior periods	9,422	(258)
Differences in tax rates	(90)	1,023
Total tax charge	168,885	221,323

The Finance Act 2016, which was enacted in September 2017, provides that the main UK rate of corporation tax for the financial year commencing 1st April 2020 will be 17%.

5. Dividends

	2019	2018
	£	£
Dividends paid during the year:		
Final dividend of 8.93p per ordinary share (2018: 17.86p)	500,000	1,000,000

6. Tangible assets

	Casks
	£
Cost	
At 1 April 2018	3,021,724
Additions	10,750
Disposal	(81,176)
At 31 March 2019	**2,951,298**
Depreciation	
At 1 April 2018	2,498,023
Charge for year	81,345
Disposal	(35,150)
At 31 March 2019	**2,544,218**
Net Book Value at 31 March 2019	**407,080**
Net Book Value at 31 March 2018	523,701

7. Inventory

	2019	2018
	£	£
Scotch whisky	**13,182,564**	13,481,130
Finished goods	**224,366**	348,701
	13,406,930	13,829,831

8. Trade and other receivables

	2019	2018
	£	£
Trade receivables	**31,545**	65,990
Amounts owed by ITM group undertakings	**366,968**	1,547,876
Amounts owed by Edrington group undertakings	**66,017**	-
Other receivables	**620**	19,356
	465,150	1,633,222

Information on financial assets past due is as follows:

	2019	2018
	£	£
Not past due	**31,545**	-
Past due 1 to 30 days	**-**	**65,990**
Total	**31,545**	**65,990**

Exposure to credit risk, in respect of trade and other receivables, is discussed in note 14.

9. Trade and other payables

	2019	2018
	£	£
Trade payables	3,765	16,377
Amounts owed to Edrington group undertakings	394,325	636,191
Accruals and deferred income	246,277	164,449
	644,367	817,017

The carrying amount of trade and other payables approximates to their fair value. Trade payables and accruals are non-interest bearing.

10. Deferred tax liability

	Accelerated capital allowances	Other timing differences	Total
	£m	£m	£m
At 1 April 2018	41,459	119,143	160,602
Charge to income statement (note 4)	(6,063)	6,830	767
At 31 March 2019	35,396	125,973	161,369

Finance Act 2016, which was enacted in September 2017 provides that the main UK rate of corporation tax for the financial year commencing 1st April 2020 will be 17%. Consequently, UK deferred tax has been provided at a rate of 17%, being the rate at which the majority of temporary differences are expected to unwind.

11. Share capital

Authorised, Called-up, allotted and fully paid

At 31 March 2019 and 2018	No.	£
"A" Ordinary shares of £1 each	2,800,000	2,800,000
"B" Ordinary shares of £1 each	2,800,000	2,800,000
	5,600,000	5,600,000

The "A" and "B" ordinary shares carry equal rights and rank pari passu.

12. Related party transactions

The company has sold goods during the year amounting to £3,760,334 (2018: £4,174,743) to ITM Alimentaire International S.A.S.U, a member of the ITM Enterprises S.A.S group. In addition, the company has purchased goods from Edrington Distillers Limited amounting to £3,330,489 (2018: £4,061,311) and has received interest on an intercompany loan to that business of £9,033 (2018: £9,025). Balances outstanding at 31 March 2019 are disclosed in notes 8 and 9. Movements in intercompany loans are disclosed in note 13.

13. Analysis of cash and cash equivalents

	At 1 April 2018	Cash Flows	**At 31 March 2019**
	£	£	**£**
Bank	6,429	379,715	**386,144**
Loan to Edrington group undertakings	143,000	1,235,000	**1,378,000**
	149,429	1,614,715	**1,764,144**

Loans from group undertakings are repayable on demand with interest charged on a monthly basis at a fixed rate of 0.65% (2018: 0.5%)

Trade and other receivables are managed by assigning credit limits deemed appropriate for the individual customer and credit insurance is used to limit risk to 3rd party customers.

14. Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on cash balances, derivative financial instruments and credit exposure to customers.

The carrying amount of financial assets represents the company's exposure to credit risk at the balance sheet date.

Credit risk is managed through application of risk management policies approved and monitored by the board. Financial credit risk is managed by limiting counterparties to major banks and financial institutions. Trade and other receivables are managed by assigning credit limits deemed appropriate for the individual customer and credit insurance is used to limit risk to 3rd party customers.

Capital risk management

The company has 5.6 million shares in issue all of which are ordinary shares. The "A" shares are held by Edrington Distillers Limited and the "B" shares by ITM Alimentaire and represent the initial capital invested by each shareholder. A and B shareholders have equal voting rights and dividend entitlements. There has been no change in share capital in the year to 31 March 2019. There are no externally imposed capital requirements on the Company. The ongoing financing of the company is managed via funds generated from operations

Reconciliation of Financial Instruments

		31 March 2019		
	Amortised Cost	**Total**	**Current**	**Non-Current**
	£	**£**	**£**	**£**
Financial Assets				
Trade receivables	**465,150**	**465,150**	**465,150**	**-**
Cash and Cash equivalents	**1,764,144**	**1,764,144**	**1,764,144**	**-**
	2,229,295	**2,229,295**	**2,229,295**	**-**
Financial Liabilities				
Trade and other payables	**644,367**	**644,367**	**644,367**	**-**
	644,367	**644,367**	**644,367**	**-**

14. Risk Management (continued)

	31 March 2018			
	Amortised Cost	Total	Current	Non-Current
	£	£	£	£
Financial Assets				
Trade receivables	1,633,222	1,633,222	1,633,222	-
Cash and Cash equivalents	149,429	149,429	149,429	-
	1,782,651	1,782,651	1,782,651	-
Financial Liabilities				
Trade and other payables	817,017	817,017	817,017	-
	817,017	817,017	817,017	-

15. Control

The company is a joint venture between The Edrington Group Limited and ITM Enterprises S.A.S Group; therefore there is no ultimate controlling party.