Row & Company Limited

Annual Report and Financial Statements for the year ended 31 March 2023

Company Registration No. SC017727

Directors and Auditor

ROW & COMPANY LIMITED

DIRECTORS:

J M CHAPLIN
P A HYDE

SECRETARY:

N J MCMANUS

REGISTERED OFFICE:

100 QUEEN STREET
GLASGOW
UNITED KINGDOM
G1 3DN

INDEPENDENT AUDITOR:

DELOITTE LLP
STATUTORY AUDITORS
110 QUEEN STREET
GLASGOW
UNITED KINGDOM
G1 3BX

REGISTERED NUMBER:

SC017727

Annual Report and Financial Statements

ROW & COMPANY LIMITED

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Strategic Report (continued)

Principal Activities

Row & Company Limited (the "company"), a wholly owned subsidiary of Edrington Distillers Limited, is principally engaged in the blending, bottling and supply of scotch whisky.

Edrington Distillers Limited is a wholly owned subsidiary of The Edrington Group Limited (the "group"), a company registered in Scotland.

Market Context

The financial results presented come in the context of a recovery in the global premium spirits market and our performance has benefitted from a continued investment in our people and our capabilities. The company operates primarily in the UK market selling bulk spirits to independent bottlers which continues to be a highly opportunistic revenue stream.

Strategic Focus

The company's sales mix has shifted from selling cased scotch whisky products in the French market to trading bulk whisky stock with commercial customers, with the business actively engaging in the sale of surplus inventories that are no longer required for our portfolio of brands. Going forward we will continue to focus on the bulk trading market, particularly in the UK where the demand for bulk whiskey remains strong.

Key performance indicators

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

<u>Turnover</u>
Turnover has increased by 952% to £22.4m, driven by the sale of surplus bulk maturing stock which was purchased from Edrington Distillers Limited in the year.

<u>Profit before tax</u>
Profit before tax of £5.0m is 510% higher than 2022 due to the higher margin on the bulk sales.

<u>Profit for the financial year</u>
Profit for the financial year of £4.0m is 552% higher than 2022, driven from the increased bulk volume in the year offset by a higher tax charge.

Principal risks and uncertainties

The board of The Edrington Group Limited, of which the company is a member, discharges its responsibility for risk management and internal control systems. The responsibility for risk management and internal control systems resides with The Edrington Group Limited board, with a framework to support the process for identifying, evaluating, and managing financial and non-financial risks. The Audit Committee is responsible for the direct oversight of the Group Risk Management Committee and their internal control and assurance function.

The Board regularly reviews the principal risks facing the Group including those that would impact its business model, future performance and solvency. A full review and assessment of principal risks was carried out in November 2022, allowing the Board to assess the Group's risk appetite and ensure that the nature and extent of the significant risks facing the business are identified and adequately managed. The assessment includes a review of the impact and likelihood of each risk, together with the controls in place to mitigate the risk. This will include detailed scenario planning for our most critical risks. Given the dynamic nature of Edrington's operating environment and external factors, the review of principal risks is performed by both the Executive Committee and the Board on an annual basis, and specific risk reviews are carried out on a quarterly basis at both the Audit Committee and the Group Risk Management Committee.

Risk categories are predominantly macroeconomic or operational in nature. Macroeconomic risks related to the external environment and the international markets in which Edrington operates, over which the Group has less control. Operational risks are more internally focused and include issues such as supply chain disruption, or a failure in business technology.

The environment in which Edrington operates is constantly evolving so the Group remains vigilant to new and emerging risks. These are assessed on a timely basis and appropriate actions are taken where possible to mitigate the impact of these risks on the business.

Strategic Report (continued)

During the year the Audit Committee assessed reports received from the internal audit team and has reviewed the actions in place to manage the key strategic risks. These have allowed the committee to assess the general control environment, identify control weaknesses, and quantify associated risks.

The internal controls in place are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only therefore provide reasonable assurance against material misstatement or loss. The system includes both financial and non-financial controls and is regularly reviewed to ensure it remains robust and embedded in business processes to enable Edrington to continuously manage the relevant business risks.

Our Principal Risks

Whilst the overall level of risk in our operating environment continues to be extensive across the different geographies in which Edrington operates, there has not been a significant increase in risk exposure during the year.

As part of our annual review of risk exposure and evolving risks, we have updated our assessment of principal risks as follows:

- Sustainability and Climate Change has been included as a separate risk, given the increased number of climate-related events and the ongoing changes to sustainability regulatory requirements.
- The risk of supply chain disruption has increased as a result of delays in supplier order fulfilment and increases in shipping lead-times.
- The risk of product contamination has been removed from our principal risks given recent improvements to our quality control processes.
- The risk of changing consumer drinking behaviours having a material impact on the group performance has reduced and therefore has been removed from the principal risks.

Both risks removed in the year will continue to be closely monitored as part of our standard risk management processes.

The table below provides details of our updated assessment of the principal risks for the business, including key risk drivers, risk outlooks, and current mitigating actions. The developments section provides details of actions taken in the last year to manage key risks effectively as they evolve.

Risk & Risk Impact	Risk Mitigating Actions	Developments in 2022-2023
Inter-state conflict & Protectionism Risk Outlook: ↔ Economic or political instability restricts market activity, affecting market access, demand or increased costs.	• Continuous local and global monitoring of changes in economic, political and operational environments that could impact business performance. • Group level strategic analysis and scenario planning to support strategy delivery, risk management and avoid over-reliance on a single country or region. • Regular pricing, tax and customs reviews to enable a timely reaction to changes in legislation.	• Scenario and contingency planning reviews have been performed based on current global events and potential international responses. • Introduction of a new screening tool to enable real-time monitoring of changes in sanctioned parties to ensure compliance with international regulations. • We do not trade with sanctioned parties however there is always a risk around changes in status globally. The sale of our business in Russia has significantly reduced our exposure to trading with sanctioned parties in the current year.
Cyber Attack Risk Outlook: ↔ Continued development of cyber threats increases the risk of theft, failure or corruption of digital assets and/or key systems which could lead to business disruption, reputational damage and financial loss.	• Group-wide cyber risk management processes and policies. • Regular review of effectiveness measures including vulnerability management monitoring, penetration testing and testing measures. • Annual cyber security review in line with National Cyber Security Principles.	• Updated mandatory cyber awareness training and phishing simulations. • Scenario testing of cyber attacks to stress-test our risk management measures, crisis management and business continuity plans.

Risk & Risk Impact	Risk Mitigating Actions	Developments in 2022-2023
Misuse of Personal Data Risk Outlook: ↔ Inadequate management of personal data could lead to reputational damage, penalties, and financial loss.	• Reviews of consumer data, with safeguards developed to ensure ongoing compliance. • Enhanced data privacy measures, including brand and market specific data privacy policies, and revised data processing agreements. • IT security measures are regularly reviewed, including data encryption and contractual protections with key third party data processors.	• The Group's biennial mandatory data privacy training has been refreshed and issued to all employees. • An in-depth review of data retention procedures and a data mapping exercise is underway to ensure ongoing compliance. • A review of our data breach management process has been carried out in conjunction with initiatives to test the effectiveness of the measures in place.
Supply Chain Disruption Risk Outlook: ↑ Our ability to maintain the continuity of our supply chain is hindered due to constraints in logistic operations and shipment of raw materials or finished goods leading to revenue loss.	• Proactive collaborative business forecasting provides insight into demand requirements that allow for real-time management of potential shortages. • Ongoing relationship management of key vendors and continuous review of raw material quality and availability. • Ongoing review of stockholding levels of both raw materials and finished goods to mitigate the impact of disruption.	• A change in manufacturing shift patterns to enable an increase in production capacity and the ability to support increased stockholding levels. • A review of contingency bottling arrangements to identify additional sources of capacity. • Contingency sourcing of packaging materials and geographical diversification of suppliers.
Scarcity of Sustainable Raw Materials Risk Outlook: ↔ Our ability to secure the appropriate quality and quantity of core raw materials due to environmental concerns, climate change and industry demands.	• We have established long term contracts with key raw material suppliers in line with projected manufacturing requirements. • Ongoing audits of the quality and sustainability credentials of our raw materials are performed prior to manufacturing. • Circular economy KPIs have been introduced to monitor our compliance to this commitment	• Fully recyclable packaging being identified for our core and prestige ranges. • Increased use of recycled glass. • Elimination of non-essential packaging materials. • Glass weight reduction research has been completed. Design reviews and trials are being performed. • Acquisition of a stake in Grupo Estevez to provide greater control of vineyards and sherry wine supply for seasoning casks.
Adverse Political and Social Attitudes to Alcohol Risk Outlook: ↔ Tighter restrictions on alcohol promotion, sales and/or consumption may limit market access resulting in loss of revenue.	• Membership of national and international organisations that work to encourage the responsible promotion and consumption of alcohol and reduce alcohol-related harms. • Annual review of our policies, communications, and requirements, including Code of Conduct and Marketing Code. • Edrington's policies and campaigns are reviewed annually by the Marketing Code Committee.	• We continue to partner with relevant organisations, including the Scotch Whisky Association, spiritsEUROPE, and other trade organisations, to monitor potential restrictions. • A full review of restrictions across all geographies has been performed to enable proactive monitoring of any changes.

Risk & Risk Impact	Risk Mitigating Actions	Developments in 2022-2023
Counterfeit Products & Brand Protection Risk Outlook: ↔ Ineffective or inadequate protection of intellectual property rights, resulting in reputational damage, an increase in counterfeit goods and a decline in sales volumes and/or market share.	• Ongoing monitoring of the principal exposures of our brands. • Brand security education, surveillance and enforcement activities are performed to identify and address any potential counterfeit and/or refilling operations. • Ongoing monitoring of global trademark applications, opposing those that infringe our rights. • Implementation of Custom's Notices in conjunction with a programme of market inspections and raiding and shutting down of counterfeit/ refilling operations in key countries.	• New trademarks in various classes registered across key geographies. • Clearance and application/registration process built into new product development. • Joint raids conducted with peer brands to broaden enforcement actions at cheaper rates due to cost savings.
Sustainability & Climate Change Risk Outlook: ↑ Global warming results in adverse weather conditions, increased risk of wildfire, flooding, sea level rises or other events that cause significant operational disruption.	• Sustainability related KPIs have been defined and assigned across the different Business Units to ensure requirements are built into their strategic objectives. Sustainability risk assessments are reviewed regularly to ensure risks are managed at both a local and Group level.	• A climate change risk assessment has been performed in line with TCFD recommendations and a specific review of the sustainability risks are detailed in the Corporate Sustainability and Responsibility Report.
Pandemics Risk Outlook: ↔ Ongoing impact of the Covid-19 pandemic or a new global outbreak of a health threat that results in government-imposed restrictions to travel, trading, and human interaction, which could have a negative effect on business operations, trading, or logistic activities.	• Scenario planning carried out to ensure business continuity plans remain relevant and supportive of our operations. • Increased stockholding levels will support challenges to distribution should there be supply chain disruptions.	• Although economies have resumed normal trading, monitoring of health risks across different geographies will be maintained.

Risk Outlook Legend from prior year: ↑ Increased ↔ Stayed the Same ↓ Reduced

Approved and signed by order of the Board

Paul Hyde

P A Hyde
Director
31 August 2023

Directors' Report

ROW & COMPANY LIMITED

The directors present annual report and the audited financial statements for the year ended 31 March 2023.

Results for the year

The company's financial results which are detailed in the income statement on page 11, cover the year to 31 March 2023.

The profit for the year after taxation attributable to the company was £4.0m (2022: £0.6m). No dividends were paid or proposed in the current year (2022: £nil).

The financial position and liquidity of the company remains strong with shareholders' funds of £19.4m (2022: £15.4m).

View of future prospects

We consider that the wider business is well-equipped to respond to changes in both consumer preferences and channels through which spirits are sold. Fundamentally the wider business capabilities are strong, scotch whisky remains a desirable category for customers, and we are confident that we have a solid basis for future revenues.

Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosures relating to the company are included within the SECR disclosures made in the annual report of The Edrington Group Limited. The company has taken advantage of the exception from the requirement to make SECR disclosures in these financial statements.

Directors

The following directors held office during the year and as at date of signing:

J.M. Chaplin
P.A. Hyde

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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;
- 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.

Going concern

The directors have reviewed a number of different revenue, cost and cash flow scenarios to assess the impact on the company profitability and liquidity and ensure sufficient liquidity to meet the company's obligations. The experience of the Covid-19 driven uncertainty over the last three years has given us the confidence that we have the ability to adapt quickly and decisively. The business has the ability to manage any shortfall in sales with reductions in the cost base and inventory.

The Edrington Group Limited has provided a letter of financial support to the company which together with the forecasts indicate, to the Directors' satisfaction, that the company has resources more than sufficient 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*

Financial risk management

Details of how the company manages financial risk and uncertainty is detailed within the "Principal Risks and Uncertainties" section of the Strategic Report on pages 2-5.

Auditor

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

Approved by the board of directors and signed by order of the board

Paul Hyde

P A Hyde
Director
31 August 2023

Independent Auditor's Report to the members of Row & Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Row & Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the members of Row & Company Limited (continued)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Revenue recognition cut-off risk: Due to the complexity of delivery arrangements there exists a risk that revenue is recognised in the incorrect accounting period. As part of our audit procedures, we selected a sample of invoices from the period immediately preceding and succeeding the year end date, and agreed to the relevant supporting documentation to verify that revenue has been recognised in the correct accounting period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor's Report to the members of Row & Company Limited (continued)

Report on other legal and regulatory requirements

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 have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

David Mitchell

David Mitchell, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, UK
31 August 2023

Income statement
For the year ended 31 March 2023

ROW & COMPANY LIMITED

	Note	2023	2022
		£	£
Revenue	1	**22,384,195**	2,125,795
Cost of sales		**(16,943,567)**	(1,305,863)
Gross profit		**5,440,628**	819,932
Other administrative cost		**(93,449)**	(816)
Operating profit	2	**5,347,179**	819,116
Finance cost	3	**(361,807)**	(3,274)
Finance Income	3	**689**	1,236
Profit before taxation		**4,986,061**	817,078
Taxation	4	**(942,209)**	(196,865)
Profit for the financial year		**4,043,852**	620,213

There was no other comprehensive income for the year to 31 March 2023 or the prior year hence no other comprehensive income statement has been prepared.

The accounting policies and notes on pages 14 to 24 form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 March 2023

ROW & COMPANY LIMITED

	Note	2023 £	2022 £
Assets			
Non-current			
Property, plant and equipment	5	**1,689,022**	229,276
Total non-current assets		**1,689,022**	229,276
Current			
Inventory	6	**24,560,597**	13,184,927
Trade and other receivables	7	**61,421**	383,339
Cash and cash equivalents		**425,995**	2,183,214
Total current assets		**25,048,013**	15,751,480
Total assets		**26,737,035**	15,980,756
Equity & Liabilities			
Equity			
Called-up share capital	10	**5,600,000**	5,600,000
Retained Earnings		**13,806,224**	9,762,372
Total equity		**19,406,224**	15,362,372
Liabilities			
Non-Current			
Deferred tax liability	9	**151,985**	173,415
Total non-current liabilities		**151,985**	173,415
Current			
Current tax liability	9	**963,639**	169,677
Trade and other payables	8	**6,215,187**	275,292
Total current liabilities		**7,178,826**	444,969
Total liabilities		**7,330,811**	618,384
Total equity and liabilities		**26,737,035**	15,980,756

The accounting policies and notes on pages 14 to 24 form an integral part of these financial statements.

The financial statements of the company (registered number SC017727) were approved and authorised for issue by the directors on 31 August 2023. They were signed on behalf of the board by:

Paul Hyde

P A Hyde
Director
31 August 2023

Statement of changes in equity

Year ended 31 March 2023

ROW & COMPANY LIMITED

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2022	5,600,000	9,762,372	15,362,372
Profit for the year	-	4,043,852	4,043,852
Total comprehensive income for the year	-	4,043,852	4,043,852
Balance at 31 March 2023	**5,600,000**	**13,806,224**	**19,406,224**

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2021	5,600,000	9,142,159	14,742,159
Profit for the year	-	620,213	620,213
Total comprehensive income for the year	-	620,213	620,213
Balance at 31 March 2022	**5,600,000**	**9,762,372**	**15,362,372**

The accounting policies and notes on pages 14 to 24 form an integral part of these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention as modified by financial instruments recognised at fair value and in accordance with the Companies Act 2006, with the company reporting under Financial Reporting Standard 101 "Reduced Disclosure Framework".

Row & Company Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The financial statements are presented in sterling and all values are to the nearest £ expect where otherwise stated.

The principal activities of the company and the nature of its operations are set out in the strategic report on pages 2 to 5.

Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were newly in effect:

• Amendment to IFRS 3	Reference to the Conceptual Framework.
• Amendment to IAS 16	Property, plant and equipment – proceeds before intended use.
• Amendment to IAS 37	Onerous Contracts – cost of fulfilling a contract.
• Amendments to IAS 1	Classification of Liabilities as Current or Non-current.
• Annual improvements to IFRS Standards (2018-20)	Amendment to IFRS 1 First-time adoption of international financial reporting standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture.

The adoption of the Standards above do not have a material impact on the current year financial statements and 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.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new or revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases had not yet been adopted in the UK.

• IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS	Insurance Contracts.
• Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
• Amendments to IAS 1 and IFRS Practise Statement 2	Disclosure of Accounting Policies.
• Amendment to IAS 8	Definition of Accounting Estimates.
• Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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.

Accounting policies(continued)

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101.

Therefore these financial statements do not include:

- a statement of cash flows and related notes;
- the requirement of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of The Edrington Group as they are wholly-owned within The Edrington Group;
- disclosure of key management personnel compensation;
- capital management disclosures;
- certain share based payments disclosures; and
- certain disclosures in respect of financial instruments.

Revenue recognition

Revenue comprises the sale of goods 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 the income statement 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.

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 probable that the temporary difference will not reverse 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.

Inventory

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 such as depreciation, warehousing rent and freight but 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.

Accounting policies(continued)

Property, plant and equipment

Property, plant and equipment is 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%.

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), where applicable. 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.

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

A full assessment of the appropriateness of the going concern method of preparation has been included in the Directors' Report. The company is reliant on the full going concern review carried out by its ultimate parent company, The Edrington Group Limited, which annually forecasts future trading performance and cash flow in order to assess that the going concern assumption remains appropriate for the preparation of the financial statements. The forecast reflects the challenges and growth potential faced by the group and indicates that it has resources more than sufficient to continue as a going concern for the foreseeable future.

The Edrington Group Limited has provided a letter of financial support to the company which together with the forecasts indicate, to the Directors' satisfaction, that the company has resources more than sufficient 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.

Retained earnings

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

Estimation uncertainty and significant judgements

In the application of the company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There is no estimation uncertainty or significant areas of judgement which have had an effect on the carrying value of assets and liabilities.

Notes to the financial statements

Year ended 31 March 2023

ROW & COMPANY LIMITED

1. Revenue

	2023	2022
	£	£
Sale of cased goods	-	620,825
Sale of non-cased goods	22,384,195	1,504,970
Total revenue	**22,384,195**	2,125,795

2. Operating profit

Operating profit is stated after charging/(crediting):	2023	2022
	£	£
Audit fees for the audit of the financial statements	10,626	9,660
Inventory charged to income statement	16,804,493	868,412
Depreciation on tangible fixed assets	170,777	100,201
Loss/(Gain) on the sale of tangible fixed assets	68,529	(1,351)

The company did not employ any staff nor did the directors hold a service contract with the company in the current or preceding financial years.

None of the directors were remunerated by Row & Company Limited in either the current or prior financial year. The Directors, who served during the year, are all employed by associated companies within The Edrington Group Limited and no portion of their remuneration can be specifically attributed to their services to the company. Details of total Directors' remuneration are available in note 6 of the group accounts, which are available to the public as set out in note 13.

There were no non-audit fees in the current or prior years.

The depreciation charge noted above is different from that shown in note 5 of the financial statements, as the current year's cask and warehouse 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 costs and finance income

	2023	2022
	£	£
Interest payable to group companies	(361,781)	-
Other interest payable	(26)	(3,274)
Total finance cost	**(361,807)**	(3,274)
Interest received from group companies	689	1,236
Total finance income	**689**	1,236

4. Taxation

The tax charge for the year is made up as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax at 19% (2022: 19%)	**963,639**	169,677
Total current tax	**963,639**	169,677
Deferred tax:		
Current tax	**(16,287)**	(14,432)
Effect of changes in tax rate	**(5,143)**	41,620
Total deferred tax	**(21,430)**	27,188
Total tax	**942,209**	196,865

Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of current tax in the UK of 19% (2022: 19%). The differences are explained below.

	2023	2022
	£	£
Profit before tax	**4,986,061**	817,078
Tax on profit at standard UK tax rate of 19% (2022: 19%)	**947,352**	155,245
Effect of:		
Differences in tax rates	**(5,143)**	41,620
Total tax charge	**942,209**	196,865

UK corporation tax rate changes

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group is reviewing these rules to understand any potential impacts. The Company does not account for deferred tax on top-up taxes and therefore, if these rules had been substantively enacted on the balance sheet date, there would have been no deferred tax accounting impact.

Notes to the financial statements(continued)
Year ended 31 March 2023

ROW & COMPANY LIMITED

5. Property, plant and equipment

	Casks
	£
Cost	
At 1 April 2022	2,913,496
Additions	1,710,877
Disposal	(2,304,850)
At 31 March 2023	**2,319,523**
Depreciation	
At 1 April 2022	(2,684,220)
Charge for year	(170,402)
Disposal	2,224,121
At 31 March 2023	**630,501**
Net Book Value at 31 March 2023	**1,689,022**
Net Book Value at 31 March 2022	229,276

6. Inventory

	2023	2022
	£	£
Scotch whisky	**24,554,746**	13,117,624
Finished goods	**5,851**	67,303
	24,560,597	13,184,927

7. Trade and other receivables

	2023	2022
	£	£
Trade receivables	**49,868**	348,114
Amounts owed by group undertakings	**-**	35,225
Other receivables	**2,369**	-
Other taxes	**9,184**	-
	61,421	383,339

Amounts owed by group undertakings are non interest bearing, unsecured and repayable on demand.

Credit terms vary across markets from cash in advance to 90 days and reflect customary practice within markets. In certain markets credit insurance reduces or eliminates the risk and this has been reflected within the expected credit loss calculation (ECL).

No interest is charged on outstanding trade receivables.

The company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit loss on trade receivables are estimated using a provision matrix by reference to past default experience on the debtor and an analysis of the debtor's 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 has no recognised aggregated loss allowances in the current year or prior year.

7. Trade and other receivables (continued)

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.

The following table details the risk profile of the trade receivables based on the company's provision matrix:

	Trade receivables – days past due					
31 March 2023	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Expected total gross carrying amount at default	**(2,229)**	**-**	**7**	**-**	**52,090**	**49,886**
Lifetime ECL	**-**	**-**	**-**	**-**	**-**	**-**

	Trade receivables – days past due					
31 March 2022	Not past due	<30	31-60	61-90	>90	Total
	£	£	£	£	£	£
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Expected total gross carrying amount at default	-	-	52,090	-	296,024	348,114
Lifetime ECL	-	-	-	-	-	-

8. Trade and other payables

	2023	2022
	£	£
Trade payables	**-**	1,536
Amounts owed to Edrington group undertakings	**6,059,307**	67,303
Accruals	**155,880**	206,453
	6,215,187	275,292

The carrying amount of trade and other payables approximates to their fair value. Trade payables and amounts owned by group undertakings are non-interest bearing, unsecured and repayable on demand.

9. Tax liability

	2023	2022
Current tax liability	**£**	£
Corporation tax	**414,355**	**-**
Group relief creditor	**549,284**	**169,677**
	963,639	**169,677**

9. Tax liability (continued)

Deferred tax liability	Accelerated capital allowances £	Other timing differences £	Total £
At 1 April 2021	30,378	115,849	146,227
Charge to income statement	871	26,317	27,188
At 1 April 2022	**31,249**	**142,166**	**173,415**
Charge to income statement (note 4)	21,400	(42,830)	(21,430)
At 31 March 2023	**52,649**	**99,336**	**151,985**

UK corporation tax rate changes

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the UK companies' future current tax charge accordingly. The deferred tax assets/liabilities at 31 March 2023 have been calculated based on these rates, reflecting the expected timing reversal of the related temporary differences.

10. Share capital

Authorised, Called-up, allotted and fully paid

At 31 March 2023 and 2022	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.

11. Related party transactions

The company has taken the exception under FRS 101 to disclose related party transactions between two or more members of The Edrington Group. There have been no other related party transaction in the year.

12. Risk Management

Market risk

The company's funding, liquidity and exposure to foreign currency and interest risk are managed by the treasury department within The Edrington Group Limited. The treasury department use a range of financial instruments, where appropriate, to manage the underlying risks.

Interest rate risk

The company currently has no external borrowings and all intercompany loans interest rates are managed internally, this is not deemed to be a significant risk.

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

The company has 5.6 million shares in issue all of which are ordinary shares. Both the "A" and "B" shares are held by Edrington Distillers Limited, after 100% of the "B" shares were purchased from ITM Alimentaire in the year ended 31 March 2021. 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 2023. 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 2023			
	Amortised Cost	**Total**	**Current**	**Non-Current**
	£	**£**	**£**	**£**
Financial Assets				
Trade receivables	**61,421**	**61,421**	**61,421**	-
Cash and Cash equivalents	**425,995**	**425,995**	**425,995**	-
	487,416	**487,416**	**487,416**	-
Financial Liabilities				
Trade and other payables	**(6,215,187)**	**(6,215,187)**	**(6,215,187)**	-
	(6,215,187)	**(6,215,187)**	**(6,215,187)**	-
	(5,727,771)	**(5,727,771)**	**(5,727,771)**	-

	31 March 2022			
	Amortised Cost	Total	Current	Non-Current
	£	£	£	£
Financial Assets				
Trade receivables	383,339	383,339	383,339	-
Cash and Cash equivalents	2,183,214	2,183,214	2,183,214	-
	2,566,553	2,566,553	2,566,553	-
Financial Liabilities				
Trade and other payables	(275,292)	(275,292)	(275,292)	-
	(275,292)	(275,292)	(275,292)	-
	2,291,261	2,291,261	2,291,261	-

13. Control

The company's immediate parent company is Edrington Distillers Limited, whose ultimate parent company is The Edrington Group Limited which is registered in Scotland and which is ultimately controlled by The Robertson Trust, a registered charity. Copies of the group financial statements of The Edrington Group Limited, which is the largest and smallest group into which these financial statements are consolidated, are available at its registered office, 100 Queen Street, Glasgow, G1 3DN.