Whyte and Mackay Group Limited

Directors' Report and Financial Statements

Year ended 31 December 2015

Registered number: SC221954

Whyte and Mackay Group Limited
Directors' report and financial statements
Year ended 31 December 2015

Contents

Directors and advisers

Directors
W Co
J Cortes
J Domecq
B H Donaghey
Dr A Tan

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Strategic report for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Principal activities
During the year ended 31 December 2015, the Group's principal activities were the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. Core brands include The Dalmore and Isle of Jura single malt whiskies, Vladivar vodka, Glayva liqueur, Whyte and Mackay, Claymore and John Barr blended scotch whisky. The Group also distributed Russian Standard vodka in the UK under a distribution partnership with Roust. This distribution partnership was terminated on 31 December 2015.

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

The Group will seek to continue to extend its global reach focusing primarily on its Scotch business but also developing in other alcoholic beverage categories.

Business review
Following a year of transition and change of ownership last year, 2015 saw a return to profit for the Group with continued growth in our core brands. The Dalmore and Isle of Jura brands in particular performed strongly, supported by continued strategic marketing investment. Higher volumes through the Group'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 operating profit of £12,640,000 (2014: Loss £1,059,000) is after exceptional costs of £7,261,000 (2014: £5,952,000). The Group's operating profit before exceptional costs was £19,901,000 in 2015 (2014: £4,893,000), with EBITA before exceptional costs (earnings before interest, tax, and amortisation) of £22,218,000 in 2015 (2014: £6,648,000). Following acquisition of the Group by Emperador in October 2014 the Group has returned a profit for the financial year of £3,542,000 (2014: Loss £2,991,000).

The Group 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")

Turnover
Group turnover remained broadly constant in line with the prior period on an annualised basis.

EBITA margin (%)
EBITA margin before exceptional items increased from 5.8% in 2014 to 15.2% in 2015 due to sustained higher growth levels from the Group's malt whisky brands, positive operational gearing delivered from higher volumes through the group's production assets, tight cost control and a reduction in the cost of raw materials.

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group 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 Group 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 has a substantial inventory of aged stocks which mature over periods of up to 60 years. As at 31 December 2015 the historical cost of this stock amounted to £159,527,000 (2014: £137,902,000). 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 group'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 group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group'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 Group's funding and liquidity requirements. The Group 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 Credit Committee. The finance management team identifies, evaluates and hedges financial risks as follows:

Foreign exchange risk
The group 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 groups' treasury risk management policy is to hedge 75% of anticipated cashflows (mainly export sales and purchase of casks) in each major foreign currency for the subsequent 12 months.

Interest rate risk
The Group 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 Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has at its disposal additional undrawn facilities which further reduces liquidity risk.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet their contractual obligations and arises principally from amounts receivable from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and before accepting any new customer, the Group 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 an regular basis by the Credit Committee.

Concentrations of credit risk with respect to trade receivables are limited at the year end due to the Group'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 Group's maximum exposure to credit risk.

Environmental policy
The Group has an environmental policy which commits it to ensuring that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment.

Employees
The Group 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 Group. Every effort is made to continue the employment of persons who become disabled whilst in the Group's employment.

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

Political and charitable donations
During the year the Group gave no donation to any political organisation (2014: £nil). The Group made charitable donations of £15,000 during the year (2014: £15,000).

Strategic report for the year ended 31 December 2015 (continued)

Going concern
As disclosed in these accounts the Group has produced a profit for the financial year of £3,542,000 (2014: Loss: £2,991,000) and has net assets of £144,372,000 at 31 December 2015 (2014: £135,898,000). With the sale of Whyte & Mackay Group Limited to Emperador UK Limited now completed, based on the current trading projections and continued support through intercompany funding from the immediate parent company, the directors consider that it is appropriate for the accounts to be prepared on a going concern basis.

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

B N Donaghey
Director
28th April 2016

Directors' report for the year ended 31 December 2015

The financial statements incorporating the results for the year ended 31 December 2015 are set out on pages 7 to 34. The Directors do not recommend the payment of a dividend in 2015 (2014: £nil) with the profit for the financial year of £3,542,000 (2014: Loss £2,991,000) being taken to 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 Group who were in office during the year and up to the date of signing the consolidated financial statements were:-

W Co
J Cortes
J Domecq
B H Donaghey
Dr A 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.

Statement of Directors' responsibilities

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 consolidated and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and 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;
• IFRSs 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

B H Donaghey
Director
28th April 2016

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

We have audited the financial statements of Whyte and Mackay Group Limited for the year ended 31 December 2015 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated and parent company balance sheets, consolidated and parent company statement of changes in equity, consolidated statement of cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

• the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit and the parent company's loss for the year then ended;

• the group and parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

• the group and parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

• the parent company 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.

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Glasgow
28th April 2016

Whyte and Mackay Group Limited
Consolidated income statement

	Notes	Year ended 31 December 2015 £ 000	9 months ended 31 December 2014 £ 000
Revenue		**238,662**	180,976
Excise duties		**(92,368)**	(67,215)
Net revenue		**146,294**	113,761
Operating profit before exceptional items	**2**	**19,901**	4,893
Exceptional items		**(7,261)**	(5,952)
Operating profit / (loss)		**12,640**	(1,059)
Finance income	**6**	**5,384**	4,603
Finance costs	**6**	**(14,234)**	(6,390)
Profit / (loss) before income tax		**3,790**	(2,846)
Income tax expense	**7**	**(248)**	(145)
Profit / (loss) for the period attributable to equity holders of the parent		**3,542**	(2,991)

Consolidated statement of other comprehensive income

	Notes	Year ended 31 December 2015 £ 000	9 months ended 31 December 2014 £ 000
Profit / (loss) for the period attributable to equity holders of the parent		3,542	**(2,991)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on retirement benefits	**18**	**6,140**	(10,018)
Tax on items taken directly to equity	**7**	**(1,105)**	2,004
		5,035	(8,014)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	**17**	**(103)**	(73)
Other comprehensive income / (expense) for the period, net of tax		**4,932**	(8,087)
Total comprehensive income / (expense) for the period attributable to equity holders of the parent		**8,474**	(11,078)

The above results relate to continuing operations.

The accounting policies and notes form an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The loss for the parent company for the period was £22,828,000 (2014: £13,378,000).

Whyte and Mackay Group Limited
Registered number: SC221954
Consolidated and parent company balance sheets

	Notes	31 December 2015 Group £000	31 December 2015 Company £000	31 December 2014 Group £000	31 December 2014 Company £000	31 March 2014 Group £000	31 March 2014 Company £000
Non-current assets							
Intangible assets	8	40,082	-	41,720	-	43,464	-
Property, plant and equipment	9	68,363	-	56,956	-	55,778	-
Investments	10	-	247,422	-	247,422	-	247,422
Available-for-sale financial assets	10	118	-	118	-	118	-
Deferred tax assets	7	2,956	-	4,254	-	2,394	-
		111,519	247,422	103,048	247,422	101,754	247,422
Current assets							
Inventories	11	170,746	-	149,123	-	120,995	-
Trade and other receivables	12	69,949	-	88,319	-	75,430	-
Derivative financial instruments	14	38	-	-	-	-	-
Cash and cash equivalents	14	7,765	-	6,172	-	14,723	-
		248,498	-	243,614	-	211,148	-
Total assets		360,017	247,422	346,662	247,422	312,902	247,422
Current liabilities							
Interest bearing loans and borrowings	13	(131,229)	(333,306)	(109,850)	(310,479)	(84,100)	(297,101)
Trade and other payables	15	(67,965)	-	(72,922)	-	(64,625)	-
Provisions for other liabilities	16	(3,442)	-	(1,601)	-	(1,504)	-
		(202,636)	(333,306)	(184,373)	(310,479)	(150,229)	(297,101)
Non-current liabilities							
Provisions for other liabilities	16	(7,988)	-	(11,647)	-	(7,794)	-
Retirement benefit obligations	18	(5,021)	-	(14,714)	-	(7,828)	-
Other payables	15	-	-	(30)	-	(75)	-
		(13,009)	-	(26,391)	-	(15,697)	-
Total liabilities		(215,645)	(333,306)	(210,764)	(310,479)	(165,926)	(297,101)
Net assets		144,372	(85,884)	135,898	(63,057)	146,976	(49,679)
Equity							
Share capital	17	46,003	46,003	46,003	46,003	46,003	46,003
Share premium	17	16,312	16,312	16,312	16,312	16,312	16,312
Foreign currency translation reserve	17	(176)	-	(73)	-	-	-
Retained earnings	17	82,233	(148,199)	73,656	(125,372)	84,661	(111,994)
Total equity		144,372	(85,884)	135,898	(63,057)	146,976	(49,679)

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

B H Donaghey
Director
28th April 2016

Whyte and Mackay Group Limited
Consolidated and parent company statement of changes in equity

	Share capital £ 000	Share premium £ 000	Foreign currency translation reserve £ 000	Retained Earnings £ 000	Total Equity £ 000
Consolidated 2014					
Opening balance as at 1 April 2014	**46,003**	**16,312**	**-**	**84,661**	**146,976**
Comprehensive income					
Loss for the nine month period	-	-	-	(2,991)	**(2,991)**
Other comprehensive income					
Actuarial losses on retirement benefits	-	-	-	(10,018)	**(10,018)**
Tax on items taken directly to equity	-	-	-	2,004	**2,004**
Currency translation differences	-	-	(73)	-	**(73)**
Balance as at 31 December 2014	**46,003**	**16,312**	**(73)**	**73,656**	**135,898**
Consolidated 2015					
Opening balance as at 1 January 2015	**46,003**	**16,312**	**(73)**	**73,656**	**135,898**
Comprehensive income					
Profit for the year	-	-	-	3,542	**3,542**
Other comprehensive income					
Actuarial gains on retirement benefits	-	-	-	6,140	**6,140**
Tax on items taken directly to equity	-	-	-	(1,105)	**(1,105)**
Currency translation differences	-	-	(103)	-	**(103)**
Balance as at 31 December 2015	**46,003**	**16,312**	**(176)**	**82,233**	**144,372**

	Share capital £ 000	Share premium £ 000	Foreign currency translation reserve £ 000	Retained Earnings £ 000	Total Equity £ 000
Parent company 2014					
Opening balance as at 1 April 2014	**46,003**	**16,312**	-	**(111,994)**	**(49,679)**
Comprehensive income					
Loss for the nine month period	-	-	-	(13,378)	**(13,378)**
Balance as at 31 December 2014	**46,003**	**16,312**	-	**(125,372)**	**(63,057)**
Parent company 2015					
Opening balance as at 1 January 2015	**46,003**	**16,312**	-	**(125,372)**	**(63,057)**
Comprehensive income					
Loss for the year	-	-	-	(22,828)	**(22,828)**
Balance as at 31 December 2015	**46,003**	**16,312**	**-**	**(148,199)**	**(85,884)**

Whyte and Mackay Group Limited
Consolidated statement of cashflows

	Notes	Year ended 31 December 2015 £ 000	9 months ended 31 December 2014 £ 000
Cash flows from operating activities			
Profit / (loss) for the year		**3,542**	(2,991)
Income tax expense	**7**	**248**	145
Finance income and expense	**6**	**8,850**	1,787
Depreciation, amortisation and impairment		**4,998**	4,785
Increase in trade and other receivables		**22,423**	(16,941)
Increase in inventories		**(20,561)**	(27,856)
Increase in trade and other payables		**(10,677)**	12,215
Net retirement benefit cost	**18**	**(4,000)**	(3,363)
Other non-cash movements		**(18)**	25
Cash generated / (expended) from operations		**4,805**	(32,194)
Interest received		**44**	35
Interest paid		**(459)**	(381)
Income tax paid		**(53)**	-
Net cash generated / (expended) from operating activities		**4,337**	(32,540)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**11**	7
Purchases of property, plant and equipment	**9**	**(15,303)**	(4,526)
Purchases of intangible assets	**8**	**(679)**	(11)
Net cash outflow from investing activities		**(15,971)**	(4,530)
Cash flows from financing activities			
Proceeds from borrowings	**13**	**14,500**	-
Proceeds from loan from parent company	**21**	**20,915**	12,157
Loan repayment to parent company	**21**	**(5,650)**	-
Net cash used in financing activities		**29,765**	12,157
Net increase / (decrease) in net cash and cash equivalents		**18,131**	(24,913)
Exchange differences	**17**	**(103)**	(73)
Net (debt) / cash and cash equivalents at beginning of the period	**14**	**(10,263)**	14,723
Net cash and cash equivalents / (debt) at end of the period		**7,765**	(10,263)
Cash and cash equivalents note to the financial statements:			
Cash and cash equivalents	**14**	**7,765**	6,172
Amounts advanced by invoice discounting	**14**	**-**	(16,435)
Cash and cash equivalents / (debt) in the cash flow statement		**7,765**	(10,263)

The Company has not prepared a statement of cashflows as no cash was held in the current or prior period.

Whyte and Mackay Group Limited
Explanation of transition to IFRS

These are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies have been applied in preparing the consolidated financial statements for the year ended 31 December 2015, the comparative information presented in these consolidated financial statements for the 9 months ended 31 December 2014, and in the preparation of an opening IFRS balance sheet at 1 April 2014 (the Group's date of transition to IFRS).

In preparing its opening balance sheet, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of consolidated income statement and other comprehensive income for 9 months ended 31 December 2014

	Previously reported under UKGAAP £000	IAS 19 £000	IAS 1 £000	IAS 38 Intangible Assets £000	IAS 39 Intra-Group Loans £000	IAS 39 Derivatives £000	Effect of transition to IFRS £000	Restated under IFRS £000
	Note	a	b	c	d	e		
Revenue	180,976	-	-	-	-	-	-	180,976
Excise duties	(67,215)	-	-	-	-	-	-	(67,215)
Net revenue	113,761	-	-	-	-	-	-	113,761
Operating profit before exceptional items	3,465	-	-	1,428	-	-	1,428	4,893
Exceptional items	(5,952)	-	-	-	-	-	-	(5,952)
Operating loss	(2,487)	-	-	1,428	-	-	1,428	(1,059)
Finance income	619	3,603	381	-	-	-	3,984	4,603
Finance costs	-	(4,799)	(381)	-	(1,210)	-	(6,390)	(6,390)
Loss before income tax	(1,868)	(1,196)	-	1,428	(1,210)	-	(978)	(2,846)
Income tax expense	(384)	239	-	-	-	-	239	(145)
Loss for the period attributable to equity holders of the parent	(2,252)	(957)	-	1,428	(1,210)	-	(739)	(2,991)
Other comprehensive income:								
Items that will not be reclassified to profit or loss								
Actuarial losses on retirement benefits	(11,214)	1,196	-	-	-	-	1,196	(10,018)
Tax on items taken directly to equity	2,243	(239)	-	-	-	-	(239)	2,004
	(8,971)	957	-	-	-	-	957	(8,014)
Items that may be subsequently reclassified to profit or loss								
Currency translation differences	(73)	-	-	-	-	-	-	(73)
Other comprehensive income and expense for the period, net of tax	(9,044)	957	-	-	-	-	957	(8,087)
Total comprehensive income and expense for the period attributable to equity holders of the parent	(11,296)	-	-	1,428	(1,210)	-	218	(11,078)

Reconciliation of consolidated income statement and other comprehensive income for year ended 31 December 2015

	Previously reported under UKGAAP £000	IAS 19 £000	IAS 1 £000	IAS 38 Intangible Assets £000	IAS 39 Intra-Group Loans £000	IAS 39 Derivatives £000	Effect of transition to IFRS £000	Restated under IFRS £000
	Note	a	b	c	d	e		
Revenue	238,662	-	-	-	-	-	-	238,662
Excise duties	(92,368)	-	-	-	-	-	-	(92,368)
Net revenue	146,294	-	-	-	-	-	-	146,294
Operating profit before exceptional items	17,997	-	-	1,904	-	-	1,904	19,901
Exceptional items	(7,261)	-	-	-	-	-	-	(7,261)
Operating profit	10,736	-	-	1,904	-	-	1,904	12,640
Finance income	-	5,302	44	-	-	38	5,384	5,384
Finance costs	(8,888)	(5,302)	(44)	-	-		(5,346)	(14,234)
Profit before income tax	1,848	-	-	1,904	-	38	1,942	3,790
Income tax expense	(241)	-	-	-	-	(7)	(7)	(248)
Profit for the period attributable to equity holders of the parent	1,607	-	-	1,904	-	31	1,935	3,542
Other comprehensive income:								
Items that will not be reclassified to profit or loss								
Actuarial gains on retirement benefits	6,140	-	-	-	-	-	-	6,140
Tax on items taken directly to equity	(1,105)	-	-	-	-	-	-	(1,105)
	5,035	-	-	-	-	-	-	5,035
Items that may be subsequently reclassified to profit or loss								
Currency translation differences	(103)	-	-	-	-	-	-	(103)
Other comprehensive income for the period, net of tax	4,932	-	-	-	-	-	-	4,932
Total comprehensive income for the period attributable to equity holders of the parent	6,539	-	-	1,904	-	31	1,935	8,474

Explanation of transition to IFRS (continued)

Reconciliation of consolidated equity at 1 April 2014 (date of transition to IFRS)

	Previously reported under UKGAAP £000	IAS 12 Deferred tax £000 f	IAS 39 Interest bearing loans £000 g	IAS 39 Intra-Group Loans £000 d	IAS 39 Derivatives £000 e	IAS 21 Foreign Exchange £000 h	IAS 1 Provisions £000 i	IAS 38 Intangible Assets £000 c	IAS 38 Intangible Assets £000 j	Effect of transition to IFRS £000	Restated under IFRS £000
Non-current assets											
Intangible assets	43,379	-	-	-	-	-	-	-	85	85	43,464
Property, plant and equipment	55,863	-	-	-	-	-	-	-	(85)	(85)	55,778
Available-for-sale financial assets	118	-	-	-	-	-	-	-	-	-	118
Deferred tax assets	-	2,394	-	-	-	-	-	-	-	2,394	2,394
	99,360	2,394	-	-	-	-	-	-	-	2,394	101,754
Current assets											
Inventories	120,995	-	-	-	-	-	-	-	-	-	120,995
Trade and other receivables	75,430	-	-	-	-	-	-	-	-	-	75,430
Cash and cash equivalents	14,723	-	-	-	-	-	-	-	-	-	14,723
	211,148	-	-	-	-	-	-	-	-	-	211,148
Total assets	310,508	2,394	-	-	-	-	-	-	-	2,394	312,902
Current liabilities											
Interest bearing loans and borrowings	-	-	(84,100)	-	-	-	-	-	-	(84,100)	(84,100)
Trade and other payables	(148,725)	-	84,100	-	-	-	-	-	-	84,100	(64,625)
Provisions	-	-	-	-	-	-	(1,504)	-	-	(1,504)	(1,504)
	(148,725)	-	-	-	-	-	(1,504)	-	-	(1,504)	(150,229)
Non-current liabilities											
Provisions	(8,470)	(828)	-	-	-	-	1,504	-	-	676	(7,794)
Retirement benefit obligations	(6,262)	(1,566)	-	-	-	-	-	-	-	(1,566)	(7,828)
Other payables	(75)	-	-	-	-	-	-	-	-	-	(75)
	(14,807)	(2,394)	-	-	-	-	1,504	-	-	(890)	(15,697)
Total liabilities	(163,532)	(2,394)	-	-	-	-	-	-	-	(2,394)	(165,926)
Net assets	146,976	-	-	-	-	-	-	-	-	-	146,976
Equity											
Share capital	46,003	-	-	-	-	-	-	-	-	-	46,003
Share premium	16,312	-	-	-	-	-	-	-	-	-	16,312
Retained earnings	84,661	-	-	-	-	-	-	-	-	-	84,661
Total equity	146,976	-	-	-	-	-	-	-	-	-	146,976

Explanation of transition to IFRS (continued)

Reconciliation of consolidated equity at 31 December 2014

	Previously reported under UKGAAP £000	IAS 12 Deferred tax £000 f	IAS 39 Interest bearing loans £000 g	IAS 39 Intra-Group Loans £000 d	IAS 39 Derivatives £000 e	IAS 21 Foreign Exchange £000 h	IAS 1 Provisions £000 i	IAS 38 Intangible Assets £000 c	IAS 38 Intangible Assets £000 j	Effect of transition to IFRS £000	Restated under IFRS £000
Non-current assets											
Intangible assets	40,237	-	-	-	-	-	-	1,428	55	1,483	41,720
Property, plant and equipment	57,011	-	-	-	-	-	-	-	(55)	(55)	56,956
Available-for-sale financial assets	118	-	-	-	-	-	-	-	-	-	118
Deferred tax assets	-	4,254	-	-	-	-	-	-	-	4,254	4,254
	97,366	4,254	-	-	-	-	-	1,428	-	5,682	103,048
Current assets											
Inventories	149,123	-	-	-	-	-	-	-	-	-	149,123
Trade and other receivables	75,936	-	12,383	-	-	-	-	-	-	12,383	88,319
Cash and cash equivalents	6,172	-	-	-	-	-	-	-	-	-	6,172
	231,231	-	12,383	-	-	-	-	-	-	12,383	243,614
Total assets	328,597	4,254	12,383	-	-	-	-	1,428	-	18,065	346,662
Current liabilities											
Interest bearing loans and borrowings	-	-	(108,640)	(1,210)	-	-	-	-	-	(109,850)	(109,850)
Trade and other payables	(169,179)	-	96,257	-	-	-	-	-	-	96,257	(72,922)
Provisions	-	-	-	-	-	-	(1,601)	-	-	(1,601)	(1,601)
	(169,179)	-	(12,383)	(1,210)	-	-	(1,601)	-	-	(15,194)	(184,373)
Non-current liabilities											
Provisions	(11,937)	(1,311)	-	-	-	-	1,601	-	-	290	(11,647)
Retirement benefit obligations	(11,771)	(2,943)	-	-	-	-	-	-	-	(2,943)	(14,714)
Other payables	(30)	-	-	-	-	-	-	-	-	-	(30)
	(23,738)	(4,254)	-	-	-	-	1,601	-	-	(2,653)	(26,391)
Total liabilities	(192,917)	(4,254)	(12,383)	(1,210)	-	-	-	-	-	(17,847)	(210,764)
Net assets	135,680	-	-	(1,210)	-	-	-	1,428	-	218	135,898
Equity											
Share capital	46,003	-	-	-	-	-	-	-	-	-	46,003
Share premium	16,312	-	-	-	-	-	-	-	-	-	16,312
Foreign currency translation reserve	-	-	-	-	-	(73)	-	-	-	(73)	(73)
Retained earnings	73,365	-	-	(1,210)	-	73	-	1,428	-	291	73,656
Total equity	135,680	-	-	(1,210)	-	-	-	1,428	-	218	135,898

Whyte and Mackay Group Limited
Explanation of transition to IFRS (continued)

Reconciliation of consolidated equity at 31 December 2015

	Previously reported under UKGAAP £000	IAS 12 Deferred tax £000 f	IAS 39 Interest bearing loans £000 g	IAS 39 Intra-Group Loans £000 d	IAS 39 Derivatives £000 e	IAS 21 Foreign Exchange £000 h	IAS 1 Provisions £000 i	IAS 38 Intangible Assets £000 c	IAS 38 Intangible Assets £000 j	Effect of transition to IFRS £000	Restated under IFRS £000
Non-current assets											
Intangible assets	36,048	-	-	-	-	-	-	3,332	702	4,034	40,082
Property, plant and equipment	69,065	-	-	-	-	-	-	-	(702)	(702)	68,363
Available-for-sale financial assets	118	-	-	-	-	-	-	-	-	-	118
Deferred tax assets	-	2,963	-	-	(7)	-	-	-	-	2,956	2,956
	105,231	2,963	-	-	(7)	-	-	3,332	-	6,288	111,519
Current assets											
Inventories	170,746	-	-	-	-	-	-	-	-	-	170,746
Trade and other receivables	69,949	-	-	-	-	-	-	-	-	-	69,949
Derivative financial instruments	-	-	-	-	38	-	-	-	-	38	38
Cash and cash equivalents	7,765	-	-	-	-	-	-	-	-	-	7,765
	248,460	-	-	-	38	-	-	-	-	38	248,498
Total assets	353,691	2,963	-	-	31	-	-	3,332	-	6,326	360,017
Current liabilities											
Interest bearing loans and borrowings	-	-	(130,019)	(1,210)	-	-	-	-	-	(131,229)	(131,229)
Trade and other payables	(197,984)	-	130,019	-	-	-	-	-	-	130,019	(67,965)
Provisions	-	-	-	-	-	-	(3,442)	-	-	(3,442)	(3,442)
	(197,984)	-	-	(1,210)	-	-	(3,442)	-	-	(4,652)	(202,636)
Non-current liabilities											
Provisions	(9,371)	(2,059)	-	-	-	-	3,442	-	-	1,383	(7,988)
Retirement benefit obligations	(4,117)	(904)	-	-	-	-	-	-	-	(904)	(5,021)
	(13,488)	(2,963)	-	-	-	-	3,442	-	-	479	(13,009)
Total liabilities	(211,472)	(2,963)	-	(1,210)	-	-	-	-	-	(4,173)	(215,645)
Net assets	142,219	-	-	(1,210)	31	-	-	3,332	-	2,153	144,372
Equity											
Share capital	46,003	-	-	-	-	-	-	-	-	-	46,003
Share premium	16,312	-	-	-	-	-	-	-	-	-	16,312
Foreign currency translation reserve	-	-	-	-	-	(176)	-	-	-	(176)	(176)
Retained earnings	79,904	-	-	(1,210)	31	176		3,332		2,329	82,233
Total equity	142,219	-	-	(1,210)	31	-	-	3,332	-	2,153	144,372

IFRS measurement adjustments

Retirement benefits

a Pensions have been accounted for in accordance with IAS 19R which calculates the net interest cost by multiplying the net defined benefit obligation by the discount rate, both determined at the start of the period and taking account of any changes in the net defined benefit obligation during the period. This differs from FRS17 which prior to 1 January 2015 applied the discount rate to the liability and an expected return to the asset. This restatement results in an adjustment between consolidated income and other comprehensive income of £1,196,000 less deferred tax for the year ended 31 December 2014. The interest income on pension scheme assets and the unwinding of the discount on pension scheme liabilities are presented gross as finance income and expense on the face of the consolidated income statement.

Intangible assets

c Under UK GAAP, brands acquired in a business combination were amortised over 20 years on a straight-line basis but under IFRS these are not amortised and are instead held on an indefinite life basis. This change results in a reduction in amortisation of £1,428,000 in 2014 and £1,904,000 in 2015.

Intra-group loans

d Under IFRS, interest on intra-group loans is reflected on an arms length basis. This results in an additional interest expense of £1,210,000 in 2014.

Derivative financial instruments

e Under IFRS, financial assets and financial liabilities should be recognised at fair value which results in the recognition of forward foreign exchange contracts as separate derivative financial instruments on the consolidated balance sheet (1 April 2014: £Nil; 31 December 2014: £Nil; 31 December 2015: £38,000 asset) adjusted for deferred tax. Movements in fair value between reporting dates are accounted for as finance income and expense in the consolidated income statement.

Deferred tax

Under UKGAAP, deferred tax is provided on timing differences between the consolidated income statement and the Group tax computation (an income statement approach), whilst IFRS has a wider scope and requires deferred tax to be provided on all temporary differences between the carrying value of assets and liabilities on the consolidated balance sheet and their tax base (a balance sheet approach). The change has not resulted in any changes to the amounts recorded in the consolidated financial statements.

In addition, deferred tax has been provided where appropriate as a result of other IFRS transition adjustments, principally derivative financial instruments and retirement benefits.

Explanation of transition to IFRS (continued)

Company balance sheet

As noted under IFRS, interest on intra-group loans is reflected on an arms length basis. This results in an additional interest expense in the parent company income statement of £13,378,000 in 2014.

IFRS reclassifications

a Retirement benefit obligations finance costs, previously presented net within financing in accordance with UKGAAP, are shown gross on the face of the consolidated income statement under IFRS with interest income on pension scheme assets and interest on pension scheme liabilities presented within finance income and finance expense respectively.

b Under UKGAAP, finance income and expense are shown net on the face of the income statement. Under IAS1, presentation is gross on the face of the income statement. This results in a reclassification of £381,000 in 2014 and £44,000 in 2015.

f Deferred tax balances, previously netted off and included within non-current provisions and retirement benefit obligations have been reclassified to non-current deferred tax assets (1 April 2014: £2,394,000, 31 December 2014: £4,254,000, 31 December 2015: £2,963,000,000) and shown separately on the face of the consolidated balance sheet.

g Interest bearing loans and borrowings, previously netted off and included within trade and other receivables and trade and other payables have been reclassified to interest bearing loans and borrowings (1 April 2014: £84,100,000, 31 December 2014: £108,640,000, 31 December 2015: £130,019,000) and shown separately on the face of the consolidated balance sheet.

h Under UKGAAP, foreign exchange differences arising on retranslation of foreign operations were recognised directly in retained earnings. Under IFRS, such differences arising after the Group's date of transition to IFRS (1 April 2014) are tracked as a separate component of equity until disposal of the foreign operation (31 December 2014: -£73,000, 31 December 2015: -£176,000).

i Provisions due within one year, previously presented within non-current liabilities in accordance with UKGAAP, have been reclassified and shown within current liabilities (1 April 2014: £1,504,000, 31 December 2014: £1,601,000, 31 December 2015: £3,442,000).

j Property, plant and equipment included software costs under UKGAAP, but under IFRS these have been reclassified as an intangible asset (1 April 2014: £85,000, 31 December 2014: £55,000, 31 December 2015: £702,000).

Parent company

As noted under IFRS, interest on intra-group loans is reflected on an arms length basis. This results in an additional interest expense in the parent company income statement of £13,378,000 in 2014. Transition to IFRS also results in the reclassification of intercompany loans from current liabilties to interest bearing loans and borrowings on the face of the company balance sheet (1 April 2014: £297,101,000; 31 December 2014: £310,479,000; 31 December 2015: £333,306,000).

Cash flow statement under IFRS

The consolidated cash flow statement prepared in accordance with UKGAAP presents substantially the same information as that required under IFRS. Under IFRS, however, there are certain differences from UKGAAP with regard to the classification of items within the cash flow statement and with regard to the definition of cash and cash equivalents.

Under UKGAAP, cash flows are presented separately for operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, equity dividends paid, management of liquid resources and financing. Under IFRS, only three categories of cash flow activity are reported: operating activities, investing activities and financing activities.

Under IFRS, movements on cash and cash equivalents are reconciled; under UKGAAP the statement reconciles cash only. These changes in presentation of the cash flow statement make no difference to the free cash generated by the Group.

Reconciliation of consolidated cashflows

	UKGAAP	Adjustments	IFRS	UKGAAP	Adjustments	IFRS
	9 months ended 31 December 2014 £ 000	9 months ended 31 December 2014 £ 000	9 months ended 31 December 2014 £ 000	Year ended 31 December 2015 £ 000	Year ended 31 December 2015 £ 000	Year ended 31 December 2015 £ 000
Cash flows from operating activities						
Profit for the year	(2,252)	(739)	(2,991)	1,607	1,935	3,542
Income tax expense	384	(239)	145	241	7	248
Finance income and expense	(619)	2,406	1,787	8,888	(38)	8,850
Depreciation, amortisation and impairment	6,213	(1,428)	4,785	6,902	(1,904)	4,998
Increase in trade and other receivables	(506)	(16,435)	(16,941)	5,988	16,435	22,423
Increase in inventories	(27,856)	-	(27,856)	(20,561)	-	(20,561)
Increase / (decrease) in trade and other payables	24,372	(12,157)	12,215	4,588	(15,265)	(10,677)
Net retirement benefit cost	(3,363)	-	(3,363)	(4,000)	-	(4,000)
Other non-cash movements	25	-	25	(18)	-	(18)
Cash (expended) / generated from operations	(3,602)	(28,592)	(32,194)	3,635	1,170	4,805
Interest received	35	-	35	44	-	44
Interest paid	(381)	-	(381)	(459)	-	(459)
Income tax paid	-	-	-	(53)	-	(53)
Net cash generated from operating activities	(3,948)	(28,592)	(32,540)	3,167	1,170	4,337
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	7	-	7	11	-	11
Purchases of property, plant and equipment	(4,537)	11	(4,526)	(15,982)	679	(15,303)
Purchases of intangible assets	-	(11)	(11)	-	(679)	(679)
Net cash outflow from investing activities	(4,530)	-	(4,530)	(15,971)	-	(15,971)
Cash flows from financing activities						
Proceeds from borrowings	-	-	-	14,500	-	14,500
Proceeds from loan from parent company	-	12,157	12,157	-	20,915	20,915
Loan repayment to parent company	-	-	-	-	(5,650)	(5,650)
Net cash used in financing activities	-	12,157	12,157	14,500	15,265	29,765
Net (decrease) / increase in net cash and cash equivalents	(8,478)	(16,435)	(24,913)	1,696	16,435	18,131
Exchange differences	(73)	-	(73)	(103)	-	(103)
Net cash and cash equivalents / (debt) at beginning of the period	14,723	-	14,723	6,172	(16,435)	(10,263)
Net (debt) / cash and cash equivalents at end of the period	6,172	(16,435)	(10,263)	7,765	-	7,765
Cash and cash equivalents note to the financial statements:						
Cash and cash equivalents	6,172	-	6,172	7,765	-	7,765
Amounts advanced by invoice discounting	-	(16,435)	(16,435)	-	-	-
Cash and cash equivalents / (debt) in the cash flow statement	6,172	(16,435)	(10,263)	7,765	-	7,765

1. Significant accounting policies

General information

Whyte and Mackay Group Limited ("the company") and its subsidiaries (together, "the Group") produce, market and distribute Scotch whisky, vodka, liqueurs and other alcoholic drinks in the UK, Europe and International markets. The group operates from 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed and adopted for use in the European Union (IFRS).

First-time adoption of IFRS

The rules for first time adoption of IFRS are set out in IFRS 1, "First-time Adoption of International Financial Reporting Standards". In general a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its balance sheet, at the date of transition, under IFRS. The standard allows a number of optional exemptions to this general principle to assist companies in the transition period. The comparative information from our date of transition, 1 April 2014, has, as permitted by IFRS 1, been prepared taking advantage of the following transitional exemptions:

- business combinations prior to 1 April 2014 have not been restated to comply with IFRS 3 "Business Combinations"
- cumulative translation differences on foreign operations have been re-set to zero at 1 April 2014. Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will therefore exclude translation differences arising prior to the date of transition to IFRS.
- the Group has elected to accept previous UKGAAP revaluations of certain properties as deemed cost under IFRS.

Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. 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.

Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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 consolidated financial statements are set out below.

Retirement benefit obligations

A qualified independent actuary undertakes the estimation of the present value of the Group'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 consolidated 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.

Taxation

Judgement is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The Group 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.

1. Significant accounting policies

Testing intangible assets for impairment
The Group tests annually whether intangible assets with an indefinite life have any 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.

Property, plant and equipment
It is necessary for the group 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.

Standards, interpretations and amendments to published standards that are not yet effective
Management is in the process of assessing the impact of all new accounting standards, interpretations and amendments to IFRS that were issued prior to 31 December 2015, but not yet effective on that date. The most relevant standards that are applicable to the Group, but that were not implemented early, are the following:

- IFRS 9: Financial Instruments (effective date 1 January 2018)
- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16: Leases (effective 1 January 2019)
- Amendments to IAS 1: Presentation of Financial Statements (effective 1 January 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- Amendments to IFRS 10: Consolidated Financial Statements (effective 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 7: Statement of Cash Flows (effective 1 January 2017)
- Amendments to IAS 12: Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017)

Going concern
The Group meets its day-to-day working capital requirements through its bank facilities. The Group 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 Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowings are given at note 13.

Basis of consolidation
The group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2015. All subsidiaries have a reporting date of 31 December. All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

1. Significant accounting policies

Business combinations (continued)
Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and 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.

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 Group. They are material items of income and expense that have been shown separately due to the significance of their nature or amount.

Leasing
Where the Group has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases, with payments (net of any incentives received from the lessor) and receipts taken to the income statement on a straight-line basis over the period of the lease.

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 group 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 consolidated 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.

1. Significant accounting policies

Property, plant and equipment (continued)
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 consolidated 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.

The Group's brands acquired in a business combination are regarded as having indefinite useful economic lives and have not been amortised. These brands are protected in all of the major markets where they are sold by trademarks, which are renewable indefinitely. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace, and the Group has a number of brands that were originally created more than 100 years ago. Accordingly the directors believe that it is appropriate that the brands are treated as having indefinite lives for accounting purposes.

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.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group 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 groups 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 long-term pre-tax interest rate.

1. Significant accounting policies

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 consolidated 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 Group 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 Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

The Group 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 group pays fixed contributions into a separate entity. The Group 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 Groups employees will receive on retirement, usually dependent on a number of factors including age, length of service and compensation.

The liability recognised in the consolidated 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 consolidated 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 consolidated 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.

1. Significant accounting policies

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 consolidated 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 Group 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 group 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 group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated 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 consolidated statement of cashflows, cash and cash equivalents includes bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

The company does not hold cash and cash equivalents therefore no company cashflow statement is disclosed.

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.

1. Significant accounting policies

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 consolidated 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.

Derivative Financial instruments

The activities of the Group expose it directly to the financial risks of changes in foreign exchange rates. The Group uses forward foreign exchange contracts to hedge these exposures. The Group 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 Group'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 consolidated income statement as they arise.

Foreign currency translation

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

On consolidation, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and recognised directly in the Group's foreign currency translation reserve. On disposal of a foreign operation, any cumulative exchange differences held in equity are recycled through the consolidated income statement.

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- remeasurement of net defined benefit liability – comprises the actuarial gains and losses from changes in demographic and financial assumptions and the return on plan assets
- translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into CU
- reserves for AFS financial assets – comprises gains and losses relating to these types of financial instruments

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.

2. Profit from operations

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

	December 2015 Normalised £000	December 2015 Exceptional items £000	December 2015 Total £000	December 2014 Normalised £000	December 2014 Exceptional items £000	December 2014 Total £000
Revenue	**238,662**	-	**238,662**	180,976	-	180,976
Excise duties	**(92,368)**	-	**(92,368)**	(67,215)	-	(67,215)
Net revenue	**146,294**	-	**146,294**	113,761	-	113,761
Cost of sales	**(110,863)**		**(110,863)**	(96,319)		(96,319)
Gross profit	**35,431**	-	**35,431**	17,442	-	17,442
Distribution costs	**(2,195)**	-	**(2,195)**	(1,896)	-	(1,896)
Selling and administration expenses	**(13,335)**	**(7,261)**	**(20,596)**	(10,653)	(5,952)	(16,605)
Profit from operations before exceptional items	**19,901**	**(7,261)**	**12,640**	4,893	(5,952)	(1,059)
Exceptional items	**(7,261)**	**7,261**	-	(5,952)	5,952	-
Profit from operations	**12,640**	-	**12,640**	(1,059)	-	(1,059)

Profit from operations is stated after charging / (crediting)	December 2015 £000	December 2014 £000
Exceptional items	**7,261**	5,952
Depreciation of property, plant and equipment - owned assets	**2,678**	3,031
(Gain) / loss on disposal of property, plant and equipment	**(18)**	25
Amortisation of definite life acquisition intangibles	**2,285**	1,714
Amortisation of software intangibles	**32**	41
Cost of inventories recognised as an expense	**54,438**	46,332
Operating lease rental expense - buildings	**3,087**	2,278
Operating lease rental income - buildings	**(838)**	(732)
Operating lease rental expense - other	**363**	217
Trade receivables impairment	**114**	36
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**79**	81
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries, pursuant to legislation	**15**	15
- Tax services	**24**	31
- All other services	**12**	-

The depreciation charged to the consolidated 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 consolidated income statement.

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

	2015 Total £000	2014 Total £000
Redundancy	**529**	724
Onerous lease provision	**(1,054)**	4,027
Dilapidations	**838**	1,051
Gain on disposal of subsidiary	-	(326)
Loss on disposal of fixed assets	**127**	-
Route to market restructuring	**6,437**	-
Other restructuring	**384**	476
	7,261	5,952

Redundancy

Redundancy and other employee costs reflect the costs associated with the sale of the business in 2014 and various restructuring initiatives in 2015.

3. Exceptional items (continued)

Onerous lease provision

This provision was set up in relation to leasehold properties in Glasgow and Edinburgh, which are vacant or sublet at a discount. Movements in the provision take account of current market conditions and expected future vacant periods.

Dilapidations

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

Disposal of subsidiary

As part of the sale of Whyte and Mackay Group Limited to Emperador UK Limited by United Spirits Limited, the Group's subsidiary Whyte and Mackay Singapore PTE Limited was sold to United Spirits Limited for £1 resulting in a gain on disposal of £326,000. Prior to disposal the subsidiary incurred losses totalling £309,000 *in the financial period and had brought forward negative net assets of* £17,000. On the basis that the disposal is not material to Whyte and Mackay Group it has not been disclosed as discontinued operations on the face of the consolidated income statement.

Route to market restructuring

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

Other restructuring

Other restructuring costs include non-recurring legal and professional fees and expenses incurred in relation to the sale of the business in 2014 and disruption costs associated with relocation of head office in Glasgow.

4. Employees

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

By Activity	December 2015 Number	December 2014 Number
Sales, distribution and administration	**183**	178
Production	**306**	302
	489	480

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

	December 2015 £000	December 2014 £000
Wages and salaries	**19,718**	14,781
Social security costs	**2,140**	1,556
Pension costs - defined contribution plans	**2,575**	1,715
	24,433	18,052

5. Directors emoluments

	December 2015 £000	December 2014 £000
Aggregate emoluments	**616**	646
Highest paid director	**616**	646

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

Group	December 2015 £000	December 2014 £000
Finance income		
Interest receivable on cash and cash equivalents	**44**	35
Interest income on defined benefit pension scheme assets	**5,302**	4,568
Fair value gains on financial instruments at fair value through profit or loss	**38**	-
	5,384	4,603
Finance expense		
Interest payable on bank loans	**42**	-
Interest payable on secured invoice discounting	**2**	44
Interest payable on loans from related parties	**8,022**	1,210
Provisions: unwinding of discount	**84**	-
Defined benefit scheme administration costs	**335**	337
Interest cost on defined benefit pension scheme liabilities	**5,749**	4,799
	14,234	6,390
Net finance expense	**(8,850)**	(1,787)

Company

Interest on loans with related parties expensed through the parent company profit and loss account in the period amounted to £22,828,000 (2014: £13,378,000).

7. Taxation

Group

Taxation recognised in the consolidated income statement is as follows:

	December 2015 £000	December 2014 £000
Current tax		
Overseas tax	**53**	-
Total current tax	**53**	-
Deferred tax		
Origination and reversal of temporary differences	**390**	151
Adjustments in respect of prior years	**(689)**	(6)
Impact of change in UK tax rate	**494**	-
Total deferred tax	**195**	145
Income tax expense	**248**	145

Tax reconciliation to UK statutory rate

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

	December 2015 £000	December 2014 £000
Profit before tax	**3,790**	(2,846)
Tax at the UK corporation tax rate of 20.25% (2014: 21%)	**767**	(598)
Tax effects:		
Expenses not deductible for tax purposes	**414**	410
Group relief	**(1,197)**	-
Imputed interest	-	(832)
Tax losses for which no deferred income tax asset was recognised	**406**	1,171
Remeasurement of deferred tax - change in the UK tax rate	**494**	-
Adjustment in respect of prior years deferred income tax	**(689)**	(6)
Excess foreign tax suffered	**53**	-
Income tax expense	**248**	145

The weighted average tax rate was 20.25% (2014: 21%). The decrease is caused by the impact of a reduction in the UK tax rate from 21% to 20%. The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The Finance Act (No.2) 2015 includes legislation which will reduce the rate further to 19%, from 1 April 2017, and to 18%, from 1 April 2020. The Finance Act (No.2) 2015 was substantively enacted on 26 October 2015. The recognised deferred tax balances have been re-measured to 18%.

In addition to the amounts recorded in the consolidated income statement, deferred tax relating to the remeasurement of retirement benefit obligations totalling £1,105,000 charge (2014: £2,004,000 credit) was recognised through other comprehensive income. The change in the UK statutory tax rate from 20% to 18% reduced the charge to equity in 2015 by £123,000.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	December 2015 £000	December 2014 £000	March 2014 £000
Deferred tax assets:			
Deferred tax assets to be recovered after more than 12 months	**2,956**	4,254	2,397

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

	December 2015 £000	December 2014 £000	March 2014 £000
Balance at beginning of period	**4,254**	2,397	2,198
Adjustment in respect of prior years deferred income tax	**689**	6	1,405
Remeasurement of deferred tax - change in the UK tax rate	**(494)**	-	(470)
Accelerated capital allowances and other short term timing differences	**(388)**	(152)	(313)
Tax (charge) / credit relating to components of other comprehensive income	**(1,105)**	2,004	(423)
Balance at end of period	**2,956**	4,255	2,397

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

	December 2015 Accelerated tax depreciation £000	December 2015 Retirement benefit obligations £000	December 2015 Other temporary differences £000	December 2015 Total £000	December 2014 Accelerated tax depreciation £000	December 2014 Retirement benefit obligations £000	December 2014 Other temporary differences £000	December 2014 Total £000
Net deferred tax asset / (liability) at beginning of period	**2,412**	**2,942**	**(1,099)**	**4,255**	1,871	1,565	(1,039)	2,397
Income statement	**272**	**(933)**	**467**	**(194)**	541	(627)	(60)	(146)
Statement of recognised income and expense	-	**(1,105)**	-	**(1,105)**	-	2,004	-	2,004
Net deferred tax asset / (liability) at end of period	**2,684**	904	(632)	**2,956**	2,412	2,942	(1,099)	4,255

7. Taxation (continued)

	March 2014 Accelerated tax depreciation	March 2014 Retirement benefit obligations	March 2014 Other temporary differences	March 2014 Total
	£000	£000	£000	£000
Net deferred tax asset / (liability) at beginning of period	501	2,919	(1,222)	2,198
Income statement	1,370	(931)	183	622
Statement of recognised income and expense	-	(423)	-	(423)
Net deferred tax asset / (liability) at end of period	1,871	1,565	(1,039)	2,397

Deferred tax assets and liabilities have been offset where the Group 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 asset of £2,956,000 (December 2014: £4,255,000, March 2014: £2,397,000) has been recognised in respect of these temporary differences as it is probable that the Group will generate sufficient taxable profits in the future against which these temporary differences can be offset.

A deferred tax asset of £5,469,000 (December 2014: £5,893,000, March 2014: £5,754,000) which has not been recognised relates to capital losses.

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

8. Intangible assets

	Brands	**Trademarks**	**Distribution rights**	**Computer software**	**Total acquisition intangibles**
Cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2014	38,082	14,134	29,346	1,514	**83,076**
Additions	-	-	-	11	**11**
Disposals	-	-	-	-	**-**
At 31 December 2014	38,082	14,134	29,346	1,525	**83,087**
Additions	-	-	-	679	**679**
Disposals	-	-	-	-	**-**
At 31 December 2015	**38,082**	**14,134**	**29,346**	**2,204**	**83,766**
Accumulated amortisation and impairment					
At 1 April 2014	23,792	10,234	4,157	1,429	**39,612**
Charge for the period	-	614	1,100	41	**1,755**
Disposals	-	-	-	-	**-**
At 31 December 2014	23,792	10,848	5,257	1,470	**41,367**
Charge for the year	-	819	1,466	32	**2,317**
Disposals	-	-	-	-	**-**
At 31 December 2015	**23,792**	**11,667**	**6,723**	**1,502**	**43,684**
Net book value					
At 31 March 2014	14,290	3,900	25,189	85	**43,464**
At 31 December 2014	14,290	3,286	24,089	55	**41,720**
At 31 December 2015	**14,290**	**2,467**	**22,623**	**702**	**40,082**

The Group 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 in financial budgets approved by management covering a 5 year period. Key assumptions include a discount rate of 11% and long term growth rate of 3%. These calculations indicate that no impairment was necesary in the carrying value.

In arriving at the conclusion that a brand has an indefinite life, management considers the fact that the Group is a brands business and expects to hold and support brands for an indefinite period. The Group supports its brands through spending on consumer marketing and through significant investment in promotional support, which is deducted in arriving at net net sales.

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 trademarks and distribution rights at 31 December 2015 ranges from 3 to 16 years.

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

The Company did not hold any intangible assets during the period.

9. Property, plant and equipment

Cost	Land and buildings £000	Plant and machinery £000	Vehicles, fittings and equipment £000	Total property, plant and equipment £000
At 31 March 2014	41,676	44,397	2,221	**88,294**
Additions	1,031	3,321	175	**4,527**
Disposals	-	(28)	(20)	**(48)**
At 31 December 2014	42,707	47,690	2,376	**92,773**
Additions	5,203	9,838	262	**15,303**
Disposals	(267)	(69)	-	**(336)**
At 31 December 2015	**47,643**	**57,459**	**2,638**	**107,740**
Accumulated depreciation				
At 31 March 2014	8,343	22,581	1,592	**32,516**
Charge for the year	684	2,461	157	**3,302**
Disposals	-	4	(5)	**(1)**
At 31 December 2014	9,027	25,046	1,744	**35,817**
Charge for the year	933	2,575	235	**3,743**
Disposals	(117)	(66)	-	**(183)**
At 31 December 2015	**9,843**	**27,555**	**1,979**	**39,377**
Net book value				
At 31 March 2014	33,333	21,816	629	55,778
At 31 December 2014	33,680	22,644	632	56,956
At 31 December 2015	**37,800**	**29,904**	**659**	**68,363**

Contracts placed for future capital expenditure relating to property, plant and equipment not incurred and not provided in the consolidated financial statements at the reporting date amounted to £1,609,000 (December 2014: £756,000, March 2014: £1,430,000)

The Group do not hold any assets under finance lease.

The Company did not hold any property, plant and equipment during the period.

10. Investments and available-for-sale financial assets

Group	December 2015 £000	December 2014 £000	March 2014 £000
Available-for-sale financial assets	**118**	118	118

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.

Company (cost)

	December 2015 £000	December 2014 £000	March 2014 £000
Investment in group undertakings	**247,422**	247,422	247,422

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

11. Inventories

Group	December 2015 £000	December 2014 £000	March 2014 £000
Raw materials and consumables	**2,017**	2,121	2,532
Maturing whisky inventories	**159,527**	137,902	111,445
Finished goods	**9,202**	9,100	7,018
	170,746	149,123	120,995

The Company did not hold any inventories during the period.

12. Trade and other receivables

	December 2015 Group £000	December 2015 Company £000	December 2014 Group £000	December 2014 Company £000	March 2014 Group £000	March 2014 Company £000
Trade receivables	**68,999**	-	84,627	-	58,186	-
Less: provision for impairment	**(436)**	-	(794)	-	(971)	-
	68,563	-	83,833	-	57,215	-
Prepayments and accrued income	**998**	-	1,460	-	6,021	-
Other receivables	**160**	-	2,916	-	4,246	-
Amounts owed by ultimate parent company	**-**	-	-	-	4,295	-
Amounts owed by group undertakings	**227**	-	110	-	3,653	-
	69,948	-	88,319	-	75,430	-

The movement on the provision for impairment of trade receivables is as follows:	December 2015 £000	December 2014 £000	March 2014 £000
Balance at beginning of year	**794**	971	815
Income statement charge	**114**	36	156
Utilised	**(472)**	(213)	-
Balance at end of year	**436**	794	971

13. Interest bearing loans and borrowings

Current liabilities	December 2015 Group £000	December 2015 Company £000	December 2014 Group £000	December 2014 Company £000	March 2014 Group £000	March 2014 Company £000
Amounts due to related parties	**116,687**	**333,306**	93,415	310,479	84,100	297,101
Secured invoice discounting payable	**-**	**-**	16,435	-	-	-
Bank loans	**14,542**	**-**	-	-	-	-
Total interest bearing loans and borrowings	**131,229**	**333,306**	109,850	310,479	84,100	297,101

During the year, the Group set up a one year revolving credit facility to fund the immediate working capital requirements of the business. This bank loan 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 group'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 group's objectives when managing capital are to safeguard the group's 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 group may adjust the amount of dividends paid to the shareholders, return capital to shareholders or issue new shares.

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

Financial assets and financial liabilities

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

	Category	Group December 2015 £000	Company December 2015 £000	Group December 2014 £000	Company December 2014 £000	Group March 2014 £000	Company March 2014 £000
Cash and cash equivalents	1	**7,765**	-	6,172	-	14,723	-
Secured invoice discounting payable	2	**-**	-	(16,435)	-	-	-
Cash and cash equivalents in the cash flow statement		**7,765**	-	(10,263)	-	14,723	-
Bank loans - current	2	**(14,542)**	-	-	-	-	-
Amounts due to related parties	1	**(116,687)**	**(333,306)**	(93,415)	(310,479)	(84,100)	(297,101)
Derivative financial instruments	3	**38**	-	-	-	-	-
Available-for-sale financial assets	4	**118**	-	118	-	118	-
Trade and other receivables excluding prepayments	1	**68,723**	-	86,749	-	61,461	-
Trade and other payables excluding non-financial liabilities	2	**(67,965)**	-	(72,922)	-	(64,625)	-
		(122,550)	**(333,306)**	(89,733)	(310,479)	(72,423)	(297,101)
Financial assets		**76,644**	-	93,039	-	76,302	-
Financial liabilties		**(199,194)**	**(333,306)**	(182,772)	(310,479)	(148,725)	(297,101)
		(122,550)	**(333,306)**	(89,733)	(310,479)	(72,423)	(297,101)

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

14. Financial instruments and financial risk management (continued)

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 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 2015 £000	December 2014 £000
Interest receivable on cash and cash equivalents	**44**	35
Fair value gains on financial instruments at fair value through profit or loss	**38**	-
Interest payable on bank loans	**(42)**	-
Interest payable on secured invoice discounting	**(2)**	(44)
Interest payable on loans from related parties	**(8,022)**	(1,210)
	(7,984)	(1,219)

Liquidity risk

The contractual maturity profile of the anticipated future cash flows including interest in relation to the Group'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 2015 £000	Bank loans December 2015 £000	Related parties December 2015 £000	Total December 2015 £000	Trade and other payables December 2014 £000	Secured invoice discounting December 2014 £000	Related parties December 2014 £000	Total December 2014 £000
Within one year	**67,965**	**14,551**	**116,687**	**199,203**	72,922	16,437	101,437	190,796
Contractual cash flows	**67,965**	**14,551**	**116,687**	**199,203**	72,922	16,437	101,437	190,796
Effect of interest	**-**	**(9)**	**-**	**(9)**	-	(2)	(8,022)	(8,024)
	67,965	**14,542**	**116,687**	**199,194**	72,922	16,435	93,415	182,772

	Trade and other payables March 2014 £000	Related parties March 2014 £000	Total March 2014 £000
Within one year	64,625	85,310	149,935
Contractual cash flows	64,625	85,310	149,935
Effect of interest	-	(1,210)	(1,210)
	64,625	84,100	148,725

Interest rate risk

The interest rate profile of the Group'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.

Financial liabilities	Floating rate December 2015 £000	Fixed rate December 2015 £000	Total December 2015 £000	Floating rate December 2014 £000	Fixed rate December 2014 £000	Total December 2014 £000
Interest bearing loans and borrowings						
Current	**14,542**	**116,687**	**131,229**	16,435	93,415	109,850
Sterling	**14,542**	**116,687**	**131,229**	16,435	93,415	109,850
Financial assets						
Cash and cash equivalents	**7,765**	**-**	**7,765**	6,172	-	6,172

Financial liabilities	Floating rate March 2014 £000	Fixed rate March 2014 £000	Total March 2014 £000
Interest bearing loans and borrowings			
Current	-	84,100	84,100
Non-current			-
Sterling	-	84,100	84,100
Financial assets			
Cash and cash equivalents	14,723	-	14,723

Sensitivity analysis

The Group monitors its interest rate exposure on a regular basis by applying forecast interest rates to the Group's forecast net debt profile after taking into account its existing hedges. The Group 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 £68,000.

14. Financial instruments and financial risk management (continued)

Credit risk

The ageing of trade receivables at the reporting date was:

	December 2015 Gross £000	December 2015 Impairment £000	December 2014 Gross £000	December 2014 Impairment £000	March 2014 Gross £000	March 2014 Impairment £000
Not past due	**56,558**	**36**	55,552	-	40,362	171
Past due 1-30 days	**8,171**	**-**	13,114	-	7,321	14
Past due 31-60 days	**1,012**	**3**	3,338	-	3,184	-
Past due 61-90 days	**862**	**7**	1,577	-	2,362	-
Past due + 90 days	**2,396**	**390**	11,046	794	4,957	786
	68,999	**436**	84,627	794	58,186	971

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

	December 2015 £000	December 2014 £000	March 2014 £000
Sterling	**65,597**	81,575	53,486
Euro	**1,031**	568	501
US Dollar	**1,506**	1,325	2,647
Canadian Dollar	**429**	365	581
	68,563	83,833	57,215

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 Group's maximum exposure to credit risk. The total carrying value of financial assets at 31 December 2015 amounted to £76,644,000 (2014: £93,039,000)

15. Trade and other payables

Group **Current liabilities**	December 2015 £000	December 2014 £000	March 2014 £000
Trade payables	**14,198**	28,704	22,506
Social security and other taxes excluding income tax	**1,414**	2,209	518
Amounts owed to ultimate parent company	**-**	-	5,371
Amounts owed to immediate parent company	**-**	-	
Amounts owed to group undertakings	**4,822**	-	3,278
Amounts owed to subsidiary undertakings	**-**	-	-
Accrued expenses and deferred income	**43,932**	37,577	30,721
Other payables	**3,599**	4,432	2,231
	67,965	72,922	64,625
Non-current liabilities			
Other payables	**-**	30	75

The Company has no trade and other payables.

16. Provisions

	Onerous lease & dilapidation provision £000
At 31 March 2014	9,298
Recognised in the income statement	5,078
Utilised in the year	(1,128)
At 31 December 2014	13,248
Recognised in the income statement	(217)
Utilised in the year	(1,601)
At 31 December 2015	11,430

Analysis of total provisions	December 2015 £000	December 2014 £000	March 2014 £000
Current liabilities	**3,442**	1,601	1,504
Non-current liabilities	**7,988**	11,647	7,794
Total provisions	**11,430**	13,248	9,298

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 2015 is between 2 and 15 years.

17. Equity

Group and Company

Authorised	December 2015 Group	December 2015 Company	December 2014 Group	December 2014 Company	March 2014 Group	March 2014 Company
4,600,349,728 Ordinary shares of 1p each	**46,003**	**46,003**	46,003	46,003	46,003	46,003
Allotted, called up and fully paid share capital						
4,600,349,728 Ordinary shares of 1p each	**46,003**	**46,003**	46,003	46,003	46,003	46,003
Share premium	**16,312**	**16,312**	16,312	16,312	16,312	16,312
Foreign currency translation reserve	**(176)**	**-**	(73)	-	-	-
Retained earnings	**82,233**	**(148,199)**	73,656	(125,372)	84,661	(111,994)
Total equity	144,372	(85,884)	135,898	(63,057)	146,976	(49,679)

18. Retirement benefit obligations

The latest formal valuation of the Scheme has been updated to 31 December 2015 by a qualified independent actuary.

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

	December 2015 %	December 2014 %	March 2014 %
Rate of increase in pensionable salaries	2.1	1.8	2.1
Rate of increase in pensions in payment (RPI subject to maximum of 5% p.a.)	3.0	3.0	3.3
Rate of increase in pensions in payment (RPI subject to maximum of 5% and minimum of 3% p.a.)	3.6	3.6	3.7
Discount rate applied to scheme liabilities	3.9	3.6	4.5
Inflation assumption	3.1	3.1	3.4

Assumptions regarding future mortality are set based on actuarial advice in accordance with S2 series base tables adjusted by 115% (2014: S1 series base tables adjusted by 115%) with an allowance for future improvements based on the Continuous Mortality Investigation "CMI" 2015 projections with a long term future improvement rate of 1.0% per annum (2014: medium cohort projection tables with a 1% underpin). Future improvements applied are based on each individual's birth year. These assumptions translate into the following average life expectancies:

	December 2015 Years	December 2014 Years	March 2014 Years
Average future life expectancy for a current pensioner aged 65 in 2015			
- Male	20.8	20.6	20.6
- Female	22.7	23.2	23.2
Average future life expectancy for a non-pensioner aged 45 in 2015			
- Male	22.0	22.4	22.4
- Female	24.2	25.0	25.0

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

Consolidated income statement	December 2015 £000	December 2014 £000	March 2014 £000
Finance income			
Interest income on scheme assets	5,302	4,568	5,703
Finance expense			
Interest cost on defined benefit pension scheme liabilities	(5,749)	(4,799)	(6,211)
Amount charged to the consolidated income statement	**(447)**	**(231)**	**(508)**

Other comprehensive income	December 2015 £000	December 2014 £000	March 2014 £000
Experience (gain) / loss on pension scheme assets	1,739	(11,041)	71
(Gain) / loss on pension scheme liabilities due to change in financial assumptions	(7,502)	21,059	(3,444)
(Gain) / loss on pension scheme liabilities due to change in demographic assumptions	(377)	-	-
Actuarial (gain) / loss recognised	**(6,140)**	**10,018**	**(3,373)**
The actual return on scheme assets was	3,563	15,609	5,632

The cumulative amount of actuarial losses before deferred tax recognised in the statement of recognised income and expense is £24,044,000.

18. Retirement benefit obligations (continued)

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

	December 2015 £000	December 2014 £000	March 2014 £000
Equities	71,048	68,494	75,291
Corporate bonds	30,145	31,873	27,896
Property	8,335	7,619	6,906
Diversified growth funds	10,775	10,577	-
Cash pending investment	417	494	136
Index linked gilts	30,805	31,429	25,187
Fair value of scheme assets	151,525	150,486	135,416
Present value of defined benefit obligation	(156,546)	(165,200)	(143,244)
Deficit in the scheme	**(5,021)**	**(14,714)**	**(7,828)**

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

	December 2015 £000	December 2014 £000	March 2014 £000
Present value of defined benefit obligation at beginning of period	165,200	143,244	145,099
Interest cost	5,749	4,799	6,211
Actuarial (gains) / losses on benefit obligation	(7,879)	21,059	(3,444)
Benefits paid	(6,524)	(3,902)	(4,622)
Present value of defined benefit obligation at end of period	**156,546**	**165,200**	**143,244**

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

	December 2015 £000	December 2014 £000	March 2014 £000
Fair value of scheme assets at beginning of period	150,486	135,416	132,406
Interest income on scheme assets	5,302	4,568	5,703
Return on assets in excess of interest income	(1,739)	11,041	(71)
Employer contributions	4,000	3,363	2,000
Benefits paid	(6,524)	(3,902)	(4,622)
Fair value of scheme assets at end of period	**151,525**	**150,486**	**135,416**

The history of experience adjustments is as follows:

	December 2015 £000	December 2014 £000	March 2014 £000
Present value of defined benefit obligation	(156,546)	(165,200)	(143,244)
Fair value of scheme assets	151,525	150,486	135,416
Deficit in the scheme	**(5,021)**	**(14,714)**	**(7,828)**
Experience adjustments on scheme liabilities	(7,879)	21,059	(3,444)
As a percentage of the present value of the defined benefit obligation	5.03%	-12.75%	2.40%
Experience adjustments on scheme assets	(1,739)	11,041	(71)
As a percentage of the fair value of plan assets	-1.15%	7.34%	-0.05%

It is expected that contributions to the scheme during the year ending 31 December 2016 will be £4 million.

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

	December 2015 £000	December 2014 £000
Increase of 0.25% in discount rate	(7,200)	(7,800)
Decrease of 0.25% in discount rate	7,700	8,400
Increase of 0.1% in inflation	2,100	2,300
Decrease of 0.1% in inflation	(2,100)	(2,200)
Increase of one year in life expectancy	5,200	5,500

19. Operating lease arrangements

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 21 years, and are renewable at the end of the lease period at market rate. The Group also leases company car fleet and other vehicles under cancellable operating lease agreements. The lease expenditure charged to the consolidated income statement is disclosed at note 2.

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

	December 2015 £000	December 2014 £000	March 2014 £000
No later than one year	**2,913**	3,819	3,770
Later than 1 year and no later than 5 years	**7,979**	6,794	7,615
Later than 5 years	**21,754**	20,931	22,010
	32,646	31,544	33,395

19. Operating lease arrangements (continued)

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 2015 £000	December 2014 £000	March 2014 £000
No later than one year	**137**	684	684
Later than 1 year and no later than 5 years	**467**	342	855
Later than 5 years	**-**	-	-
	604	1,026	1,539

20. Contingent liabilities
The Group has no material contingent liabilities at 31 December 2015 (31 December 2014: £nil, 31 March 2014: £nil).

21. Relates 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 was Emperador Inc. ("EMP").

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

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

(a) Trading transactions
During the year the Group sold products to Emerador Distillers Inc, the trading subsidiary of EMP resident in the Philippines. The value of sales during the period was £513,000 and is based on the price lists in force and terms available to third parties. The Group purchased inventory totalling £4,901,000 from Emperador International Limited, a subsidiary of EMP resident in the British Virgin Islands. The Group also purchased management services totalling £108,000 from Emperador Asia PTE Limited in respect of support provided in the Asian region.

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

	December 2015 £000	December 2014 £000
Emperador Distillers Inc	227	-
Receivables from related parties:	**227**	**-**
Emperador Asia PTE Limited	108	-
Emperador International Limited	4,714	-
Payables to related parties:	**4,822**	**-**

(c) Loans from related parties

	December 2015 £000	December 2014 £000
Balance at beginning of period	93,415	84,100
Loans advanced during the period	20,915	107,764
Loan repayments made during the period	(5,650)	(99,659)
Interest charged	8,007	1,210
Balance at end of period	**116,687**	**93,415**

Key management compensation

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

	December 2015 £000	December 2014 £000
Salaries and other short-term employee benefits	1,934	2,001
Post-employment benefits	124	85
Other long-term benefits	245	122
	2,303	**2,208**

22. Subsequent events
There were no material subsequent events.

23. Subsidiaries

The principal subsidiary companies of the Group are as follows:

Company	Country of incorporation	Description of shares held	% of issued share capital held	Trade
Whyte and Mackay Limited	Scotland	Ordinary	100%	Whisky production, marketing and distribution
Whyte and Mackay Warehousing Limited	Scotland	Ordinary	100%	Warehousing and blending
Whyte and Mackay Americas Limited *	Scotland	Ordinary	100%	Importation company

* wholly owned subsidiary of Whyte and Mackay Limited

The Group's dormant subsidiaries are:

Wauchope Moodie & Company Limited
W & S Strong Limited
WMB Realisations Limited
Kyndal Spirits Limited
Whyte & Mackay Distillers Limited
Watson & Middleton Limited
TDL Realisations Limited
The Sheep Dip Whisky Company Limited
Ronald Morrison & Co. Limited
Pentland Bonding Company Limited
John E McPherson & Sons Limited
Charles McKinlay & Company Limited
Longman Distillers Limited
Loch Glass Distilling Company Limited
Leith Distillers Limited
Kensington Distillers Limited
Jarvis Halliday & Company Limited
Invergordon Gin Limited
Hay & MacLeod Limited
Whyte and Mackay Holdings Limited
KI Trustees Limited

Grey Rogers & Co. Limited
GPS Realisations Limited
Glentalla Limited
Glayva Liqueur Limited
Findlater Scotch Whisky Limited
Fettercairn Distillery Limited
Ewen & Company Limited
Edinburgh Scotch Whisky Company Limited
Dalmore Distillers Limited
Bruce & Company (Leith) Limited
Dalmore Whyte & Mackay Limited
William Muir Limited
Invergordon Distillers Limited
Lycidas (437) Limited
Invergordon Distillers (Holdings) Limited
Isle of Jura Distillery Company Limited
Invergordon Distillers Group Ltd
Tamnavulin-Glenlivet Distillery Company Limited
St Vincent Street (437) Limited
Whyte and Mackay Property Limited