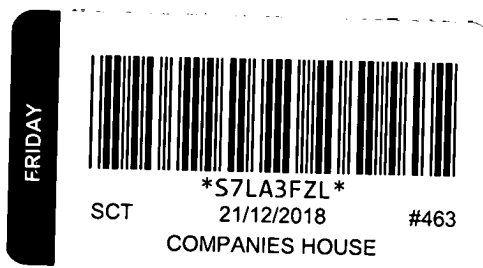


# Row & Company Limited

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*Annual report and financial statements for the  
year ended 31 March 2018*

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Company Registration No. SC017727

**Row & Company Limited**  
**ANNUAL REPORT AND ACCOUNTS**

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**Row & Company Limited**

**DIRECTORS AND ADVISERS**

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**DIRECTORS:**

M. Fabris

J. Chaplin

B. Ferte (resigned 16 November 2017)

V. Girot (resigned 16 November 2017)

Y. Audo (appointed 16 November 2017)

F. Gourgeon (appointed 16 November 2017)

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**SECRETARY:**

G. M. Robson

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**REGISTERED OFFICE:**

100 Queen Street

Glasgow

G1 3DN

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**INDEPENDENT AUDITORS:**

Grant Thornton UK LLP

110 Queen Street

Glasgow

G1 3BX

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**SOLICITORS:**

Dentons

1 George Square

Glasgow

G2 1AL

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**REGISTERED NUMBER:**

SC017727

## **Row & Company Limited**

### **STRATEGIC REPORT**

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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.

#### **Opportunities and challenges**

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 marginally lower sales of cased goods compared to the previous year. This has been offset by higher non-cased whisky sales with overall revenue 7% higher.

#### **Assessment of strategy in response to this**

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 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.

##### **Turnover**

Turnover has increased by 7.3% to £5.7m, reflecting an increase in non-cased whisky sales.

##### **Profit before tax**

Profit before tax of £1.2m is 102% higher than 2017 as a result of a non-reoccurring reversal of provision and overall lower administrative costs in the year.

## **Row & Company Limited**

### **STRATEGIC REPORT (CONTINUED)**

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#### **Profit for the financial year**

Profit for the financial year of £0.9m is 100% higher than 2017. This is principally driven by a non-reoccurring reversal of provision 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

A handwritten signature in black ink, appearing to read 'Jal', with a stylized flourish at the end.

Jeremy Chaplin  
Director  
12 December 2018

## **Row & Company Limited**

### **REPORT OF THE DIRECTORS**

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The directors present the financial statements for the year ended 31 March 2018.

#### **Results for the year**

The company's financial results which are detailed in the income statement on page 8, cover the year to 31 March 2018.

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 £0.9m (2017: £0.5m) and the company paid a dividend in the year of £1.0m (2017: £1.0m).

The financial position and liquidity of the company remains strong with shareholders' funds of £15.0m (2017: £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  
B. Ferte (resigned 16 November 2017)  
V. Girot (resigned 16 November 2017)  
Y. Audo (appointed 16 November 2017)  
F. Gourgeon (appointed 16 November 2017)

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance 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,
- 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.

**Row & Company Limited**

**REPORT OF THE DIRECTORS (CONTINUED)**

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**Auditor**

As auditors are now deemed, under section 487(2) of the Companies Act 2006, to be reappointed automatically, Grant Thornton UK LLP, having expressed their willingness, will continue as our auditors.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'J. Chaplin', written over a horizontal line.

Jeremy Chaplin  
Director  
12 December 2018

## **Row & Company Limited**

### **REPORT OF THE INDEPENDENT AUDITORS**

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#### **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 2018 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 2018 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.

##### **Who we are reporting to**

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.

##### **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.



## **Row & Company Limited**

### **REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)**

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#### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 directors' report.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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

12 December 2018

**Row & Company Limited****INCOME STATEMENT**

Year ended 31 March 2018

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|   | Notes | 2018<br>£      | 2017<br>£      |
|---|-------|----------------|----------------|
| Revenue                                       | 1     | 5,677,913      | 5,291,417      |
| Cost of sales                                 |       | (4,542,868)    | (4,693,300)    |
|   |       | <hr/>          | <hr/>          |
| Gross profit                                  |       | 1,135,045      | 598,117        |
| Other administrative costs                    |       | 16,745         | (36,786)       |
|   |       | <hr/>          | <hr/>          |
| Operating profit                              | 2     | 1,151,790      | 561,331        |
| Interest payable                              | 3     | (155)          | (64)           |
| Interest receivable                           | 3     | 9,194          | 12,818         |
|   |       | <hr/>          | <hr/>          |
| Profit on ordinary activities before taxation |       | 1,160,829      | 574,085        |
| Taxation                                      | 4     | (221,323)      | (105,410)      |
|   |       | <hr/>          | <hr/>          |
| Profit for the financial year                 |       | <u>939,506</u> | <u>468,675</u> |

There was no other comprehensive income for the year to 31 March 2018 hence no other comprehensive income statement has been prepared.

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements.

# Row & Company Limited

## STATEMENT OF FINANCIAL POSITION

At 31 March 2018

|                                      | Notes | 2018<br>£         | 2017<br>£         |
|--------------------------------------|-------|-------------------|-------------------|
| <b>Assets</b>                        |       |                   |                   |
| <b>Non-current</b>                   |       |                   |                   |
| Tangible assets                      | 6     | 523,701           | 689,475           |
| <b>Total non-current assets</b>      |       | <b>523,701</b>    | <b>689,475</b>    |
| <b>Current</b>                       |       |                   |                   |
| Inventory                            | 7     | 13,829,831        | 13,822,270        |
| Trade and other receivables          | 8     | 1,633,222         | 676,404           |
| Cash and cash equivalents            |       | 149,429           | 1,378,096         |
| <b>Total current assets</b>          |       | <b>15,612,482</b> | <b>15,876,770</b> |
| <b>Total assets</b>                  |       | <b>16,136,183</b> | <b>16,566,245</b> |
| <b>Equity &amp; Liabilities</b>      |       |                   |                   |
| <b>Equity</b>                        |       |                   |                   |
| Called-up share capital              | 11    | 5,600,000         | 5,600,000         |
| Retained Earnings                    |       | 9,388,040         | 9,448,534         |
| <b>Total equity</b>                  |       | <b>14,988,040</b> | <b>15,048,534</b> |
| <b>Liabilities</b>                   |       |                   |                   |
| <b>Non-Current</b>                   |       |                   |                   |
| Deferred tax liability               | 10    | 160,602           | 169,297           |
| <b>Total non-current liabilities</b> |       | <b>160,602</b>    | <b>169,297</b>    |
| <b>Current</b>                       |       |                   |                   |
| Trade and other payables             | 9     | 987,541           | 1,348,414         |
| <b>Total current liabilities</b>     |       | <b>987,541</b>    | <b>1,348,414</b>  |
| <b>Total equity and liabilities</b>  |       | <b>16,136,183</b> | <b>16,566,245</b> |

The financial statements of the company (registered number SC017727) were approved by the directors on 11 December 2018 and signed on behalf of the board by



Jeremy Chaplin  
Director  
12 December 2018

# Row & Company Limited

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

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

|  | Share<br>capital | Retained<br>earnings | Total equity      |
|--|------------------|----------------------|-------------------|
|  | £                | £                    | £                 |
| <b>Balance at 1 April 2016</b>                 | 5,600,000        | 9,979,859            | 15,579,859        |
| Dividend (note 5)                              | -                | (1,000,000)          | (1,000,000)       |
| <b>Transaction with owners</b>                 | -                | (1,000,000)          | (1,000,000)       |
| Profit for the year                            | -                | 468,675              | 468,675           |
| <b>Total comprehensive income for the year</b> | -                | 468,675              | 468,675           |
| <b>Balance at 31 March 2017</b>                | <u>5,600,000</u> | <u>9,448,534</u>     | <u>15,048,534</u> |

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements.

# Row & Company Limited

## CASH FLOW STATEMENT

Year ended 31 March 2018

|   | Notes | 2018<br>£          | 2017<br>£          |
|---|-------|--------------------|--------------------|
| <b>Operating activities</b>                                     |       |                    |                    |
| Operating profit  |       | 1,151,790          | 561,331            |
| Adjustments for:  |       |                    |                    |
| Depreciation  |       | 123,077            | 84,060             |
| (Gain)/loss on sale of fixed assets                             |       | (9,767)            | 23,146             |
| <b>Operating cash flows before movements in working capital</b> |       | <b>1,265,100</b>   | <b>668,537</b>     |
| Decrease in inventories   |       | 36,297             | 240,371            |
| (Increase)/decrease in debtors                                  |       | (956,817)          | 99,011             |
| Decrease/increase in creditors                                  |       | (452,836)          | (97,016)           |
| <b>Cash (utilised)/generated by operations</b>                  |       | <b>(108,256)</b>   | <b>910,903</b>     |
| Taxation paid   |       | (138,056)          | (133,441)          |
| <b>Net cash from operating activities</b>                       |       | <b>(246,312)</b>   | <b>777,462</b>     |
| <b>Investing activities</b>                                     |       |                    |                    |
| Interest received   |       | 9,194              | 12,818             |
| Interest paid   |       | (155)              | (64)               |
| Purchase of fixed assets  |       | (7,899)            | (16,827)           |
| Sale of fixed assets  |       | 16,505             | 3,827              |
| <b>Net cash from investing activities</b>                       |       | <b>17,645</b>      | <b>(246)</b>       |
| <b>Financing activities</b>                                     |       |                    |                    |
| Dividend paid   | 5     | (1,000,000)        | (1,000,000)        |
| <b>Net cash used in financing activities</b>                    |       | <b>(1,000,000)</b> | <b>(1,000,000)</b> |
| <b>Net decrease in cash and cash equivalents</b>                |       | <b>(1,228,667)</b> | <b>(222,784)</b>   |
| <b>Net cash and cash equivalents at beginning of year</b>       | 14    | <b>1,378,096</b>   | <b>1,600,880</b>   |
| <b>Net cash and cash equivalents at end of year</b>             | 14    | <b>149,429</b>     | <b>1,378,096</b>   |

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements.

## Row & Company Limited

### ACCOUNTING POLICIES

---

#### **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 statement 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 2 (amendments) Classification and measurement of Share-based Payment Transactions
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customer
- IFRS 16 Leases
- IAS 28 (amendments) Investments in Associates and Joint Ventures

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 9 and IFRS 15 was conducted during the period and it was concluded the introduction of these standards will have no material impact on the financial statements of the company in future periods.

#### **Revenue recognition**

Sales comprise revenue from the sale of goods, royalties, interest and rents receivable. Revenue is measured at the fair value of consideration received or receivable, excluding sales tax, and reduced by any rebates and trade discounts allowed. Sale of goods are recognised depending upon individual customer terms at the time of despatch, delivery or when the risk of loss transfers. Royalties, interest and rents receivable are recognised on an accruals basis.

#### **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 taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **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 tax rates and law enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items in income and expenditure in taxation computations, in periods different from those in which they are included in the 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, or unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **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%.

## **Row & Company Limited**

### **ACCOUNTING POLICIES (CONTINUED)**

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#### **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 profit and loss account. 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.

#### **Loans and receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Allowances are made where there is evidence of a risk of non-payment taking into account ageing, previous experience and general economic conditions. Interest is recognised by applying the effective interest method except for short-term receivables when recognition of interest would be immaterial.

#### **Financial liabilities at amortised cost**

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently reported at amortised cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the income statement over the contractual terms using the effective interest method.

#### **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.

## Row & Company Limited

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

#### 1. Revenue

All sales of cased goods are to European markets.

|                              | 2018<br>£        | 2017<br>£        |
|------------------------------|------------------|------------------|
| Sale of cased goods          | 4,285,438        | 4,290,020        |
| Sale of non-cased goods      | 1,392,475        | 1,001,397        |
| <b>Total revenue</b>         | <b>5,677,913</b> | <b>5,291,417</b> |
| Interest receivable (note 3) | 9,194            | 12,818           |
|                              | <b>5,687,107</b> | <b>5,304,235</b> |

#### 2. Operating profit

|  |           |           |
|--|-----------|-----------|
| Operating profit is stated after charging:       | 2018<br>£ | 2017<br>£ |
| Audit fees                                       | 7,400     | 7,200     |
| Inventory charged to income statement            | 2,675,000 | 2,367,000 |
| Depreciation on tangible fixed assets            | 123,077   | 84,060    |
| (Gain)/loss on the sale of tangible fixed assets | (9,767)   | 23,146    |

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

|                                  | 2018<br>£    | 2017<br>£     |
|----------------------------------|--------------|---------------|
| Group interest receivable        | 9,025        | 12,238        |
| Other interest receivable        | 169          | 580           |
| <b>Total interest receivable</b> | <b>9,194</b> | <b>12,818</b> |
| Other interest payable           | (155)        | (64)          |
| <b>Net interest receivable</b>   | <b>9,039</b> | <b>12,754</b> |



# Row & Company Limited

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

### 4. Taxation

|   | 2018<br>£        | 2017<br>£      |
|---|------------------|----------------|
| The tax charge for the year is made up as follows:  |                  |                |
| UK corporation tax  | 230,276          | 120,329        |
| Adjustment to prior period corporation tax  | (258)            | -              |
|   | <u>230,018</u>   | <u>120,329</u> |
| Movement in deferred tax (see note 10)  | (8,695)          | (14,919)       |
|   | <u>221,323</u>   | <u>105,410</u> |
|   |                  |                |
|   | 2018<br>£        | 2017<br>£      |
| Profit on ordinary activities before tax  | <u>1,160,829</u> | <u>574,085</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%) | 220,558          | 114,817        |
| Effect of:  |                  |                |
| Adjustments to tax charge in respect of prior periods   | (258)            | -              |
| Differences in tax rates  | 1,023            | (9,407)        |
|   | <u>221,323</u>   | <u>105,410</u> |

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

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| Dividends paid during the year:                            |                  |                  |
| Final dividend of 17.86p per ordinary share (2017: 17.86p) | <u>1,000,000</u> | <u>1,000,000</u> |

**Row & Company Limited**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

**6. Tangible assets**

|  | <b>Casks<br/>£</b> |
|--|--------------------|
| <u>Cost</u>                            |                    |
| At 1 April 2017                        | 3,027,916          |
| Additions                              | 7,899              |
| Disposal                               | (14,091)           |
| <b>At 31 March 2018</b>                | <b>3,021,724</b>   |
| <u>Depreciation</u>                    |                    |
| At 1 April 2017                        | 2,338,441          |
| Charge for year                        | 167,205            |
| Disposal                               | (7,623)            |
| <b>At 31 March 2018</b>                | <b>2,498,023</b>   |
| <b>Net Book Value at 31 March 2018</b> | <b>523,701</b>     |
| Net Book Value at 31 March 2017        | 689,475            |

**7. Inventory**

|                | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|----------------|-------------------|-------------------|
| Scotch whisky  | <b>13,481,130</b> | 13,441,530        |
| Finished goods | <b>348,701</b>    | 380,740           |
|                | <b>13,829,831</b> | 13,822,270        |

**8. Trade and other receivables**

|  | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|--|-------------------|-------------------|
| Trade receivables                      | <b>65,990</b>     | 16,760            |
| Amounts owed by ITM group undertakings | <b>1,547,876</b>  | 646,895           |
| Other receivables                      | <b>19,356</b>     | 12,749            |
|  | <b>1,633,222</b>  | 676,404           |

# Row & Company Limited

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

### 8. Trade and other receivables (cont.)

Information on financial assets past due is as follows:

|                       | 2018            | 2017            |
|-----------------------|-----------------|-----------------|
|                       | £               | £               |
| Not past due          | -               | -               |
| Past due 1 to 30 days | 65,990          | 16,760          |
|                       | <u>        </u> | <u>        </u> |
| Total                 | 65,990          | 16,760          |
|                       | <u>        </u> | <u>        </u> |

Exposure to credit risk, in respect of trade and other receivables, is discussed in note 15.

### 9. Trade and other payables

|  | 2018            | 2017            |
|--|-----------------|-----------------|
|  | £               | £               |
| Trade payables                               | 16,377          | 3,476           |
| Amounts owed to Edrington group undertakings | 636,191         | 616,005         |
| Corporation tax                              | 170,524         | 78,562          |
| Accruals and deferred income                 | 164,449         | 650,371         |
|  | <u>        </u> | <u>        </u> |
|  | 987,541         | 1,348,414       |
|  | <u>        </u> | <u>        </u> |

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<br>capital<br>allowances<br>£m | Other<br>timing<br>differences<br>£m | Total<br>£m     |
|-------------------------------------|--|--------------------------------------|-----------------|
| At 31 March 2017                    | 57,781                                     | 111,516                              | 169,297         |
| Charge to income statement (note 4) | (16,322)                                   | 7,627                                | (8,695)         |
|                                     | <u>        </u>                            | <u>        </u>                      | <u>        </u> |
| At 31 March 2018                    | 41,459                                     | 119,143                              | 160,602         |
|                                     | <u>        </u>                            | <u>        </u>                      | <u>        </u> |

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.

## Row & Company Limited

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

#### 11. Share capital

Called-up, allotted and fully paid

| At 31 March 2018 and 2017      | 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        |
|                                | <u>5,600,000</u> | <u>5,600,000</u> |

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

#### 12. Reserves

##### Retained earnings

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

#### 13. Related party transactions

The company has sold goods during the year amounting to £4,174,743 (2017: £4,414,503) 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 £4,061,311 (2017: £3,892,000) and has received interest on an intercompany loan to that business of £9,025 (2017: £12,238). Balances outstanding at 31 March 2018 are disclosed in notes 8 and 9. Movements in intercompany loans are disclosed in note 14.

#### 14. Analysis of cash and cash equivalents

|                                      | At 1 April<br>2017<br>£ | Cash<br>Flows<br>£ | At 31<br>March<br>2018<br>£ |
|--------------------------------------|-------------------------|--------------------|-----------------------------|
| Bank                                 | 24,096                  | (17,667)           | 6,429                       |
| Loan to Edrington group undertakings | 1,354,000               | (1,211,000)        | 143,000                     |
|                                      | <u>1,378,096</u>        | <u>(1,228,667)</u> | <u>149,429</u>              |

Loans from group undertakings are repayable on demand with interest charged on a monthly basis at a fixed rate of 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.

## Row & Company Limited

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

#### 15. 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 Group. 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 2018. 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 2018                |                               |                  |                  |                      |
|------------------------------|-------------------------------|------------------|------------------|----------------------|
|                              | Loans and<br>Receivables<br>£ | Total<br>£       | Current<br>£     | Non-<br>Current<br>£ |
| <b>Financial Assets</b>      |                               |                  |                  |                      |
| Trade receivables            | 1,633,222                     | 1,633,222        | 1,633,222        | -                    |
| Cash and Cash equivalents    | 149,429                       | 149,429          | 149,429          | -                    |
|                              | <u>1,782,651</u>              | <u>1,782,651</u> | <u>1,782,651</u> | <u>-</u>             |
| <b>Financial Liabilities</b> |                               |                  |                  |                      |
| Trade and other payables     | 817,017                       | 817,017          | 817,017          | -                    |
| Borrowings                   | -                             | -                | -                | -                    |
|                              | <u>817,017</u>                | <u>817,017</u>   | <u>817,017</u>   | <u>-</u>             |
| 31 March 2017                |                               |                  |                  |                      |
|                              | Loans and<br>Receivables<br>£ | Total<br>£       | Current<br>£     | Non-<br>Current<br>£ |
| <b>Financial Assets</b>      |                               |                  |                  |                      |
| Trade receivables            | 676,404                       | 676,404          | 676,404          | -                    |
| Cash and Cash equivalents    | 1,378,096                     | 1,378,096        | 1,378,096        | -                    |
|                              | <u>2,054,500</u>              | <u>2,054,500</u> | <u>2,054,500</u> | <u>-</u>             |
| <b>Financial Liabilities</b> |                               |                  |                  |                      |
| Trade and other payables     | 1,348,414                     | 1,348,414        | 1,348,414        | -                    |
| Borrowings                   | -                             | -                | -                | -                    |
|                              | <u>1,348,414</u>              | <u>1,348,414</u> | <u>1,348,414</u> | <u>-</u>             |

**Row & Company Limited**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2018

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**16. 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.