Angus Dundee Distillers Plc

Report and Financial Statements

For the year ended 30 June 2016

Registered number: 00487356

Company information

Directors	T M Hillman Esq A N Hillman Esq Miss T Hillman Mrs J E Hillman M H Humphreys Esq R Fleming Esq B Megson Esq
Company secretary	Mrs J E Hillman
Registered number	00487356
Registered office	20 - 21 Cato Street London W1H 5JQ
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP

Contents

Strategic report

For the year ended 30 June 2016

The directors present their strategic report and financial statements for the year ended 30 June 2016.

Principal activities and review of the business

The company's principal activity during the year was that of Scotch Whisky distillers, bottlers and exporters.

There was a 3% decrease in turnover during the year from £55 million to £53 million which was mainly due to a fall in sales to overseas markets.

As a result Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased from £18.9 million to £16.7 million.

Gross profit margins fell from 38.69% to 36.41% during the year.

The company's key financial and other performance indicators during the year were as follows:

	2016	*2015*	*Change*
	£'000	*£'000*	*%*
Turnover	53,312	55,211	(3.44)
Sales and administrative expenses	37,446	37,135	0.84
Operating profit for the financial year	15,866	18,076	(12.23)

	2016	*2015*	*Change*
	%	*%*	*%*
Sales and administrative expenses as % of turnover	70.24	67.26	4.43
Operating profit for the financial year as % of turnover	29.76	32.74	(9.10)

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks. The principal risks and uncertainties facing the company are reviewed on a regular basis by the Board, and actions put in place to mitigate identified risks. The company has exposure to the following key risks:

- Downturn in levels of demand from customers.
- Fraud and business disruption.

The directors have implemented appropriate internal processes in order to mitigate these key risks to business performance.

The directors regularly monitor the risks and uncertainties of the business.

Operating risk

The company's management system provides a framework to ensure that operational policies and procedures are communicated, understood and adhered to.

Market risk

The company maintains its competitive position by actively managing its operational risk. It also provides a high level of service to its customers and maintains a good relationship with its suppliers and partners.

Personnel risk

The company places great emphasis on ongoing assessment of competent staff. The directors consider succession planning issues on a regular basis.

Strategic report (continued)

For the year ended 30 June 2016

Financial risk

Financial monitoring, forecasting and planning is a continuous process, with particular emphasis on cash flow management and delivering a cost effective service to customers while maintaining an acceptable return to shareholders.

On behalf of the Board

Miss T Hillman
Director
14 December 2016

Registered No. 00487356

Directors' report

For the year ended 30 June 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Results and dividends

The profit for the year, after taxation, amounted to £12,389,533 (2015 – £14,032,912).

A preference dividend of £245,000 (2014 – £245,000) was paid during the year.

Interim dividends of £10 per ordinary share (2015 – £nil) were paid amounting to £10,000,000 (2015 – £nil). The directors recommend that no final dividend be paid.

Going concern

In line with the FRC guidance on Going Concern issued in April 2016, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, price, credit and foreign exchange are described in the Strategic Report.

Based on this, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Directors

The directors who served during the year up to the date of signing of these financial statements were:

T M Hillman Esq
A N Hillman Esq
Miss T Hillman
Mrs J E Hillman
M H Humphreys Esq
R Fleming Esq
B Megson Esq

Political donations

There were no political donations made in the year or the previous year.

Future developments

The company will continue to invest in the modernisation of its malt distilleries and bottling plant, and develop its customer base in both overseas and home markets respectively.

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Market value of land and buildings

The directors consider that the market value of land and buildings is considerably greater than the value shown in the balance sheet, but they do not consider that there is any benefit to shareholders in the company paying for a professional valuation to quantify the difference.

Payment of creditors

The company does not follow any code or standard on payment practice, but it is the company's policy to negotiate payment terms with its suppliers and to ensure that they know the terms on which payment will take place when the business is agreed. All payments are made on the terms agreed.

The company's average settlement period during the year with regard to its payment of creditors in accordance with the agreed terms referred to above has been 48 days (2015 – 46 days).

Events since the balance sheet date

The directors are unaware of any adjusting post balance sheet events up to the date of signing this report.

Directors' report (continued)

For the year ended 30 June 2016

Auditors

In accordance with the s485 of the Companies Act 2006 a resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Miss T Hillman
Director
14 December 2016

Directors' responsibilities statement

For the year ended 30 June 2016

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Angus Dundee Distillers Plc

For the year ended 30 June 2016

We have audited the financial statements of Angus Dundee Distillers Plc for the year ended 30 June 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 set out on page 5, 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 statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- *give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 " The Financial Reporting Standard applicable to the UK and Republic of Ireland", and
- have been properly prepared in accordance with the requirements of the Companies Act 2016.

Opinion on other matter prescribed by the Companies Act 2016

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

Independent auditor's report to the members of Angus Dundee Distillers Plc (continued)

For the year ended 30 June 2016

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 2016 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Sandra Thompson (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF
14 December 2016

Statement of comprehensive income

For the year ended 30 June 2016

	Notes	2016 £	2015 £
Turnover	3	53,312,325	55,211,522
Cost of sales		(33,903,511)	(33,852,899)
Gross profit		19,408,814	21,358,623
Administrative expenses		(3,542,806)	(3,282,567)
Operating profit	4	15,866,008	18,076,056
Interest payable	7	(383,141)	(349,883)
Interest receivable	7	217,516	122,406
Profit on ordinary activities before taxation		15,700,383	17,848,579
Taxation on profit on ordinary activities	8	(3,310,850)	(3,815,667)
Profit for the financial year		12,389,533	14,032,912

All amounts relate to continuing activities.

There are no recognised gains or losses other than the profit attributable to the shareholders of the company as shown above.

The notes on pages 12 to 24 form part of these financial statements.

Registered No. 00487356

Statement of financial position

As at 30 June 2016

	Notes		2016 £		2015 £
Non-current assets					
Intangible assets	10		4,000		5,000
Tangible assets	11		10,009,294		10,168,348
Investments	12		212,685		212,685
Deferred tax asset	19		584,508		561,479
			10,810,487		10,947,512
Current assets					
Stocks	13	89,503,970		85,642,254	
Debtors	14	10,039,545		8,346,044	
Cash at bank and in hand	15	32,193,801		28,417,769	
		131,737,316		122,406,067	
Creditors: amounts falling due within one year	16	23,104,999		16,240,808	
Net current assets			108,632,317		106,165,259
Total assets less current liabilities			119,442,804		117,112,771
Creditors: amounts falling due after more than one year					
Deferred capital grants	17		384,000		443,500
Redeemable preference shares	17		3,500,000		3,500,000
Net assets			115,558,804		113,169,271
Capital and reserves					
Called up share capital	21		1,000,000		1,000,000
Retained earnings			114,558,804		112,169,271
Shareholders' funds			115,558,804		113,169,271

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2016.

Miss T Hillman
Director

T M Hillman Esq
Director

The notes on pages 12 to 24 form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2016

	Share capital	*Profit and loss account*	*Total shareholders' funds*
	£	£	£
At 30 June 2015 (as previously reported)	1,000,000	112,169,271	113,169,271
Comprehensive income for the year			
Profit for the year	-	12,389,533	12,389,533
Ordinary dividends paid	-	(10,000,000)	(10,000,000)
At 30 June 2016	1,000,000	114,558,804	115,558,804
At 30 June 2014 (as previously reported)	1,000,000	98,188,873	99,188,873
FRS 102 adjustment	-	(52,514)	(52,514)
Comprehensive income for the year			
Profit for the year	-	14,032,912	14,032,912
At 30 June 2015	1,000,000	112,169,271	113,169,271

The notes on pages 12 to 24 form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2016

	Notes	2016 £	2015 £
Net cash flow from operating activities	20(a)	4,649,312	10,101,307
Investing activities			
Acquisition of tangible assets		(744,959)	(1,337,499)
Government grant for tangible assets		-	135,000
Proceeds from the sale of tangible assets		37,304	9,500
		(707,655)	(1,192,999)
Financing activities			
Preference dividend paid		(245,000)	(245,000)
Interest received		217,516	122,406
Loan received from directors		10,000,000	-
Equity dividends paid		(10,000,000)	-
Interest paid	7	(138,141)	(104,883)
		(165,625)	(227,477)
Increase in cash	20(b)	3,776,032	8,680,831

Reconciliation of net cash flow to movement in net debt

	Note	2016 £	2015 £
Increase in cash for year		3,776,032	8,680,831
Cash at 1 July 2015		28,417,769	19,736,938
Cash at 30 June 2016	20(b)	32,193,801	28,417,769

Notes to the financial statements

For the year ended 30 June 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Angus Dundee Distillers plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The functional and presentation currency of these financial statements is GBP.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Going concern

After reviewing the group's forecasts and projections, 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 consolidated financial statements.

First Time Adoption of FRS 102

These financial statements are the first financial statements of Angus Dundee Distillers plc prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The financial statements of Angus Dundee Distillers plc for the year ended 30 June 2015 were prepared in accordance with the previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS permitted by FRS 102 Chapter 35 "Transition to this FRS". Adjustments are recognised directly in retained earnings at the transition date.

Angus Dundee Distillers plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The functional and presentation currency of these financial statements is GBP.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

1.2 Group financial statements

The company's subsidiary undertakings have not been group as, in the opinion of the directors, the results of the subsidiaries are not material. As such, the parent entity's financial statements present information about it as an individual undertaking and not about its group.

1.3 Turnover

Turnover represents the value, net of Value Added Tax, of goods sold to customers.

Revenue from the sale of cased goods is recognised when the goods are shipped. Bulk whisky revenue is recognised when the stock is dispatched or when ownership of the stock is transferred to the purchaser.

1.4 Government grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal amounts over the expected useful life of the asset to which they relate. Government grants of a revenue nature are credited to income in the period to which they relate.

Notes to the financial statements

For the year ended 30 June 2016

1. Accounting policies (continued)

1.5 Investments

Long term investments are classified as fixed assets.

Fixed asset investments are stated at cost in the Statement of Financial Position.

Provision is made for any impairment in the value of fixed asset investments.

1.6 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Redeemable preference shares are classified as a financial liability in accordance with FRS 25 'Financial Instruments: Presentation', as the preference dividend represents a contractual obligation to deliver cash.

1.7 Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible fixed assets are amortised over their useful lives, as follows:

Purchased goodwill	–	5% on cost
Intellectual property	–	5% on cost

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

1.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method. In practice, if the interest cash flows are not materiality different from the effective interest amount, then the interest cash flows are recorded as they occur.

1.9 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.11 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount on an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold land	–	nil
Freehold buildings	–	2% per annum on cost
Plant and machinery	–	10% per annum on cost
Office equipment	–	25% per annum on cost
Fixtures and fittings	–	25% per annum on cost
Motor vehicles	–	25% per annum on the reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administration expenses in the Statement of Comprehensive Income.

Notes to the financial statements

For the year ended 30 June 2016

1. Accounting policies (continued)

1.12 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.13 Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in administration expenses.

1.14 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest payable or interest receivable. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.16 Pensions

Defined contribution Pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

1.17 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Notes to the financial statements

For the year ended 30 June 2016

1. Accounting policies (continued)

1.18 Current and deferred taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or right to pay less or to receive more tax with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements: the useful lives of fixed assets, the recoverability of the accounts receivable, the net realisable value of stocks and the valuation of accruals and provisions.

3. Analysis of turnover

The turnover derives from the same class of business which is described in the directors' report.

In the opinion of the directors, the disclosure of any information required in relation to the geographical split of the company's turnover would be seriously prejudicial to the interests of the company. As such, that information has not been disclosed.

4. Operating profit

The operating profit is stated after charging/ (crediting):

	2016	*2015*
	£	£
Depreciation of tangible fixed assets – owned	879,625	871,347
Amortisation of intangible assets, including goodwill	1,000	1,000
Fees payable to the company's auditor for the audit of the company's annual accounts	40,000	40,000
Gain on foreign exchange	(1,923)	(49,426)
(Profit)/loss on disposal of fixed assets	(12,916)	322
Defined contribution pension cost	158,739	152,978
Operating lease rentals – land and buildings	115,252	102,452

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	*2015*
	£	£
Wages and salaries	4,555,857	4,281,506
Social security costs	461,646	448,415
Cost of defined contribution scheme	158,739	152,978
	5,176,242	4,882,899

Notes to the financial statements

For the year ended 30 June 2016

5. Employees (continued)

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

	2016	*2015*
	No.	*No.*
Production	59	59
Administration	63	60
	122	119

6. Directors' remuneration

7 directors received emoluments in the year (2015 – 7). The emoluments including benefits in kind were:

	2016	*2015*
	£	£
Directors' emoluments	966,122	846,167
Company contributions to defined contribution pension schemes	16,310	15,310
	982,432	861,477

The highest paid director received remuneration of £433,683 (2015 – £358,431).

7. Interest payable and receivable

	2016	*2015*
	£	£
Other interest payable	138,141	104,883
Preference dividends paid	245,000	245,000
	383,141	349,883

A preference dividend of £245,000 (2015 – £245,000), representing the dividend due on the preference shares, was paid during the year.

Interest receivable – bank	217,516	122,406

8. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	3,529,523	4,130,918
Adjustments in respect of previous periods	(7,859)	(21,896)
Total current tax	3,521,664	4,109,022
Deferred tax		
Origination and reversal of timing differences	(331,877)	(293,390)
Adjustments to deferred tax in respect of prior years	35,253	(10,579)
Effect of change in tax rate on opening liability	85,810	10,614
Total deferred tax	(210,814)	(293,355)
Taxation on profit on ordinary activities	3,310,850	3,815,667

Notes to the financial statements

For the year ended 30 June 2016

8. Taxation (continued)

Factors affecting tax on profit for the year

The tax assessed for the year is £3,310,850 (2015 – £3,815,667) and the standard rate of corporation tax in the UK was 20% (2015 – 20.75%). The differences are explained below:

	2016	*2015*
	£	£
Profit on ordinary activities before tax	15,700,383	17,848,579
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.75%)	3,140,077	3,703,580
Effects of:		
Expenses not deductible for tax purposes	69,469	157,200
Adjustments to tax in respect of prior periods	27,394	(32,766)
Income not taxable	(11,900)	(12,347)
Effect of change of tax rate	85,810	-
Total tax charge for the year	3,310,850	3,815,667

Factors that may affect future tax charges

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. Subsequent to this, the Finance Act 2016 was substantively enacted on 6 September 2016 and includes legislation to further reduce the rate from 1 April 2020 to 17%.

9. Dividends

	2016	*2015*
	£	£
Dividend paid on ordinary shares	10,000,000	-
Dividends paid on preference shares	245,000	245,000
Total dividends paid	10,245,000	245,000

A dividend of £10 per ordinary share was paid on 1,000,000 ordinary shares during the year (2015 – £nil).

10. Intangible assets

	Purchased goodwill and intellectual property
	£
Cost	
At 1 July 2015	20,000
Additions	-
At 30 June 2016	20,000
Amortisation	
At 1 July 2015	15,000
Charges for the year	1,000
At 30 June 2016	16,000
Net book value	
At 30 June 2016	4,000
At 30 June 2015	5,000

Notes to the financial statements

For the year ended 30 June 2016

11. Tangible fixed assets

	Freehold land and buildings	*Plant and machinery*	*Fixtures and fittings*	*Office equipment*	*Motor vehicles*	*Total*
	£	£	£	£	£	£
Cost or valuation						
At 1 July 2015	6,119,208	10,145,350	202,472	222,172	226,910	16,916,112
Additions	60,827	577,928	-	15,536	90,668	744,959
Disposals	-	(101,439)	-	-	(80,574)	(182,013)
At 30 June 2016	6,180,035	10,621,839	202,472	237,708	237,004	17,479,058
Depreciation						
At 1 July 2015	498,029	5,776,131	166,271	200,789	106,544	6,747,764
Charge for the year	79,701	723,464	26,408	12,328	37,724	879,625
Disposals	-	(101,439)	-	-	(56,186)	(157,625)
At 30 June 2016	577,730	6,398,156	192,679	213,117	88,082	7,469,764
Net book value						
At 30 June 2016	5,602,305	4,223,683	9,793	24,591	148,922	10,009,294
At 30 June 2015	5,621,179	4,369,219	36,201	21,383	120,366	10,168,348

Freehold land - net book value as at 30 June 2016 was £2,168,600 (2015 – £2,168,600).

Freehold buildings - net book value as at 30 June 2016 was £3,433,705 (2015 – £3,452,579).

12. Investments

	Shares in subsidiary undertakings
	£
Cost:	
At 1 July 2015 and 30 June 2016	212,685

Subsidiary undertaking	*Country of registration or incorporation*	*Class of holding*	*Proportion directly held*	*Aggregate capital and reserves*	*Result for the year*	*Nature of business*
				£	£	
Angus Dundee Distillers (Shanghai) Company Limited	China	Ordinary	100%	1,177,035	48,067	Sales and distribution
Angus Dundee India Private Limited	India	Ordinary	100%	589,997	366,715	Sales and distribution

Angus Dundee Distillers (Shanghai) Company Limited and Angus Dundee India Private Limited have not been consolidated as, in the opinion of the directors, the results of the subsidiaries are not material.

13. Stocks

	2016	*2015*
	£	£
Goods for resale	89,503,970	85,642,254

Stock recognised in cost of sales during the year as an expense was £15,660,707 (2015 – £15,872,927).

An impairment loss of £243,428 (2015 – £108,029) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the financial statements

For the year ended 30 June 2016

14. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	8,252,073	6,348,123
Amounts owed subsidiary undertakings	133,210	362,425
Other debtors	1,398,946	1,433,263
Deferred tax asset (note 19)	187,785	-
Corporation tax receivable	17,135	151,808
Prepayments and accrued income	50,396	50,425
	10,039,545	8,346,044

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	32,193,801	28,417,769

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	5,974,423	6,862,284
Corporation tax payable	2,146,523	2,337,665
Taxation and social security	151,300	244,379
Directors' loans (note 26)	12,200,000	2,200,000
Accruals and deferred income	2,632,753	4,596,480
	23,104,999	16,240,808

17. Creditors: amounts falling due more than one year

Deferred capital grants

Deferred capital grants	2016 £	2015 £
Opening balance at 1 July	443,500	368,000
Grant awarded in year	-	135,000
Amortisation in year	(59,500)	(59,500)
Closing balance at 30 June	384,000	443,500
Redeemable preference shares	3,500,000	3,500,000

The preference shares are redeemable at the option of the company at any time after 31 December 2019 and a dividend is payable at 7% of the nominal value of preference shares in issue per annum.

The preference shares have been classified as a financial liability in accordance with FRS 25 'Financial Instruments: Presentation', as the preference dividend represents a contractual obligation to deliver cash.

Notes to the financial statements

For the year ended 30 June 2016

18. Basic financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are financial instruments	10,039,545	8,346,044
Financial liabilities		
Financial liabilities	23,104,999	16,240,808

Financial assets comprise trade debtors, other debtors and amounts owed by group companies.

Financial liabilities comprise trade creditors, amounts owed to group undertakings, corporation tax and taxation and social security.

In the opinion of the Directors, book values equate to fair values.

19. Deferred tax provision

The deferred tax asset consists of:

	2016 £	2015 £
Decelerated capital allowances	769,473	547,305
Short term timing differences	2,820	3,304
FRS 102 adjustment	-	10,870
	772,293	561,479
Recoverable within 12 months (note 14)	187,785	-
Recoverable after 12 months	584,508	561,479
	772,293	561,479

The movement in the deferred tax balance in the year was as follows:

At 1 July 2015	561,479	268,124
Credit for the year (note 8)	210,814	293,355
At 30 June 2016	772,293	561,479

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2016 £	2015 £
Operating profit	15,866,008	18,076,056
Depreciation and amortisation	880,625	872,347
Government grant amortisation	(59,500)	(59,500)
(Increase) in stocks	(3,861,716)	(7,069,611)
(Increase) in debtors	(1,640,389)	(1,799,029)
Increase / (decrease) in creditors	(2,944,667)	3,178,511
Corporation tax paid	(3,578,133)	(3,097,789)
(Profit)/ loss on sale of fixed assets	(12,916)	322
Net cash inflow from operating activities	4,649,312	10,101,307

Notes to the financial statements

For the year ended 30 June 2016

20. Notes to the statement of cash flows (continued)

(b) Analysis of net funds

	At 1 July 2015	*Cash flow*	*At 30 June 2016*
	£	£	£
Cash at bank and in hand	28,417,769	3,776,032	32,193,801
Debt due within one year	(2,200,000)	(10,000,000)	(12,200,000)
	26,217,769	(6,223,968)	19,993,801
Debt due after one year	(3,500,000)	-	(3,500,000)
Total net funds	22,717,769	(6,223,968)	16,493,801

21. Share capital

	2016	*2015*
	£	£
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

22. Contingent liabilities

There were no contingent liabilities at 30 June 2016 or 30 June 2015.

23. Capital commitments

Capital expenditure contracted for but not provided in the financial statements totals £nil (2015 – £nil).

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £158,739 (2015 – £152,978). Contributions totalling £22,690 were payable to the fund at 30 June 2016 (2015 – £16,522) and are included in creditors.

25. Commitments under operating leases

At 30 June 2016 the total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2016	*2015*
	£	£
Land and buildings		
Not later than 1 year	21,333	86,500
Later than 1 year and not later than 5 years	356,250	64,000
	377,583	150,500

The company has a lease for 5 years commencing on 11 April 2015 in respect of office premises at an annual rental of £95,000 which equates to an outstanding liability of £356,250 as at 30 June 2016.

Notes to the financial statements

For the year ended 30 June 2016

26. Related party transactions

T M Hillman Esq, a director of the company, holds 2,300,000 (2015 – 2,300,000) £1 preference shares. The preference shares have a coupon rate of 7% per annum and preference dividends of £161,000 (2015 – £161,000) were paid to T M Hillman Esq in the year.

Miss T Hillman and A N Hillman Esq, directors of the company, are trustees of trusts holding 1,200,000 (2015 – 1,200,000) £1 preference shares. The preference shares have a coupon rate of 7% per annum and preference dividends of £84,000 (2015 – £84,000) were paid to the trusts during the year.

Ordinary dividends of £10,000,000 (2015 - £nil) were paid during the year on ordinary shares held by Miss T Hillman and Mr AN Hillman Esq.

The company has loans of £12,200,000 (2015 – £2,200,000) from Miss T Hillman and AN Hillman Esq, both of whom are directors of the company. The loans attract interest at rates of between 1% and 5% per annum and are repayable on demand. Interest of £133,986 (2015 – £110,000) was paid in the year.

The company occupies premises owned by its self-administered pension scheme. The total rent payable for these premises during the year ended 30 June 2016 was £97,125 (2015 – £86,500).

The company made sales of £204,632 (2015 – £248,577) in the year to Angus Dundee Distillers (Shanghai) Company Limited, a wholly owned subsidiary undertaking. At the balance sheet date £4,411 (2015 – £156,162) was due to the company from Angus Dundee Distillers (Shanghai) Company Limited.

The company made sales (including recharged expenses) of £574,034 (2015 – £306,412) in the year to Angus Dundee India Private Limited, a wholly owned subsidiary undertaking. At the balance sheet date £140,304 (2015 – £206,263) was due to the company from Angus Dundee India Private Limited.

27. Controlling party

The company is under the ultimate control of Miss T Hillman and AN Hillman Esq by virtue of their majority shareholdings.

Notes to the financial statements

For the year ended 30 June 2016

28. First time adoption of FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

Reconciliation of Equity

	Notes	*As previously stated 1 July 2014*	*Effect of Transition 1 July 2014*	*FRS 102 (as restated) 1 July 2014*	*As previously stated 30 June 2015*	*Effect of transition 30 June 2015*	*FRS 102 (as restated) 30 June 2015*
		£	£	£	£	£	£
Non-current assets							
Tangible fixed assets		9,712,018	-	9,712,018	10,168,348	-	10,168,348
Intangible fixed assets		6,000	-	6,000	5,000	-	5,000
Investments		212,685	-	212,685	212,685	-	212,685
Deferred tax asset		268,124	-	268,124	561,479		561,479
		10,198,827		10,198,827	10,947,512	-	10,947,512
Current assets							
Stock		78,572,643	-	78,572,643	85,642,254		85,642,254
Debtors	2	7,101,475	-	7,101,475	8,335,174	10,870	8,346,044
Cash at bank and in hand		19,736,938	-	19,736,938	28,417,769		28,417,769
		105,411,056		105,411,056	122,395,197	10,870	122,406,067
Creditors: amounts falling due within one year	1	(12,553,010)	(52,514)	(12,605,524)	(16,186,456)	(54,352)	(16,240,808)
Net current assets		92,858,046	(52,514)	92,805,532	106,208,741	(43,482)	106,165,259
Total assets less current liabilities		103,056,873	(52,514)	103,004,359	117,156,253	(43,482)	117,112,771
Creditors: amounts falling due after more than one year		(3,868,000)		(3,868,000)	(3,943,500)		(3,943,500)
Net assets		99,188,873	(52,514)	99,136,359	113,212,753	(43,482)	113,169,271
Capital and reserves		99,188,873	(52,514)	99,136,359	113,212,753	(43,482)	113,169,271

1 Under previous UK GAAP, there was no specific requirement to make provision or accrue for holiday pay where employees have an entitlement to future compensated absences. Under FRS 102, entities must accrue for holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to accrue for holiday pay of £54,352 for the years ended 30 June 2014 and 30 June 2015 respectively. A holiday pay accrual adjustment of £52,514 was made as at 1 July 2014, for which the adjustment was made to the Statement of Comprehensive Income. As such, there is no adjustment required in the year ended 30 June 2015.

2 A tax adjustment in respect of the holiday pay accrual has been accounted for through deferred taxation amounting to £10,870.

Notes to the financial statements

For the year ended 30 June 2016

28. First time adoption of FRS 102 (continued)

Reconciliation of Comprehensive Income

	Notes	*As previously stated 30 June 2015* £	*Effect of transition 30 June 2015* £	*FRS 102 (as restated) 30 June 2015* £
Turnover		55,211,522	-	55,211,522
Cost of sales	1	(33,851,299)	(1,600)	(33,852,899)
Gross profit		21,360,223	(1,600)	21,358,623
Administrative expenses	1	(3,282,329)	(238)	(3,282,567)
Operating profit		18,077,894	(1,838)	18,076,056
Interest receivable and similar income		122,406	-	122,406
Interest payable		(349,883)	-	(349,883)
Taxation	2	(3,826,537)	10,870	(3,815,667)
Profit on ordinary activities after taxation and for the financial year		14,023,880	9,032	14,032,912

1 Under previous UK GAAP, there was no specific requirement to make provision or accrue for holiday pay where employees have an entitlement to future compensated absences. Under FRS 102, entities must accrue for holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to accrue for holiday pay of £54,352 for the years ended 30 June 2014 and 30 June 2015 respectively. A holiday pay accrual adjustment of £52,514 was made as at 1 July 2014, for which the adjustment was made to the Statement of Comprehensive Income. As such, there is no adjustment required in the year ended 30 June 2015.

2 A tax adjustment in respect of the holiday pay accrual has been accounted for through deferred taxation amounting to £10,870.