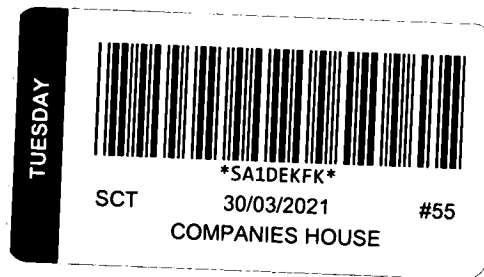


Company Registration No. 05338240 (England and Wales)

**ADIUK**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**



COMPANIES HOUSE

**30 MAR 2021**

EDINBURGH MAILBOX

# ADIUK

## COMPANY INFORMATION

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<b>Directors</b>	S Macnab E Fells S McKechnie
<b>Company number</b>	05338240
<b>Registered office</b>	20 Montford Place Kennington London SE11 5DE
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

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# **ADIUK**

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# ADIUK

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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The Directors present their annual report and financial statements for the year ended 30 June 2020.

#### 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").

As an investment holding company, the most material items impacting current and prior year statement of total comprehensive income are movements in the value of the Company's equity investment measured at fair value, and any impairment movements on investments in subsidiary undertakings.

The Company made a loss of \$310.6m in the year (2019: \$18.3m gain). The main component of both current year and prior year profit relates to gains and losses on its equity investment measured at fair value through the statement of total comprehensive income. In the current year, the Company recorded a loss of \$310.6m (2019: \$39.2m gain) on its equity investment in a fellow group trading company producing premium alcoholic beverages. The fair value of the trading company has been adversely impacted by the affects of the global COVID-19 pandemic and the measures taken by countries to control the virus with a resultant impact on social gatherings, the hospitality industry and economies generally.

In the prior year the Company's gain from fair value of equity investments was partly reduced by an impairment charge of \$20.9m on investments. \$7.9m due to the adverse impact of Euro and Sterling weakening against US Dollar on underlying foreign currency investments, and a \$13.0m cumulative correction in respect of a Euro investment.

The Company funds its investments using equity financing. The directors are conscious that given the Company's investment must be fair valued on an annual basis, this can introduce volatility into the income statement. This volatility has been exacerbated in the current year by the worldwide pandemic

#### 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)
A Hamilton-Stanley	(Resigned 1 September 2020)
E Fells	(Appointed 1 October 2020)
S McKechnie	(Appointed 11 December 2019)

#### Results and dividends

The results for the year are set out on page 8. A review of the business and results for the year are discussed above.

The Company paid no dividends in the year (2019: nil).

#### Political donations

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

#### Employees

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

# ADIUK

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **Future developments**

The Company remains committed to funding its investments using equity financing and the directors whilst conscious of the continuing challenges the COVID-19 pandemic will bring to the trading environment of the Company's investments, are satisfied with the overall performance of the investments.

### **Financial instruments**

#### Treasury operations and Financial Instruments

Pernod Ricard S.A group ("The 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 Directors of Pernod Ricard S.A.

### **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**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## ADIUK

### **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 30 JUNE 2020**

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#### **Going concern**

As detailed in accounting policy 1.5, 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 notwithstanding loss of \$310.6m the directors' continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors' Report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

In accordance with section 414B of the Companies Act 2006, a Strategic Report has been excluded from these financial statements, due to the entities eligibility for small company exemptions.

On behalf of the board



S Macnab

**Director**

20 Montford Place

Kennington

London

SE11 5DE

15 December 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADIUK**

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### **Opinion**

We have audited the financial statements of ADIUK ('the Company') for the year ended 30 June 2020 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 2020 and of its loss 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.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ADIUK**

---

#### **Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, 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.



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ADIUK**

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A fuller description of our responsibilities is provided on the FRC's website at

[www.frc.org.uk/auditorsresponsibilities](http://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  
15 December 2020

## **ADIUK**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 JUNE 2020**

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The directors are responsible for preparing 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.

# ADIUK

## STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	\$'000	\$'000
<b>Operating profit</b>		-	-
Amounts (written off) of investments	5	-	(20,863)
(Loss) / Gain on fixed asset investments measured at fair value through profit or loss	6	(310,589)	39,205
<b>(Loss)/profit before taxation on ordinary activities</b>		(310,589)	18,342
Tax on profit	7	-	-
<b>(Loss)/profit for the financial year</b>		(310,589)	18,342
Other comprehensive income		-	-
<b>Total comprehensive (loss)/ income for the year</b>		(310,589)	18,342

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

The notes on pages 11 to 18 are an integral part of these financial statements.

# ADIUK

## BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	\$'000	\$'000	\$'000	\$'000
<b>Fixed assets</b>					
Investments	8		3,337,387		3,647,976
<b>Total assets</b>			3,337,387		3,647,976
<b>Capital and reserves</b>					
Called up share capital	10		473,395		473,395
Share premium account	11		2,569,264		2,569,264
Capital redemption reserve	12		37,887		37,887
Profit and loss reserves			256,841		567,430
<b>Total equity</b>			3,337,387		3,647,976

The notes on pages 11 to 18 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2020 and are signed on its behalf by:



S Macnab  
Director  
20 Montford Place  
Kennington  
London  
SE11 5DE

Company Registration No. 05338240

# ADIUK

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Notes	Called up share capital \$'000	Share premium account \$'000	Capital redemption reserve \$'000	Profit and loss reserves \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	473,395	2,569,264	37,887	549,088	3,629,634
<b>Year ended 30 June 2019:</b>					
Total comprehensive income for the year	-	-	-	18,342	18,342
<b>Balance at 30 June 2019</b>	473,395	2,569,264	37,887	567,430	3,647,976
<b>Year ended 30 June 2020:</b>					
Total comprehensive loss for the year	-	-	-	(310,589)	(310,589)
<b>Balance at 30 June 2020</b>	473,395	2,569,264	37,887	256,841	3,337,387

The notes on pages 11 to 18 are an integral part of these financial statements.

# ADIUK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

---

### 1 Accounting policies

#### Company information

ADIUK is an unlimited company domiciled and incorporated in England and Wales. During the year the registered office moved to 20 Montford Place, Kennington, London, SE11 5DE (previously Chivas House, 72 Chancery Lane, London, WC2A 1PL). During the year, the principal place of business moved to 2-4 Blythswood Square, Glasgow, G2 4AD (previously 111-113 Renfrew Road, Paisley, Renfrewshire, PA3 4DY).

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 and the requirements of Companies Act 2006. The amendments to FRS 102 issued in July 2015 and December 2017 have been applied.

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

The financial statements have been prepared under the historical cost convention, modified to include equity investments at fair value. The principal accounting policies adopted are set out below and unless otherwise stated have been applied consistently to all periods presented in these financial statements.

#### 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 2020. Copies of its annual report may be obtained from 5 Cours Paul Ricard, 75008 Paris, France.

#### 1.4 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 and estimates have had the most significant effect on amounts recognised in the financial statements:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**1 Accounting policies****(Continued)****Assessing for indicators of impairment**

At each reporting date, the Company assesses whether there is any indication that its subsidiary investments may be impaired by considering both external and internal indicators that may have an adverse effect on the entity. 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 calculates the recoverable amount based on the net asset position of the subsidiary.

**Investments measured at fair value**

The Pernod Ricard S.A. group operates a model that is used to value key holding companies within the group. The Company uses this model to value its equity investment (a minority holding in a fellow group company) that is measured at fair value.

The model uses discounted future estimated cash flows in relevant trading companies adjusted for net debt. 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.

**1.5 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 Company consist entirely of investments in fellow PRUKG and Group subsidiaries. Having performed an impairment review the directors' are satisfied with the carrying value of these investments and in their opinion, the Company can therefore be considered as having adequate resources to continue operating for the foreseeable future.

**1.6 Fixed asset investments**

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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

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.

Equity investments, being investments which are not subsidiaries, associates or joint ventures, are initially recognised at the transaction price and subsequently measured at fair value with the changes in fair value being recognised in the statement of total comprehensive income.

# ADIUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.7 Financial assets and liabilities

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS102.

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.

##### **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.

#### 1.8 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.

#### 1.9 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.

#### 1.10 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.



## ADIUK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

#### 2 Auditor's remuneration

The auditor's remuneration for these financial statements amounts to \$6,300 (£5,500) (2019: \$6,500 (£5,000)). 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. The current and prior year audit fee has been borne by another group company.

#### 3 Employees

There were no employees during the year (2019: nil).

#### 4 Directors' remuneration

The number of directors remunerated by the Company for the year ended 30 June 2020 was nil (2019: 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 Amounts written back to/(written off of) investments

	2020 \$'000	2019 \$'000
Impairment (charge)/ reversal for Euro fixed asset investments	-	(17,606)
Impairment (charge)/ reversal for Sterling fixed asset investments	-	(3,257)
	<u>-</u>	<u>(20,863)</u>

The prior year impairment charge of \$17.6m for Euro investments comprises \$4.6m due to the adverse impact of Euro weakening against the US Dollar in the year and \$13.0m for the Company's Euro investment in AD European Investments Limited correcting reversals of impairment made in 2017 and 2018.

The prior year write off of \$3.3m for Sterling investments is due to the adverse impact of Sterling weakening against the US Dollar.

#### 6 Gain on fixed asset investments measured at fair value through profit or loss

	2020 \$'000	2019 \$'000
Change in value of equity investments held at fair value through profit or loss	(310,589)	39,205

The current year loss and prior year gains are due to the change in fair value of the Company's equity investment in a fellow group company producing premium alcoholic beverages. The fair value of the trading company has been adversely impacted by the affects of the global COVID-19 pandemic and the measures taken by countries to control the virus with a resultant impact on social gatherings, the hospitality industry and economies generally.

## ADIUK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

#### 7 Taxation

	2020 \$'000	2019 \$'000
Current tax	-	-

The charge for the year can be reconciled to the (loss)/profit per the statement of total comprehensive income as follows:

	2020 \$'000	2019 \$'000
(Loss)/profit before taxation	(310,589)	18,342
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(59,012)	3,485
Non-taxable income	-	(7,449)
Non deductible expenses	59,012	3,964
Tax expense for the year	-	-

#### Factors that may affect future tax charges

Finance Act 2016 had the effect of reducing the corporation tax rate from 19% to 17% from 1 April 2020. However, this previously enacted reduction in the tax rate was then substantively withdrawn by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020. As a result of this enacted change to the tax rate, any deferred tax assets or liabilities are now provided for at 19%.

# ADIUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 8 Fixed asset investments

#### Fixed asset investments measured at fair value

The Company owns 40.83% of a certain class of shares in a fellow group company. However, as the Company only has 15% of the votes in this Company, it cannot exercise significant control and so the investment is considered an equity investment and is measured at fair value at each balance sheet date.

#### Movements in fixed asset investments

##### Current financial year

	Shares in subsidiary undertakings \$'000	Equity investments \$'000	Total \$'000
<b>Cost or valuation</b>			
At 1 July 2019	1,179,883	3,201,173	4,381,056
Valuation changes	-	(310,589)	(310,589)
At 30 June 2020	1,179,883	2,890,584	4,070,467
<b>Impairment</b>			
At 1 July 2019 & 30 June 2020	733,080	-	733,080
<b>Net book value</b>			
At 30 June 2020	446,803	2,890,584	3,337,387
At 30 June 2019	446,803	3,201,173	3,647,976

##### Prior financial year

	Shares in subsidiary undertakings \$'000	Equity investments \$'000	Total \$'000
<b>Cost or valuation</b>			
At 1 July 2018	1,179,883	3,161,968	4,341,851
Valuation changes	-	39,205	39,205
At 30 June 2018	1,179,883	3,201,173	4,381,056
<b>Impairment</b>			
At 1 July 2018	712,217	-	712,217
Impairment charge	20,863	-	20,863
At 30 June 2018	733,080	-	733,080
<b>Net book value</b>			
At 30 June 2019	446,803	3,201,173	3,647,976
At 30 June 2018	467,666	3,161,968	3,629,634

# ADIUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 9 Subsidiaries

Details of the Company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking and country of incorporation or residency		Class of shareholding	% Held Direct Indirect	
AD European Investments Limited	England & Wales	Ordinary	100.00	
Spain Alecq B.V.	Netherlands	Ordinary	100.00	
CADV Limited	Scotland	Ordinary	100.00	
Allied Stadthofstrasse B.V.	Netherlands	Ordinary	100.00	
AD Latin America Finance	England & Wales	Ordinary		100.00

### 10 Share capital

	2020 \$'000	2019 \$'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
69,906 Ordinary of USD 1 each	69	69
15,054 A Ordinary of USD 31,441.83 each	473,326	473,326
	<u>473,395</u>	<u>473,395</u>

The Company has two classes of ordinary shares which carry no right to fixed income.

### 11 Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

### 12 Capital redemption reserve

This reserve recorded the amount which was transferred following the redemption of the Company's own shares on 23 June 2014.

### 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.

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## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 30 JUNE 2020***

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### **14 Controlling party**

The Company's immediate parent company is Hiram Walker & Sons Limited, registered in Canada.

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.

### **15 Events after the reporting date**

No material events occurred after the reporting date.