

Whyte and Mackay Limited

Directors' Report and Financial Statements

Year ended 31 December 2021

Registered number: SC014456



Whyte and Mackay Limited
Directors' report and financial statements
Year ended 31 December 2021

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Whyte and Mackay Limited

Directors and advisers

Directors

W S Co
J Cortes
J Dornecq
B H Donaghey
Dr A L Tan

Registered office

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Glasgow
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Independent statutory auditor

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58 Morrison Street
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Bankers

Royal Bank of Scotland
Glasgow City Branch
10 Gordon Street
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Whyte and Mackay Limited

Strategic report for the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

During the year ended 31 December 2021, the company's principal activities were the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. Core brands include The Dalmore, Jura, Fettercairn and Tamnavulin malt whiskies, Vlayva vodka, Glayva liqueur, Whyte and Mackay, Claymore and John Barr blended scotch whiskies and Shackleton, a blended malt whisky. The company also distributed Harvey's Bristol Cream Sherry under a distribution agreement with Bodegas Fundador.

Strategy

The company's overriding objective is to operate as a global branded drinks business which delivers sustainable rates of growth and make returns that increase overall shareholder value. The company operates throughout the world both directly and through distribution partners.

The company's strategy is to continue to extend its global reach focusing primarily on its Scotch business through development of its brands in both UK and International Markets.

Business review

In 2021, despite the COVID-19 pandemic, the profit for the company increased with continued growth in our core brands. The Dalmore brand in particular performed strongly, supported by continued strategic marketing investment. Higher volumes through the company's production assets drove positive operational gearing which, coupled with tight control over supply chain costs and overheads, contributed to the profit for the period. The Company received government grant funding through the Coronavirus Job Retention Scheme (CJRS) but this was fully repaid during 2021.

Operating profit has increased by 13% on the prior year as our core brands continue to grow both domestically and internationally. The operating profit of £52,287,000 (2020: £46,198,000) is after exceptional income of £1,019,000 (2020: £2,017,000). Exceptional income includes provision releases relating to onerous lease provisions and to changes to route to market structures in both domestic and international markets. The company's operating profit before exceptional income was £51,248,000 in 2021 (2020: £44,181,000), with EBITA before exceptional income (earnings before interest, tax, and amortisation) of £52,902,000 in 2021 (2020: £45,915,000). The company has returned a profit for the financial year of £55,624,000 (2020: £52,976,000).

The company is committed to research and development activities in order to secure its position as one of the market leaders in the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. This mainly manifests itself in the launch of new products but also extends to improving and optimising our production assets and processes.

Key performance indicators ("KPI's")

Net revenue

Net revenue increased by 11% through the continued growth in our core brands.

EBITA margin (%)

EBITA margin before exceptional items has increased to 26% in the current year reflecting improved mix from malt business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below:

Competition:

Whyte and Mackay faces competition from a number of international companies as well as local and regional companies in the countries in which it operates. This competition puts pressure on pricing, margins and ultimately market share, and impacts on overall results. In order to mitigate this risk, management monitor market prices on an on-going basis and take steps to safeguard the overall competitive position of the business.

Material costs:

The raw materials used for the production of spirits are largely commodities that are subject to price volatility caused by changes in global supply and demand, weather conditions, agricultural uncertainty and Government controls. If commodity price changes result in unexpected increases in raw materials cost or the cost of packaging materials, Whyte and Mackay may not be able to increase its selling prices to completely offset these increased costs without suffering reduced volume, turnover and operating profit. The company mitigates this risk through effective supplier selection, procurement practices and effective monitoring of commodity markets supplemented by making appropriate price increases wherever possible.

Inventory risk:

Whyte and Mackay have a substantial inventory of aged stocks which mature over periods of up to 60 years. As at 31 December 2021 the historical cost of this stock amounted to £289,092,000 (2020: £268,230,000). The maturing inventory is stored in various locations across Scotland, and the loss through contamination, fire or other natural disaster of all or a portion of the stock could result in a significant reduction in supply of products. Consequently consumer demand for these products would not be met, and turnover and profitability would be adversely affected. This risk is partially mitigated by ensuring appropriate insurance coverage is in place and physical protection of the stock.

Financial risk management:

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

The company's principal financial instruments, other than derivatives, comprise interest bearing loans, cash and cash equivalents. The main purpose of these financial instruments is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Risk management is carried out by the finance management team, approved by the Treasury, Risk and Capital Committee. The finance management team identifies, evaluates and hedges financial risks as follows:

Whyte and Mackay Limited

Strategic report for the year ended 31 December 2021 (continued)

Foreign exchange risk:

The company operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily in respect of the US dollar, Canadian dollar and Euros. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The company's treasury risk management policy is to hedge net trading receipts in each major foreign currency using a layered rolling program. Forwards and swaps are used to hedge 100% of forecast exposure out 12 months, 50% out 24 months and 25% out 36 months.

Interest rate risk:

The company has an exposure to interest rate fluctuations on its borrowings and can manage these by the use of interest rate swaps. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. At the reporting date, the revolving credit facility is on a floating variable rate and the cashflow interest rate risk is considered minimal.

Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company manages liquidity risk by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows on a daily, monthly and annual basis and matching the maturity profiles of financial assets and liabilities. The company has at its disposal additional undrawn facilities which further reduces liquidity risk.

Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet their contractual obligations and arises principally from amounts receivable from customers. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and before accepting any new customer, the company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and updated on a regular basis by the Treasury, Risk and Capital Committee.

Concentrations of credit risk with respect to trade receivables are limited at the year end due to the company's customer base being large and unrelated. There were no significant concentrations of credit exposure at the year end relating to other aspects of credit. Management therefore believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

The carrying amount of financial assets disclosed at note 14, which includes trade receivables net of impairment losses, derivative financial instruments and cash represents the company's maximum exposure to credit risk.

Streamlined energy and carbon reporting (SECR)

The company seeks to minimise the impact of its operations on the environment and is committed to reducing its greenhouse gas ("GHG") emissions. Key sources of energy and LPG to power our distilleries, are monitored by management monthly to ensure no excessive use or misuse of resource.

The company has in place comprehensive environmental monitoring and control processes, which measure environmental performance and focus on delivering improvements. The company has completed an ESOS assessment.

The table below shows the total gross GHG emissions in tonnes of CO₂ ("tCO₂e") in the year ended 31 December 2021:

	2021	2020
Scope 1 - Emissions from combustion of:		
Gas	18,220	17,833
Fuel	103	152
Fuel oil and LPG	18,132	12,945
Scope 2 - Emissions from purchased electricity (location based)	2,617	2,685
Scope 3 - Emissions from business travel	120	634
Total gross emissions (tCO₂e)	37,192	34,249
Total gross emissions (tCO₂e)	37,192	34,249
Total sales (£'000)	207,205	186,960
Carbon intensity ratio (tCO₂e/£'000)	0.000179	0.000183

Methodology

Scope 1 - Emissions from combustion of gas, fuel, fuel oil and LPG - following GHG Protocol data collection methods (supplier and billing data).

Scope 2 - Emissions from purchased electricity - location based method.

Scope 3 - Emissions from business travel - transport fuel kWh - estimated from company expense reports as with ESOS.

Data Verification

By following GHG Protocol guidance, 99% of the total energy consumption data comes from verifiable sources (supplier invoices / delivery data). Where 100% of verifiable data was not used (Transport Fuel and Electricity) the reason for this is difficulty in obtaining actual mileage figures for vans, pick-ups and HGV and some electricity consumption data which is estimated where actual was not available and which was pro-rated accordingly. For vehicles, mileage was based on company fuel expenses with an average cost of fuel and mileage per gallon for the period to determine estimated miles. The period for verifiable data was for January to December 2021 (12 months).

All emission calculations done using UK Government GHG Conversion Factors.

Energy Efficiency

The management team have a clear view on controlling and reducing our GHG emissions and carbon footprint. Various CO₂ reduction projects and actions have been undertaken in 2021 and will be continuing into 2022/23. The company intends to continue compliance with ESOS and other regulatory requirements whilst improving energy efficiency of its operations. In 2020, our energy efficiency was 0.001214. This has improved to 0.001106 in 2021 despite having increased production volumes, highlighting our ability to operate more efficiently.

Whyte and Mackay Limited

Strategic report for the year ended 31 December 2021 (continued)

Directors' section 172 statement

The directors have considered all the requirements under section 172. In considering these requirements the directors have detailed the long term factors affecting the company, the company's wider relationships and the need to act fairly between members as a whole within the Principal Risks and Uncertainties and Employees sections within the Strategic Report.

Environmental policy

The company has an environmental policy which commits it to ensuring that its activities are conducted in ways which comply with legislation. The company seeks to go beyond compliance in all activities to ensure no harm to the environment.

Employees

The company gives full and fair consideration to the employment of disabled persons for suitable jobs, as well as their training, career development and promotion within the company. Every effort is made to continue the employment of persons who become disabled whilst in the company's employment.

The company maintains its commitment to proactive programmes for involving its employees in its affairs. This is achieved in a variety of ways, including employee briefings, and by consultation with recognised trade unions.

The company's bonus schemes encourage employees at all levels to contribute to the company's short and long term goals.

Political and charitable donations

During the year the company gave no donation to any political organisation (2020: £nil). The company made charitable donations of £3,000 during the year (2020: £20,000).

Going concern

As disclosed in these accounts the company has produced a profit for the financial year of £55,624,000 (2020: £52,976,000) and has net assets of £853,640,000 at 31 December 2021 (2020: £602,091,000). Based on the current trading projections including an assessment of the impacts of the COVID-19 pandemic discussed on page 12, and continued support through intercompany funding from Emperador UK Limited, the directors consider that it is appropriate for the accounts to be prepared on the going concern basis.

Approved by the board of directors and signed on its behalf by:



B H Donaghey
Director
14th June 2022

Whyte and Mackay Limited

Directors' report for the year ended 31 December 2021

The financial statements incorporating the results for the year ended 31 December 2021 are set out on pages 8 to 28. The directors proposed the payment of a final dividend of £14,481,000 (2020: £11,717,000) on 20 December 2021. The dividend was paid on 17 January 2022. The profit for the financial year of £55,824,000 (2020: £52,976,000) was taken to reserves with the dividend deducted from reserves.

Risk management objectives and policies including exposure to price, credit and liquidity risk have been disclosed within the strategic report.

Directors

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

W S Co
J Cortes
J Domecq
B H Donaghey
Dr A L Tan

Auditors

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

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report and directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- ensure UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 auditors are aware of that information.

Approved by the board of directors and signed on its behalf by:



B H Donaghey
Director
14th June 2022

Whyte and Mackay Limited

Independent auditor's report to the members of Whyte and Mackay Limited

Opinion

We have audited the financial statements of Whyte & Mackay Limited (the 'company') for the year ended 31 December 2021, which comprise the income statement, the statement of other comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditors opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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 the 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.

Whyte and Mackay Limited

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

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 it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework being UK-adopted international accounting standards.
- We enquired of management as to whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Whyte and Mackay Limited financial statements to material misstatement, including how fraud might occur, by making enquiries of management, using our cumulative audit knowledge of the company, and using our knowledge of the industry in which the company operates.
- Audit procedures performed by the engagement team included:
 - identifying and evaluating the design effectiveness of controls that management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journals, with a focus on material manual journals and those considered by the engagement team to carry a higher risk of fraud.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report with applicable financial reporting framework requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the company operates;
 - understanding of the requirements of applicable law and UK-adopted international accounting standards and the application of the legal and regulatory requirements of these to Whyte and Mackay Limited.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources and revenue recognition policies, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatements;
 - the company's control environment, including the policies and procedures implemented to comply with the UK-adopted international accounting standards, the adequacy of procedures for the authorisation of transactions, and procedures to ensure that possible breaches of laws and regulations are appropriately investigated and reported.

Use of our report

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

Grant Thornton UK LLP

Lynne Bicket
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Glasgow
14th June 2022

Whyte and Mackay Limited
Income statement

	Notes	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 Restated £ 000
Revenue	2	262,543	243,390
Excise duties		(55,338)	(56,430)
Net revenue		207,205	186,960
Operating profit before exceptional items	2	51,248	44,181
Exceptional items	3	1,019	2,017
Operating profit		52,267	46,198
Finance income	6	19,076	19,949
Finance costs	6	(6,188)	(6,236)
Profit before income tax		65,155	59,911
Income tax expense	7	(9,531)	(6,935)
Profit for the period attributable to equity holders of the parent		55,624	52,976

Statement of other comprehensive income

	Notes	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 Restated £ 000
Profit for the period attributable to equity holders of the parent		55,624	52,976
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains / (losses) on retirement benefits	19	13,875	(10,933)
Tax on items taken directly to equity	7	(3,469)	2,077
		10,406	(8,856)
Currency translation differences	17	-	-
Other comprehensive income / (expense) for the period, net of tax		10,406	(8,856)
Total comprehensive income for the period attributable to equity holders of the parent		66,030	44,120

The above results relate to continuing operations.

The accounting policies and notes set out on pages 12 to 28 form an integral part of these financial statements.

Whyte and Mackay Limited
Registered number: SC014456
Balance sheet

		31 December 2021	31 December 2020 Restated
	Notes	£000	£000
Non-current assets			
Intangible assets	8	15,092	16,663
Property, plant and equipment	9	127,362	125,118
Investments	10	2,362	2,362
Retirement benefit assets	19	18,047	-
		162,863	144,143
Current assets			
Inventories	11	307,900	281,650
Trade and other receivables	12	347,353	344,028
Derivative financial instruments	14	48	821
Cash and cash equivalents		4,748	2,634
		660,049	629,133
Total assets		822,912	773,276
Current liabilities			
Interest bearing loans and borrowings	13	-	(61,733)
Trade and other payables	15	(93,321)	(80,809)
Derivative financial instruments	14	-	-
Lease liabilities	16	(1,398)	(1,358)
Current tax liabilities	15	(88)	(310)
Provisions for other liabilities	17	(111)	(336)
		(94,918)	(144,546)
Non-current liabilities			
Interest bearing loans and borrowings	13	(39,017)	-
Provisions for other liabilities	17	(5,836)	(5,627)
Deferred income tax liabilities	7	(14,102)	(5,573)
Retirement benefit obligations	19	-	(34)
Lease liabilities	16	(15,399)	(15,405)
		(74,354)	(26,639)
Total liabilities		(169,272)	(171,185)
Net assets		653,640	602,091
Equity			
Share capital	18	178,973	178,973
Retained earnings	18	474,667	423,118
Total equity		653,640	602,091

The accounting policies and notes set out on pages 12 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:



B H Donaghey
 Director
 14th June 2022

Whyte and Mackay Limited
Statement of changes in equity

	Share Capital	Retained Earnings	Total Equity
	£000	Restated £000	Restated £000
2020			
Balance as at 1 January 2020	178,973	390,715	569,688
Dividends proposed	-	(11,717)	(11,717)
Profit for the year	-	52,976	52,976
Other comprehensive income and expense	-	(8,856)	(8,856)
Balance as at 31 December 2020	178,973	423,118	602,091
2021			
Balance as at 1 January 2021	178,973	423,118	602,091
Dividends proposed	-	(14,481)	(14,481)
Profit for the year	-	55,624	55,624
Other comprehensive income and expense	-	10,406	10,406
Balance as at 31 December 2021	178,973	474,667	653,640

The accounting policies and notes set out on pages 12 to 28 form an integral part of these financial statements.

Whyte and Mackay Limited
Statement of cash flows

		Year ended 31 December 2021	Year ended 31 December 2020 Restated
	Notes	£'000	£'000
Cash flows from operating activities			
Profit for the year		55,624	52,976
Income tax expense	7	9,531	6,935
Finance income and expense	6	(12,888)	(13,713)
Depreciation, amortisation and impairment		5,051	7,186
Decrease / (Increase) in trade and other receivables		211	(15,268)
Increase in inventories		(26,250)	(12,323)
Increase in trade and other payables		26,598	14,329
Net retirement benefit cost	19	(4,175)	(3,902)
Cash inflow from operations		53,702	36,220
Income tax paid		(4,125)	(3,869)
Net cash inflow from operating activities		49,577	32,351
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(10,592)	(9,037)
Purchases of intangible assets	8	(83)	(120)
Net cash outflow from investing activities		(10,675)	(9,157)
Cash flows from financing activities			
Repayment proceeds from borrowings	13	(22,716)	(16,100)
Repayment of lease liabilities		(2,367)	(2,203)
Loan proceeds / (repayment to) parent company		82	(81)
Interest received		929	903
Interest paid		(998)	(892)
Dividends paid		(11,717)	(5,289)
Net cash used in financing activities		(36,787)	(23,662)
Net increase / (decrease) in net cash and cash equivalents		2,115	(468)
Net cash and cash equivalents at beginning of the period	14	2,634	3,102
Net cash and cash equivalents at end of the period		4,749	2,634
Cash and cash equivalents note to the financial statements:			
Cash and cash equivalents	14	4,748	2,634
Cash and cash equivalents in the cash flow statement		4,748	2,634

The accounting policies and notes set out on pages 12 to 28 form an integral part of these financial statements.

Whyte and Mackay Limited

Notes to the financial statements

1. Significant accounting policies

General information

Whyte and Mackay Limited ("the Company") produces, markets and distributes Scotch whisky, vodka, liqueurs and other alcoholic drinks in the UK, Europe and International markets. The company operates five distilleries and a bottling hall in Scotland. The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5RG.

Statement of compliance

The financial statements are prepared in accordance with UK-adopted international accounting standards.

Basis of preparation

The financial statements of the company have been prepared in accordance with UK-adopted international accounting standards. The financial statements have been prepared under the historical cost convention, except for certain items of property, plant and equipment which were valued at fair value being deemed cost at date of transition to IFRS, derivative financial instruments and the assets and liabilities of the defined benefit pension scheme which are stated at fair value through profit or loss.

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

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities including provisions at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, events or actions, ultimately actual results may differ from those estimates. The key estimates and assumptions used in these financial statements are set out below.

Retirement benefit obligations

A qualified independent actuary undertakes the estimation of the present value of the company's obligations under the defined benefit pension scheme using assumptions taken from a range of possible actuarial assumptions. These assumptions may not be borne out in practice, especially due to the long timescales involved. Details of assumptions employed to determine the liability at the balance sheet date are set out in the notes to the financial statements. The valuation of scheme assets is based on the fair value at the balance sheet date. As these assets are not intended to be sold in the short-term, their value may change significantly prior to realisation.

Provisions

Provisions are recognised at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Non-current amounts are discounted at a rate intended to reflect the time value of money. The carrying amounts of provisions are regularly reviewed and adjusted for new facts and circumstances based on all information available to determine if an outflow of resources can be reliably estimated or not.

Taxation

Judgement is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The company recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax balances in the year in which that change or outcome is known.

Testing intangible assets for impairment

The company tests whether intangible assets with an finite life have any impairment where there is an indication of impairment. The recoverable amounts of cash generating units are determined based on value-in-use calculations which require estimating future cash flows. If actual cash flows are lower than estimated there is a risk that future impairments would be necessary. In addition the Company reassesses the useful life of intangible assets with finite lives. Further details are set out in the relevant accounting policy note.

Property, plant and equipment

It is necessary for the company to make use of judgement when determining the useful life of the property, plant and equipment. Details of these estimates are set out in the relevant accounting policy note.

Whyte and Mackay Limited

1. Significant accounting policies (continued)

Standards, interpretations and amendments to published standards that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The company forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within facilities available to it. 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 company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the company's borrowings is given at note 13.

Revenue recognition

Revenue represents amounts receivable from the sale of cased and bulk alcohol, and includes warehouse rents receivable. Revenue includes excise duties and is stated net of discounts, returns and sales taxes. Revenue is recognised depending upon individual customer terms at the time of despatch, delivery or some other specified point when the risk of loss transfers. The Company considers excise duty to be a cost to the company and includes it in cost of sales. The Company is considered to be the principal and not an agent of the tax authority. Where applicable, excise duty is included in the selling price and therefore forms part of a sales transaction and is included in revenue. On application of IFRS 15 some changes in accounting policy resulted, principally in respect of variable consideration receivable for where the criteria applied for deducting future promotional payments from the initial revenue recognition was more stringent than the previous policy. The revised policy establishes that revenue is recognised to the extent that it is highly probable that a reversal in the amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently settled.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income and expense that have been shown separately due to the significance of their nature or amount.

Leasing

The Company as a lessee: -

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified assets throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use-asset and a lease liability on the balance sheet. The right-of-use-asset is measured at cost, which is made up of the initial measurement of the lease liability, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use-assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease at the Company's incremental borrowing rate.

Whyte and Mackay Limited

1. Significant accounting policies (continued)

Leasing (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are any changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognising a right-of-use and a lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included within current and non-current liabilities.

The Company as a lessor: -

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation. Historical cost includes purchase price and directly attributable costs of bringing the asset into the location and condition where it is capable for use. Borrowing costs are capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Buildings are depreciated on a straight-line basis over 50 years.

Other property, plant and equipment are depreciated on a straight-line basis at annual rates estimated to allocate the cost to residual value of each asset over its useful life from the date it is available for use. Assets in the course of construction are not depreciated until they are available for use. The principal useful lives used are as follows:

Plant and machinery: 10-20 years

Casks: 20 years

Vehicles, fittings and equipment: 3-15 years

Residual values and useful lives are reviewed on an annual basis with the effect of any changes in estimate being accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within cost of sales in the income statement.

Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Intangible assets acquired separately from a business are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets that are regarded as having indefinite useful economic lives are not amortised. Intangible assets that are regarded as having limited useful economic lives are amortised on a straight-line basis over those lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Separately acquired trademarks and distribution rights are shown at historical cost less accumulated amortisation and accumulated impairment losses. These brands are amortised over 20 years on a straight-line basis.

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 15 years.

Whyte and Mackay Limited

1. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Value in use is calculated by discounting estimated future cash flows using an appropriate weighted average cost of capital.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, an appropriate proportion of production and other overheads (including depreciation), but not borrowing costs. Net realisable value is the estimated selling price for inventories in the normal course of business, less applicable variable selling expenses. Provision is made, where appropriate, for obsolete, slow moving and defective stocks.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle that obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for restructuring are recognised for direct expenditure on business reorganisations where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date.

Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the company. Where the company provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

The company closed the Defined Benefit Pension Scheme to future accrual on 1 April 2012 and now operates a defined contribution pension plan. The defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The defined benefit plan defines the amount of pension benefit that the company's employees will receive on retirement, usually dependent on a number of factors including age, length of service and compensation.

The asset recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Past service costs and gains and losses on settlements and curtailments are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance income and expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Contributions under the defined contribution pension plan are charged to operating expenses in the income statement as they arise. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Whyte and Mackay Limited

1. Significant accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to equity. Otherwise tax is recognised in the income statement.

The current income tax charge is measured based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current tax assets or liabilities on the balance sheet are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax liabilities arising from the initial recognition of goodwill and if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is measured, on an undiscounted basis, using tax rates and laws that are enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented net only if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Trade and other receivables are non-interest bearing and are stated at their nominal amount that is usually the original invoiced amount less any provision for impairment. Cash and cash equivalents comprise cash in hand and deposits held at call with banks with a maturity of three months or less. In the statement of cashflows, cash and cash equivalents includes bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest rate.

Trade payables are non-interest bearing and are stated at their nominal value.

Whyte and Mackay Limited

1. Significant accounting policies (continued)

Derivative financial instruments

The activities of the company expose it directly to the financial risks of changes in foreign exchange rates. The company uses forward foreign exchange contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded and subsequently measured at fair value. The treatment of changes in fair value of derivatives depends on the derivative classification and whilst transactions may be effective hedges in economic terms they may not always qualify for hedge accounting. Due to the nature of the company's forward foreign exchange contracts hedge accounting is not adopted. Consequently, movements in fair value that do not qualify for hedge accounting are recognised as finance income and expense in the income statement as they arise.

Foreign currency translation

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the company's presentation currency.

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

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Other components of equity include the remeasurement of net defined benefit liability – comprising the actuarial gains and losses from changes in demographic and financial assumptions and the return on plan assets.

Retained earnings includes all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

2. Profit from operations

An analysis of the Company's profit from operations is as follows:

	December 2021	December 2021	December 2021	December 2020	December 2020	December 2020
		Exceptional items	Total		Exceptional items	Total
	£000	£000	£000	£000	£000	£000
Revenue	262,543	-	262,543	243,390	-	243,390
Excise duties	(55,338)	-	(55,338)	(56,430)	-	(56,430)
Net revenue	207,205	-	207,205	186,960	-	186,960
Cost of sales	(135,975)	-	(135,975)	(125,071)	-	(125,071)
Gross profit	71,230	-	71,230	61,889	-	61,889
Distribution costs	(2,801)	-	(2,801)	(2,498)	-	(2,498)
Selling and administration expenses	(17,181)	1,019	(16,162)	(15,211)	2,017	(13,194)
Profit from operations before exceptional items	51,248	1,019	52,267	44,181	2,017	46,198
Exceptional items	1,019	(1,019)	-	2,017	(2,017)	-
Profit from operations	52,267	-	52,267	46,198	-	46,198

	December 2021	December 2020
	£000	£000
Profit from operations is stated after charging / (crediting)		
Exceptional items	(1,019)	(2,017)
Depreciation of property, plant and equipment - owned assets	5,572	5,572
Loss / (gain) on disposal of property, plant and equipment	-	-
Amortisation of definite life acquisition intangibles	1,467	1,467
Amortisation of software intangibles	187	267
Cost of inventories recognised as an expense	103,637	100,825
Operating lease rental expense - other	155	62
Trade receivables impairment	(229)	1,539
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14	13
Fees payable to the Company's auditor and its associates for other services:		
- Tax services	84	39
- All other services	-	-

The depreciation charged to the income statement includes depreciation charged direct from property, plant and equipment and that element of depreciation absorbed against inventory expensed through cost of sales.

3. Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. During the year, the exceptional items as described below have been included in selling and administration expenses in the income statement.

Exceptional selling and administration expenses relate to the reorganisation of continuing operations and are categorised as follows:

	2021 Total	2020 Total
	£000	£000
Redundancy	100	(185)
Onerous lease provision	(901)	515
Dilapidations	714	181
Route to market restructuring	(524)	(3,174)
Other restructuring	(408)	646
	(1,019)	(2,017)

Redundancy

Redundancy costs / (provision releases) relate to various restructuring initiatives.

Onerous lease provision

This provision was set up in relation to leasehold properties in Edinburgh, which are vacant or sublet at a discount. Movements in the provision take account of current market conditions and expected future vacant periods. The onerous lease provision was reclassified under IFRS 16 Leases whereby a lease liability has been created.

Dilapidations

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

Route to market restructuring

Route to market restructuring relates to the provision releases associated with changes to route to market structures in both domestic and international markets.

Other restructuring

Other restructuring (provision releases) / costs include non-recurring legal and professional fees and expenses incurred in relation to certain projects undertaken during the year.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

4. Employees

The average number of people employed by the company is set out in the table below.

	December 2021	December 2020
By Activity	Number	Number
Sales, distribution and administration	221	217
Production	242	236
	463	453

The employee benefit expense recognised in the income statement is as follows:

	December 2021	December 2020
	£000	£000
Wages and salaries	24,912	22,982
Social security costs	2,626	2,402
Pension costs - defined contribution plans	2,879	3,872
	30,417	29,256

5. Directors emoluments

	December 2021	December 2020
	£000	£000
Aggregate emoluments	686	668
Highest paid director	686	668

There were no retirement benefits accruing to any directors in the current or prior period under the defined benefit pension scheme.

6. Finance income and expense

	December 2021	December 2020
	£000	£000
Finance income		
Interest receivable on cash and cash equivalents	-	4
Interest income on defined benefit pension scheme assets	3,449	4,500
Foreign exchange gains	483	18
Interest receivable on loans to related parties	14,215	13,569
Fair value gains on financial instruments at fair value through profit or loss	-	959
Other interest receivable	929	899
	19,076	19,949
Finance expense		
Interest payable on bank loans	(652)	(530)
Interest expense on leasing agreements	(960)	(987)
Interest payable on loans from related parties	(4)	(46)
Fair value losses on financial instruments at fair value through profit or loss	(773)	-
Provisions: unwinding of discount	(35)	(30)
Defined benefit scheme administration costs	(346)	(362)
Interest cost on defined benefit pension scheme liabilities	(3,418)	(4,281)
	(6,188)	(6,236)
Net finance income	12,888	13,713

7. Taxation

Taxation recognised in the income statement is as follows:

	December 2021	December 2020
	£000	Restated £000
Current tax		
Current tax on profits for the year	4,635	3,808
Overseas tax	2	3
Adjustment in respect of prior years	(164)	(209)
Total current tax	4,473	3,602
Deferred tax		
Origination and reversal of temporary differences	3,125	2,891
Adjustments in respect of prior years	132	(59)
Impact of change in UK tax rate	1,801	501
Total deferred tax	5,058	3,333
Income tax expense	9,531	6,935

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

7. Taxation (continued)

Tax reconciliation to UK statutory rate

The difference between the income statement expense and the standard rate of corporation tax in the UK is explained below:

	December 2021	December 2020 Restated
	£000	£000
Profit before tax	65,165	59,911
Tax at the UK corporation tax rate of 19% (2020: 19%)	12,379	11,383
Tax effects:		
Expenses not deductible for tax purposes	271	93
Group relief	(5,640)	(4,774)
Remeasurement of deferred tax - change in the UK tax rate	1,801	501
Adjustment in respect of prior years deferred income tax	718	(268)
Excess foreign tax suffered	2	-
Income tax expense	9,531	6,935

The tax rate was 19% (2020: 19%).

The 2021 budget proposal increases the corporation tax rate to 25% from 1 April 2023. The Finance Act 2021 was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2021 have been calculated on the expected tax rate that will apply to the period in which the asset is realised or liability is settled.

In addition to the amounts recorded in the income statement, deferred tax relating to the remeasurement of retirement benefit obligations totalling £3,469,000 charge (2020: £2,077,000 credit) was recognised through other comprehensive income.

The analysis of deferred tax (liabilities) is as follows:

	December 2021	December 2020
	£000	£000
Deferred tax (liabilities):		
Deferred tax (liabilities) to be recovered after more than 12 months	(14,102)	(5,573)

The gross movement on the deferred income tax account is as follows:

	December 2021	December 2020
	£000	£000
Balance at beginning of period	(5,573)	(4,317)
Adjustment in respect of prior years deferred income tax	(132)	59
Remeasurement of deferred tax - change in the UK tax rate	(1,801)	(501)
Accelerated capital allowances and other short term timing differences	(3,127)	(2,891)
Tax credit / (charge) relating to components of other comprehensive income	(3,469)	2,077
Balance at end of period	(14,102)	(5,573)

The following are the major deferred tax assets and liabilities recognised by the company without taking into consideration the offsetting of balances within the same tax jurisdiction, and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation	Retirement benefit obligations	Other temporary differences	Total	Accelerated tax depreciation	Retirement benefit obligations	Other temporary differences	Total
	December 2021 £000	December 2021 £000	December 2021 £000	December 2021 £000	December 2020 £000	December 2020 £000	December 2020 £000	December 2020 £000
Net deferred tax (liability) / asset at beginning of period	(2,303)	7	(3,277)	(5,573)	(745)	(1,363)	(2,209)	(4,317)
Income statement	(2,529)	(1,052)	(1,479)	(5,060)	(1,558)	(707)	(1,068)	(3,333)
Statement of recognised income and expense	-	(3,469)	-	(3,469)	-	2,077	-	2,077
Net deferred tax (liability) / asset at end of period	(4,832)	(4,514)	(4,756)	(14,102)	(2,303)	7	(3,277)	(5,573)

Deferred tax assets and liabilities have been offset where the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdictions.

A deferred tax liability of £14,102,000 (December 2020: £5,573,000) has been recognised in respect of these temporary differences.

A deferred tax asset of £8,348,000 (December 2020: £6,344,000) which has not been recognised relates to capital losses.

Accelerated tax depreciation relates to plant and equipment and computer software.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

8. Intangible assets

	Goodwill	Trademarks	Distribution rights	Computer software	Total intangible assets
Cost	£000	£000	£000	£000	£000
At 1 January 2021	297,168	38,119	29,346	2,599	365,232
Additions	-	-	-	83	83
Disposals	-	-	-	-	-
At 31 December 2021	297,168	38,119	29,346	2,682	365,315
Accumulated amortisation and impairment					
At 1 January 2021	297,168	38,119	14,057	1,225	348,669
Charge for the year	-	-	1,467	187	1,654
Disposals	-	-	-	-	-
At 31 December 2021	297,168	38,119	15,524	1,412	350,223
Net book value					
At 31 December 2020	-	-	15,289	1,374	16,663
At 31 December 2021	-	-	13,822	1,270	15,092

The Company does not amortise its brands acquired in a business combination as there is no foreseeable limits on the time they are expected to provide future cash flows. They are tested annually for impairment. Recoverable amount is based on a value in use calculation. To calculate this, the cashflow projections are based on financial budgets approved by management covering a 5 year period. Key assumptions include a discount rate of 9.75% and long term growth rate of 2%. These calculations indicate that no impairment was necessary in the carrying value.

Separately acquired trademarks and distribution rights are shown at historical cost less accumulated amortisation and accumulated impairment losses. These brands are amortised over 20 years on a straight-line basis. The estimated remaining useful life of separately acquired distribution rights at 31 December 2021 is 10 years.

Computer software is amortised on a straight-line basis over estimated useful lives ranging from 3 to 15 years.

9. Property, plant and equipment

	Land and buildings	Plant and machinery	Vehicles, fittings and equipment	Total property, plant and equipment
Cost	£000	£000	£000	£000
At 1 January 2021	73,611	136,851	7,371	217,833
Additions	2,330	7,606	656	10,592
Disposals	-	-	(156)	(156)
At 31 December 2021	75,941	144,457	7,871	228,269
Accumulated depreciation				
At 1 January 2021	19,541	69,345	3,829	92,715
Charge for the year	2,067	5,428	854	8,348
Disposals	-	-	(156)	(156)
At 31 December 2021	21,608	74,773	4,527	100,907
Net book value				
At 31 December 2020	54,070	67,506	3,542	125,118
At 31 December 2021	54,333	69,684	3,344	127,362

Contracts placed for future capital expenditure relating to property, plant and equipment not incurred and not provided in the financial statements at the reporting date amounted to £3,130,735 (December 2020: £1,718,000).

Included in the net carrying amount of land and buildings and vehicles, fittings and equipment are right-of-use assets as follows:

	December 2021	December 2020
	£000	£000
Land and buildings	9,863	9,582
Vehicles, fittings and equipment	640	472
Total right-of-use assets	10,403	10,054

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

10. Investments

	December 2021	December 2020
	£000	£000
Investment in group undertakings	2,244	2,244
Non-current investments	118	118
	2,362	2,362

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

Non-current investments include the holding of 14.0% of the £1 ordinary shares of The Scotch Whisky Heritage Centre Limited, an unlisted company registered in Scotland, the principal activity of which is the operation of a visitor attraction in Edinburgh. These shares are measured at cost as they do not have a quoted market price in an active market and their fair value cannot be measured reliably.

The maximum exposure to credit risk at the reporting date is the carrying value of the investments. None of these financial assets is either past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

11. Inventories

	December 2021 £000	December 2020 £000
Raw materials and consumables	5,022	5,234
Maturing whisky inventories	289,092	268,230
Finished goods	13,786	10,186
	307,900	281,650

12. Trade and other receivables

	December 2021 £000	December 2020 Restated £000
Trade receivables	63,003	74,170
Less: provision for impairment	(1,571)	(1,799)
	61,432	72,371
Amounts owed by immediate parent company and fellow subsidiary undertakings	272,249	259,461
Amounts owed by group undertakings	466	534
Prepayments and accrued income	1,146	1,257
Other receivables	12,060	10,405
	347,353	344,028

The movement on the provision for impairment of trade receivables is as follows:

	2021 £000	2020 £000
Balance at beginning of year	1,799	379
Income statement (credit) / charge	(228)	1,539
Utilised	-	(119)
Balance at end of year	1,671	1,799

13. Interest bearing loans and borrowings

	December 2021 £000	December 2020 £000
Current		
Bank loans	-	61,733
Total interest bearing loans and borrowings	-	61,733

	December 2021 £000	December 2020 £000
Non-current liabilities		
Bank loans	39,017	-
Total interest bearing loans and borrowings	39,017	-

In 2021 the Group refinanced its bank debt which is used to fund working capital requirements of the business. This revolving credit facility was secured by a floating charge over Whyte and Mackay Limited's assets, including a pledge over the Company's maturing stocks up to the value of the facility.

14. Financial Instruments and financial risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Management review and agree policies for the management of these risks on a regular basis. Further details of the risks and management policies are included in the strategic report.

Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the company may adjust the amount of dividends paid to the shareholders, return capital to shareholders or issue new shares.

The company monitors capital using its gearing ratio, calculated as net borrowings divided by total capital.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

14. Financial instruments and financial risk management (continued)

Financial assets and financial liabilities

Financial assets and financial liabilities as disclosed in the balance sheets are shown in the table below:

	Category	Carrying Value December 2021 £000	Carrying Value December 2020 Restated £000
Cash and cash equivalents	1	4,748	2,634
Cash and cash equivalents in the cash flow statement		4,748	2,634
Bank loans - current	2	-	(61,733)
Bank loans - non-current	2	(39,017)	
Amounts due from related parties	1	272,716	260,243
Derivative financial instruments	3	48	821
Available-for-sale financial assets	4	118	118
Trade and other receivables excluding prepayments	1	73,492	82,776
Trade and other payables excluding non-financial liabilities	2	(93,321)	(69,092)
		218,783	215,767
Financial assets		351,121	346,592
Financial liabilities		(132,338)	(130,825)
		218,783	215,767

1. Loans and receivables
2. Financial liabilities at amortised cost
3. Fair value through profit or loss
4. Available-for-sale

The fair value of derivative financial instruments is based on market price of these instruments at the balance sheet date and are classified as level 2 in the fair value hierarchy under IFRS 13. Fair value is determined using observable interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant.

Available-for-sale financial assets are carried at cost as their fair value cannot be reliably measured.

The fair value of all other financial assets and liabilities approximates to the carrying amount because of the short maturity of these instruments.

Net gains and losses on financial assets and financial liabilities

	December 2021 £000	December 2020 £000
Interest receivable on cash and cash equivalents	-	4
Fair value (losses) / gains on financial instruments at fair value through profit or loss	(773)	959
Interest payable on bank loans	(652)	(530)
Interest receivable on loans to related parties	14,216	13,569
Interest payable on loans from related parties	(4)	(46)
	12,786	13,956

Liquidity risk

The contractual maturity profile of the anticipated future cash flows including interest in relation to the company's financial liabilities, on an undiscounted basis and which, therefore, differs from both the carrying value and fair value, is as follows:

	Trade and other payables December 2021 £000	Bank loans December 2021 £000	Related parties December 2021 £000	Total December 2021 £000	Trade and other payables December 2020 £000	Bank loans December 2020 £000	Related parties December 2020 £000	Total December 2020 £000
Within one year	76,008	-	2,920	78,928	66,263	61,783	3,149	131,185
In one to two years	-	-	-	-	-	-	-	-
In two to five years	-	39,017	-	39,017	-	-	-	-
Contractual cash flows	76,008	39,017	2,920	117,945	66,263	61,783	3,149	131,185
Effect of interest	-	-	-	-	-	(50)	-	(50)
	76,008	39,017	2,920	117,945	66,253	61,733	3,149	131,135

Interest rate risk

The interest rate profile of the company's interest bearing financial instruments are set out below. In the case of non-current financial liabilities, the classification includes the impact of interest rate swaps which convert the debt to fixed rate.

	Floating rate December 2021 £000	Fixed rate December 2021 £000	Total December 2021 £000	Floating rate December 2020 £000	Fixed rate December 2020 £000	Total December 2020 £000
Financial liabilities						
Interest bearing loans and borrowings						
Current	-	-	-	61,733	-	61,733
Non-current	39,017	-	39,017	-	-	-
Sterling	39,017	-	39,017	61,733	-	61,733
Financial assets						
Cash and cash equivalents	4,748	-	4,748	2,634	-	2,634

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

14. Financial instruments and financial risk management (continued)

Sensitivity analysis

The company monitors its interest rate exposure on a regular basis by applying forecast interest rates to the company's forecast net debt profile after taking into account its existing hedges. The company also calculates the impact on profit and loss of a defined interest rate shift for all currencies. Based on the simulations performed, the impact on profit or loss before taxation of a +/-100 basis point shift on floating rate net debt at the reporting date would be £340,000 (2020: £589,000).

Credit risk

The ageing of trade receivables at the reporting date was:

	December 2021	December 2021	December 2020	December 2020
	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	55,617	-	70,116	-
Past due 1-30 days	5,682	(21)	1,934	-
Past due 31-60 days	274	(15)	418	(96)
Past due 61-90 days	542	-	152	(65)
Past due + 90 days	988	(1,536)	1,550	(1,638)
	63,003	(1,571)	74,170	(1,799)

The carrying amount of trade receivables is denominated in the following currencies:

	December 2021	December 2020
	£000	£000
Sterling	57,601	67,991
Euro	1,112	1,241
US Dollar	2,302	2,199
Canadian Dollar	517	940
	61,432	72,371

The allowance for doubtful debts has been calculated based on past experience and is in relation to specific customers. Given the large and unrelated nature of our customer base, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The carrying amount of financial assets which includes trade receivables net of impairment losses, derivative financial instruments and cash represents the company's maximum exposure to credit risk. The total carrying value of financial assets at 31 December 2021 amounted to £336,641,000 (2020: £334,875,000).

15. Trade and other payables

	December 2021	December 2020
	£000	Restated £000
Current liabilities		
Trade payables	9,280	11,649
Social security and other taxes excluding income tax	273	1,306
Corporation tax	88	310
Amounts owed to group undertakings	16,824	14,259
Amounts owed to subsidiary undertakings	577	607
Accrued expenses and deferred income	64,542	50,399
Other payables	1,826	2,589
	93,409	81,119

16. Leases

Lease liabilities are presented in the balance sheet as follows:

	December 2021	December 2020
	£000	£000
Company		
Current	1,398	1,358
Non-current	15,399	15,405
	16,797	16,763

The Company has leases for a production plant and warehousing, an office and some vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use asset in a consistent manner to its property, plant and equipment (note 9).

Leases of vehicles are generally limited to a lease term of 2 to 8 years. Leases of property generally have a lease term ranging from 10 to 30 years. Lease payments are generally fixed payments.

Each lease generally imposes a restriction, that unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and production premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure vehicles and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

16. Leases (continued)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with option to purchase	No of leases with termination options
Production plant, warehousing and office	3	5-15 years	10 years	-	-	1
Vehicles	34	1-6 years	2 years	25	25	34

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2021 were as follows:

31 December 2021	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease payments	2,321	2,305	2,210	2,133	1,772	12,825	23,566
Finance charges	(923)	(847)	(765)	(687)	(607)	(2,940)	(6,789)
Net present values	1,398	1,458	1,445	1,446	1,165	9,885	16,797

31 December 2020	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease payments	2,273	2,101	2,081	2,054	2,021	13,337	23,867
Finance charges	(915)	(847)	(779)	(707)	(633)	(3,223)	(7,104)
Net present values	1,358	1,254	1,302	1,347	1,388	10,114	16,763

Lease payments not recognised as a liability:

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expenses on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and expenses as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	December 2021	December 2020
Company	£000	£000
Short-term leases	168	168
Leases of low value assets	186	144
Variable lease payments	-	-
	344	302

Variable lease payment expenses on the basis that they are not recognised as a lease liability include excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for infrequent use. Variable lease payments are expensed in the period they are incurred.

For leases that have not been reclassified under IFRS 16 with a right-of-use asset and a lease liability on the balance sheet their details are shown below.

The Company lease a warehouse under a non-cancellable operating lease agreement. The lease term is 1 year and is renewable at the end of the lease period at market rate. The Company also leases various low value assets. The lease expenditure charged to the consolidated income statements is disclosed at note 2.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 2021	December 2020
	£000	£000
No later than one year	317	279
Later than 1 year and no later than 5 years	433	224
Later than 5 years	-	-
	750	503

A number of the leased buildings have been sublet to external tenants.

At the reporting date the total of future minimum sublease payments expected to be received under non-cancellable subleases was:

	December 2021	December 2020
	£000	£000
No later than one year	453	320
Later than 1 year and no later than 5 years	1,161	827
Later than 5 years	-	-
	1,614	947

17. Provisions

	Onerous lease & dilapidation provision	Provisions	Total
	£000	£000	£000
At 1 January 2021	5,884	79	5,963
Recognised in the income statement	(188)	-	(188)
Utilised in the year	251	(79)	172
At 31 December 2021	5,947	-	5,947

Analysis of total provisions

	December 2021	December 2020
	£000	£000
Current liabilities	111	336
Non-current liabilities	5,836	5,627
Total provisions	5,947	5,963

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

17. Provisions (continued)

Onerous lease provisions

These provisions were set up in relation to leasehold properties in Glasgow and Edinburgh, which are vacant or sublet at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected cash outflows on a pre-tax basis over the remaining period of the lease which at 31 December 2021 is between 1 and 9 years. The onerous lease provision was reclassified under IFRS 16 Leases whereby a lease liability has been created.

Provisions

Other provisions relates to the provision associated with route to market structures in international markets.

18. Equity

	December 2021 £000	December 2020 £000
Authorised		
205,917,000 ordinary shares of £1 each	205,917	205,917
Allotted, called up and fully paid share capital		
178,973,000 ordinary shares of £1 each	178,973	178,973
Retained earnings	474,667	423,118
Total equity	653,640	602,091

On 20th December 2021 the directors proposed to pay a dividend of £14,481,000 in respect of the financial year 2021. This was paid on 17th January 2022.

19. Retirement benefit obligations

The latest formal valuation of the Scheme has been updated to 31 December 2021 by a qualified independent actuary.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 2021 %	December 2020 %
Rate of increase in pensionable salaries	2.7	2.4
Rate of increase in pensions in payment (RPI subject to maximum of 5% p.a.)	3.3	3.1
Rate of increase in pensions in payment (RPI subject to maximum of 5% and minimum of 3% p.a.)	3.7	3.6
Discount rate applied to scheme liabilities	1.8	1.5
Inflation assumption	3.4	3.2

Assumptions regarding future mortality are set based on actuarial advice in accordance with S3 series base tables adjusted by 103% / 105% with an allowance for future improvements based on Continuous Mortality Investigation 'CMI' 2020 projections with a 6.5 smoothing parameter and a long term improvement rate of 1% p.a. Future improvements applied are based on each individual's birth year. These assumptions translate into the following average life expectancies.

	December 2021 Years	December 2020 Years
Average future life expectancy for a current pensioner aged 65 in 2021		
- Male	21.2	21.5
- Female	23.6	23.8
Average future life expectancy for a non-pensioner aged 45 in 2021		
- Male	22.1	22.5
- Female	24.8	24.9

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The amounts recognised in the income statement and other comprehensive income in respect of the defined benefit pension scheme is as follows:

	December 2021 £000	December 2020 £000
Income statement		
Finance income		
Interest income on scheme assets	3,449	4,500
Finance expense		
Interest cost on defined benefit pension scheme liabilities	(3,418)	(4,281)
Amount credited to the Income statement	31	219
	December 2021 £000	December 2020 £000
Other comprehensive income		
Experience (gain) on pension scheme assets	(8,648)	(19,064)
Actuarial (gain) / loss on financial assumptions	(4,965)	27,561
Actuarial (gain) / loss on demographic assumptions	(2,272)	2,436
Actuarial (gain) / loss recognised	(13,876)	10,933
The actual return on scheme assets was	10,097	23,564

The cumulative amount of actuarial losses before deferred tax recognised in the statement of recognised income and expense is £25,256,000 (December 2020: £35,353,000)

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

19. Retirement benefit obligations (continued)

The amount included in the balance sheet in respect of the defined benefit pension scheme is as follows:

	December 2021 £000	December 2020 £000
Equities	50,201	46,104
Corporate bonds	49,898	48,123
Property	4,131	7,653
Diversified growth funds	41,430	41,954
Cash pending investment	9,458	22,967
Direct lending	3,181	-
LDI	53,077	60,548
Index linked gilts	21,341	-
Fair value of scheme assets	232,695	225,349
Present value of defined benefit obligation	(214,648)	(225,383)
Surplus / (Deficit) in the scheme	18,047	(34)

Movements in the present value of the defined benefit obligation were as follows:

	December 2021 £000	December 2020 £000
Present value of defined benefit obligation at beginning of period	225,383	199,269
Interest cost	3,418	4,281
Past service cost	-	1,240
Actuarial (gains) / losses on benefit obligation	(7,227)	29,997
Benefits paid	(8,926)	(9,404)
Present value of defined benefit obligation at end of period	214,648	225,383

Movements in the fair value of scheme assets were as follows:

	December 2021 £000	December 2020 £000
Fair value of scheme assets at beginning of period	225,349	207,287
Interest income on scheme assets	3,449	4,500
Return on assets in excess of interest income	6,648	19,064
Employer contributions	4,175	3,902
Benefits paid	(6,926)	(9,404)
Fair value of scheme assets at end of period	232,695	225,349

The history of experience adjustments is as follows:

	December 2021 £000	December 2020 £000
Present value of defined benefit obligation	(214,648)	(225,383)
Fair value of scheme assets	232,695	225,349
Surplus / (Deficit) in the scheme	18,047	(34)
Experience adjustments on scheme liabilities	(7,227)	29,997
As a percentage of the present value of the defined benefit obligation	3.37%	-13.31%
Experience adjustments on scheme assets	6,648	19,064
As a percentage of the fair value of plan assets	2.86%	8.46%

It is expected that contributions by the company to the scheme during the year ending 31 December 2021 will be £776,360

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	December 2021 £000	December 2020 £000
Increase of 0.25% in discount rate	(9,498)	(10,390)
Decrease of 0.25% in discount rate	10,151	11,126
Increase of 0.1% in inflation	2,368	2,562
Decrease of 0.1% in inflation	(2,136)	(2,478)
Increase of one year in life expectancy	8,927	9,213

20. Contingent liabilities

The company has no material contingent liabilities at 31 December 2021 (31 December 2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS for the 12 months ended 31 December 2021

21. Related parties

Group

The Group's ultimate controlling party is Alliance Global Group, Inc. ("AGI"), a company incorporated in the Philippines, and the Philippine parent undertaking and controlling entity is Emperor Inc. ("EMP").

The ultimate UK parent undertaking and controlling entity is Emperor Holdings (GB) Limited. The immediate UK parent company with a controlling interest is Emperor UK Limited.

Both AGI and EMP prepare consolidated financial statements, which include the results of Emperor Holdings (GB) Ltd. The annual reports of AGI and EMP are available at the Philippines Stock Exchange website ("edge.pse.com.ph") and respective websites ("allianceglobalinc.com" and "emperadorbrandy.com").

Related party relationships exist between the company, its subsidiaries, its immediate parent company and other subsidiaries in the Emperor group.

(a) Trading transactions

During the year the Company sold products to Emperor Distillers Inc, the trading subsidiary of EMP resident in the Philippines. The value of sales during the period was £258,890 (2020: £437,997) and is based on the price lists in force and terms available to third parties. The Company also purchased management services totalling £2,229,799 (2020: £2,416,650) from Emperor Asia PTE Limited in respect of support provided in the Asian region. The Company sold cased products totalling £45,394 (2020: £nil) to Emperor Asia PTE Limited in 2021. The Company purchased cased products and casks totalling £10,739,424 (2020: £11,247,878) from Bodegas Fundador a trading subsidiary of Grupo Emperador resident in Spain. The Company recharged strategic marketing costs, margin true-up costs and cased products totalling £684,853 (2020: £659,434) to Bodegas Fundador. The Company sold cased products totalling £89,946 (2020: £41,674) to Pedro Domecq S.A. DE. C.V. a trading subsidiary of Grupo Emperador resident in Spain. The Company incurred strategic marketing costs totalling £107,438 (2020: £128,853) from Pedro Domecq S.A. de C.V. The Company recharged management services totalling £8,108 (2020: £13,500) to Stillman Spirits S.L.U a trading subsidiary of Grupo Emperador resident in Spain. The Company also purchased management services totalling £14,514 (2020: £29,239) from Stillman Spirits S.L.U.

(b) Balances arising from sale and purchase of goods and services

	December 2021 £000	December 2020 £000
Emperor Distillers Inc	107	28
Emperor Asia PTE Limited	53	7
Bodegas Fundador	261	286
Pedro Domecq S.A. DE C.V	53	199
Stillman Spirits S.L.U	2	14
Receivables from related parties:	466	534
Emperor Asia PTE Limited	776	1,589
Bodegas Fundador	1,664	924
Stillman Spirits S.L.U	4	29
Payables to related parties:	2,343	2,542

All year-end trading and loan balances with related parties are disclosed in notes 12 and 15.

(c) Loans to related parties

	December 2021 £000	December 2020 £000
Balance at end of period	267,191	247,137

(c) Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	December 2021 £000	December 2020 £000
Salaries and other short-term employee benefits	2,024	2,019
Post-employment benefits	136	133
Other long-term benefits	567	556
	2,727	2,708

22. Subsidiaries

The company's principal subsidiary companies are as follows:

Company	Country of incorporation	Description of shares held	% of issued share capital held	Trade
Whyte and Mackay (Americas) Limited, LLC *	USA	Ordinary	100%	Marketing services
* wholly owned subsidiary of Whyte & Mackay Limited				

23. Prior period adjustment

The financial statements have been restated to incorporate the impact of a reclassification of revenue. Revenue, cost of sales, distribution costs and income tax recognised in the current year have been moved into the prior year. The change has resulted in profits available for distribution at 31 December 2021 decreasing by £2,380,000.

There has been a prior period adjustment to the Balance Sheet by removing the offsetting of the dividends payables within amounts owed from the immediate parent company.