Company Registration No. 02869879 (England and Wales)

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S Macnab C Thompson E Fells S McKechnie
Secretary	A H Smiley
Company number	02869879
Registered office	20 Montford Place Kennington London SE11 5DE
Auditor	KPMG LLP 15 Canada Square London E14 5GL

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

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ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Directors present the strategic report for the year ended 30 June 2021.

Principal activity

The principal activity of the Company is that of an investment holding company.

Business review

The Company's results have been prepared in accordance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The Company made a profit for the financial year of €339.0m (2020: €239.8m), from dividend income of €300.7m (2020: €198.4m) and net interest income of €38.4m (2020: €41.4m). The Company's financing activities resulted in net interest receivable being €3.0m lower year-on-year as a result of lower Euro interest rates, partly mitigated by the impact of higher lending.

The Company had intercompany loans of €2,818.5m to fellow Pernod Ricard group subsidiaries in the UK ("the PR Debtors"), which were due to mature on 30 June 2021. The loans were repaid by the PR Debtors on 23 June 2021 from the proceeds of new loans entered into between the parties. The new loans have a maturity date of 30 June 2026.

In the second half of the previous financial year, the COVID-19 pandemic adversely impacted the sales and profits of the Company's two intermediate trading subsidiaries, particularly in the final quarter when international travel was severely curtailed and a number of countries were in full lockdown. Both companies kept supply chains operational, and tightly controlled costs and cash; their financial results showed strong resilience given the difficult trading environment. In the current financial year, higher "off trade" and online sales compensated for some of the lost revenues from the closure of bars and restaurants and the continued low activity in the Travel Retail sector. The trading subsidiaries regained lost ground mainly in the final quarter once certain geographical locations eased lockdown restrictions enabling "on-trade" activity to begin its recovery. In the year ahead, the directors expect continued recovery and a strong performance from the Company's intermediate trading subsidiaries but are aware of the continued downturn in the travel retail sector and potential for further difficulties within their trading environments if countries need to reintroduce measures to contain new outbreaks or strains of COVID-19.

The Company remains committed to funding its investments in subsidiary companies using a mix of debt and equity financing. The directors, while conscious of the challenges the pandemic could continue to present, are optimistic that the trading subsidiaries will continue to deliver strong results given higher year-on-year sales and operating profits and are satisfied with the overall performance of the underlying investments.

Financial key performance indicators
In addition to operating reviews, the Company monitors changes in the underling value of equity investments and uses the results of this monitoring process to ensure there is no permanent diminution in the carrying value of its equity investments.

	2021	**2020**
	€'000	**€'000**
Key performance indicator		
Income from shares in group undertaking	300,697	198,366
Interest receivable and similar income	38,621	41,586
Interest payable and similar expenses	(176)	(212)

Principal risks and uncertainties
The Principal risk facing the Company is cash flow interest rate risk on its floating rate loans. The Company does not actively manage this risk as all loans are within the Pernod Ricard S.A. group.

Risk from the impact of COVID-19 pandemic on indirect investments
As the Company holds an indirect investment in operational businesses it is reliant on the executive management teams within the operational business to manage competitive pressures in all of the markets in which they operate and to grow the business in line with forecast expectations. The Company receives and reviews operating reports from these businesses and exercises appropriate management oversight.

The operational businesses' performance was adversely impacted in the prior financial year by the COVID-19 pandemic. In the current financial year, whilst the pandemic is not yet over, the operational businesses have performed well benefitting from higher off trade and online sales, as well as the easing of lockdown restrictions that had curbed "on-trade" sales. However the risks of potential future COVID-19 outbreaks remain, including the emergence of new vaccine resistant strains of the virus.

A key risk is that social distancing and consumer safety worries, and reduced travel will lead to prolonged periods of closure or suppressed trading in bars, restaurants and Duty Free shops, adversely impacting the Company's investment carrying values and related investment income.

Financial instruments

Treasury operations and financial instruments
The Pernod Ricard S.A. group ("Group") operates a centralised treasury function. The directors make use of this facility to assist in managing liquidity, interest rate and foreign currency risks associated with the Group's activities.

Liquidity risk
The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on its floating rate deposits, bank overdrafts and loans. The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates where appropriate. The Company has no interest rate swaps in place as all loan balances are within the Pernod Ricard S.A. group.

Foreign currency risk
The Group's principal foreign currency exposures arise from trading operations in overseas companies. Group policy permits but does not demand that these exposures may be hedged. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks which must fulfill credit rating criteria approved by the Board of Pernod Ricard S.A.

Potential impacts of Brexit

On 23 January 2020, the UK parliament passed a renegotiated Withdrawal Agreement into legislation and on 31 January 2020, the UK exited the EU. A trade deal was agreed between the UK and the EU on 24 December 2020 and enacted into law from 1 January 2021, preventing a 'no-deal Brexit scenario upon the ending of the transition period on 31 December 2020.

The agreement of a deal has removed some of the uncertainties as to the nature and extent of any future relationship with the EU and the UK's ability to benefit from previous EU-negotiated agreements for particular markets. The terms of the deal mean neither side currently impose tariffs on goods being traded, and a zero-quota agreement means no limits on the quantity of goods than can be traded. The UK is also now able to negotiate and implement its own trade deals with other, non- EU, countries.

However, uncertainties remain over the continuing impact on supply chains arising from additional documentation requirements and customs checks. The UK's departure from the EU's Single Market and Customs Union has resulted in new border rules which have affected UK exports to the EU. The UK has delayed its introduction of new border checks on EU imports. New immigration rules in the UK, which now include EU nationals, may also contribute to disruption to the labour market, adding to supply chain and logistical challenges which, to date, the Company's intermediate UK trading subsidiaries have successfully managed.

There is also the potential for disputes to arise between the two parties in the future which could ultimately lead to the imposition of tariffs or other restrictions. Despite this, the Directors believe that the Company is well placed to respond to any issues which will arise from the UK's developing post Brexit relationship with the EU.

The Directors will continue to monitor the situation closely and are confident that the long-term prospects of the Scotch Whisky business remain strong.

Corporate governance

The Company recognises the importance of the various factors set out under section 172(1) of the Companies Act 2006, and the directors continue to have particular regard to these matters, among others, as part of any decision making of the Board. As a company with no employees and whose principal activity is that of an investment holding company, the Company sets out below the how it has had regard to the matters set out in section 172(1):

- **The likely consequences of any decision in the long term**

  Long term consequences, in line with Pernod Ricard group strategy, are central to all strategic decisions considered and made by the Board. As an investment holding company, the Company follows and implements the over-arching stated strategy of the Pernod Ricard group: to generate value over the long-term through our Transform and Accelerate growth plan. In respect of the period affected by the Covid19 pandemic (the "Pandemic"), the Company considered the impact of the Pandemic in its relevant decision making and was aligned with the Pernod Ricard group's overall approach.

- **The need to foster the company's business relationships with others**

  The Company maintains close relationship with fellow Pernod Ricard Affiliates and the ultimate holding company PRSA to ensure all business decisions are mutually beneficial and promote the interests of the Pernod Ricard group.

- **The desirability of the company maintaining a reputation for high standards of business conduct**

  As a Pernod Ricard group company, the Company shares one of the Pernod Ricard group's key values: doing business with integrity and acting with a strong sense of ethics. In its role as an investment holding company, the Company adheres to the Pernod Ricard group's code of business conduct.

- **The need to act fairly between members of the company**

  The Company's members are Allied Domecq (Holdings) Limited (00689729) and Chivas Holdings (IP) Limited (SC331555). The Company and its members are members of the Pernod Ricard group of companies.

Going concern

As detailed in accounting policy 1.6, at the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Future Developments

The Company remains committed to funding its investments in subsidiary companies using a mix of debt and equity financing. In the year ahead, the directors, whilst conscious of the challenges the pandemic could continue to present, are confident that the trading subsidiaries will deliver stronger results given the higher year-on-year sales and operating profits of the Company's intermediate trading subsidiaries as countries begin to ease lockdown restrictions. The other key potential issue the directors are monitoring is stress on the external UK supply chain due to material and staff shortages. In the previous year, the Company's intermediate trading subsidiaries kept both their internal and external supply chains operational, and the directors are optimistic that they will be able to continue to do so. The directors are confident that the demand for the Company's intermediate trading subsidiaries excellent portfolio of brands will continue to increase, positively impacting the trading results that underpin the performance of the Company's investments.

On behalf of the board

S.S

S Macnab
Director
20 Montford Place
Kennington
London
SE11 5DE
6 December 2021

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their annual report and financial statements for the year ended 30 June 2021. The following information is not included in the Directors' Report because it is shown in the Strategic Report:

Business review
Principle risks and uncertainties
Future developments
Financial key performance indicators
Financial instruments
Going concern

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Macnab	
V Turpin	(Resigned 30 September 2020)
C Thompson	
A Hamilton-Stanley	(Resigned 1 September 2020)
E Fells	(Appointed 1 October 2020)
S McKechnie	

Results and dividends
The results for the year are set out on page 13. A review of the business and results for the year are contained in the Strategic Report on page 1 as stated above.

The Directors declared and paid interim dividends of €267,550,000 for the year ended 30 June 2021 (2020: €181,650,000).

Political donations
Neither the Company nor any of its direct subsidiaries made any political donations or incurred any political expenditure during the year.

Energy and Carbon
The Company is not required to make disclosures of energy and carbon information as in undertaking its activities for the year it has consumed less than 40MWh of energy and therefore qualifies as a low energy user.

Employees
The average monthly number of persons (including directors) employed by the Company during the year was nil, and therefore did not exceed 250.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be reappointed and KPMG LLP will continue in office.

Statement of disclosure to auditor

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

S Macnab
Director
20 Montford Place
Kennington
London
SE11 5DE
6 December 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Allied Domecq Spirits & Wine Holdings Limited ('the Company') for the year ended 30 June 2021 which comprise the statement of total comprehensive income, balance sheet, statement of changes in equity and related notes, including the 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 30 June 2021 and of its 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 to cease its 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 its 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 – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 and inspection of policy documentation as to the policies and procedures of Pernod Ricard S.A. to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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 the policies and procedures regarding compliance with laws and regulations.

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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.

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

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.

Jeremy Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
6 December 2021

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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 but 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 €'000	2020 €'000
Income from shares in group undertakings		300,697	198,366
Operating profit		300,697	198,366
Foreign exchange (loss/ gain on financing activities		(112)	37
Interest receivable and similar income	5	38,621	41,586
Interest payable and similar expenses	6	(176)	(212)
Profit before taxation		339,030	239,777
Tax on profit	7	-	-
Profit for the financial year		339,030	239,777
Other comprehensive income		-	-
Total comprehensive income for the year		339,030	239,777

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 25 are an integral part of these financial statements.

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 €'000	2021 €'000	2020 €'000	2020 €'000
Fixed assets					
Investments	**9**		7,364,119		7,364,119
Current assets					
Debtors: amounts falling due within one year	**10**	258,796		2,763,774	
Debtors: amounts falling due after more than one year	**10**	2,818,527		255,663	
		3,077,323		3,019,437	
Creditors: amounts falling due within one year	**11**	-		(13,594)	
Net current assets			3,077,323		3,005,843
Total assets less current liabilities			10,441,442		10,369,962
Capital and reserves					
Called up share capital	**12**		6,072,989		6,072,989
Profit and loss reserves			4,368,453		4,296,973
Total equity			10,441,442		10,369,962

The notes on pages 16 to 25 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2021 and are signed on its behalf by:

S.S

S Macnab
Director
20 Montford Place
Kennington
London
SE11 5DE

Company Registration No. 02869879

ALLIED DOMECQ SPIRITS & WINE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Called up share capital €'000	Profit and loss reserves €'000	Total €'000
Balance at 1 July 2019		6,072,989	4,238,846	10,311,835
Year ended 30 June 2020:				
Total comprehensive income for the year		-	239,777	239,777
Dividends	8	-	(181,650)	(181,650)
Balance at 30 June 2020		6,072,989	4,296,973	10,369,962
Year ended 30 June 2021:				
Total comprehensive income for the year		-	339,030	339,030
Dividends	8	-	(267,550)	(267,550)
Balance at 30 June 2021		6,072,989	4,368,453	10,441,442

The notes on pages 16 to 25 are an integral part of these financial statements.

1 Accounting policies

Company information

Allied Domecq Spirits & Wine Holdings Limited is a limited company domiciled and incorporated in England and Wales. On 1 July 2020, the registered office moved to 20 Montford Place, Kennington, London, SE11 5DE (previously Chivas House, 72 Chancellors Road, London, W6 9RS).

The Company is a wholly owned subsidiary of Pernod Ricard S.A. and its results are included in the consolidated financial statements of Pernod Ricard S.A.

The consolidated financial statements of Pernod Ricard S.A can be accessed at https://www.pernod-ricard.com/en/our-news-and-press/our-publications-and-reports/.

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and December 2017 have been applied.

The presentation currency of these financial statements is Euro, which is also the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest €1,000.

1.2 Consolidated financial statements

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

1.3 Reduced disclosure exemptions

The Company has taken advantage of certain disclosure exemptions in preparing these financial statements, as permitted by Section 1 of FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation;
- the requirements of Section 11 Basic Financial Instruments, financial instruments disclosures;
- the requirements of Section 33 Related Party Disclosures, key management personnel compensation.

This information is included in the consolidated financial statements of Pernod Ricard S.A. as at 30 June 2021. Copies of its annual report may be obtained from 5, Cours Paul Ricard, 75008 Paris, France.

1.4 Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis. The principal accounting policies adopted are set out below, and unless otherwise stated have been applied consistently to all years presented in these financial statements.

1 Accounting policies **(Continued)**

1.5 Judgements 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 amounts reported in the statement of total comprehensive income during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Hive across transaction
On 31 March 2020 the Company's main trading subsidiary Chivas Brothers Limited ("CBL") split its business into two business units, one comprising the production and manufacture of Scotch whisky and Gin products ("the operations") and the other focussed on brand strategy and development of marketing assets and campaigns for the Scotch whisky and Gin brands within its portfolio as well as the Customer Service activities, selling to global markets ("the commercial business"). The latter activity was hived across into a newly established subsidiary of the Company, Chivas Brothers International Limited ("CBIL").
The hive across transaction was effected as follows:

- CBL declared a dividend to the Company, which the Company requested be settled by CBL transferring the commercial business to its sister company CBIL at book value
- CBIL issued shares to the Company as consideration for the acquisition of the commercial business.

The Company has assessed the transaction in accordance with paragraph 2.8 of FRS 102 which requires transactions to be presented in accordance with their substance and economic reality. Accordingly, the Company has viewed the transaction in its totality, taking the following actions:

- the Company has reallocated part of the historic cost of its investment in CBL on a relative future profit basis and reflected it as a cost of investment in CBIL

In summary there has been no economic change for the Company, it continues to own the same business, the only change has been that the business, previously undertaken by one wholly owned direct subsidiary, is now undertaken by two wholly owned direct subsidiaries and as such there is no impact on the overall cost of investment as a result of the transaction.

1 Accounting policies **(Continued)**

Assessing indicators of impairment

Investments

At each reporting date, the Company assesses whether there is any indication that its investments may be impaired. If no such indicators of impairment are identified, no further assessment is carried out by the Company.

Where there are indicators of impairment of investments, the Company performs impairment tests based on a model operated by Pernod Ricard S.A group. The model was originally developed to value key holdings companies within the group then enhanced further to enable the Company to make use of it for impairment tests of investments.

The model uses discounted future estimated cash flows in relevant trading companies adjusted for net debt. Net debt and certain other key metrics are updated annually. Cash flows have been projected in perpetuity, using average long-term growth rates ranging from -1% to 3% as appropriate for the brand involved, and an average discount rate ranging from 7.5% to 9.2% dependent on the brand.

For the purposes of modelling the impact of COVID-19, scenarios were built using assumptions for key markets and the weight of each brand within those markets. These scenarios were then applied to the annual brand business plan valuations, which were compared to last year's brand business plan valuations to calculate a percentage change in value. This change in brand value was applied to the valuation of trading companies calculated by the model.

The Company has made use of this modelling in assessing the carrying value of investments.

Other assets

The Company assesses for any indication that its other assets may be impaired by considering whether any significant changes have taken place, or are expected to take place, which could have an adverse effect on the entity.

1 Accounting policies **(Continued)**

1.6 Going concern

In light of the global pandemic, the directors considered the appropriateness of adopting the going concern basis in all active, non-trading companies in the UK under the intermediate control of Pernod Ricard UK Group Limited ("PRUKG"), and ultimate control of Pernod Ricard S.A. ("Group").

The assets of the entities under consideration consist entirely of either investments in, or intercompany lending between fellow PRUKG or Group subsidiaries. Receivables are in the form of lending to fellow PRUKG or Group entities and similarly payables are in the form of borrowings from fellow PRUKG or Group entities. Consistent with past practice for intra UK liabilities, should the lending position not be replaced by loans on terms agreed by both parties, the liability could be discharged via a corporate transaction such as a dividend in specie, an offset against loan receivables, or capitalisation of the debt, depending on the precise circumstances involved in each case.

After carefully considering each intra UK borrowing, the directors concluded that all intra UK liabilities of active non-trading companies, if not replaced by loans on agreed new terms, could be discharged in full, and, as a consequence, anticipate full recoverability for the UK company providing the corresponding lending.

In the directors' opinion, given the Company is an active non-trading UK company, it therefore has adequate resources to continue operating for the foreseeable future.

1.7 Foreign exchange

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of total comprehensive income for the period.

1.8 Fixed asset investments

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to benefit from its activities.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of total comprehensive income.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial assets and liabilities

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial instruments

Basic financial instruments which include trade payables and receivables; inter-company lending arrangements; and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected unless the arrangement constitutes a financing transaction, where the Company measures the debt instrument at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Revenue

Dividend income receivable is recognised when the Company's right to receive the payment is established and is classified as forming part of operating profit.

1.13 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

2 Auditor's remuneration

The auditor's remuneration for these financial statements amounts to €7,200 (£6,400) (2020 €12,900 (£11,300)). The current and prior year audit fee has been borne by another group company. There are no additional fees receivable by the Company's auditor in respect of services other than the audit of the Company's financial statements.

3 Employees

There were no employees during the year (2020: nil).

4 Directors' remuneration

The number of directors remunerated by the Company for the year ended 30 June 2021 was nil (2020: nil). Directors' emoluments are borne by another group Company in the current and prior year, the Directors perform no qualifying services for which remuneration is due and therefore they do not receive specific remuneration for their role as directors of the Company.

5 Interest receivable and similar income

	2021 €'000	2020 €'000
Interest receivable from group undertakings	38,621	41,586

6 Interest payable and similar expenses

	2021 €'000	2020 €'000
Interest payable to group undertakings	176	212

7 Taxation

The charge for the year can be reconciled to the statement of total comprehensive income as follows:

	2021 €'000	2020 €'000
Profit before taxation	339,030	239,777
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	64,416	45,558
Tax effect of income not taxable in determining taxable profit	(57,132)	(37,690)
Surrender of tax losses from group companies	(7,284)	(7,868)
Tax expense for the year	-	-

The tax charge for the year to 30 June 2021 has been reduced by €7,284,000 (2020: €7,868,000) in respect of losses claimed from group companies for nil consideration.

Factors that may affect future tax charges
The Company's tax charge in future periods will be affected by the availability of group relief for any losses that are incurred by other group undertakings.

Finance Act 2021 was substantively enacted on 24 May 2021, which had the effect of increasing the main rate of corporation tax from 19% to 25% from 1 April 2023. As this rate change was enacted before the balance sheet date, any deferred tax assets or liabilities have been calculated at 19% or 25% in line with when the company anticipates the temporary differences will unwind.

8 Dividends

	2021 €'000	2020 €'000
Ordinary interim paid	267,550	181,650

9 Fixed asset investments

Current financial year	**Shares in subsidiary undertakings €'000**
Cost	
At 1 July 2020 and 30 June 2021	7,364,119
Carrying amount	
At 30 June 2021	7,364,119
At 30 June 2020	7,364,119

In the prior year, the Company paid £1 for 1 ordinary share of £1 in a new company, Chivas Brothers International Limited ("CBIL") which represented 100% of the ordinary share capital in issue at the time. On 31 March 2020, CBIL issued 1,000,000 ordinary shares of £1 to the Company as consideration in a hive across transaction that also involved the Company's main trading subsidiary Chivas Brothers Limited ("CBL") as described in note 1.5 of the accounts. As this transaction involved two of the Company's wholly owned subsidiaries, it accounted for the transaction by reallocating part of the historic cost of its investment in CBL to its investment in CBIL, with no impact on the overall carrying amount of investments.

Details on the Company's subsidiaries can be found in Note 16 to the accounts.

10 Debtors

	2021 €'000	**2020 €'000**
Amounts falling due within one year:		
Amounts due from fellow group undertakings	2,818,527	2,763,774
Amounts falling due after more than one year:		
Amounts due from fellow group undertakings	258,796	255,663
Total debtors	3,077,323	3,019,437

11 Creditors: amounts falling due within one year

	2021 €'000	**2020 €'000**
Amounts due to group undertakings	-	13,589
Other taxation and social security	-	5
	-	13,594

12 Share capital

	2021 €'000	2020 €'000
Ordinary share capital		
Issued and fully paid		
4,708,737,744 Ordinary Shares of £1 each	6,072,989	6,072,989

The Company has one class of ordinary shares with no right to fixed income.

13 Related party transactions

The Company has taken advantage of the exemption under the terms of paragraph 33.1A of FRS 102 from disclosing transactions with entities that are wholly owned by the Pernod Ricard S.A. group. There were no other related party transactions in the year.

14 Contingent liabilities

On 25 March 2021, the Company provided a guarantee in favour of the Chivas Brothers Pension Scheme (Trustee) Limited as trustee of the Chivas Brothers Pension Scheme ("CBPS"). The Company agreed to guarantee certain pension obligations of Chivas Brothers Limited ("CBL") and Chivas Brothers International Limited ("CBIL"), both wholly owned UK subsidiaries of the Pernod Ricard group. The amount recoverable under the guarantee is capped at £140m on a pre-insolvency [of the participating employers] basis, and on a post insolvency basis is capped at the lower of £140m and 105% of the s179 (Pensions Act 2004) funding requirement of CBPS.

15 Controlling party

The Company's immediate parent companies are Chivas Holdings (IP) Limited, a company registered in Scotland and Allied Domecq (Holdings) Limited, a company registered in England.

The ultimate parent undertaking and controlling party is Pernod Ricard S.A., a company incorporated in France. Copies of its annual report may be obtained from 5, Cours Paul Ricard, 75008 Paris, France. This is the largest and smallest group into whose consolidated accounts the Company's financial information is consolidated.

16 Subsidiaries

Details of the Company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking and country of incorporation or residency		Class of shareholding	% Held Direct
AD Investment Holdings Limited	England	Ordinary	100
Chivas Brothers Limited	Scotland	Ordinary	100
Chivas Brothers International Limited	Scotland	Ordinary	100

Details of the Company's indirect subsidiaries can be found in Note 17 to the accounts.

17 Indirect subsidiaries

The Company indirectly controls more than 50% of the share capital of the following companies:

Name of undertaking	Country of registration or incorporation	Class	Shares held %
ADSW Investment Holdings Limited	England	Ordinary	100.00%
Allied Domecq Spirits & Wine Limited	England	Ordinary	100.00%
Caperdonich Distillery Company Limited	Scotland	Ordinary	100.00%
Chefco Limited	Scotland	Ordinary	100.00%
Chivas Brothers Pension Scheme (Trustee) Limited	Scotland	Ordinary	100.00%
Chivas Investments Limited	Scotland	Ordinary	100.00%
George & J.G. Smith Limited	Scotland	Ordinary	100.00%
Hill, Thomson & Co. Limited	Scotland	Ordinary	100.00%
Seagram Research Limited	England	Ordinary	100.00%
The Glenlivet Agencies Limited	Scotland	Ordinary	100.00%
The Glenlivet Distilleries Limited	Scotland	Ordinary	100.00%
The Glenlivet Mineral Water Company Limited	Scotland	Ordinary	100.00%
Warehouse Asset Management Limited	Scotland	Ordinary	100.00%
Allied Distillers Limited	Scotland	Ordinary	100.00%
AD Former Rum Brands Limited	England	Ordinary	100.00%
AD Former Rum Brands Limited	England	B Ordinary	100.00%
AD Former Rum Brands Limited	England	Deferred	100.00%
Allied Domecq Spirits & Wine (Overseas) Limited	England	Ordinary	100.00%
Glenburgie Distillery Limited	England	Ordinary	100.00%
Beefeater Distillery Limited	England	Ordinary	100.00%
European Cellars Limited	England	Ordinary	100.00%
George Ballantine & Son Limited	Scotland	Ordinary	100.00%
Glenlivet Spring Water Limited	England	Ordinary	100.00%
Mulben Warehouses Limited	Scotland	Ordinary	100.00%
HWUK Limited	England	Ordinary	100.00%
HW - Allied Vintners Limited	England	Ordinary	100.00%
James Burrough Distillers Limited	England	Ordinary	100.00%
James Burrough Limited	England	Ordinary	100.00%
James Hawker & Company Limited	England	A Preference	100.00%
James Hawker & Company Limited	England	B Preference	100.00%
James Hawker & Company Limited	England	Ordinary	99.00%
Long John Distilleries Limited	Scotland	Ordinary	100.00%
Long John International Limited	England	Ordinary	100.00%
Macnab Distilleries Limited	England	Ordinary	100.00%
Tormore Distillery Limited	England	Ordinary	100.00%
Stewart & Son of Dundee Limited	England	Ordinary	100.00%
The Curtis Distillery Company Limited	England	Ordinary	100.00%
The HW GRP Limited	England	Ordinary	100.00%
Miltonduff Distillery Limited	England	Ordinary	100.00%
The Scapa Distillery Ltd	England	Ordinary	100.00%
Twelve Islands Shipping Company Limited	England	Ordinary	100.00%
Glentauchers Distillery Limited	England	Ordinary	100.00%
Glentauchers Distillery Limited	England	Deferred	100.00%

17 Indirect subsidiaries (Continued)

Pernod Ricard UK Limited	England	Ordinary	100.00%
Warehouse Investment Holding Limited	Scotland	Ordinary	100.00%
Lawson & Smith Limited	Scotland	Ordinary	100.00%
The Longmorn Distillery Ltd	Scotland	Ordinary	100.00%
Chivas Atlantic (Holdings) Limited	England	Ordinary	100.00%
Chivas Atlantic (Holdings) Limited	England	Preference	100.00%
Coates & Co. (Plymouth) Limited	England	Ordinary	100.00%
The Original Plymouth Gin Company Limited	England	Ordinary	100.00%
Something Special (Whisky) Limited	Scotland	Ordinary	100.00%
The Gin Hub Limited	England	Ordinary	100.00%
PR Newco 2021	Scotland	Ordinary	100.00%
Robert Macnish & Company Limited	Scotland	Ordinary	100.00%
Ceder's Drink Limited	England	Ordinary	85.00%
Italicus Ltd	England	Ordinary	51.00%

Other interests

Chivas Operating Properties LP*

Chivas Operating Properties 2 LP*

*Warehouse Asset Management Limited is the General Partner of Chivas Operating Properties LP & Chivas Operating Properties 2 LP. The address of Chivas Operating Properties LP & Chivas Operating Properties 2 LP is Kilmalid, Stirling Road, Dumbarton, Scotland, G82 2SS.

18 Events after the reporting date

No material events occurred after the reporting date.