Registered number: 01994340

QUALITY SPIRITS INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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QUALITY SPIRITS INTERNATIONAL LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The Directors present their Strategic Report for the year ended 31 December 2020.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The principal activity of the Company continued to be that of a distributor for its ultimate parent undertaking, William Grant & Sons Holdings Limited, selling blended Scotch whisky and other alcoholic beverages.

The Company profit for the year after taxation amounted to £4,104,000 (2019 - £6,934,000). Reported turnover fell by 17% from £49,211,000 to £40,768,000. The Company's balance sheet position at 31 December 2020 showed net assets of £45,408,000 (2019 - £41,304,000) and net cash position of £36,419,000, an increase of £2,853,000 from the prior year.

Trading Environment
2020 has been an unprecedented year for the Group, of which the Company is a member. The Covid-19 pandemic has been extremely challenging for many people, communities and businesses around the world. At this testing time the Company has been able to rely on the culture of agility, efficiency and entrepreneurialism that has been fostered over many years. The Board is particularly grateful to all our employees for their tenacity and commitment throughout this very difficult period and for their hard work to help to tackle the public health emergency, their support for our communities and their work with our suppliers and customers.

Additionally, and most importantly, the problems associated with the presence of the virus in our community places an enormous responsibility on the Company to protect all our staff and our communities. In this respect, our employees have responded proactively and thoroughly. A range of comprehensive measures have been introduced to address these issues, for example, all office staff are working from home.

In the face of these difficulties, the Company has been obliged to respond to the evolving situation with reductions in a number of areas, including advertising & promotion, capital expenditure and overheads. During the year the Company utilised the UK government's job retention scheme, with a top up in salary, and furloughed a number of staff where it was impossible for them to work effectively from home. As what were very uncertain and volatile trading conditions began to stabilise, the Company has since repaid all funds received under this scheme. However, despite all efforts, a number of staff unfortunately had to be made redundant where it was impossible for them to be redeployed elsewhere in the business.

Despite this unprecedented and challenging trading environment, certain markets have started to emerge from the pandemic. Indeed certain markets, particularly in Asia, have shown a degree of underlying growth. However, this growth has been more than offset by the closure, or partial closure of other markets, such as Global Travel Retail or in Europe. A consequence of these lower trading levels, is that the business is significantly smaller than it was last year.

United Kingdom (UK) and the European Union (EU)
The Company welcomes the news that the UK and EU have agreed a free trade deal. The Company continues to monitor and where possible mitigate the implications of Brexit, leveraging a cross functional approach to understand and manage the risks that Brexit poses. It is anticipated that the direct impact to the Company will not be material.

Outlook
The World Bank predicts that although the global economy is emerging from the collapse triggered by the pandemic, the recovery is projected to be subdued. There is a material risk that setbacks in containing the pandemic or other adverse events derail the recovery. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. Debt levels have reached historic highs, making the global economy particularly vulnerable to financial market stress. The pandemic is likely to steepen the long-expected slowdown in potential growth over the next decade, undermining prospects for poverty reduction.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS (CONTINUED)

Outlook (continued)
The heightened level of uncertainty around the global outlook highlights policy makers' role in raising the likelihood of better growth outcomes while warding off worse ones. Limiting the spread of the virus, providing relief for vulnerable populations, and overcoming vaccine-related challenges are key immediate priorities. With weak fiscal positions severely constraining government support measures in many countries, an emphasis on ambitious reforms is needed to rekindle robust, sustainable and equitable growth. Global cooperation is critical in addressing many of these challenges. In particular, the global community needs to act rapidly and forcefully to make sure the ongoing debt wave does not end with a string of debt crises in emerging market and developing economies, as was the case with earlier waves of debt accumulation.

Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth.

Limiting the spread of the virus, providing relief for vulnerable populations, and overcoming vaccine-related challenges are key immediate policy priorities. As the crisis abates, policy makers need to balance the risks from large and growing debt loads with those from slowing the economy through premature fiscal tightening. To confront the adverse legacies of the pandemic, it will be critical to foster resilience by safeguarding health and education, prioritising investments in digital technologies and green infrastructure, improving governance, and enhancing debt transparency.

Given this unique and unpredictable situation, it continues to be very difficult to give a clear view of the Company's real long term prospects. These will depend very much on how each country and the global community as a whole responds to this crisis (along with the hand of nature) which will determine how long the crisis will last, how deep it will be, and the strength of the economic recovery-that we all hope for thereafter. In these circumstances, the Company will continue to focus first and foremost on protecting the staff and our communities who are our lifeblood, while we take the necessary precautionary measures to protect our long term future

The Group, of which the Company is a member's, broad portfolio and geographic footprint, with a number of leading market positions and our ability to execute at scale provide a solid foundation for recovery as we transition from the Covid-19 pandemic to a 'new normal'. Our business continues to act with discipline and invest prudently to deliver high quality, sustainable growth so that we can emerge stronger as the recovery in consumer demand and global travel takes hold. We remain confident that the long-term trends for our industry are extremely attractive. The Board will ensure that it continues to focus on long-term value creation and that we actively support our industry and our communities.

We do not underestimate the challenges that the business will continue to face as we navigate the Covid-19 crisis and emerge into an uncertain new environment. Going forward, we anticipate a continuing decline in global sales and profits in 2021. We will manage the business prudently whilst we adapt rapidly to our new situation and seek to capitalise on new opportunities. We consider that the business is well-equipped to respond to changes in both consumer preferences and the channels through which spirits are sold. Fundamentally our capabilities are strong, and our brands are in good health and remain desirable to consumers. The Group is powered by great people and exceptional brands.

I am proud of the results we have achieved for the business this year, and I am confident that we will navigate through this crisis and emerge with a business fit for future growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties set out below are those which the Directors believe to have the greatest potential to impact the Company's ability to achieve its strategic objectives, or which have the greatest potential impact on the Company's solvency or liquidity.

Market Competition
The Company is part of the alcoholic beverage segment, where there is a high level of competition and a large number of operators. Its main competitors are large international groups involved in the current wave of mergers and acquisitions, which are operating aggressive strategies at a global level. The Company's competitive position relative to the other global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risk is particularly significant.

Geopolitical and Economic Change
Economic or political instability could restrict market activity, affecting market access, demand or the cost of doing business. Political and economic volatility, and the Company's uncertainty or failure to react sufficiently quickly to mitigate any impact, continue to present a significant risk to both trade and profitability. The wider Group's broad product portfolio and diverse geographic spread reduce the exposure to individual market risks. The spread of the Covid-19 virus is creating such geopolitical and economic uncertainty at this time. Brexit also presents a significant potential trading risk depending on the outcome of exit negotiations.

International Trade and Operations in Emerging Markets
In line with its international growth objective, the Company currently operates in numerous markets, and plans to expand in certain emerging countries. Operating in emerging markets means that the Company is vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment, exchange rate fluctuations (with related hedging difficulties), export and import quotas, limits or curbs on investment and advertising, and limitations on the repatriation of dividends.

Adverse Political and Social Attitudes to Alcohol Promotion and Consumption
Adverse political and social attitudes to alcohol could damage the Company and its brands, as well as impact market access and the ability to promote those brands. The Company supports a responsible approach to alcohol, and considers the failure to address the concerns of multiple stakeholders on the promotion and consumption of alcohol as a risk to consistent value creation, credibility, trust and therefore overall brand equity. The management of this risk is a core element of Company strategy to grow a sustainable, long term business. The Company operates a number of policies including a Code of Conduct and a global Marketing Code, reinforced by a global online training programme. The Company and other group companies, are members of national and international organisations that work to encourage the responsible promotion and consumption of alcohol and reduce alcohol related harms.

Regulatory Compliance
Failure to comply with local laws and regulations could result in regulatory sanctions, reputational damage and / or financial loss. Activities relating to the alcoholic drinks industry (including production, distribution, export, import, sales and marketing) are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could in the future lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories. Non compliance with local laws or regulations, or breach of our internal global policies and standards and / or significant internal control breakdown could cause severe damage to our corporate reputation, brand perception and liquidity. Any tightening of regulations in the main countries in which the Company operates could lead to a fall in demand for its products.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Regulatory Compliance (continued)

The Company has risk management processes in place to ensure that employees are aware of their responsibilities and applicable regulatory requirements. Formal training sessions are undertaken throughout the year. The Company proactively reviews, with external legal counsel, its principal regulatory compliance obligations and controls including, but not limited to, competition laws, liquor laws, environmental laws, compliance with EU and UN trade and political sanctions, and local statutory laws (e.g. health & safety). The Company has further improved its processes and controls to ensure, to every extent possible, that any perceived risks are mitigated. These activities are underpinned by a Code of Conduct, a Global Anti Corruption Policy, and a Speak Up Policy which apply to all its employees, agents, distributors, contractors and suppliers. Induction procedures include evidenced completion of an on line training module and assessment which covers the Code and its supporting policies. The course, is also periodically refreshed and forms part of a rotational programme of training at all locations.

In addition, the Company continues to take its social responsibilities very seriously by going beyond meeting its legal obligations where the Company Values require this. Similarly, additional initiatives are also taken in relevant areas where legal requirements do not apply.

Consumer Preference

A change in consumer preferences for one or more of the Company's brands in one or more key markets could result in a reduced share of market. The Board closely monitors financial and operational key performance indicators which include a review of brand performance and equity strength across market segments and geographies. An annual review takes place of both brands and markets and the Board has recognised the differing contribution and strengths of each of its principal brands globally and regionally, and has focused management across its portfolio.

IT Risks

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, and system intrusion or hacking. The Company's operations are predicated on the extensive use of IT systems, and so they are exposed to the risk of failure of those systems and the network infrastructure used. The processes concerned could be significantly interrupted or sensitive data could be lost or corrupted if these systems were to become totally or partially unavailable. To guard against these risks, a data protection and backup plan, and a business continuity plan have been implemented, allowing the Company to manage and mitigate the risk across a range of circumstances. In addition the Company uses available technologies to protect its network and servers.

Cyber

Theft, failure or corruption of digital assets and / or key systems could have an adverse impact on business and profits. The Group, of which the Company is a member, has a dedicated Information Security Leader and has implemented a broad information security programme, including software upgrades and a robust vulnerability patching programme. Further improvements are scheduled for 2021, including security monitoring, information security awareness and training, and enhancing the security configuration of some of the Company's key information assets.

Financial Risks

Exposure to market risk (including medium term movements in exchange rates and commodity prices), credit risk and liquidity risk, may adversely impact the profit and cash generation of the Company. The management of certain financial risks is delegated by the Board to the Treasury Committee at a Group level. The principal financial risks faced by the Company are those relating to liquidity, foreign currency and credit risk. The Company's treasury policies and procedures, which are reviewed and updated on a regular basis, seek to reduce these financial risks.

With regard to funding and liquidity, the Company's objective is to manage cash flows in all currencies in an efficient and flexible manner. At the balance sheet date, the Company had no external debt funding and net cash balances of £36,419,000 (2019 - £33,566,000).

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial Risks (continued)
The Company's credit risk is primarily attributable to its trade receivables with risk spread over a large number of countries and customers. There is no significant concentration of credit risk. Credit worthiness checks are undertaken before entering into contracts with new customers, and credit limits are set as appropriate. The Company also uses trade finance instruments such as letters of credit to mitigate specific identified risks. The Company's exposure to the credit risk of financial institutions is limited by only trading with counterparties who have a strong credit standing based on ratings provided by the major credit rating agencies.

The Company is exposed to movements in exchange rates for transactions undertaken in foreign currencies, and the translation of foreign currency denominated net assets and profit and loss items. No speculative transactions are undertaken. The Company's policy is not to hedge foreign currency net assets or profit and loss items.

The spirits industry is sensitive to changes in tax and excise regulations. The effect of any future tax increases on the Company's sales in a given jurisdiction cannot be precisely measured and is ultimately outwith the Company's control.

The Company's financial control environment is subject to review by internal audit. The focus of internal audit is to proactively work with and challenge the business to ensure an appropriate control is maintained.

Pressure on Prices
Consolidation and alliances between retailers both at local and international levels are putting a strain on margins and reducing the ability to increase prices. The competitive environment can, on occasions, lead to more aggressive or more frequent promotions. In addition, e-commerce is putting more pressure on traditional retailers. The Company also faces heightened competition from both major international players and craft producers.

Negative Media / Social Media
Media / social media attacks represent a major threat for the Company. Through the increasing number and growing influence of social media networks, the Company faces the risk of being exposed to significant media coverage of inappropriate publications or messages. This could have a significant impact on the Company's image and reputation. Further widespread negative media coverage could lead to jeopardizing the consumer's confidence in the Company's brands, resulting in a potential sales decline. The Company's risk is managed through a series of internal and external measures. While internal measures primarily focus on raising the awareness of the impacts of social media and sharing good practices in terms of communication, external measures mainly lay the emphasis on the monitoring of social networks.

Section 172 Compliance Statement
The Group, of which the Company is a member, has worked for more than 130 years to build a responsible and sustainable business. The Directors believe that all decisions are made for the long term interest of the Company and its key stakeholders.

William Grant & Sons has always sought to be a Group that makes a positive contribution to the communities in which it operates, and the Directors continue to pursue this policy. As a family owned business, founded in 1887, The Company has always taken a long term view to support its people, its communities and its various business interests and relationships.

Talent Management
The Company's success depends on the commitment of its employees and its ability to attract and retain them as well as develop their skills, particularly in highly competitive labour markets, such as Asia, Africa and Eastern Europe, where turnover rates are higher than the rest of the world. The context of tension in the talent market is highlighted by the search for scarce skills (e.g. digital jobs), and by changes in the aspirations of new generations. Moreover, employee development through geographical mobility is a key issue (diversity of career paths, management of the partner's career, cost control etc.)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Section 172 Compliance Statement (continued)

Talent Management (continued)

The Company is aware that talent management must remain an area of long term vigilance to ensure the sustainability of the business and ensure the transmission of key know how within the organisation. Excessively high turnover or unduly long job vacancies could have a financial impact and demotivate existing teams. This could potentially slow down the implementation of key Group development projects and have an adverse impact on business, results or reputation.

To mitigate risk the Company has established a skills development policy in an attempt to facilitate dynamic career management. This includes shared and standardised processes, the encouragement of internal mobility and the monitoring of employee satisfaction. Additionally, measures to improve the quality of life at work, measures related to well being at work, the modernisation of work spaces and management awareness raising programmes, have been rolled out.

Stakeholder Engagement

The Directors are committed to encouraging high levels of employee engagement. Information, both financial and non financial, is provided to employees and employee engagement is encouraged in various ways, including:

- Roadshows - Due to travel and meeting restrictions as a result of the spread of Covid-19 across the globe, no physical roadshows were held. However, a number of virtual business updates were given across the business. When possible, the intention is to return to physical roadshows and briefings.
- Employee Engagement Survey - The 2020 Global Employee Engagement survey achieved an 84% completion rate.
- Site Visits - Where possible, all Directors routinely visit the Company's operating locations.
- Board Meetings - Where possible, the locations of Board meeting rotate around major UK locations and at least one international location on an annual basis. As part of these meetings, informal lunches, dinners and meetings are arranged to encourage local employees to meet Directors, give feedback and raise concerns.
- HR Processes - Appropriate HR processes operate at all stages of the employment process, including recruitment, onboarding, development, appraisal, retention, succession and exit.
- Employee Briefings - Local and team briefing sessions along with Town Hall meetings are held on a regular basis.
- Employee Forums - These operate with the involvement of employees at all UK manufacturing sites.
- Intranet - The Company operates an internal intranet site, Fetch through which the monthly Top 5 Business priorities are shared, along with all Company news and announcements.
- Company Magazine - The in house magazine, Spirit, is published normally four times per year.
- Whistleblowing - The Company operates an independent, confidential whistleblowing service called Speak Up! This allows issues around misconduct and unethical practices to be raised anonymously by phone.

Decisions take appropriate account of the needs of all stakeholders, including existing and potential business relationships with suppliers, customers, consumers and others. Engagement with suppliers, customers and consumers is carried out in a number of ways, including the use of surveys and regular meetings.

The Directors are acutely aware of the impact of the Company's operations on the environment, with this being a standing agenda item at Board meetings. Environmental matters are managed both at a local level and as part of the Group's overall Corporate Social Responsibility Agenda. A number of committees and working groups across the business ensure a continuing focus in all relevant areas in order to achieve a broad range of challenging objectives.

The Company has long given to a wide range of non profit and charitable organisations and projects in the local area, and the Group remains committed to donating 1% of its pre tax profits each year to charitable causes. From this, some funding is provided to each location in the UK for distribution locally. Donations are made at the discretion of employees at each site to support good causes in their own communities, either with cash grants or products for use in fundraising.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Section 172 Compliance Statement (continued)
The Directors believe that the governance arrangements that operate, combined with the Company Values, create an environment that fosters high standards of business conduct and fairly balances the reasonable interests of all stakeholders in the Company.

This report was approved by the Board on 27 August 2021 and signed on its behalf.

A J Davies
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

DIRECTORS

The Directors who served during the year, and to the date of this report, were:

J M Harvey (resigned 6 March 2020)
M Lamont (resigned 4 September 2020)
J A Sommerville
J R Broadbridge (appointed 9 April 2020, resigned 16 April 2021)
A J Davies
E J Henderson
G T Simpson (resigned 8 April 2020)
D Wilson
G R B Wilson (appointed 4 September 2020, resigned 16 September 2020)

DIVIDENDS

The Directors do not recommend a final dividend for 2020 (2019 - £nil). During the year no interim dividends were paid (2019 - £85,000,000).

FUTURE DEVELOPMENTS

The Company will continue to develop its geographic distribution with a clear focus on blended Scotch whisky.

Equally the Company will seek out new European opportunities to build volume and consolidate its position as the leading international supplier of Private Label Scotch whisky.

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the Strategic Report and in note 13 to the financial statements.

ANTI BRIBERY AND CORRUPTION

The Company operates an Anti Bribery and Corruption programme. The purpose is to ensure that the Company, and all third parties providing services to it, operate in compliance with both company policy and the relevant legislation. It is important that the Company sets the highest standards of integrity, probity and prudence and insists that all employees are fully compliant with this programme.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The Covid-19 virus will continue to impact the operational results and cashflow of the Group, of which the Company is a member. The Company has sufficient financial resources and as a consequence of this the Directors believe that the Company is well placed to manage its business risk successfully despite the current economic outlook.

GOING CONCERN (CONTINUED)

After making enquiries, including the impact of Covid-19 on the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent entity has provided a letter of support for a period of 12 months from the date of signing these accounts. The Directors are satisfied that the Group has the ability to provide this support, should it be required. In assessing the financial strength of the Group, the Directors considered the operational and financial forecasts prepared by the Group and the number of actions implemented to preserve cash and manage expenditure. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

ENGAGEMENT WITH OTHERS

The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others. Details of these activities are included in the Strategic Report in line with s414C(11) of the Companies Act 2006.

ENGAGEMENT WITH EMPLOYEES

As a key part of the Company's philosophy, great importance continues to be placed on involving all staff in the Company's operations. Details of these activities are included in the Strategic Report in line with s414C(11) of the Companies Act 2006.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position, and to provide appropriate training to achieve this aim.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

During the year the Directors note that the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the Regulations) came into effect on 1 April 2019. The Directors consider that the Company operates to what it considers to be appropriate high standards in environmental compliance and has a goal of continuous improvement in this area.

Full disclosure, of a number of areas set out in the Regulations would be seriously prejudicial to the group of companies which is controlled by the Company's ultimate parent undertaking, William Grant & Sons Holding Limited (the Group) and this, in conjunction with other information already in the public domain, would provide insight into certain aspects of the Company's and Group's cost base which could then be used to its disadvantage in commercial contractual negotiations. As a result, the Directors do not believe that it is, at present, appropriate to fully disclose a number of areas covered by the Regulations. However, in line with the spirit of the Regulations and to demonstrate the Group's commitment in this area, the Directors set out below how the Regulations are complied with across the Company and Group:

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION (CONTINUED)

Key Environmental Impacts

The global sustainability agenda is increasingly important to our consumers, our employees, our shareholders and our other stakeholders. We take our responsibility to operate ethically and deliver in a sustainable manner. Sustainability is an integral part of our business. We think and act for the long-term.

Incorporating sustainability into our everyday operations is therefore key to ensure successful, long-term delivery outcomes and we have a responsibility to leave a positive impact on our environment.

We take our responsibility to the environment very seriously and constantly look for opportunities to improve our sustainability and reduce our contribution to climate change, be that through our energy use, reducing our water consumption, increasing recycling, reducing waste to landfill and other environmental impacts.

We recognise the impact of CO2 and other greenhouse gases on our environment, and we are committing to reducing the impact associated with our own energy usage.

We continue to enhance the use of technology to reduce our current footprint. We are addressing water and waste management activities, and are working with our supply chains to promote sustainable delivery.

We use innovative solutions to reduce our energy needs, while focusing on cleaner energy and other natural resources.

The Directors are acutely aware of the impact of the Group's operations on the environment, with this being a standing agenda item at Board meetings. Environmental matters are managed both at a local level and as part of the Group's overall Corporate Social Responsibility Agenda. A number of committees and working groups across the business ensure a continuing focus in all relevant areas in order to achieve a broad range of challenging objectives.

Energy Efficiency Actions

Environmental initiatives have been taken on many fronts in recent decades addressing issues such as water usage, energy usage, carbon emissions, packaging, and waste. In particular, the Group has made significant progress in reducing its carbon footprint by investing in renewable energy technology. The Group has undertaken a number of measures to increase business energy efficiency.

We recognise the impact that greenhouse gas emissions have on our environment. We are committed to reducing our impact and will review appropriate, accredited targets over the coming year.

Renewable Energy

The Group, has made a considerable investment and has developed a renewable energy business focusing on the production of biogas from production co-products and other substrate inputs. The Group is in the process of commercially developing this business at scale with a number of UK and international third party organisations. In addition the Group has started to trial the use of biogas in its logistical operations.

Operations

The Group aims, as far as possible, to be a carbon neutral business for our distilleries, offices and travel. Our greenhouse gas emissions have been significantly reduced compared to recent levels. The Group works with suppliers and customers to reduce their greenhouse gas emissions.

During 2020, the majority of our electrical supply at all UK locations was moved to renewable sources. Where possible energy efficient equipment is used with the appropriate installation of smart meters and energy monitoring tools. Energy efficient lighting has been installed where possible across the entire organisation.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION (CONTINUED)

Operations (continued)

Our supply chain has an important part to play in supporting our efforts to reduce emissions. We have introduced a procurement approach that requires environmental aspects to be taken into account as part of a competitive tender process. We work closely with our suppliers to reduce packaging where feasible. We have implemented more recycling and re-use initiatives in order to minimise waste.

Other

The Group has implemented and uses technology to reduce the requirement for business travel, for example, video conferencing facilities at each site and roll out of MS Teams across the organisation.

The year to 31 December 2020 is a year in which the Group's key processes and work streams were modified to accommodate staff working from home for nine months of the financial year. This led to agile development of processes that did not require paper and could rely on electronic signatures. This is a positive development and initiatives to further implement a paperless working environment will be actively sought going forward.

During the year the Group opened a new London office in Richmond. It is anticipated that a third party assessment of the buildings environmental, social and economic sustainability performance carried out by using the BREEAM methodology will be excellent. The building was designed to be as energy efficient as possible using a range of technology, including, high performance double glazing, air source heat pumps, high efficiency gas boilers, low energy automatically controlled lighting, variable speed pumps and fans and sophisticated energy efficiency controls.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

On 26 August 2020, following a tender process, the Board made a decision to change auditor from Ernst & Young LLP to KPMG LLP. The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 27 August 2021 and signed on its behalf.

A J Davies
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern: and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUALITY SPIRITS INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Quality Spirits International Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reviewing Board minutes; and
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit and remained alert to any indications of fraud. As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue stream is recorded in the wrong period around the year end and the risk that Company management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls. We have nothing to report in these respects. We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts;

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors and management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, copyright law, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUALITY SPIRITS INTERNATIONAL LIMITED (CONTINUED)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations as a result of our audit procedures.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Gordon Herbertson (Senior Statutory Auditor)

for and on behalf of Gordon Herbertson

KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street, Glasgow, G2 5AS

31 August 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Turnover	3	40,768	49,211
Cost of sales		(33,230)	(37,807)
Gross profit		7,538	11,404
Distribution costs		(1,368)	(1,482)
Administrative expenses		(1,602)	(2,430)
Profit on ordinary activities before tax	4	4,568	7,492
Taxation on profit on ordinary activities	7	(464)	(558)
Profit for the year		4,104	6,934

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Profit for the year	4,104	6,934
Total comprehensive income for the year	4,104	6,934

The notes on pages 20 to 31 form part of these financial statements.

QUALITY SPIRITS INTERNATIONAL LIMITED
REGISTERED NUMBER:01994340

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £000		2019 £000
Current assets					
Stocks	9	429		719	
Debtors: amounts falling due within one year	10	11,639		15,695	
Cash at bank and in hand	11	36,419		33,566	
		48,487		49,980	
Creditors: amounts falling due within one year	12	(3,079)		(8,676)	
Net current assets			45,408		41,304
Net assets			45,408		41,304
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account	16		45,408		41,304
			45,408		41,304

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 27 August 2021.

AJ Davies

A J Davies
Director

The notes on pages 20 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	-	41,304	41,304
Profit for the year	-	4,104	4,104
At 31 December 2020	-	45,408	45,408

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	-	119,370	119,370
Profit for the year	-	6,934	6,934
Dividends: Equity capital	-	(85,000)	(85,000)
At 31 December 2019	-	41,304	41,304

The notes on pages 20 to 31 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

Quality Spirits International Limited is a limited liability company incorporated in England, with its registered office at The Old Court House, 7 Parkshot, Richmond, England, TW9 2RF.

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', as it applies to the financial statements of the Company for the year ended 31 December 2020, and the Companies Act 2006.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in sterling, which is the functional and presentational currency of the Company, rounded to the nearest thousand (£000).

Going concern
The financial statements have been prepared on a going concern basis. The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow risk are set out in the Strategic Report.

The ultimate parent entity has provided a letter of support for a period of 12 months from the date of signing these accounts. The Directors are satisfied that the Group has the ability to provide this support, should it be required. The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of the availability of this financial support from the ultimate parent company, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The Directors are confident that the Company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 3 Financial Statement Presentation paragraph 3.17(d);
- Section 7 Statement of Cash Flows;
- Section 11 Financial Instruments paragraphs 11.42 to 11.48A;
- Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of William Grant & Sons Holdings Limited for the year ended 31 December 2020, available from the address in note 19.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 TURNOVER

Turnover is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts, rebates, value added tax and other sales related taxes.

The Company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to the Company's sales channels have been met, as described below.

Sale of goods
Turnover from the sale of goods includes import and other duties which the Company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax. In the majority of countries, import duties are effectively a production tax which becomes payable when the product is removed from bonded premises and is not directly related to the value of sales. It is generally not included as a separate item on external invoices; increases in import duty are not always passed on to the customer and where a customer fails to pay for a product received, the Company cannot reclaim the import duty. The Company therefore recognises import duty as a cost.

Sales are recognised depending upon individual customer terms at the time of despatch, delivery or when the risk of loss transfers. Provision is made for returns where appropriate.

1.5 STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Finished goods	-	Cost of direct materials, labour and attributable overheads based on a normal level of activity

Net realisable value is based on the estimated selling price (in the normal course of business) less any further costs expected to be incurred to completion and sale.

At each balance sheet date, stocks are assessed for indicators of impairment. If an item of stock is considered to be impaired, the carrying amount is reduced to its estimated selling price less costs to complete and sell, and an impairment charge is recognised immediately in profit or loss.

1.6 SHORT TERM DEBTORS AND CREDITORS

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price and subsequently carried at amortised cost, less any impairment. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

1.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, and short term deposits with an original maturity date of three months or less.

1.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors, creditors and loans to related parties.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some 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.

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

1.9 OPERATING LEASES

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are also recognised over the lease term on a straight line basis.

1.10 FOREIGN CURRENCIES

Transactions in foreign currency are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1. ACCOUNTING POLICIES (CONTINUED)

1.11 EMPLOYEE BENEFITS

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

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 rendered.

Defined contribution plan
The Company participates in a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan
The Company participates in a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

Where the risks of a defined benefit plan are shared by entities under common control, the net defined benefit cost is recognised in the financial statements of the group entity which is legally responsible for the plan and all other group entities recognise a cost equal to their contributions payable for that period. Disclosures in relation to the Group pension plan are included within the financial statements of the legally responsible entity, William Grant & Sons Limited.

Annual bonus plan
The Company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events, and a reliable estimate of the obligation can be made.

Long Term Incentive Plans
The Company operates cash-settled long term incentive plans for certain members of management. The plans are based on business performance over a three year period against a number of target measures. Over the term of the plan, a liability is recognised representing the product of the fair value of the award and the portion of the plan period expired as at the balance sheet date. From the end of the plan period until payment date, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount of the liability are recognised in profit or loss for the period.

1. ACCOUNTING POLICIES (CONTINUED)

1.12 TAXATION

The tax expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised as other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, a deferred tax liability/(asset) shall be recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

1.13 DIVIDENDS

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

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the period then ended. However, the nature of estimation means that actual outcomes could differ from those estimates. The Directors are of the opinion that there are no judgements or sources of estimation uncertainty that have had a significant effect on amounts recognised in the financial statements.

3. TURNOVER

All of the Company's turnover is attributable to the provision of goods which fall within its ordinary activities, stated net of sales related taxes for example Value Added Tax, and other taxes or duties collected on behalf of third parties.

An analysis of turnover by class of business and geographical origin has not been disclosed. The Directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the Company.

All turnover relates to continuing operations.

4. OPERATING PROFIT

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

	2020 £000	2019 £000
Exchange (gains)/losses	(120)	161
Operating lease payments	7	9
Defined contribution pension cost	44	57

5. AUDITOR'S REMUNERATION

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	32	24

All audit fees have been met by another group company, in the current and prior periods.

6. EMPLOYEES

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,076	1,323
Social security costs	121	163
Defined contribution pension cost	44	57
	1,241	1,543

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

	2020 No.	2019 No.
Administration	6	10
Selling	4	7
	10	17

Directors' emoluments

	2020 £000	2019 £000
Total remuneration	342	469
Company pension contributions to defined contribution schemes	12	7
Remuneration of highest paid director	243	228

There are no Directors to whom retirement benefits are accruing in respect of qualifying services under the defined benefit scheme (2019 - 1). The number of Directors who were members of a defined contribution scheme during the year was 1 (2019 - 1).

The Company has disclosed the remuneration of directors who have provided qualifying services to the Company during the year. The remuneration of certain directors has not been disclosed as their services to the Company are considered insignificant in the context of their overall services to the Group.

7. TAXATION

	2020 £000	2019 £000
Corporation tax		
Current tax on profit for the year	464	560
Adjustments in respect of previous periods	3	(2)
Total current tax	467	558
Deferred tax		
Origination and reversal of timing differences	1	-
Changes to tax rates	(1)	-
Adjustments in respect of previous periods	(3)	-
Total deferred tax	(3)	-
Taxation on profit on ordinary activities	464	558

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	4,568	7,492
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	868	1,423
Effects of:		
Expenses not deductible for tax purposes	2	1
Adjustments to tax charge in respect of prior periods	-	(2)
Transfer pricing adjustments	(406)	(864)
Total tax charge for the year	464	558

Factors that may affect future tax charges

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. In his Budget speech on 11 March 2020, the Chancellor announced the cancellation of the planned reduction in the main UK corporation tax rate to 17% that had previously been enacted, therefore UK deferred tax assets and liabilities have been remeausured at 19% for the current year. In the 3 March 2021 Budget speech it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

8. DIVIDENDS

	2020 £000	2019 £000
Interim dividends paid	-	85,000

9. STOCKS

	2020 £000	2019 £000
Finished goods and goods for resale	429	719

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Trade debtors	11,574	15,630
Amounts owed by group undertakings	47	46
Prepayments and accrued income	15	19
Deferred taxation	3	-
	11,639	15,695

Amounts owed by group undertakings are unsecured, interest free and are receivable on demand.

11. CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Cash at bank and in hand	36,419	33,566

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Trade creditors	560	353
Amounts owed to group undertakings	1,533	6,915
Corporation tax	464	560
Other taxation and social security	55	33
Accruals and deferred income	467	815
	3,079	8,676

Amounts owed to group undertakings are unsecured, interest free and are payable on demand.

13. FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Financial assets		
Debt instruments measured at amortised cost	11,621	15,676
Financial liabilities		
Measured at amortised cost	(2,093)	(7,268)

Financial assets are debt instruments measured at amortised cost comprise amounts owed by group undertakings and trade debtors (note 10).

Financial liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings (note 12).

14. DEFERRED TAXATION

	2020 £000
At 1 January 2020	-
Charged to profit or loss	3
At 31 December 2020	3

14. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	2	-
Other timing differences	1	-
	3	-

15. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

16. RESERVES

Profit and loss account

The profit and loss account represents cumulative gains and losses recognised in the profit and loss account and dividends paid.

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Within 1 year	4	7
After 1 year but within 5 years	-	4
	4	11

18. RELATED PARTY TRANSACTIONS

Related party transactions with companies that are wholly owned by the Group have not been disclosed in accordance with the provisions of FRS 102, Section 33.

19. CONTROLLING PARTY

The Company's immediate parent undertaking is William Grant & Sons Enterprises Limited. William Grant & Sons Holdings Limited is the ultimate parent undertaking. The group of companies, of which William Grant & Sons Holdings Limited is the ultimate parent undertaking, is the largest group in which the Company is a member. Consequently the Company is included in its group financial statements. The address from which copies of these group financial statements are available to the public is: The Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.