John Dewar & Sons Ltd

John Dewar and Sons Limited

Annual report and financial statements

for the year ended 31 March 2021

Registration number: 00613551

John Dewar and Sons Limited

Contents

John Dewar and Sons Limited

Company information

Directors	J M Lambert N W J Mitchell (appointed 1 May 2020) M J Phillips P Tucci
Registered office	C/O Bacardi-Martini Limited 2 Royal Court Kings Worthy Winchester Hampshire SO23 7TW
Solicitors	MacLay Murray & Spens 151 St Vincent Street Glasgow G2 5NJ
Bankers	Lloyds TSB Bank plc PO BOX 17328 11-15 Monument Street London EC3V 9JA
Independent Auditors	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 141 Bothwell Street Glasgow G2 7EQ

John Dewar and Sons Limited

Strategic report for the year ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

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

Business review

The directors are satisfied with the current trading performance of the company. This year the business was negatively impacted by the coronavirus pandemic with a subsequent worsening of overall trading performance, however the directors remain confident that the business is well positioned to return to previous growth levels in future years.

The statement of financial position at 31 March 2021, which is set out on page 18, shows net current assets of £43,750,000 (2020: £34,686,000) and equity of £232,826,000 (2020: £216,996,000).

Key performance indicators

The principal key performance indicator that the directors rely upon is the analysis of revenue and operating profit, which is measured against previous years.

Revenue showed a decrease of 16% (2020: increase of 8%), reflecting the COVID-19 outbreak, however given the circumstances and global economic impacts of the pandemic, the directors consider the sales performance to be relatively strong, having experienced growth in several key markets.

The current year's operating profit showed a decrease of 19% (2020: increase of 9%). This is due to reduced revenue and investment to prepare the business for further future growth. The directors consider the result satisfactory given the impact of the pandemic.

John Dewar and Sons Limited directors and management monitor performance by reviewing their market share throughout the year. They also closely monitor employee engagement through participation in the Great Place to Work survey, where the business has subsequently become certified and ranked highly in it's first year.

Future outlook

Continued volume growth in emerging markets has had a positive impact on results in recent years and whilst the Coronavirus pandemic has had a short term impact as explained more fully on page 4, with the popular brand portfolio, robust cost control and strong asset base the directors are confident that the business will return to previous levels of growth in the near future and the business is well positioned to meet and deliver the demand. Subsequent to the peak of the pandemic, results for the first half of financial year 2022 are strong showing significant year on year growth. The business continues to invest in liquid stocks and maturation capability to support the long-term growth.

Directors' duties under s172(1)
Each director of the company has acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct,
- the need to act fairly as between members of the company.

In the directors report it is detailed how the directors of John Dewar and Sons Limited fulfil these duties.

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

Market forecast
In common with all companies in the drinks industry, the company is susceptible to changes in consumer trends and resulting demand for its products. 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.

Business continuity
To respond to the possibility of a significant incident impacting the company's ability to produce, 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.

Financial risk management
The Bacardi group operates a centralised treasury function and the directors make use of this facility to manage and mitigate risks to changes in liquidity, interest rates and foreign currency exchange rates. The company therefore has limited exposure to such factors.

Global Transport
With the return of global trading activity in all markets and commodities and a significant increase in consumer spending activity, global shipping has become a supply risk, with unprecedented demand for shipping containers. This demand has resulted in significant availability concerns and also significant pricing increases. The Company is shielded from much of the pricing increases due to the nature of the Bacardi distribution network, however container availability, coupled with driver shortages in the UK represents a supply risk. To mitigate this risk the company has invested in additional finished goods storage capability, additional transport partners and alternative shipping routes and raw materials procurement strategies to secure safety stock.

COVID-19

The COVID-19 outbreak has developed rapidly throughout 2021. Authorities around the world have implemented responsive measures including travel bans and restrictions, quarantines, prohibitions of public gatherings and social distancing requirements to mitigate the impact of this pandemic. As a result, many airlines, restaurants, bars, hotels, retailers and other key businesses in the markets the company's products are sold were forced to reduce or discontinue trade. This inevitably had a negative impact on the company's sales for FY21 (with limited impact in FY20). Whilst the ontrade and travel retail channels have suffered considerably, there have been markets where the offtrade has experienced year on year growth.

In response to the effects of the COVID-19 Coronavirus pandemic, the company took significant action to improve its liquidity and importantly ensure minimal impact to the employee population. During the financial year the company undertook a number of actions including a significant reduction in stock and discretionary spend, minimising reject products, a temporary recruitment freeze, a temporary pause in operations and participated in the UK Government Job Retention scheme. The company topped up the government furlough funding to ensure that every employee received 100% of their salary throughout. In addition, the company proactively invested to ensure that employees were kept safe, providing sanitizer, face masks, free food on site and essential food gift packs, whilst encouraging working from home if at all possible for those employees who could. For those required to work at an operations site, the company paid for personal, individual taxi travel to and from site. Operational locations have strict procedures in place in line with local Government recommendations, including one-way systems, social distancing, additional break-out areas and at the head office location a temperature control screening on entry to the facility was installed. The relevant safety measures continue into FY22, in line with local government guidance and financial and investment activity resumes to normal levels.

During FY21, at the peak of the UK Spring lockdown our Visitor Centres, where the company welcomes the public to experience the Brand Homes, were temporarily closed. During this time and in preparation to welcome the public back, significant safety measures were introduced to ensure visitors feel and are kept safe at all times.

Our communities and 'front line' workers are important to us. At the start of the pandemic and for several months, the company produced and bottled sanitizer which was delivered free of charge to local hospitals, police stations, fire stations, surgeries, nursing homes and other front line' workers across the UK. Every employee has also been provided with an unlimited supply of sanitizer for their own personal use.

Subsequent to the end of the financial year, as Global economies and markets reopen, trading thus far into FY22 is very strong, showing significant year on year growth and returning to pre-pandemic levels. In particular Global Travel Retail and the on-trade in several markets have returned to growth and thus the impacts of the Covid pandemic on trading activity are believed to have been short term.

The parent company have also put in place measures to assure liquidity and preserve cash, to be able to provide support if required as explained fully in the Going concern note on page 10.

Environmental report
We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. John Dewar and Sons Limited supports these recommendations and are committed to disclosing the relevant information which can be found below.

Strategy
During the year 1st April 2020 to 31st March 2021 the company carried out the following: replacement where required of heat exchangers, pumps, pipework lagging. More so over FY21 the company has laid down many foundations for making future performance improvements for Net Zero by Three Zero, including:

• Replacing heavy fuel oil as back up at Aberfeldy and Royal Brackla with LPG and longer term, when available, this supply will be from renewable "bio-LPG" sources
• Submitted an Expression of Interest in the Acorn Hydrogen project
• Carried out further ESOS style energy surveys
• Invested in carbon off-set HFO
• Investigating green gas contracts
• While JDSL work on reducing energy consumption and all emissions in the long term, in the short term the company look to invest in carbon capture projects in Scotland to offset any remaining future emissions

Over the years, significant steps involving substantial resources have been taken by the company to both reduce energy consumption and greenhouse gas emissions, the most significant of these being installation of biomass boilers to reduce reliance on heavy fuel oil at 2 of the energy intense, distillery sites. Continuous improvement measures include optimising process efficiencies, acting on recommendations from energy studies, replacing equipment with more efficient models, installation of invertors and maximising heat recovery. Since 2016 all JDSL sites have been on REGO sourced electricity supplies.

During the year 1st April 2020 to 31st March 2021 John Dewar and Sons Limited (JDSL) total gross greenhouse gas emissions were 24,667 tonnes (2020: 26,792 tonnes) Carbon Dioxide equivalent and our total energy consumption over this period was 160,144,189 KWH (2020: 175,257,847). Of this energy (scope 1, 2 and transport) 43.8% was from renewable supplies (all electricity and biomass).

JDSL has committed to be "Net Zero by Three Zero", aiming to achieve the target ahead of the Net Zero legislation deadlines.

For reporting of intensity figures in addition to the litres of alcohol measure at the distillation sites, the other production unit applicable to the company is 9 litre case equivalents, used to reference bottling manufacturing output. As part of Bacardi Limited the parent company website contains additional information on environmental and sustainability commitments (www.BacardiLimited.com).

Streamline Energy and Carbon Reporting

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 March 2021:

Name	**2021 KWH**	**2021 CO2e (tonnes)**	**2020 KWH**	**2020 CO2e (tonnes)**
Emissions from combustion of gas	80,017,243	14,686	86,260,746	15,859
Emissions from combustion of fuel for transport purposes	9,377,205	2,522	7,834,681	2,098
Emissions from combustion of Biomass	41,472,230	641	49,553,345	775
Emissions from combustion of Propane	160,673	34	132,343	28

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 March 2021:

Name	**2021 KWH**	**2021 CO2e (tonnes)**	**2020 KWH**	**2020 CO2e (tonnes)**
Emissions from purchased electricity	28,687,615	6,688	30,644,009	7,833

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 March 2021:

Name	**2021 KWH**	**2021 CO2e (tonnes)**	**2020 KWH**	**2020 CO2e (tonnes)**
Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel	50,588	13	214,707	66
Transport fuel consumption	378,635	83	618,016	133

Summary of energy consumption for the year ended 31 March 2021:

Name	**2021 KWH**	**2021 CO2e (tonnes)**	**2020 KWH**	**2020 CO2e (tonnes)**
Total	160,144,189	24,667	1,785,257,847	26,792

Intensity ratio

% Energy from renewables (biomass + REGO backed sources of electricity) = 43.8 (2020: 45.8)

During the year ended 31 March 2021 this was 0.0007980 kgCO2e/litre of alcohol (2020 - 0.0007862kgCO2e/litre of alcohol).

During the year ended 31 March 2021 this was 0.0031688 kgCO2e/9 litre case equivalent (2020 - 0.0025725 kgCO2e/9 litre case equivalent).

Post balance sheet events
Tails Limited

Subsequent to the year-end, in the financial year 2022, the assets of Tails Limited (a company 100% owned within the Bacardi Group structure) transferred into the ownership of the Company. The transferred assets consisted of raw materials, liquid and finished goods stocks. Under the terms of the transfer, the Company has also assumed operational responsibility for the production and supply of Tails brand products. The Company holds no rights to the Tails Brand equity, with Brand ownership being retained elsewhere in the Bacardi Group.

This report was approved by the board on 29/11/21 and signed on its behalf by:

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M J Phillips
Director

John Dewar and Sons Limited

Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activity

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

Results and dividends

The results for the company show a profit before taxation of £19,502,000 (2020: £20,884,000) for the year, and revenue of £153,698,000 (2020: £181,916,000). The company has net assets of £232,826,000 (2020: £216,996,000).

The directors proposed not to pay a dividend in the year (2020: £nil).

Section 172(1) statement

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 and include a duty to promote the success of the company for the benefit of its members as a whole. The directors fulfil these duties in the following ways:

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 in the decision making process for the company through communication channels such as regular team briefs, email, newsletter, forums and town hall presentations. During the COVID pandemic, the majority of employees were supported with moving to remote and flexible working. The company is investigating the possibility of implementing a hybrid flexible working arrangement.

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.

Consumers
We put our consumers and their experiences at the heart of everything we do. We work with both our on and off trade customers to ensure we meet all the needs of our consumers. We take pride in our iconic brands and use our interactions with consumers by utilizing marketing expertise to understand our consumers needs and meet those needs in a safe and healthy approach to promote sensible alcohol consumption.

Customers
Our customers are true business partners and we strive to have a mutually beneficial relationship to achieve the best experience for our consumers. We connect regularly with our customers to build on our shared vision.

Suppliers
At John Dewar and Sons Limited we work with a large number of suppliers and we ensure those suppliers are identified using our procurement department as a preferred supplier in which we will build a positive relationship. We ensure our suppliers provide to us high quality and safe products and services in a reliable way. We have direct engagement between our procurement department and suppliers to ensure we are both striving towards the same goals including the same social, ethical and environmental standards.

Directors of the company

The directors who held office during the year were as follows:

J M Lambert

N W J Mitchell (appointed 1 May 2020)

M J Phillips

P Tucci

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.

Financial instruments

Objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, price risk, liquidity risk, interest rate and cash flow risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk
The majority of the company sales are within the Bacardi Group. In addition, the Company has a comprehensive credit risk nagement policy covering both the introduction of new customers and the management of existing customers' debts.

Price risk
The company has in place a series of long term supplier contracts that mitigate some price volatility in the procurement of raw materials, however commodity price inflation still represents some risk. Looking forward to financial year 2022, price inflation will be driven by increasing utility costs, global transport issues and increasing demand in both the drinks industry and other markets. The directors seek to manage price risks to the extent possible through early engagement with suppliers, logistic partners and other partners.

Liquidity risk
The Company is exposed to changes in liquidity. The Bacardi group operates a centralised treasury function and the directors make use of this facility to manage such risks.

Interest rate and cash flow risk
The Company has an interest-bearing payable in the form of an unsecured variable rate loan with fellow group subsidiaries. As the loan charges interest at 2% plus LIBOR 1 month. (2020: 2%), a respective fall in interest rates will lead to lower interest payable by the company.

Going concern
These financial statements have been prepared on a going concern basis, as the directors believe that the company will continue to be able to meet its liabilities as they fall due within 12 months from the date of approval of these financial statements, based on the statement of financial position. In reaching a conclusion that the going concern basis of preparation was appropriate, the Directors have reviewed forecast cashflows, considered the company's dependency on the group treasury function and obtained a letter of support from Bacardi Limited as the ultimate parent company confirming that Bacardi Limited will continue to financially support the company for a period of at least 12 months from the date of approval of the financial statements.

Reappointment of auditors
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 29/11/21 and signed on its behalf by:

M J Phillips
Director

John Dewar and Sons Limited

Statement of directors' responsibilities

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;

• make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

• they 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.

This report was approved by the board on 29/11/21 and signed on its behalf by:

M J Phillips
Director

Independent auditors' report to the members of John Dewar and Sons Limited

Report on the audit of the financial statements

Opinion

In our opinion, John Dewar and Sons Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Tax regulations; Health and safety regulations; ASA rulings; The Alcoholic Liquor Duties Act 1979 and the HM Revenue & Customs Tariff; Licensing Act 2003; Licensing (Scotland) Act 2005; and The Scotch Whisky Regulations 2009, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate inventory or revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- understanding and evaluation of management's controls designed to prevent and detect irregularities;
- reviewing minutes of meetings of those charged with governance;
- enquiring of management around actual and potential fraud, litigation, claims and disputes;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting inventory or revenue, verifying those journals to appropriate audit evidence;
- review and challenge of the key assumptions within critical accounting estimates; and
- performing a review of costs capitalised into inventory during the year;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
29 November 2021

Income statement for the year ended 31 March 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	153,698	181,916
Cost of sales		(127,561)	(145,084)
Gross profit		26,137	36,832
Administrative expenses		(3,429)	(7,458)
Other operating income	5	2,020	1,561
Operating profit	6	24,728	30,935
Other non-operating income		515	-
Finance expenses	9	(5,741)	(10,051)
		(5,226)	(10,051)
Profit before taxation		19,502	20,884
Tax on profit	10	(3,507)	(4,464)
Profit for the financial year		15,995	16,420

All activities relate to continuing operations. There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 20 to 43 form an integral part of these financial statements.

John Dewar and Sons Limited

Statement of comprehensive income for the year ended 31 March 2021

	2021 £ 000	2020 £ 000
Profit for the year	15,995	16,420
Other comprehensive (expense)/income:		
Movement in deferred tax relating to pension asset	(204)	(1,116)
Pension actuarial loss	39	212
Other comprehensive expense for the year net of tax	(165)	(904)
Total comprehensive income for the year	15,830	15,516

The notes on pages 20 to 43 form an integral part of these financial statements.

John Dewar and Sons Limited

(Registration number: 00613551)
Statement of financial position as at 31 March 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	11	408	-
Property, plant and equipment	12	205,150	199,003
Investments	13	39	39
		205,597	199,042
Current assets			
Inventories	14	424,249	395,557
Debtors	15	21,724	22,684
Cash at bank and in hand		1,201	560
		447,174	418,801
Creditors: Amounts falling due within one year	16	(403,424)	(384,115)
Net current assets		43,750	34,686
Total assets less current liabilities		249,347	233,728
Long term liabilities	17	(4,300)	(4,610)
Deferred taxation	10	(12,221)	(12,122)
Net assets		232,826	216,996
Equity			
Called up share capital	20	2,500	2,500
Retained earnings		230,326	214,496
Total equity		232,826	216,996

This report was approved and authorised by the board on 29/11/21 and signed on its behalf by:

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M J Phillips
Director

The notes on pages 20 to 43 form an integral part of these financial statements.

John Dewar and Sons Limited

Statement of changes in equity for the year ended 31 March 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 April 2019	2,500	198,980	201,480
Profit for the year	-	16,420	16,420
Other comprehensive expense for the financial year	-	(904)	(904)
Total comprehensive income for the financial year	-	15,516	15,516
Balance as at 31 March 2020	2,500	214,496	216,996

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 April 2020	2,500	214,496	216,996
Profit for the year	-	15,995	15,995
Other comprehensive expense for the financial year	-	(165)	(165)
Total comprehensive income for the financial year	-	15,830	15,830
Balance as at 31 March 2021	2,500	230,326	232,826

The notes on pages 20 to 43 form an integral part of these financial statements.

1 General information

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

The company is a private company limited by share capital, incorporated in England, United Kingdom. The address of its registered office is Bacardi-Martini Limited, 2 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements of John Dewar and Sons Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, as amended in July 2015.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The company is a wholly owned subsidiary of Bacardi Limited and is included in the consolidated financial statements of Bacardi-Martini B.V. which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions subject to conditions. The Company has taken advantage of the following disclosure exemptions available under FRS 102:

(a) The requirement to prepare a reconciliation of the number of shares at the beginning and end of the financial year.
(b) The requirement to prepare a statement of cash flows, under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and an intermediate parent company, Bacardi-Martini B.V., a company registered in The Netherlands, includes the company's cash flows in its own, publicly available, consolidated financial statements.
(c) The requirement to disclose transactions with wholly owned subsidiaries within the group.
(d) The requirement to disclose additional information with regards to financial instruments already disclosed in consolidated financial statements. [Section 11 and 12 financial instruments 11.39-11.48 and 12.26-12.29]..

Going concern

These financial statements have been prepared on a going concern basis, as the directors believe that the company will continue to be able to meet its liabilities as they fall due within 12 months from the date of approval of these financial statements, based on the statement of financial position. In reaching a conclusion that the going concern basis of preparation was appropriate, the Directors have reviewed forecast cashflows, considered the company's dependency on the group treasury function and obtained a letter of support from Bacardi Limited as the ultimate parent company confirming that Bacardi Limited will continue to financially support the company for a period of at least 12 months from the date of approval of the financial statements.

Revenue recognition

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

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the income statement over the related assets' useful life by equal annual amounts. The company accounts for government grant revenue using the accrual model. The grants relating to revenue are recognised as income over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Foreign currency transactions and balances

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the statement of financial position or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the average monthly rate. The company's functional and presentation currency is in pound sterling.

2 Accounting policies (continued)

Financial instruments
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in administration costs in the Statement of Comprehensive Income for the excess of the carrying value of the asset over the present value of the estimated future cash flows.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans and loans between group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in Statement of Comprehensive Income in finance expense or finance income as appropriate. No derivatives are held in the company in the current or prior year.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual right to the cash flows expire or are settled, or substantially all the risks and rewards off ownership are transferred to another party, or if some of the significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability for part thereof is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives. Due to a new asset policy in the Bacardi group relating to assets purchased after April 2020 the estimated useful life for certain assets has changed from prior years as per disclosed in Note 3 Critical accounting judgements and estimation uncertainty.

Buildings	40 years
Casks	15 years
Plant and equipment	4-20 years
Motor vehicles	4 years

Inventories

Inventories 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.

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 income statement on a straight-line basis over the lease term.

Employee benefits

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

(I) Short term benefits

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

2 Accounting policies (continued)

(ii) Defined benefit pension plan

The company operates a defined benefit plan for benefit of employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

As the fair value of the plan assets exceeds the defined benefit obligation this surplus is not recognised as the scheme rules gives the right to the trustees of any surplus and not to the company. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation.

The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments (discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

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 recognised in profit or loss as 'Finance expense'.

(iii) 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 when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2 Accounting policies (continued)

Current taxation
Corporation tax payable is provided on taxable profits at the prevailing UK tax rate.

Deferred taxation
Deferred tax is recognised in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise, based on tax rates enacted or substantively enacted and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that there will be sufficient taxable profits available to allow these to be recovered. Deferred tax assets and liabilities are not discounted.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies
It is the view of the Directors that no critical judgements in applying the entity's accounting policies have been made in these financial statements.

Critical accounting estimates and assumptions
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. During the year, the company updated the useful lives for plant and machinery and motor vehicle classes of fixed assets. This was to align with group policies. These changes have not been applied retrospectively and the impact of these changes on the accounts is immaterial.

3 Critical accounting judgements and estimation uncertainty (continued)

(ii) Inventory provisioning

The company's activities are the distillation, warehousing, blending, bottling and sale of Scotch whisky and gin and is subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods

(iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number ot factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Sale of goods	153,315	180,151
Rendering of services	383	1,765
	153,698	181,916

The analysis of the company's turnover for the year by market is as follows:

	2021 £ 000	2020 £ 000
Rest of world	144,656	170,863
UK	9,042	11,053
	153,698	181,916

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £ 000	2020 £ 000
Rental & bottling income	1,239	1,270
Government grants	781	45
Other income	-	246
	2,020	1,561

Other income represents a gain on the disposal of fixed assets.

Government grant income of £781,000 (2020: £45,000) includes a grant of £733,000 (2020: nil) relating to the Coronavirus Job Retention Scheme. The CJRS grant income was provided by the Scottish Government when staff were unable to work due to COVID-19 restrictions implemented by the Government in response to the Coronavirus pandemic in 2020.

6 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation expense	13,330	12,670
Operating lease expense - motor vehicles	48	27
Hire of plant and machinery	354	347
Auditors' remuneration	110	71
Government grant income	(781)	(45)

Cost of sales predominately is represented by inventory recognised as expense.

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Aggregate emoluments	609	305
Pension contributions	24	61
	633	366

Retirement benefits are accruing to one director (2020: one) under a defined benefit scheme.

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Fees and other emoluments	493	197

The highest paid director is not a member of the John Dewar and Sons Limited defined benefit pension scheme, no company pension contributions were paid on his behalf in 2021 (2020: £37,000).

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	18,574	19,478
Social security costs	2,096	2,157
Other pension costs	2,724	2,623
	23,394	24,258

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and sales	50	50
Production and distribution	415	404
	465	454

9 Finance expenses

	2021 £ 000	2020 £ 000
Interest payable on loans from group undertakings	5,340	9,203
Foreign exchange losses	265	703
Net interest on net defined benefit pension plan asset	(14)	(30)
On third party - Finance Lease	153	175
Interest on taxes	(3)	-
	5,741	10,051

10 Taxation

Tax charged to the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	3,357	3,311
UK corporation tax adjustment to prior periods	12	(426)
	3,369	2,885
Deferred taxation		
Arising from origination and reversal of timing differences	1,009	2,263
Adjustment in respect of prior periods	(871)	(684)
Total deferred taxation	138	1,579
Tax expense in the income statement	3,507	4,464

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £ 000	2020 £ 000
Profit before tax	19,502	20,884
Corporation tax at standard rate	3,705	3,968
Effect of expense not deductible for tax purposes	47	421
Other timing differences	614	1,184
Adjustment in respect of prior year	(859)	(1,109)
Total tax charge	3,507	4,464

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

10 Taxation (continued)

Deferred tax

Deferred tax liabilities

2021	**Liability £ 000**
Accelerated capital allowances	6,482
Other short-term timing differences	5,739
	12,221

2020	**Liability £ 000**
Accelerated capital allowances	6,628
Other short-term timing differences	5,494
	12,122

The movement in the deferred tax liability can be explained:	**2021 £ 000**	**2020 £ 000**
At 1 April	12,122	10,755
Transferred from income statement	138	1,579
Transferred from statement of other comprehensive income	(39)	(212)
At 31 March	12,221	12,122

11 Intangible assets

	Software assets £ 000	Total £ 000
Cost or valuation		
At 1 April 2020	-	-
Additions	421	421
Disposals	-	-
At 31 March 2021	421	421
Accumulated amortisation		
At 1 April 2020	-	-
Amortisation charge	13	13
At 31 March 2021	13	13
Carrying amount		
At 31 March 2021	408	408
At 31 March 2020	-	-

Intangible assets compromise of externally acquired computer software license and software enhancements that are expected to generate economic benefits beyond one year.

12 Property, plant and equipment

	Freehold land and buildings £ 000	Plant and machinery and casks £ 000	Motor vehicles £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation					
At 1 April 2020	153,171	177,605	18	5,879	336,673
Additions	2,458	10,016	-	7,514	19,988
Disposals	(50)	(222)	-	-	(272)
Transfers	1,048	3,896	-	(5,355)	(411)
At 31 March 2021	156,627	191,295	18	8,038	355,978
Accumulated depreciation					
At 1 April 2020	32,349	105,303	18	-	137,670
Charge for the year	3,507	9,823	-	-	13,330
Eliminated on disposal	-	(172)	-	-	(172)
At 31 March 2021	35,856	114,954	18	-	150,828
Carrying amount					
At 31 March 2021	120,771	76,341	-	8,038	205,150
At 31 March 2020	120,822	72,302	-	5,879	199,003

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

The net carrying amount of assets held under finance leases included in plant and machinery and casks above is £4,212,000 (2020: £4,509,000).

13 Investments

	2021 £ 000	2020 £ 000
Unlisted investment	39	39

13 Investments (continued)

The unlisted investment is analysed as The Scotch Whisky Heritage Centre Limited registered at 354 Castlehill, Edinburgh, EH1 2NE.

No dividends were received from the unlisted investment.

Investment in subsidiary undertakings
The Company owned all of the allotted share capital (100) of William Lawson Distillers Limited Registered at 1700 London Road, Glasgow, G32 8XR in Scotland, which has not traded during the year. This company was dissolved on 22nd September 2020.

14 Inventories

	2021 £ 000	2020 £ 000
Maturing Spirit	409,995	379,852
Bottling materials and other stocks	14,254	15,705
	424,249	395,557

There is no significant difference between the replacement cost of finished goods and their carrying amounts. Inventories are stated after provisions for impairment of £1,452,000 (2020 £1,255,000).

15 Debtors

	Note	2021 £ 000	2020 £ 000
Trade receivables	21	2,707	2,116
Amounts owed by group undertakings	21	15,038	16,112
Other receivables	21	3,419	3,586
Corporation tax	21	-	273
Prepayments and accrued income		560	597
		21,724	22,684

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

16 Creditors

	Note	2021 £ 000	2020 £ 000
Amounts falling due within one year			
Trade and other payables	21	35,105	29,715
Amounts owed to group undertakings	21	1,737	1,606
Loans from group undertakings		355,339	341,119
Social security and other taxes		547	301
Accruals and deferred income		10,669	11,374
Income tax liability	10	27	-
		403,424	384,115

The loans from group undertakings are unsecured, repayable on demand and earn variable interest at 2% above LIBOR 1 month. (2020: 2%) being applied. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17 Long term liabilities

	2021 £ 000	2020 £ 000
Non-current loans and borrowings		
Finance lease liabilities	4,210	4,535
Government grant	90	75
	4,300	4,610

18 Obligations under finance and operating lease

The Company principally leases Biomass boilers and cars in ordinary course of business.

18 Obligations under finance and operating lease (continued)

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£ 000	£ 000
Not later than one year	478	478
Later than one year and not later than five years	1,913	1,913
Later than five years	2,825	3,303
	5,216	5,694

	2021	2020
	£ 000	£ 000
Less: finance charges	(1,006)	(1,159)
Carrying amount of liability	4,210	4,535

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£ 000	£ 000
Within one year	253	340
In the second to fifth years inclusive	566	778
	819	1,118

19 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £Nil (2020: £1,439,000).

19 Pension and other schemes (continued)

Defined benefit pension schemes

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 on 6 April 2020 and the main assumptions used for assessing the technical provisions are summarised below:

CPI inflation RPI assumption minus 1.0% pa
General pay increases RPI inflation plus 0.7% pa

Based on the technical provisions, there was a shortfall of £2.4 million which corresponds to a funding ratio of 96%.

The Scheme accounts at 6 April 2017 show invested assets of £60.3 million. These assets include £0.1 million in respect of AVCs and £13.7m related to the insured annuity policies held by the Scheme.

The results of the latest formal valuation at 6 April 2017 have been updated to 31 March 2021, taking account of the assumptions required by FRS 102, by Mercer, the consulting actuaries.

Principal acturial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2021 %	2020 %
Increase in pensions in payment	3.30	2.65
Discount rate	2.15	2.35
Future salary increases	3.30	3.25
Increase in deferred pensions	2.80	1.75
Inflation assumption	2.80	1.75

19 Pension and other schemes (continued)

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	20.20	21.00
Current UK pensioners at retirement age - female	21.70	22.60
Future UK pensioners at retirement age - male	21.80	22.40
Future UK pensioners at retirement age - female	25.10	25.80

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Equities	19,648	21,458
Corporate bonds	16,818	15,184
Bonds	13,767	16,537
Property	1,708	1,695
Cash	972	460
Diversified growth funds	8,916	-
Insured liabilities	10,383	10,983
Present value of scheme liabilities	(58,471)	(56,378)
Effect of asset ceiling	(13,741)	(9,939)
Net pension asset/(deficit)	-	-

	2021 £ 000	2020 £ 000
Analysis of amount charged/(credited)) to income statement:		
Current service cost	965	1,060
Administration cost	231	212
Interest income	(1,543)	(1,611)
Interest expense on pension scheme liabilities	1,295	1,581
Interest expense on asset ceiling	234	-
Net cost	1,182	1,242

19 Pension and other schemes (continued)

	2021 £ 000	2020 £ 000
Amounts recognised in the statement of comprehensive income:		
Actuarial result defined benefit scheme	204	1,116

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2021 £ 000	2020 £ 000
Fair value of scheme assets	72,212	66,317
Present value of defined benefit obligation	(58,471)	(56,378)
Defined benefit pension scheme surplus	13,741	9,939

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2021 £ 000
Present value at start of year	56,378
Current service cost	965
Interest cost	1,295
Benefits paid	(1,510)
Contributions by scheme participants	77
Effect of changes in assumptions	2,023
Effect of experience adjustments	(757)
Present value at end of year	58,471

19 Pension and other schemes (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 £ 000
Fair value at start of year	66,317
Interest income	1,543
Employer contributions	1,386
Contributions by scheme participants	77
Benefits paid	(1,510)
Administrative expenses paid from plan assets	(231)
Return on plan assets	4,630
Fair value at end of year	72,212

Return on scheme assets

	2021 £ 000	2020 £ 000
Return on scheme assets	6,173	2,641

20 Called up share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	2,500	2,500	2,500	2,500

21 Financial instruments

Categorisation of financial instruments

	Note	2021 £ 000	2020 £ 000
Financial assets measured at fair value through the income statement		-	-
Trade receivables	15	2,707	2,116
Amounts owed by group undertakings	15	15,038	16,112
Corporation tax	15	-	273
Other receivables(excluding deferred tax)	15	3,419	3,586
Financial assets from debt instruments measured at amortised cost		**21,164**	**22,087**
Financial liabilities measured at fair value through the income statement		-	-
Trade payables		(35,105)	(29,715)
Amounts owed to related parties	16	(1,737)	(1,606)
Loans from group undertakings	16	(355,339)	(341,119)
Finance lease liabilities	18	(4,210)	(4,535)
Other payables (excluding accruals) payable within one year		(6,389)	(6,230)
Financial liabilities measured at amortised cost		**(402,780)**	**(383,205)**

The Company has taken advantage of the exemption for the requirements to disclose additional information with regards to financial instruments already disclosed in Bacardi-Martini B.V. consolidated financial statements. [Section 11 and 12 financial instruments 11.39-11.48 and 12.26-12.29]

22 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £138,200,000 (2020: £156,676,000).

22 Commitments (continued)

	Bottles 2021 £'000	Moulds 2021 £ 000	Grain/Yeast Barley 2021 £ 000	Alcohol 2021 £ 000	Capex 2021 £ 000	Energy 2021 £ 000	Total 2021 £'000
Within 1 year	3,625	1,497	32,642	-	10,486	1,454	49,704
Between 2 and 5 years	-	-	73,955	-	552	5,818	80,325
More than 5 years	-	-	-	-	-	8,171	8,171
	3,625	1,497	106,597	-	11,038	15,443	138,200

	Bottles 2020 £ 000	Moulds 2020 £ 000	Grain/Yeast Barley 2020 £ 000	Alcohol 2020 £ 000	Capex 2020 £ 000	Energy 2020 £ 000	Total 2020 £ 000
Within 1 year	4,020	1,394	31,325	3,676	-	-	40,415
Between 2 and 5 years	-	-	111,801	4,460	-	-	116,261
	4,020	1,394	143,126	8,136	-	-	156,676

23 Related party transactions

The Company has taken advantage of the following disclosure exemptions under FRS 102:

The requirement to disclose transactions with wholly owned subsidiaries within the group [Section 33 related party disclosures paragraph 33.1a].

24 Parent and ultimate parent undertaking

The directors regard Bacardi Limited, a company incorporated in Bermuda, as the ultimate parent and controlling company, and is the largest group to consolidate these results. The company that heads the smallest group of undertakings is Bacardi U.K. Limited, its immediate parent company, which is incorporated in the United Kingdom. The financial statements of John Dewar and Sons Limited are included in the consolidated financial statements of Bacardi-Martini B.V., a company registered in The Netherlands, whose financial statements are available from the Registrar at Companies House.

25 Post balance sheet event

Subsequent to the year-end, in the financial year 2022, the assets of Tails Limited (a company 100% owned within the Bacardi Group structure) transferred into the ownership of the Company. The transferred assets consisted of raw materials, liquid and finished goods stocks. Under the terms of the transfer, the Company has also assumed operational responsibility for the production and supply of Tails brand products. The Company holds no rights to the Tails Brand equity, with Brand ownership being retained elsewhere in the Bacardi Group.