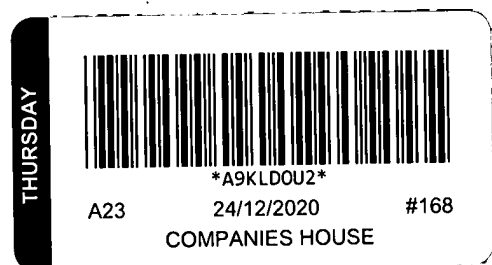


Registered number: 02288241

**WILLIAM GRANT & SONS UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **WILLIAM GRANT & SONS UK LIMITED**

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## **WILLIAM GRANT & SONS UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **INTRODUCTION**

The Directors present their Strategic Report for the year ended 31 December 2019.

#### **REVIEW OF THE BUSINESS AND FINANCIAL KEY PERFORMANCE INDICATORS**

The Company's principal activity is a distributor of selected products for and on behalf of its ultimate parent undertaking, William Grant & Sons Holdings Limited, and for third party brand owners.

Turnover was £170,663,000, compared to £172,109,000 in 2018, with the decrease driven primarily by the termination of a third party distribution contract in a non-core category. Earnings before interest and tax were £499,000 (2018 - £500,000). The Company's balance sheet position as at 31 December 2019 totalled net assets of £776,000 (2018 - £792,000).

#### **Trading Environment**

The marketplace continued to be heavily reliant on short term price promotions with grocers pressurised by more premium retailers at the top end, and discounters at the budget end, of the market. In the On-Trade, fixed costs and wage pressure cause challenges, however premium accounts continue to out-perform the market. The business continued to invest in marketing support for the long term health of its premium brand portfolio.

#### **Outlook**

The World Bank predicts that the outlook for the global economy remains fragile. Global growth was expected to reach 2.5% in 2020, slightly higher than 2019. However, Covid-19 is already having an impact, with most major economies cutting interest rates in an attempt to stave off an economic recession and the major stock exchanges recording noteworthy trading losses in 2020. The full impact of Covid-19 is as yet unknown, but it is expected to have a very substantial impact on short and medium term growth, and has already triggered a recession. As matters stand, therefore the outlook tends more downwards than upwards. In addition trade tensions could re-escalate, with the first signs of such activity already evident within the oil sector. A resurgence of financial stress in large emerging markets, an escalation of geopolitical tensions or other types of disruption events could all have further adverse effects on economic activity. The materialisation of these possible additional risks would test the ability of policymakers to respond. Associated policy challenges are compounded by high debt levels and subdued productivity growth. Many emerging market and developing economies need to rebuild macroeconomic policy space to enhance resilience to possible adverse developments. They also need to pursue decisive reforms to bolster governance and business climates, improve tax policy, promote trade integration and rekindle productivity growth, while protecting vulnerable groups. These policy actions would help foster inclusive and sustainable long-term growth and would have widespread benefits.

The recent spread of the Covid-19 virus worldwide is creating considerable uncertainty within the spirits sector, and already significantly reducing demand for the Company's products. Domestic consumption is suffering from very much reduced levels of on-premise consumption. How demand will evolve going forward is at this time unclear; however, the impact on the wider Group could be considerable in a worst case scenario.

Additionally, and most importantly, the problems associated with the presence of the virus in the various geographies and communities, where we have offices, places an enormous responsibility on the Company to protect all our staff and our communities. In this respect, our employees have responded proactively and thoroughly. A range of comprehensive measures have been introduced to address these issues both at a company and local level. For example, in all those areas affected all office staff are working from home to continue to operate safely.

Whilst the wider Group altogether has taken many other measures to protect staff, efforts have also been stepped up to help the communities in which we operate. The William Grant Foundation and the employee matched giving programme have increased resources available to help out at the ground level.

In the face of these difficulties, the Company has been obliged to respond to the evolving situation with reductions in expenditure including overheads. The Company has utilised the UK government's job retention scheme, with a top up in salary, and furloughed a number of staff where it is impossible for them to work effectively from home. The Company will continue as in the past to take a long-term view with regard to all decisions, and seek to retain staff to the greatest extent possible.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**REVIEW OF THE BUSINESS AND FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)**

**Outlook (continued)**

Given this unique and unpredictable situation, it is very difficult to give a clear view of the Company's real long-term prospects. These will depend very much on how each individual country and the global community as a whole responds to this crisis (along with the hand of nature) which will determine how long the crisis will last, how deep it will be, and the strength of the economic recovery that we all hope for thereafter. In these circumstances, the Company will continue to focus first and foremost on protecting the staff and our communities who are our lifeblood, while we take the necessary precautionary measures to protect our long-term future.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties set out below are those which the Directors believe to have the greatest potential to impact the Company's ability to achieve its strategic objectives, or which have the greatest potential impact on the Company's solvency or liquidity.

**Market Competition**

The Company is part of the alcoholic beverage segment, where there is a high level of competition and a large number of operators. Its main competitors are large international groups involved in the current wave of mergers and acquisitions, which are operating aggressive strategies at a global level. The Company's competitive position relative to the other global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risk is particularly significant.

**Adverse Political and Social Attitudes to Alcohol Promotion and Consumption**

Adverse political and social attitudes to alcohol could damage the Company and its brands, as well as impact market access and the ability to promote those brands. The Company supports a responsible approach to alcohol, and considers the failure to address the concerns of multiple stakeholders on the promotion and consumption of alcohol as a risk to consistent value creation, credibility, trust and therefore overall brand equity. The management of this risk is a core element of Company strategy to grow a sustainable, long term business. The Company operates a number of policies that include a Code of Conduct and a global Marketing Code, reinforced by a global online training programme. The Company, and other group companies, are members of national and international organisations that work to encourage the responsible promotion and consumption of alcohol and reduce alcohol-related harms.

**Regulatory Compliance**

Failure to comply with local laws and regulations could result in regulatory sanctions, reputational damage and / or financial loss. Activities relating to the alcoholic drinks industry (including production, distribution, export, import, sales and marketing) are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could in the future lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories. Non compliance with local laws or regulations, or breach of our internal global policies and standards and / or significant internal control breakdown could cause severe damage to our corporate reputation, brand perception and liquidity. Any tightening of regulations in the main countries in which the Company operates could lead to a fall in demand for its products.

The Company has risk management processes in place to ensure that employees are aware of their responsibilities and applicable regulatory requirements. Formal training sessions are undertaken throughout the year. The Company proactively reviews, with external legal counsel, its principal regulatory compliance obligations and controls including, but not limited to, competition laws, liquor laws, environmental laws, compliance with EU and UN trade and political sanctions, and local statutory laws (e.g. health & safety). The Company has further improved its processes and controls to ensure, to every extent possible, that any perceived risks are mitigated. These apply to all its employees, agents, distributors, contractors and suppliers. Induction procedures include evidenced completion of an on-line training module and assessment which covers the Code and its supporting policies. The course is also periodically refreshed and forms part of a rotational programme of training.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Regulatory Compliance (continued)**

In addition, the Company continues to take its social responsibilities very seriously by going beyond meeting its legal obligations where the Company Values require this. Similarly, additional initiatives are also taken in relevant areas where legal requirements do not apply.

**Consumer Preference**

A change in consumer preferences for one or more of the Company's brands in one or more key markets could result in a reduced share of market. The Board closely monitors financial and operational key performance indicators which include a review of brand performance and equity strength across market segments and geographies. An annual review takes place of both brands and markets and the Board has recognised the differing contribution and strengths of each of its principal brands globally and regionally, and has focused management across its portfolio.

**IT Risks**

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, and system intrusion or hacking. The Company's operations are predicated on the extensive use of IT systems, and so they are exposed to the risk of failure of those systems and the network infrastructure used. The processes concerned could be significantly interrupted or sensitive data could be lost or corrupted if these systems were to become totally or partially unavailable. To guard against these risks, a data protection and backup plan, and a business continuity plan have been implemented, allowing the Company to manage and mitigate the risk across a range of circumstances. In addition the Company uses available technologies to protect its network and servers.

**Cyber**

Theft, failure or corruption of digital assets and / or key systems could have an adverse impact on business and profits. The Group, of which the Company is a member, has a dedicated Information Security Leader and has implemented a broad information security programme, including software upgrades and a robust vulnerability patching programme. Further improvements are scheduled for 2020, including security monitoring, information security awareness and training, and enhancing the security configuration of some of the Company's key information assets.

**Financial Risks**

Exposure to market risk (including medium term movements in exchange rates), credit risk and liquidity risk, may adversely impact the profit and cash generation of the Company. The management of certain financial risks is delegated by the Board to the Treasury Committee at a Group level. The principal financial risks faced by the Company are those relating to liquidity, foreign currency and credit risk. The Company's treasury policies and procedures, which are reviewed and updated on a regular basis, seek to reduce these financial risks.

With regard to funding and liquidity, the Company's objective is to manage cash flows in all currencies in an efficient and flexible manner.

The Company's credit risk is primarily attributable to its trade receivables with risk spread over a large number of customers. There is no significant concentration of credit risk. Credit worthiness checks are undertaken before entering into contracts with new customers, and credit limits are set as appropriate. The Company also uses trade finance instruments such as letters of credit and insurance to mitigate specific identified risks. The Company's exposure to the credit risk of financial institutions is limited by only trading with counterparties who have a strong credit standing based on ratings provided by the major credit rating agencies.

The Company is exposed to movements in exchange rates for transactions undertaken in foreign currencies with the operating companies concerned, and the translation of foreign currency denominated net assets and profit and loss items.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Financial Risks (continued)**

The spirits industry is sensitive to changes in tax and excise regulations. The effect of any future tax increases on the Company's sales in a given jurisdiction cannot be precisely measured and is ultimately outwith the Company's control.

The Company's financial control environment is subject to review by both internal and external audit. The focus of internal audit is to proactively work with and challenge the business to ensure an appropriate control is maintained.

**Negative Media / Social Media**

Media / social media attacks represent a major threat for the Company. Through the increasing number and growing influence of social media networks, the Company faces the risk of being exposed to significant media coverage of inappropriate publications or messages. This could have a significant impact on the Company's image and reputation. Further widespread negative media coverage could lead to jeopardizing the consumer's confidence in the Company's brands, resulting in a potential sales decline. The Company's risk is managed through a series of internal and external measures. While internal measures primarily focus on raising the awareness of the impacts of social media and sharing good practices in terms of communication, external measures mainly lay the emphasis on the monitoring of social networks.

**Section 172 Compliance Statement**

The Group, of which the Company is a member, has worked for more than 130 years to build a responsible and sustainable business. The Directors believe that all decisions are made for the long-term interest of the Company and its key stakeholders.

William Grant & Sons has always sought to be a Group that makes a positive contribution to the communities in which it operates, and the Directors continue to pursue this policy. As a family-owned business, founded in 1887, The Company has always taken a long-term view to support its people, its communities and its various business interests and relationships.

*Talent Management*

The Company's success depends on the commitment of its employees and its ability to attract and retain them as well as develop their skills. The context of tension in the talent market is highlighted by the search for scarce skills (e.g. digital jobs), and by changes in the aspirations of new generations. Moreover, employee development through geographical mobility is a key issue (diversity of career paths, management of the partner's career, cost control etc.).

The Company is aware that talent management must remain an area of long-term vigilance to ensure the sustainability of the business and ensure the transmission of key know-how within the organisation. Excessively high turnover or unduly long job vacancies could have a financial impact and demotivate existing teams. This could potentially slow down the implementation of key Group development projects and have an adverse impact on business, results or reputation.

To mitigate risk the Company has established a skills development policy in an attempt to facilitate dynamic career management. This includes shared and standardised processes, the encouragement of internal mobility and the monitoring of employee satisfaction. Additionally, measures to improve the quality of life at work, measures related to well-being at work, the modernisation of work spaces and management awareness-raising programmes, have been rolled out.

## WILLIAM GRANT & SONS UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### Section 172 Compliance Statement (continued)

##### *Stakeholder Engagement*

The Directors are committed to encouraging high levels of employee engagement. Information, both financial and non-financial, is provided to employees and employee engagement is encouraged in various ways, including:

- *Roadshows* - During 2019 Directors both at a group and local level attended 21 Roadshows, across 14 countries (in five languages) attended by 2,600 employees of the Group.
- *Employee Engagement Survey* - The 2019 Global Employee Engagement survey achieved an 88% completion rate.
- *Site Visits* - All Directors routinely visit the Company's operating locations.
- *Board Meetings* - The locations of Board meeting rotate around major UK locations and at least one international location on an annual basis. As part of these meetings, informal lunches, dinners and meetings are arranged to encourage local employees to meet Directors, give feedback and raise concerns.
- *HR Processes* - Appropriate HR processes operate at all stages of the employment process, including recruitment, onboarding, development, appraisal, retention, succession and exit.
- *Employee Briefings* - Local and team briefing sessions along with Town Hall meetings are held on a regular basis.
- *Employee Forums* - These operate with the involvement of employees at all UK manufacturing sites.
- *Intranet* - The Company operates an internal intranet site, Fetch through which the monthly Top 5 Business priorities are shared, along with all Company news and announcements.
- *Company Magazine* - The in-house magazine, Spirit, is published normally four times per year.
- *Whistleblowing* - The Group operates an independent, confidential whistleblowing service called Speak Up! This allows issues around misconduct and unethical practices to be raised anonymously by phone.

Decisions take appropriate account of the needs of all stakeholders, including existing and potential business relationships with suppliers, customers, consumers and others. Engagement with suppliers, customers and consumers is carried out in a number of ways, including the use of surveys and regular meetings.


The Directors are acutely aware of the impact of the Company's operations on the environment, with this being a standing agenda item at Board meetings. Environmental matters are managed both at a local level and as part of the Group's overall Corporate Social Responsibility Agenda. A number of committees and working groups across the business ensure a continuing focus in all relevant areas in order to achieve a broad range of challenging objectives.

The Company has long given to a wide range of non-profit and charitable organisations and projects in the local area the Group remains committed to donating 1% of its pre-tax profits each year to charitable causes. From this, some funding is provided to each location in the UK for distribution locally. Donations are made at the discretion of employees at each site to support good causes in their own communities, either with cash grants or products for use in fundraising.

The Directors believe that the governance arrangements that operate, combined with the Company Values, create an environment that fosters high standards of business conduct and fairly balances the reasonable interests of all stakeholders in the Group.

This report was approved by the Board on 25-09-2020 and signed on its behalf.

J J Taylor  
Director



## **WILLIAM GRANT & SONS UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

#### **DIRECTORS**

The Directors who served during the year, and to the date of this report, were:

P H Rochford  
R M Greenwood  
E J Henderson  
N P Barker  
J J Taylor  
M J Billinghamurst (appointed 1 June 2019)  
G M J Keogh (appointed 1 June 2019)  
D W Laing (appointed 1 June 2019)  
K G Phelan (appointed 1 June 2019)

#### **DIVIDENDS**

The Directors do not recommend a final dividend for 2019 (2018 - £nil). During the year, no interim dividends were paid (2018 - £nil).

#### **FUTURE DEVELOPMENTS**

The Directors aim to maintain the operating policies that have resulted in the Company's recent growth. This will mean continuing investment in those areas which have performed well and taking up profitable opportunities to broaden the base of activities, and continued focus given to building the Company's core owned and agency brands.

#### **FINANCIAL INSTRUMENTS**

Details of financial instruments are provided in the Strategic Report and in note 13 to the financial statements.

#### **ANTI BRIBERY AND CORRUPTION**

The Company operates an Anti Bribery and Corruption programme. The purpose is to ensure that the Company, and all third parties providing services to it, operate in compliance with both company policy and the relevant legislation. It is important that the Company sets the highest standards of integrity, probity and prudence and insists that all employees are fully compliant with this programme.

#### **GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The Company has sufficient financial resources and continuing business with a number of customers and suppliers across different geographical areas and industries. The Covid-19 virus will impact the Company's operational results and cashflow for the year. In light of this, and the continuing development of the situation, the Company and the Group have revisited their operational and financial forecasts under several scenarios. The Directors have determined and implemented a number of actions to preserve cash and manage expenditure should the financial impact experienced to date last for the remainder of the financial year. The analysis undertaken, combined with the actions taken, the financial strength and geographical spread of the business allow the Directors to conclude that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.



## **WILLIAM GRANT & SONS UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **GOING CONCERN (CONTINUED)**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent entity has provided a letter of support for a period of 12 months from the date of signing these accounts. The Directors are satisfied that the Group has the ability to provide this support, should it be required. In assessing the financial strength of the Group, the Directors considered the forecasts and measures referred to above. Accordingly, they continue to adopt the going concern basis, as set out in note 1.2 to the financial statements, in preparing the annual report and financial statements.

#### **ENGAGEMENT WITH OTHERS**

The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others. Details of these activities are included in the Strategic Report in line with s414C(11) of the Companies Act 2006.

#### **EMPLOYEE INVOLVEMENT**

As a key part of the Company's philosophy, great importance continues to be placed on involving all staff in the Company's operations. Details of these activities are included in the Strategic Report in line with s414C(11) of the Companies Act 2006.

#### **DISABLED EMPLOYEES**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position, and to provide appropriate training to achieve this aim.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**WILLIAM GRANT & SONS UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**AUDITORS**

Following a competitive tender for the external audit, Ernst & Young LLP has indicated its intention to resign as auditors and KPMG LLP will be appointed to fill the casual vacancy arising. A resolution to appoint KPMG LLP as the auditors of the Group and the Company, and to authorise the Audit Committee to fix their remuneration, will be proposed at the 2021 Group Annual General Meeting.

This report was approved by the Board on 25-09-2020 and signed on its behalf.



J J Taylor  
Director

## **WILLIAM GRANT & SONS UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS UK LIMITED**

### **OPINION**

We have audited the financial statements of William Grant & Sons UK Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

### **EMPHASIS OF MATTER - COVID-19**

We draw attention to notes 1.2 and 19 of the financial statements, which describe the economic and social disruption the Company is facing as a result of Covid-19, which is impacting supply chains, consumer demand, global financial markets, personnel available for work, and being able to access offices. Our opinion is not modified in respect of this matter.

### **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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS UK LIMITED (CONTINUED)**

### **OTHER INFORMATION**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information.

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.

### **OPINION 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.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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.

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**

As explained more fully in the Directors' Responsibilities Statement on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS UK LIMITED  
(CONTINUED)**

**AUDITORS' 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 Auditors' 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 Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Nicola McIntyre (Senior Statutory Auditor)

for and on behalf of

**Ernst & Young LLP, Statutory Auditor**

5 George Square

Glasgow

G2 1DY

Date: *25 September 2020*

**WILLIAM GRANT & SONS UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	3	170,663	172,109
Cost of sales		(153,817)	(155,100)
<b>Gross profit</b>		<u>16,846</u>	<u>17,009</u>
Distribution costs		(4,310)	(4,420)
Administrative expenses		(12,037)	(12,089)
<b>Operating profit</b>	4	<u>499</u>	<u>500</u>
Taxation on profit on ordinary activities	7	(515)	(529)
<b>Loss for the year</b>		<u>(16)</u>	<u>(29)</u>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £000	2018 £000
Loss for the year	(16)	(29)
<b>Total comprehensive expense for the year</b>	<u>(16)</u>	<u>(29)</u>

The notes on pages 16 to 27 form part of these financial statements.

**WILLIAM GRANT & SONS UK LIMITED**  
**REGISTERED NUMBER: 02288241**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	8	86	136
		<u>86</u>	<u>136</u>
<b>Current assets</b>			
Stocks	9	16,302	17,279
Debtors: amounts falling due within one year	10	129,190	124,097
Cash at bank and in hand	11	-	7
		<u>145,492</u>	<u>141,383</u>
Creditors: amounts falling due within one year	12	(144,802)	(140,727)
<b>Net current assets</b>		<u>690</u>	<u>656</u>
<b>Net assets</b>		<u>776</u>	<u>792</u>
<b>Capital and reserves</b>			
Called up share capital	15	200	200
Profit and loss account	16	576	592
		<u>776</u>	<u>792</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on

25-09-2020



J J Taylor  
Director

The notes on pages 16 to 27 form part of these financial statements.



**WILLIAM GRANT & SONS UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	200	592	792
Loss for the year	-	(16)	(16)
<b>At 31 December 2019</b>	<b>200</b>	<b>576</b>	<b>776</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	200	621	821
Loss for the year	-	(29)	(29)
<b>At 31 December 2018</b>	<b>200</b>	<b>592</b>	<b>792</b>

The notes on pages 16 to 27 form part of these financial statements.

## **WILLIAM GRANT & SONS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES**

##### **1.1 STATEMENT OF COMPLIANCE**

William Grant & Sons UK Limited is a limited liability company incorporated in England, with its registered office at Form 1, 17 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9XA.

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', as it applies to the financial statements of the Company for the year ended 31 December 2019, and the Companies Act 2006.

##### **1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in sterling, which is the functional and presentational currency of the Company, rounded to the nearest thousand (£000).

###### **Going concern**

The financial statements have been prepared on a going concern basis. The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to price, credit, interest rate, liquidity and cash flow risk are set out in the Strategic Report.

The Company has sufficient financial resources available and continuing business with a number of customers and suppliers across different geographical areas and industries. The Covid-19 virus will impact the Company's operational results and cash flow for the year. In light of this, and the continuing development of the situation, the Company has revisited its operational and financial forecasts under several scenarios. These scenarios have considered the potential disruption that a drop in consumer demand over various time scales, could have on the Company's operations, as well as the impact that a closure of the wider Group's production operations could have on its ability to meet consumer demand. In all of these scenarios the wider Group retains sufficient cash reserves to meet its operational needs.

The Directors have considered and implemented a number of actions to manage expenditure and preserve cash in the short to medium term. Further information on the actions taken to date is set out in note 19 to the financial statements. The actions include a review of all areas of both capital and revenue expenditure.

The ultimate parent entity has provided a letter of support for a period of 12 months from the date of signing these accounts. The Directors are satisfied that the Group has the ability to provide this support, should it be required. In assessing the financial strength of the Group, the Directors considered the forecasts and measures referred to above. The analysis undertaken, combined with the actions taken, the financial strength, and geographical spread of the business allow the Directors to conclude that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 3 Financial Statement Presentation paragraph 3.17(d);
- Section 7 Statement of Cash Flows;
- Section 11 Financial Instruments paragraphs 11.42 to 11.48A;
- Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of William Grant & Sons Holdings Limited for the year ended 31 December 2019, available from the address in note 20.

**1.4 TURNOVER**

Turnover is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts, rebates, value added tax and other sales related taxes.

The Company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to the Company's sales channels have been met, as described below.

**Sale of goods**

Turnover from the sale of goods includes import and other duties which the Company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax. In the majority of countries, import duties are effectively a production tax which becomes payable when the product is removed from bonded premises and is not directly related to the value of sales. It is generally not included as a separate item on external invoices; increases in import duty are not always passed on to the customer and where a customer fails to pay for a product received, the Company cannot reclaim the import duty. The Company therefore recognises import duty as a cost.

Sales are recognised depending upon individual customer terms at the time of despatch, delivery or when the risk of loss transfers. Provision is made for returns where appropriate.

**1.5 TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes amounts that are directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its estimated useful life, using the straight line method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.5 TANGIBLE FIXED ASSETS (CONTINUED)**

The estimated useful lives range as follows:

Leasehold improvements	- 5 years
Motor vehicles	- 5 years
Fixtures, fittings and equipment	- 10 years

The carrying values of tangible fixed assets are reviewed for indicators of impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is not provided on freehold land or assets under construction.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised in the profit and loss account.

**1.6 IMPAIRMENT OF NON FINANCIAL ASSETS**

At each reporting date, the Company assesses whether there are indicators that an asset may be impaired. If any such indicators exist then an assessment of the asset's recoverable amount is made. If it is not possible to estimate the recoverable amount of an individual asset then an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount is impaired and reduced to its recoverable amount through an impairment charge in the profit and loss account.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

**1.7 STOCKS**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Finished goods	- Cost of direct materials, labour and attributable overheads based on a normal level of activity
----------------	---------------------------------------------------------------------------------------------------

Net realisable value is based on the estimated selling price (in the normal course of business) less any further costs expected to be incurred to completion and sale.

At each balance sheet date, stocks are assessed for indicators of impairment. If an item of stock is considered to be impaired, the carrying amount is reduced to its estimated selling price less costs to complete and sell, and an impairment charge is recognised immediately in profit or loss.

**1.8 SHORT TERM DEBTORS AND CREDITORS**

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

**1.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, and short term deposits with an original maturity date of three months or less.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.10 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors, creditors and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

**1.11 OPERATING LEASES**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are also recognised over the lease term on a straight line basis.

**1.12 FOREIGN CURRENCIES**

Transactions in foreign currency are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**1.13 EMPLOYEE BENEFITS**

The Company provides a range of benefits to employees, including annual bonus and paid holiday arrangements, and defined contribution pension plans.

**Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

**Defined contribution plan**

The Company participates in a defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.13 EMPLOYEE BENEFITS (CONTINUED)**

**Annual bonus plan**

The Company operates an annual bonus plans for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events, and a reliable estimate of the obligation can be made.

**Long Term Incentive Plans**

The Company operates cash settled long term incentive plans for certain members of management. The plans are based on business performance over a three year period against a number of measures. Over the term of the plan, a liability is recognised representing the product of the fair value of the award and the portion of the plan period expired as at the balance sheet date. From the end of the plan period until payment date, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount of the liability are recognised in profit or loss for the period.

**1.14 TAXATION**

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised as other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

**Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, a deferred tax liability/(asset) shall be recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the period then ended. However, the nature of estimation means that actual outcomes could differ from those estimates. The Directors are of the opinion that there are no sources of estimation uncertainty that have had a significant effect on the amounts recognised in the financial statements.

## **WILLIAM GRANT & SONS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **3. TURNOVER**

All of the Company's turnover is attributable to the provision of goods which fall within its ordinary activities, stated net of sales related taxes for example Value Added Tax, and other taxes or duties collected on behalf of third parties.

An analysis of turnover by class of business and geographical origin has not been disclosed. The Directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the Company.

All turnover relates to continuing operations.

#### **4. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	81	90
Operating lease payments	452	488
Defined contribution pension cost	675	613
	<u>          </u>	<u>          </u>

#### **5. AUDITORS' REMUNERATION**

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	36	24
	<u>          </u>	<u>          </u>

#### **6. EMPLOYEES**

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	8,133	8,002
Social security costs	969	890
Defined contribution pension cost	675	613
	<u>9,777</u>	<u>9,505</u>

## WILLIAM GRANT & SONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 6. EMPLOYEES (CONTINUED)

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Administration	44	42
Selling and distribution	103	94
	<u>147</u>	<u>136</u>

#### Directors' emoluments

	2019 £000	2018 £000
Total remuneration	446	358
Company pension contributions to defined contribution schemes	38	27
Amounts payable under long term incentive plans	36	-
Remuneration of highest paid director	<u>264</u>	<u>248</u>

The number of Directors who were members of a defined contribution scheme during the year was 3 (2018 - 3).

A number of Directors are paid through another group company and are not included within the profit and loss account.

#### 7. TAXATION

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profit for the year	523	517
Adjustments in respect of previous periods	1	12
<b>Total current tax</b>	<u>524</u>	<u>529</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	-
Adjustments in respect of previous periods	(10)	-
<b>Total deferred tax</b>	<u>(9)</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>515</u>	<u>529</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION (CONTINUED)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	499	500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	95	95
<b>Effects of:</b>		
Expenses not deductible for tax purposes	15	27
Capital allowances for year in excess of depreciation	4	3
Adjustments to tax charge in respect of prior periods	(9)	12
Transfer pricing adjustments	410	392
<b>Total tax charge for the year</b>	<b>515</b>	<b>529</b>

**Factors that may affect future tax charges**

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 included legislation that would reduce the tax rate further to 17% from 1 April 2020. This rate was enacted when The Finance Act 2016 received Royal Assent on 15 September 2016. In his Budget speech on 11 March 2020, the Chancellor announced the cancellation of the reduction in the main UK corporation tax rate to 17% and as such, it will remain at 19% from 1 April 2020. As this was not substantively enacted at the balance sheet date, UK deferred tax assets and liabilities continue to be recognised at 17%.

**WILLIAM GRANT & SONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. TANGIBLE FIXED ASSETS**

	Leasehold improvements £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2019	1,157	154	1,303	2,614
Additions	-	-	35	35
Disposals	-	-	(56)	(56)
At 31 December 2019	1,157	154	1,282	2,593
<b>Depreciation</b>				
At 1 January 2019	1,157	130	1,191	2,478
Charge for the year	-	16	65	81
Disposals	-	-	(52)	(52)
At 31 December 2019	1,157	146	1,204	2,507
<b>Net book value</b>				
At 31 December 2019	-	8	78	86
At 31 December 2018	-	24	112	136

**9. STOCKS**

	2019 £000	2018 £000
Finished goods and goods for resale	16,302	17,279

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Trade debtors	116,978	104,355
Amounts owed by group undertakings	135	42
Other debtors	11,552	19,280
Prepayments and accrued income	457	361
Deferred taxation	68	59
	129,190	124,097

Amounts owed by group undertakings are unsecured, interest free and receivable on demand.

**WILLIAM GRANT & SONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. CASH AND CASH EQUIVALENTS**

	2019 £000	2018 £000
Cash at bank and in hand	-	7
Less: bank overdrafts	(34,138)	(24,713)
	<u>(34,138)</u>	<u>(24,706)</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Bank overdrafts	34,138	24,713
Trade creditors	41,238	39,132
Amounts owed to group undertakings	33,582	33,717
Corporation tax	524	517
Other taxation and social security	14,465	16,768
Accruals and deferred income	20,855	25,880
	<u>144,802</u>	<u>140,727</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

**13. FINANCIAL INSTRUMENTS**

	2019 £000	2018 £000
<b>Financial assets</b>		
Debt instruments measured at amortised cost	<u>128,665</u>	<u>123,677</u>
<b>Financial liabilities</b>		
Measured at amortised cost	<u>(129,813)</u>	<u>(123,442)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors (note 10).

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings and accruals (note 12).

**WILLIAM GRANT & SONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. DEFERRED TAXATION**

	2019 £000
At 1 January 2019	59
Charged to profit or loss	9
<b>At 31 December 2019</b>	<b>68</b>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Decelerated capital allowances	68	59
	<b>68</b>	<b>59</b>

The net reversal of the deferred tax asset expected to occur in the following year is £5,000 (2018 - £5,000).

**15. SHARE CAPITAL**

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
1,999,998 ordinary shares of £0.10 each	200	200
2 deferred ordinary shares of £0.10 each	-	-
	<b>200</b>	<b>200</b>

**16. RESERVES**

**Profit and loss account**

The profit and loss represent cumulative gains and losses recognised in the profit and loss account and dividends paid.

**17. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Within 1 year	258	479
After 1 year but within 5 years	11	288
	<b>269</b>	<b>767</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**18. RELATED PARTY TRANSACTIONS**

Related party transactions with companies that are wholly owned by the Group have not been disclosed in accordance with the provisions of FRS 102, Section 33.

**19. POST BALANCE SHEET EVENTS**

The recent spread of the Covid-19 virus worldwide is creating considerable uncertainty for the spirits sector, consumer confidence and the wider economy. The Group, of which the Company is a member, is experiencing a significant reduced demand for the Group's products, but continues to trade. At this time it is unclear how demand will evolve going forwards. However, in a worst case scenario, the impact on the Group's profitability for 2020 could be considerable, but not significantly detrimental to its long-term outlook.

In addition to the impact on the Group's commercial operations, the problems associated with the presence of the Covid-19 virus throughout the world places an enormous responsibility on each Company to protect all staff and the communities in which it operates. Employees have responded proactively and thoroughly. A range of comprehensive measures have been introduced. Where possible all staff are working from home.

To help the wider community, the Group is now producing ethanol for hand sanitiser manufacturers on a large scale, currently approaching eight million litres of pure alcohol. Bottling of hand sanitiser was also completed at three of the Group's bottling locations. Further resources have been provided to allow The William Grant Foundation and the employee matched giving programme to provide additional assistance at a local and national level.

In light of the Covid-19 pandemic, the Group has considered its operational plans and liquidity position, and despite its strong cash reserves and profit base has taken additional action to preserve cash and reduce expenditure. The Group has reviewed all areas of both capital and revenue expenditure and made appropriate reductions in a number of areas. The Company has utilised the UK government's job retention scheme, and furloughed a number of staff where it is impossible for them to work effectively from home.

The Company continues to monitor the situation as it evolves and will continue to implement existing, or introduce new measures to reduce expenditure and preserve cash in order to protect the long-term future of the business. Alternatively, should the situation improve, the Company may relax certain of these measures to try to return to a more normal level of business activity. As the situation is rapidly developing it is not practicable to quantify the potential financial impact on the Company. However, in all of the sensitivity scenarios considered by the Company, it is able to take sufficient measures to preserve cash, manage expenditure and continue to operate on a going concern basis.

**20. CONTROLLING PARTY**

The Company's immediate parent undertaking is William Grant & Sons Investments Limited. William Grant & Sons Holdings Limited is the ultimate parent undertaking. The group of companies, of which William Grant & Sons Holdings Limited is the ultimate parent undertaking, is the largest group in which the Company is a member. Consequently the Company is included in its group financial statements. The address from which copies of these group financial statements are available to the public is: The Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.