

**John Dewar & Sons Limited**

**Annual report and financial statements  
for the year ended 31 March 2015**

**Registered Number 00613551**

MONDAY



A20 \*A51AWEQY\* 22/02/2016 #30  
COMPANIES HOUSE

# John Dewar & Sons Limited

## Annual report and financial statements for the year ended 31 March 2015

### Contents

Directors and Advisers for the year ended 31 March 2015 .....	1
Strategic report for the year ended 31 March 2015 .....	2
Directors' report for the year ended 31 March 2015.....	3
Independent auditors' report to the member of John Dewar & Sons Limited .....	5
Profit and loss account for the year ended 31 March 2015 .....	7
Statement of total recognised gains and losses for the year ended 31 March 2015 .....	7
Balance sheet as at 31 March 2015 .....	8
Accounting policies .....	9
Notes to the financial statements for the year ended 31 March 2015.....	11

# **John Dewar & Sons Limited**

## **Directors and advisers for the year ended 31 March 2015**

### **Directors**

C J M Searle (Resigned 30 September 2014)  
J Hughes  
I M Lochhead  
P Tucci  
J M Lambert  
I S Lowthian  
J A Henderson (Appointed 12 February 2016)

### **Company Secretary**

G M Rainbow (Resigned 27 February 2015)

### **Registered office**

C/O Bacardi-Martini Limited  
Bacardi Brown-Forman House  
Kings Worthy  
Winchester  
Hampshire  
SO23 7TW

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered accountants and statutory auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

### **Bankers**

Lloyds TSB Bank plc  
PO BOX 17328  
11-15 Monument Street  
London  
EC3V 9JA

### **Solicitors**

MacLay Murray & Spens  
151 St Vincent Street  
Glasgow  
G2 5NJ

# John Dewar & Sons Limited

## Strategic report for the year ended 31 March 2015

The directors present their strategic report for the year ended 31 March 2015.

### **Business Review**

The company continued to sustain sales volume, aided through the development of its brand portfolio. The directors are satisfied with the current trading performance of the company, and remain confident that this will continue in future years.

### **Key performance indicators**

The principal key performance indicator that the directors rely upon is the analysis of turnover and operating profit, which is measured against previous years. These measures show an increase in turnover of 7% (2014: decrease 20%) and an increase in operating profit of 12% (2014: decrease 18%).

### **Future outlook**

Continued volume growth in emerging markets has had a positive impact on results. Forecasts indicate that this trend is likely to continue in future years, and further capital investments are planned to support this growth.

Charitable donations made during the year amounted to £2,227 (2014: £1,570).

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

### *Financial risk management*

The Bacardi group operates a centralised treasury function. The directors make use of this facility to manage all liquidity, interest and foreign currency risks.

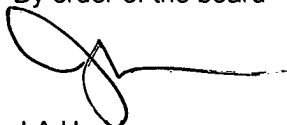
### *Business continuity*

The company has a fully developed business continuity plan. In the event of crisis or disaster, performance of critical business activities and supply of core products would be maintained.

### *Market forecasts*

In common with all companies in the Scotch whisky industry, the company relies on short, medium and long-term forecasts to determine appropriate levels of inventory and infrastructure to support future sales. These plans are regularly reviewed, and modified if necessary to align with prospective changes in future demand, including repackaging and brand development.

By order of the board



J A Henderson

**Director**

18 February 2016

# **John Dewar & Sons Limited**

## **Directors' report for the year ended 31 March 2015**

The directors present their report and the audited financial statements for the year ended 31 March 2015.

### **Principal activities**

The company's principal activities continue to be the distillation, warehousing, blending, bottling and sale of Scotch whisky.

### **Results and dividends**

The results for the company show a profit on ordinary activities before taxation of £20,551,000 (2014: £18,670,000) for the year, and turnover of £104,253,000 (2014: £97,193,000). The company has net assets of £133,379,000 (2014: £130,822,000).

The directors proposed and paid a dividend in the year of £8,000,000 (2014: £10,000,000).

### **Employees**

Employee involvement is promoted through regular consultation on issues concerning business performance, working conditions, industry trends and future developments. The company continues to keep staff informed and involved through communication channels such as a works council, regular team briefs, and roadshow presentations.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as listed on page 1.

### **Insurance of directors**

The company maintains insurance for directors in respect of their duties as directors of the company.

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Statement of directors' responsibilities**

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

# John Dewar & Sons Limited

## Directors' report for the year ended 31 March 2015 (continued)

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

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

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

### **Independent auditors and disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed.

By order of the board



J A Henderson

**Director**

18 February 2016

# **John Dewar & Sons Limited**

## ***Independent auditors' report to the members of John Dewar & Sons Limited***

### **Report on the financial statements**

---

#### **Our opinion**

In our opinion, John Dewar & Sons Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account and the statement of total recognised gains and losses for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

### **Opinion on other matter prescribed by the Companies Act 2006**

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.

---

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

---

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# John Dewar & Sons Limited

## *Independent auditors' report to the members of John Dewar & Sons Limited (continued)*

---

### **Responsibilities for the financial statements and the audit**

---

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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 implications for our report.



Martin Cowie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
18 February 2016



# John Dewar & Sons Limited

## Profit and loss account for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	1	104,253	97,193
Cost of sales		(73,145)	(68,148)
<b>Gross profit</b>		<b>31,108</b>	<b>29,045</b>
Administrative expenses		(3,926)	(4,676)
<b>Operating profit</b>	2	<b>27,182</b>	<b>24,369</b>
Interest payable and similar charges	5	(6,631)	(5,699)
<b>Profit on ordinary activities before taxation</b>		<b>20,551</b>	<b>18,670</b>
Tax on profit on ordinary activities	7	(4,565)	(4,408)
<b>Profit for the financial year</b>	17	<b>15,986</b>	<b>14,262</b>

All activities relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

## Statement of total recognised gains and losses for the year ended 31 March 2015

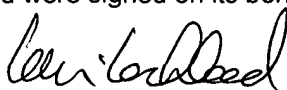
	Notes	2015 £'000	2014 £'000
<b>Profit for the financial year</b>		<b>15,986</b>	<b>14,262</b>
Pension actuarial loss	20	(6,584)	(1,450)
Movement in deferred tax relating to pension deficit	18	1,155	(161)
<b>Total recognised gains for the year</b>		<b>10,557</b>	<b>12,651</b>

# John Dewar & Sons Limited

## Balance sheet as at 31 March 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	139,815	128,490
Investments	9	39	39
		<b>139,854</b>	128,529
<b>Current assets</b>			
Stocks	10	281,988	258,017
Debtors	11	16,794	11,008
		<b>298,782</b>	269,025
<b>Creditors: amounts falling due within one year</b>	12	<b>(288,160)</b>	(254,143)
<b>Net current assets</b>		<b>10,622</b>	14,882
<b>Total assets less current liabilities</b>		<b>150,476</b>	143,411
<b>Provisions for liabilities</b>			
Deferred taxation	15	(7,739)	(7,341)
<b>Net assets excluding pension deficit</b>		<b>142,737</b>	136,070
Net pension scheme deficit	20	(9,358)	(5,248)
<b>Net assets including pension deficit</b>		<b>133,379</b>	130,822
<b>Capital and reserves</b>			
Called up share capital	16	2,500	2,500
Profit and loss account	17	130,879	128,322
<b>Total shareholders' funds</b>	18	<b>133,379</b>	130,822

The financial statements on pages 7 to 25 were approved by the board of directors on 18 February 2016 and were signed on its behalf by:



**I M Lochhead**  
Director



**J A Henderson**  
Director

# John Dewar & Sons Limited

## Accounting policies

The principal accounting policies are set out below and have been applied consistently for all periods presented.

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

### Exemption from consolidation

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as its financial statements are included in the consolidated financial statements of Bacardi-Martini BV, a company registered in The Netherlands. The financial statements of Bacardi-Martini BV are also delivered to the Registrar at Companies House for filing purposes.

### Turnover

Turnover represents the invoiced amount of goods and services provided during the year, stated net of excise duty and value added tax.

### Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation. Costs include the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of tangible fixed assets and intangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The expected useful economic lives used for this purpose are:

Buildings	40 years
Casks	15 years
Plant and machinery	10 years
Motor vehicles	4 years

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises all expenditure incurred in purchasing or producing the stock and bringing it to its current state, including an appropriate allocation of production overheads and maturation costs.

### Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets' useful life by equal annual amounts.

### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the average monthly rate.

# **John Dewar & Sons Limited**

## **Accounting policies (continued)**

### **Pension costs**

The company operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. In accordance with FRS17, the service cost of pension provision relating to the year, together with the cost of any benefits relating to past service, is charged to the profit and loss account.

A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the group's long-term expected return on assets (based on the market value of the scheme assets at the start of the year) are included in the profit and loss account under "interest payable and other similar charges".

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 20 to the financial statements.

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **Finance and operating leases**

Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in equal instalments over the period of the lease. Assets held under finance leases are depreciated over the same period as equivalent owned assets. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **Cash flow and related party disclosure**

The company is a wholly-owned subsidiary of Bacardi Limited and is included within the consolidated financial statements of Bacardi Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing third party transactions with entities that are part of Bacardi Limited group.

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015

### 1 Turnover

An analysis of the turnover, profit and net assets by class of business and geographical destination has not been disclosed, as the directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the company.

### 2 Operating Profit

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
Depreciation charge for the year :		
- tangible owned fixed assets	8,164	7,169
Operating lease rentals – motor vehicles	39	41
Hire of plant and machinery	195	125
Auditors' remuneration		
- audit services	73	73
- non audit services	10	10
Loss on disposal of fixed assets	61	48
Income from Government grant	25	25

### 3 Directors' emoluments

	2015 £'000	2014 £'000
All directors		
Aggregate emoluments	314	304
Pensions contributions	59	57
	373	361

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 3 Directors' emoluments (continued)

Retirement benefits are accruing to four (2014: four) directors under a defined benefit scheme.

Highest paid director	2015 £'000	2014 £'000
Fees and other emoluments	219	189

The highest paid director is a member of the John Dewar & Sons Limited defined benefit pension scheme and £30,000 (2014: £28,000) of company pension contributions were paid on his behalf.

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2015 Number	2014 Number
Administration and sales	28	39
Production and distribution	269	288
	297	327

Staff costs	2015 £'000	2014 £'000
Wages and salaries	11,373	10,757
Social security costs	1,088	1,024
Other pension costs	2,079	2,026
	14,540	13,807

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 5 Interest payable and similar charges

	2015 £'000	2014 £'000
On loans from group undertakings	6,566	5,330
Other finance costs	65	369
	6,631	5,699

### 6 Dividends

	2015 £'000	2014 £'000
Dividends paid on ordinary shares (£3.20 per share) (2014: £4.00)	8,000	10,000

### 7 Tax on profit on ordinary activities

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax on profits of the year	4,167	3,639
<b>Total current tax</b>	4,167	3,639
<b>Deferred tax</b>		
Origination and reversal of timing differences	398	769
<b>Total deferred tax</b>	398	769
<b>Tax charge on profit on ordinary activities</b>	4,565	4,408

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 7 Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	20,551	18,670
Profit on ordinary activities at standard rate of corporation tax in the UK of 21% (2014: 23%)	4,316	4,294
Effects of:		
Expenses not deductible for tax purposes	249	451
Accelerated capital allowances	601	(966)
Other short term timing differences	(999)	(140)
<b>Current tax charge for year</b>	<b>4,167</b>	<b>3,639</b>

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 was included in the Finance Act 2013, which was enacted on 2 July 2013. The impact of these changes has been reflected in the closing deferred tax balance.

In addition, further changes to the UK corporation tax system were announced in the July 2015 budget. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020 and were substantively enacted on 26 October 2015. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would not have a material impact on these financial statements.



# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery and casks	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2014	102,047	97,174	44	3,538	202,803
Additions	-	13,567	-	6,905	20,472
Disposals	(375)	(896)	(26)	-	(1,297)
Transfers	5,291	-	-	(5,291)	-
<b>At 31 March 2015</b>	<b>106,963</b>	<b>109,845</b>	<b>18</b>	<b>5,152</b>	<b>221,978</b>
<b>Accumulated Depreciation</b>					
At 1 April 2014	13,810	60,459	44	-	74,313
Charge for year	2,292	5,872	-	-	8,164
Disposals	(267)	(21)	(26)	-	(314)
<b>At 31 March 2015</b>	<b>15,835</b>	<b>66,310</b>	<b>18</b>	<b>-</b>	<b>82,163</b>
<b>Net book value</b>					
<b>At 31 March 2015</b>	<b>91,128</b>	<b>43,535</b>	<b>-</b>	<b>5,152</b>	<b>139,815</b>
At 1 April 2014	88,237	36,715	-	3,538	128,490

Assets under construction includes improvements to bottling lines and warehousing facilities.

### 9 Investments

	2015 £'000	2014 £'000
Unlisted investments	39	39
	<b>39</b>	<b>39</b>

#### Investment in subsidiary undertakings

The company owns all of the allotted share capital (£100) of the following company which has not traded during the year:

William Lawson Distillers Limited	Registered in Scotland	Dormant
-----------------------------------	------------------------	---------

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 10 Stocks

	2015 £'000	2014 £'000
The book value of the main categories of stocks are:		
Whisky	277,880	254,510
Bottling materials and other stocks	4,108	3,507
	<b>281,988</b>	<b>258,017</b>

### 11 Debtors

<b>Amounts falling due within one year:</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Trade debtors	4,541	5,072
Amounts owed by group undertakings	9,005	4,121
Other debtors	3,247	1,741
Prepayments and accrued income	1	74
	<b>16,794</b>	<b>11,008</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	6,151	7,908
Amounts owed to group undertakings	2,549	222
Loans from group undertakings	266,155	236,299
Corporation tax	2,271	1,453
Other taxation and social security costs	1,575	1,052
Deferred income (note 14)	50	75
Other creditors and accruals	9,409	7,134
	288,160	254,143

The loans from group undertakings are unsecured, repayable on demand and earn interest at 1% above Bacardi Group rates. During the year Bacardi Group rates varied, with an average rate of 1.5% (2014: 1.6%) being applied. Other Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 13 Obligations under operating leases

At 31 March, the company had annual commitments under non-cancellable operating leases expiring as follows:

	Motor vehicles	
	2015	2014
	£'000	£'000
Within one year	39	36
In the second to fifth years inclusive	38	37

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 14 Deferred income

In previous years the company received Government grants amounting to £250,000 which relate to specific capital expenditure. This amount will be credited to the profit and loss account over the related assets' useful life by equal annual amounts as follows:

	2015 £'000	2014 £'000
Within one year	25	25
In the second to fifth years inclusive	25	50
	50	75

In accordance with the policy on the treatment of Government grants, an amount of £25,000 was credited to the profit and loss account in the year to 31 March 2015 (2014: £25,000).

### 15 Deferred taxation

Deferred taxation provided in the financial statements, representing the full potential liability, is as follows:

	2015 £'000	2014 £'000
At 1 April	7,341	6,572
Transferred from the profit and loss account	398	769
<b>At 31 March</b>	<b>7,739</b>	<b>7,341</b>

	2015 £'000	2014 £'000
Deferred taxation provided in the financial statements comprises:		
Accelerated capital allowances	3,303	3,904
Other short term timing differences	4,436	3,437
<b>Deferred tax provision</b>	<b>7,739</b>	<b>7,341</b>

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 16 Called up share capital

	£'000
<b>Authorised, allotted, called up and fully paid</b>	
2,500,000 ordinary shares of £1.00 each at 1 April 2014 and 31 March 2015	<b>2,500</b>

### 17 Profit and loss account

	2015 £'000	2014 £'000
At 1 April	<b>128,322</b>	125,671
Actuarial loss on pension scheme (net of tax)	<b>(5,429)</b>	(1,611)
Profit for the financial year	<b>15,986</b>	14,262
Dividends Paid	<b>(8,000)</b>	(10,000)
<b>At 31 March</b>	<b>130,879</b>	128,322
Pension deficit (net of tax)	<b>9,358</b>	5,248
<b>Profit and loss reserve excluding pension deficit</b>	<b>140,237</b>	133,570

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 18 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Profit for the financial year	15,986	14,262
Actuarial loss on pension scheme (note 20)	(6,584)	(1,450)
Movement on deferred tax relating to pension scheme	1,155	(161)
Dividends paid	(8,000)	(10,000)
<b>Net addition to shareholders' funds</b>	<b>2,557</b>	<b>2,651</b>
<b>Opening shareholders' funds</b>	<b>130,822</b>	<b>128,171</b>
<b>Closing shareholders' funds</b>	<b>133,379</b>	<b>130,822</b>

### 19 Capital commitments

Amounts contracted for but not provided in the financial statements totalled £5,095,000 (2014: £5,770,000).

### 20 Pension commitments

#### Defined benefit scheme

The company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company and are invested by professional investment managers.

The most recently completed Actuarial Valuation was carried out by Aon Hewitt at 6 April 2014 and the main assumptions used for assessing the technical provisions are summarised below:

CPI inflation	RPI assumption minus 0.6% pa
General pay increases	RPI inflation plus 0.7% pa

Based on the technical provisions, there was a shortfall of £6.7 million which corresponds to a funding ratio of 85%.

The Scheme accounts at 6 April 2014 show invested assets of £26.1 million. These assets include £0.2 million in respect of AVCs but exclude insured annuities held by the Scheme amounting to £11.2 million.

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 20 Pension commitments (continued)

The results of the latest formal valuation at 6 April 2014 have been updated to 31 March 2015, taking account of the assumptions required by FRS 17, by Hymans Robertson, consulting actuaries.

The major assumptions used at 31 March 2015 by the actuary were:

	At 31 March 2015	At 31 March 2014	At 31 March 2013
Rate of increase in salaries	3.80%	4.10%	4.40%
Rate of increase in deferred pensions	2.30%	2.60%	2.90%
Rate of increase in pensions in payment	3.30%	3.60%	3.60%
Discount rate	3.30%	4.20%	4.60%
Inflation assumption	2.30%	2.60%	2.90%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2015 %	Value at 31 March 2015 £'000	Long-term rate of return expected at 31 March 2014 %	Value at 31 March 2014 £'000	Long-term rate of return expected at 31 March 2013 %	Value at 31 March 2013 £'000
Equities	6.00%	17,278	6.80%	18,052	5.40%	16,685
Corporate Bonds	3.30%	7,044	4.20%	3,063	4.60%	3,043
Bonds	2.40%	4,268	N/A	-	N/A	-
Property	4.00%	1,548	4.80%	1,369	4.80%	1,348
Cash	2.70%	650	3.70%	2,991	3.70%	848
Other	3.30%	11,723	4.20%	10,557	4.60%	10,487
Total fair value of assets		42,511		36,032		32,411
Present value of scheme liabilities		(54,208)		(42,676)		(38,924)
<b>Deficit in the scheme</b>		<b>(11,697)</b>		<b>(6,644)</b>		<b>(6,513)</b>
Related deferred tax asset		2,339		1,396		1,498
<b>Net pension deficit</b>		<b>(9,358)</b>		<b>(5,248)</b>		<b>(5,015)</b>

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 20 Pension commitments (continued)

Analysis of amount charged to operating profit under FRS 17 in respect of defined benefit schemes:

	2015	2014
	£'000	£'000
Current service cost	939	757
<b>Total operating charge</b>	<b>939</b>	<b>757</b>

Analysis of the amount charged to other finance costs:

	2015	2014
	£'000	£'000
Expected return on pension scheme assets	1,706	1,397
Interest on pension scheme liabilities	(1,771)	(1,766)
<b>Net cost</b>	<b>(65)</b>	<b>(369)</b>

Movement in deficit during the year:

	2015	2014
	£'000	£'000
Deficit in the scheme at the beginning of the year	(6,644)	(6,513)
Movement in the year:		
Current service cost	(939)	(757)
Contributions	2,535	2,535
Other finance costs	(65)	(370)
Actuarial loss	(6,584)	(1,539)
<b>Deficit in the scheme at the end of the year</b>	<b>(11,697)</b>	<b>(6,644)</b>



# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 20 Pension commitments (continued)

Reconciliation of defined benefit obligation:

	2015 £'000	2014 £'000
Opening defined benefit obligation	42,676	38,924
Current service cost	939	757
Interest cost	1,771	1,766
Contributions by plan participants	82	85
Actuarial loss	10,271	2,108
Benefits paid	(1,531)	(964)
<b>Closing defined benefit obligation</b>	<b>54,208</b>	<b>42,676</b>

Reconciliation of fair value of plan assets:

	2015 £'000	2014 £'000
Opening fair value of scheme assets	36,032	32,411
Expected return on assets	1,706	1,397
Contributions by scheme participants	82	85
Contributions by the employer	2,535	2,535
Actuarial gain / (loss)	3,687	568
Benefits paid	(1,531)	(964)
<b>Closing fair value of scheme assets</b>	<b>42,511</b>	<b>36,032</b>

John Dewar & Sons Limited expects to contribute £4,335,000 to its defined benefit pension plans in the year ended 31 March 2016.

The expected return on assets is based on the long-term expectation for each asset class at the beginning of the year. The actual return on scheme assets in the year was a gain of £5,393,000 (2014: gain £1,965,000).

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 20 Pension commitments (continued)

Amounts for the current and previous four years are as follows:

	31 March 2011 £'000	31 March 2012 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2015 £'000
Fair value of plan assets	26,758	28,136	32,411	36,032	<b>42,511</b>
Present value of defined benefit obligations	(32,256)	(35,495)	(38,924)	(42,676)	<b>(54,208)</b>
Deficit	(5,498)	(7,359)	(6,513)	(6,644)	<b>(11,697)</b>
Experience adjustments on scheme assets:					
- Amount	(1,334)	(1,727)	1,455	568	<b>3,687</b>
- %age of Scheme assets	(5.0)%	(6.1)%	4.5%	1.6%	<b>8.7%</b>
Experience adjustment on scheme liabilities:					
- Amount	(997)	(1,431)	(172)	(172)	<b>(3,502)</b>
- % of present value of scheme liabilities	3.1%	4.0%	0.4%	0.4%	<b>6.5%</b>
Total actuarial gains / (losses) on obligation:					
- Amount	2,115	(1,447)	(1,965)	(2,108)	<b>(10,271)</b>
- % of present value of scheme liabilities	(6.6)%	4.1%	5.0%	4.9%	<b>18.9%</b>

# John Dewar & Sons Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 20 Pension commitments (continued)

The mortality assumptions used by the actuary for the current and previous year are as follows:

Effective Date of Assessment	31 March 2015	31 March 2014
Life expectancy (years) for members aged 65 at the effective date:		
Males	22.0	24.2
Females	22.9	25.4
Life expectancy (years) for members aged 65 at date 20 years after effective date:		
Males	23.5	27.2
Females	27.1	28.2

#### Defined contribution scheme

The company also operates a defined contribution scheme, the assets of which are also held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the funds and amounted to £508,000 (2014: £554,000).

### 21 Immediate and ultimate parent company and controlling party

The immediate parent undertaking is Bacardi UK Limited, a company incorporated in England.

The directors regard Bacardi Limited, a company incorporated in Bermuda, as the ultimate parent company and controlling party. The address of Bacardi Limited is: PO Box HM720, Hamilton HM CX, Bermuda.