

COMPANIES HOUSE  
EDINBURGH

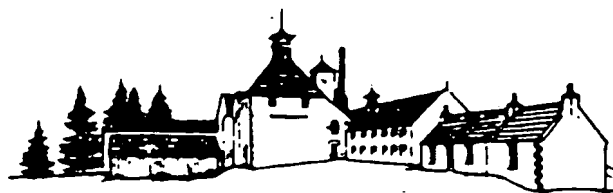
28 SEP 2018

FRONT DESK



**WILLIAM GRANT & SONS**

INDEPENDENT FAMILY DISTILLERS SINCE 1887



# Report and Accounts 2017



**Directors**

**Registered No:** SC282845

Glenn Gordon  
Simon J Hunt  
Peter G Gordon  
Arthur D Chamberlain  
Iain J G Napier  
Robert B Polet  
Behdad Shamsavari  
Michael Lamont

Chairman  
Managing Director

**Secretary**

Ewan J Henderson

**Notice of General Meeting**

Notice is hereby given that the thirteenth Annual General Meeting of William Grant & Sons Holdings Limited (the 'Company') will be held at Form 1, 17 Bartley Wood Business Park, Hook, Hampshire, RH27 9XA on

**27 April 2018 at 12.15pm**

for the following purposes:

1. To receive the audited financial statements of the Company and the directors' and auditors' reports thereon for the financial year ending 31 December 2017.
  2. To declare a dividend.
  3. To re-elect G Glenn Gordon as a director of the Company who, being required to retire under the terms of the Articles of Association of the Company, offers himself for re-election.
  4. To re-elect Arthur D Chamberlain as a director of the Company who, being required to retire under the terms of the Articles of Association of the Company, offers himself for re-election.
  5. To re-elect Iain J G Napier as a director of the Company who, being required to retire under the terms of the Articles of Association of the Company, offers himself for re-election.
  6. To re-elect Robert Polet as a director of the Company who, being required to retire under the terms of the Articles of Association of the Company, offers himself for re-election.
  7. To re-elect Behdad Shamsavari as a director of the Company who, being required to retire under the terms of the Articles of Association of the Company, offers himself for re-election.
  8. To re-appoint Ernst & Young LLP, Registered Auditor, as auditors of the Company and authorise the directors to fix their remuneration.
-

9. To fix the remuneration of the directors.

By order of the Board



Ewan J Henderson  
Company Secretary

Registered office:  
The Glenfiddich Distillery  
Dufftown  
Banffshire AB55 4DH

28 March 2018

**Note:**

*Any shareholder of the Company entitled to attend and vote may appoint another person or persons (whether a member or not) as his proxy or proxies to exercise all or any of his rights to attend, speak and vote instead of him. Each shareholder may appoint more than one person as proxy for the Annual General Meeting, provided that each proxy is appointed to exercise rights attached to different shares. A proxy need not be a member of the Company. A form of proxy for use by members is enclosed. To appoint more than one proxy, please request an additional proxy form from the Company Secretary at the address below. If you wish your proxy to speak at the Annual General Meeting, you will need to appoint your own choice of proxy and not the Chairman. The form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy or extract registered copy thereof, must be deposited at the Customer Service Centre, Phoenix Crescent, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3AN for the attention of the Company Secretary not later than twenty-four hours before the time appointed for holding the meeting.*

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## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

### **INTRODUCTION**

The Directors present their strategic report for the year ended 31 December 2017.

### **REVIEW OF THE BUSINESS AND FINANCIAL KEY PERFORMANCE INDICATORS**

The Group's principal activity during the year continued to be the distillation, blending, bottling, marketing and selling of alcoholic beverages.

The Group profit for the year after taxation amounted to £250.2m (2016 - £222.1m). The profit on ordinary activities before taxation for the year was £304.0m (2016 - £260.2m). Group EBITDA was £370.4m (2016 - £315.8m). Reported turnover increased by 12% to £1,188.1m. The Group's balance sheet position at 31 December 2017 showed net assets of £1,649.1m (2016 - £1,385.6m) benefiting from capital investment, totaling £126.6m, and increased investment in maturing stocks of £57.2m. The Group's net cash position increased from £98.2m at the end of 2016 to £129.3m at the end of 2017.

#### **Trading Environment**

Global economic conditions resulted in 2017 being another challenging year in terms of geography and category. Political and other volatility continues to be a growing feature of the global economy and many of the markets in which the Group operates.

Persistent conflicts in many parts of the world, natural disasters, continuing terrorist attacks in Europe and political instability in Asia are just some of the events and trends that have contributed to an unpredictable macro environment.

The resulting uncertainty, changes to economic variables such as exchange rates and commodity prices, and fluctuations in political security reduce consumer confidence and spending power. These trends have also driven intense competitor activity and ultimately affected consumer pricing behaviour.

Negotiations on the UK's exit from the European Union, a shift in US trade policy and a broader resurgence of economic nationalism create uncertainty for business. From a regional perspective, growth is being driven across North America, Asia, Europe and at a slower pace across Latin America. The overall trading environment has been extremely dynamic, considering uncertainty over global economic growth and tensions across the Middle East and Asia.

The Group continues to enjoy the improving trends for single malt whisky offset by a more challenging competitive blended scotch market. The current industry oversupply of blended whisky is impacting the business. The growth in Irish whiskey continues but there are more brands entering and competing in this sector. The global market for super-premium gin continued to grow.

#### **United Kingdom (UK) and the European Union (EU)**

Following the UK's decision on 23 June 2016 to leave the EU, the Group continues to work with industry bodies to ensure that its views are reflected in the transition process. The Group welcomes the formation of a specialist international trade department, as it is important for the Group that the UK continues to benefit from open access to the EU as well as favourable international trade agreements. The Group is monitoring developments closely but future trading relationships with the EU are ultimately matters outwith its control. Consequently, the Group is considering what alternatives are available to mitigate risks should a hard Brexit occur.

#### **Route to Market**

The Group continues to invest in its route to market infrastructure, in particular in Asia and Africa, as well as building a world class sales organisation and the future capability of global talent.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**REVIEW OF THE BUSINESS AND FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)**

**Operations**

Within the production operations, overall volumes at the Dufftown distilleries were higher than in the prior year, although volumes from Girvan were lower driven by the market oversupply of grain whisky. In Ireland, volumes were higher than in the prior year, with a new Irish grain whiskey distillery operational in Tullamore. Overall, capital expenditure continued to focus on initiatives to improve efficiency, increase distilling and packaging capacity, automate packaging operations and increase warehousing capacity. In addition to the new grain distillery in Ireland, capacity was expanded at the Girvan distillery and a bottling facility was also opened in Tullamore, Ireland. In April 2017 the Group acquired the Tuthilltown Distillery in Gardiner, New York.

**Industry**

The market for beverage alcohol is highly diverse, with significant variations in culture and conditions between, and within, individual countries and regions. The market is broadly split between developed and emerging markets, but each individual market presents different consumer dynamics and a different outlook. Typically, developed market populations are ageing and growing more slowly than those in emerging markets. Overall, levels of disposable income are higher and consumers are often prepared to pay a premium for high quality brands with heritage and provenance. The industry sees consumption occasions as opportunities to promote our brands, and, within those brands, to encourage consumers to trade up to our premium portfolio. Opportunities in emerging markets are driven by growth in both population and wealth. Each country is different, and growth occurs at different price points depending on wealth and local conditions.

Economic and market conditions are improving, and the drivers of the premium spirits market are in alignment: demographic trends are positive, emerging economies continue to fuel the growth of middle classes who in turn seek out premium scotch whiskies.

**Outlook**

The World Bank believes that a broad-based cyclical global recovery is underway, aided by a rebound in investment and trade, against the backdrop of benign financing conditions, generally accommodating policies, improved confidence, and the dissipating impact of the prior commodity price collapse. Global growth is expected to be sustained over the next couple of years, and even accelerate somewhat in emerging market and developing economies thanks to a rebound in commodity exporters. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions. Particularly worrying are longer-term risks and challenges associated with subdued productivity and potential growth. With output gaps closing or already closed in many countries, supporting aggregate demand with the use of cyclical policies is becoming less of a priority.

Growth in most emerging market and developing economic regions with large numbers of commodity exporters recovered in 2017, with the notable exceptions of the Middle East and North Africa, mainly due to continuing low levels of oil production. These regions are generally expected to see faster growth during the forecast horizon, as commodity prices rise and the impact of the earlier terms of trade shock diminishes. The robust pace of expansion in emerging markets and developing regions with a substantial number of commodity importers is expected to continue. Risks have become more balanced in some regions, but continue to tilt down when considered together.

Global GDP growth is estimated to have picked up from 2.4 percent in 2016 to 3 percent in 2017. The upturn is broad-based, with growth increasing in more than half of the world's economies. In particular, the rebound in global investment growth, which accounted for three quarters of the acceleration in global GDP growth from 2016 to 2017, was supported by favourable financing costs, rising profits, and improved business sentiment across both advanced economies and emerging market and developing economies. This synchronous, investment-led recovery is providing a substantial boost to global exports and imports in the near term. In advanced economies, growth in 2017 is estimated to have rebounded to 2.3 percent, driven by a pickup in capital spending, a turnaround in inventories, and strengthening external demand. While growth accelerated in all major economies, the improvement was markedly stronger than expected in the Euro Area.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**REVIEW OF THE BUSINESS AND FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)**

**Outlook (continued)**

Notwithstanding this broad outlook, the drinks industry remains an interesting market with good opportunities. Over the medium term, the industry is expected to grow overall in terms of volume and value driven by consumer fundamentals, including a rise in global incomes and a growing legal age population. In this context, the essentials for future growth remain on a par with 2017. The environment remains challenging but, overall, the outlook for the Group's brands remains positive.

**Pension Schemes**

The Group continues to operate a number of defined benefit and defined contribution pension schemes in the UK and in the US, of which the UK schemes are the most significant. Under UK accounting and reporting standards, the Group has a pension fund deficit before deferred tax of £62.3m, a reduction of £25.7m over the previous year.

**The 1887 Company Limited**

The level of trading profit before tax arising from the Group's main associate company, The 1887 Company Limited, was lower than last year. Competition in the blended scotch sector, along with the slowdown in Russia, has contributed to this.

A dividend of £19.5m was received during the year (2016 - £22.5m).

**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 Group's ability to achieve its strategic objectives, or which have the greatest potential impact on the Group's solvency or liquidity.

**Market Competition**

The Group 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 Group'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 Group's uncertainty or failure to react sufficiently quickly to mitigate any impact, continue to present a significant risk to both trade and profitability. The Group's broad product portfolio and diverse geographic spread reduces the exposure to individual market risks, although Brexit presents a significant potential trading risk depending on the outcome of exit negotiations. Direct ownership of certain of the Group's distributors in its major markets provides local insight combined with a robust central overview. This enables the Group to react quickly and flexibly to such changes.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**International Trade and Operations in Emerging Markets**

In line with its international growth objective, the Group currently operates in numerous markets, and plans to expand in certain emerging countries, in particular across Eastern Europe, Asia and Africa. Operating in emerging markets means that the Group 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 Group and its brands, as well as impact market access and the ability to promote those brands. The Group 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 Group strategy to grow a sustainable, long-term business. The Group operates a number of policies including a Code of Conduct and a global Marketing Code, reinforced by a global online training programme. The Group is a member 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 Group operates could lead to a fall in demand for its products.

The Group 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 Group 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 Group 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, which is translated into all the main languages spoken across the Group, is also periodically refreshed and forms part of a rotational programme of training at all locations.

In addition, the Group 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.



**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Major Operational Failure**

A major supply chain failure could affect the supply of raw materials or equipment, the customer order process, or result in a loss of maturing stocks. Assets managed by the business include intangible brand assets, plant and equipment, people and technology. Disaster recovery, incident management plans and contingency measures are in place and tested periodically. Contingency bottling/blending options are refreshed and tested to ensure that operations can be maintained as far as possible in event of loss or impairment of the Group's facilities.

**Product Compliance and Safety**

The Group is exposed to risks relating to its responsibility to ensure that its products are safe for consumption. It has therefore put in place procedures to ensure that products manufactured in its plants are compliant and safe in terms of quality and hygiene, and in accordance with the laws and regulations in force and voluntary certification standards. In addition, the Group has defined a framework and procedures to be implemented if quality is unintentionally compromised, such as withdrawing products from the market.

**Consumer Preference**

A change in consumer preferences for one or more of the Group'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.

**Brand Protection**

The Group invests considerable effort in proactively protecting its intellectual property rights. It has a clear brand protection policy and processes aimed at addressing the principal exposures and risks likely to affect alcoholic beverage brands. The Group manages the principal components of brand protection: intellectual property management; authentication and security technologies for products and packaging; digital media, channel and communications monitoring; products and packaging compliance; commercial behaviours; brand security education, surveillance and enforcement.

**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 Group'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 business continuity plan have been implemented in each company, allowing the Group to manage and mitigate the risk across a range of circumstances. In addition the Group uses available technologies to protect its network and servers.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**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 Group. The management of certain financial risks is delegated by the Board to the Treasury Committee. The principal financial risks faced by the Group are those relating to liquidity, foreign currency and credit risk. The Group's treasury policies and procedures, which are reviewed and updated on a regular basis, seek to reduce these financial risks. Within this framework, the Group uses financial assets and liabilities including derivatives to hedge certain foreign exchange risks.

With regard to funding and liquidity, the Group's objective is to manage cash flows in all currencies in an efficient and flexible manner. At the balance sheet date, the Group had no significant external debt funding and net cash balances of £129.3m (2016 - £98.2m).

The Group'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 Group also uses trade finance instruments such as letters of credit and insurance to mitigate specific identified risks. The Group'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 Group is exposed to movements in exchange rates for transactions undertaken in foreign currencies with the operating companies concerned, and the translation of foreign currency denominated net assets and profit and loss items. The Financial Risk Management Policy requires transactional currency exposures to be hedged, within certain predefined parameters, using forward contracts thereby ensuring more certainty over revenue and costs. Foreign exchange transactions are executed by the central treasury function. No speculative transactions are undertaken. The Group's policy is not to hedge foreign currency net assets or profit and loss items.

This report was approved by the board on 28 March 2018 and signed on its behalf.



Glenn Gordon  
Chairman

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

### **DIRECTORS**

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

G G Gordon  
S J Hunt  
P G Gordon  
A D Chamberlain  
I J G Napier  
R B Polet  
B Shahsavari  
M Lamont

### **DIVIDENDS**

The Directors recommend a final dividend for 2017 of £6,260,000. During the year, dividends approved totalled £12,520,000, being the 2016 final dividend and the 2017 interim dividend (2016 - £12,520,000 being the 2015 final dividend and the 2016 interim dividend).

### **FUTURE DEVELOPMENTS**

The Directors aim to maintain the operating policies that have resulted in the Group's recent growth. This will mean continuing investment in those areas which have performed well and taking up profitable opportunities to broaden the base of activities. Capital and revenue investment will continue to improve capacity, efficiencies, marketing and distribution.

### **FINANCIAL INSTRUMENTS**

Details of financial instruments are provided in the Strategic Report and in note 21 to the financial statements.

### **ANTI BRIBERY AND CORRUPTION**

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

### **GOING CONCERN**

The Group'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 Group has considerable financial resources and continuing business with a number of customers and suppliers across different geographical areas and industries. As a consequence of this the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**EMPLOYEE INVOLVEMENT**

As a key part of the Group's philosophy, great importance continues to be placed on involving all staff in the Group's operations.

The Group continues to keep staff informed and involved in the progress of the Group through a wide variety of mechanisms, including the Company Annual Review, Local Reviews and Team Briefs.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The Group is actively pursuing new product development and is a member of The Scotch Whisky Research Institute.

**DISABLED EMPLOYEES**

The Group 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 Group'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.

**DISCLOSURE OF INFORMATION TO AUDITORS**


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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

**AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 28 March 2018 and signed on its behalf.



Glenn Gordon  
Chairman

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS HOLDINGS LIMITED**

We have audited the financial statements of William Grant & Sons Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cashflows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **USE OF REPORT**

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.

### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS HOLDINGS LIMITED (CONTINUED)**

### **OTHER INFORMATION**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

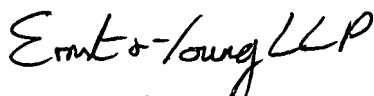
In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM GRANT & SONS HOLDINGS LIMITED (CONTINUED)**

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



Mark Harvey (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP**  
5 George Square  
Glasgow  
G2 1DY

28 March 2018



**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	3	1,188,138	1,061,670
Cost of sales		(751,529)	(710,108)
<b>Gross profit</b>		<b>436,609</b>	<b>351,562</b>
Distribution costs		(22,854)	(18,536)
Administrative expenses		(138,095)	(106,698)
<b>Operating profit</b>	4	<b>275,660</b>	<b>226,328</b>
Share of profit of associates	15	29,927	35,669
<b>Total operating profit</b>		<b>305,587</b>	<b>261,997</b>
Income from fixed asset investments	7	243	491
Interest receivable	8	641	322
Interest payable	9	(209)	(89)
Other finance costs	10	(2,281)	(2,514)
<b>Profit on ordinary activities before taxation</b>		<b>303,981</b>	<b>260,207</b>
Taxation on profit on ordinary activities	11	(53,825)	(38,098)
<b>Profit for the year</b>		<b>250,156</b>	<b>222,109</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		1,273	1,304
Members of the Parent Company		248,883	220,805
		<b>250,156</b>	<b>222,109</b>

The notes on pages 23 to 56 form part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Profit for the year		250,156	222,109
<b>Other comprehensive income</b>			
Actuarial gain/(loss) on defined benefit schemes	27	21,825	(21,495)
Movement on deferred tax relating to pension (gains)/losses		(4,235)	3,910
Reversal of equity accounting on acquisition of investment		-	154
Exchange differences on translation of foreign subsidiaries		5,676	37,937
Share of associates actuarial gain/(loss) on defined benefit scheme (net of deferred tax)		3,938	(1,493)
<b>Other comprehensive income for the year</b>		27,204	19,013
<b>Total comprehensive income for the year</b>		277,360	241,122
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		1,273	1,304
Members of the Parent Company		276,087	239,818
		277,360	241,122

The notes on pages 23 to 56 form part of these financial statements.

REGISTERED NUMBER: SC282845

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	13	205,144	202,167
Tangible assets	14	505,152	414,642
Investments in associates	15	190,306	175,941
Other investments	15	23,523	21,807
		<u>924,125</u>	<u>814,557</u>
<b>Current assets</b>			
Stocks	16	612,728	559,337
Debtors: amounts falling due after more than one year	17	3,664	-
Debtors: amounts falling due within one year	17	406,320	375,663
Cash at bank and in hand	18	129,273	98,204
		<u>1,151,985</u>	<u>1,033,204</u>
Creditors: amounts falling due within one year	19	(328,193)	(347,381)
<b>Net current assets</b>		<u>823,792</u>	<u>685,823</u>
<b>Total assets less current liabilities</b>		<u>1,747,917</u>	<u>1,500,380</u>
Creditors: amounts falling due after more than one year	20	(2,155)	(2,914)
<b>Provisions for liabilities</b>			
Deferred taxation		(32,057)	(22,610)
Other provisions	23	(2,221)	(1,124)
		<u>(34,278)</u>	<u>(23,734)</u>
<b>Net assets excluding retirement benefit liability</b>		<u>1,711,484</u>	<u>1,473,732</u>
Retirement benefit liability	27	(62,344)	(88,090)
<b>Net assets</b>		<u><u>1,649,140</u></u>	<u><u>1,385,642</u></u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2017**


	Note	2017 £000	2016 £000
<b>Capital and reserves</b>			
Called up share capital	25	61	61
Merger reserve	24	4,927	4,927
Profit and loss account	24	1,643,098	1,379,531
<b>Equity attributable to members of the Parent Company</b>		<u>1,648,086</u>	<u>1,384,519</u>
Non-controlling interests		1,054	1,123
		<u>1,649,140</u>	<u>1,385,642</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 March 2018.

Glenn Gordon  
Chairman



Michael Lamont  
Group Finance Director



The notes on pages 23 to 56 form part of these financial statements.

REGISTERED NUMBER: SC282845

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	15	3,394	3,394
		<u>3,394</u>	<u>3,394</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	23,290	55,732
Cash at bank and in hand	18	-	208
		<u>23,290</u>	<u>55,940</u>
Creditors: amounts falling due within one year	19	(9,873)	(34,227)
		<u>13,417</u>	<u>21,713</u>
<b>Net current assets</b>		<u>13,417</u>	<u>21,713</u>
<b>Total assets less current liabilities</b>		<u>16,811</u>	<u>25,107</u>
Creditors: amounts falling due after more than one year	20	(282)	(282)
		<u>16,529</u>	<u>24,825</u>
<b>Net assets</b>		<u>16,529</u>	<u>24,825</u>
<b>Capital and reserves</b>			
Called up share capital	25	61	61
Profit and loss account brought forward		24,764	32,925
Profit for the year		4,224	4,359
Other changes in the profit and loss account		(12,520)	(12,520)
		<u>16,468</u>	<u>24,764</u>
Profit and loss account carried forward		<u>16,529</u>	<u>24,825</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 March 2018.

Glenn Gordon  
Director



Michael Lamont  
Director



The notes on pages 23 to 56 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Merger reserve	Profit and loss account	Equity attributable to members	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2017	61	4,927	1,379,531	1,384,519	1,123	1,385,642
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	248,883	248,883	1,273	250,156
Actuarial gains on pension scheme (net of deferred tax)	-	-	17,590	17,590	-	17,590
Exchange differences on translation of foreign subsidiaries	-	-	5,676	5,676	-	5,676
Share of associate's actuarial gain on pension scheme	-	-	3,938	3,938	-	3,938
<b>Other comprehensive income for the year</b>	-	-	27,204	27,204	-	27,204
<b>Total comprehensive income for the year</b>	-	-	276,087	276,087	1,273	277,360
<b>Distributions</b>						
Dividends	-	-	(12,520)	(12,520)	-	(12,520)
Dividends paid to non-controlling interests	-	-	-	-	(1,342)	(1,342)
<b>Total distributions</b>	-	-	(12,520)	(12,520)	(1,342)	(13,862)
<b>At 31 December 2017</b>	<b>61</b>	<b>4,927</b>	<b>1,643,098</b>	<b>1,648,086</b>	<b>1,054</b>	<b>1,649,140</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Merger reserve	Profit and loss account	Equity attributable to members	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	61	4,927	1,152,233	1,157,221	1,017	1,158,238
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	220,805	220,805	1,304	222,109
Actuarial losses on pension scheme (net of deferred tax)	-	-	(17,585)	(17,585)	-	(17,585)
Exchange differences on translation of foreign subsidiaries	-	-	37,937	37,937	-	37,937
Share of associates' actuarial loss on pension scheme	-	-	(1,493)	(1,493)	-	(1,493)
Reversal of equity accounting on acquisition	-	-	154	154	-	154
<b>Other comprehensive income for the year</b>	-	-	19,013	19,013	-	19,013
<b>Total comprehensive income for the year</b>	-	-	239,818	239,818	1,304	241,122
<b>Distributions</b>						
Dividends	-	-	(12,520)	(12,520)	-	(12,520)
Dividends paid to non-controlling interests	-	-	-	-	(1,198)	(1,198)
<b>Total distributions</b>	-	-	(12,520)	(12,520)	(1,198)	(13,718)
<b>At 31 December 2016</b>	<b>61</b>	<b>4,927</b>	<b>1,379,531</b>	<b>1,384,519</b>	<b>1,123</b>	<b>1,385,642</b>

The notes on pages 23 to 56 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	61	24,764	24,825
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,224	4,224
<b>Distributions to members</b>			
Dividends	-	(12,520)	(12,520)
<b>At 31 December 2017</b>	<b>61</b>	<b>16,468</b>	<b>16,529</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	61	32,925	32,986
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,359	4,359
<b>Distributions to members</b>			
Dividends	-	(12,520)	(12,520)
<b>At 31 December 2016</b>	<b>61</b>	<b>24,764</b>	<b>24,825</b>

The notes on pages 23 to 56 form part of these financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
<b>Cash flows from operating activities</b>		
Operating profit	275,660	226,328
<b>Adjustments for:</b>		
Amortisation of intangibles	11,804	10,579
Depreciation of tangibles	36,334	33,003
Increase in stocks	(52,845)	(51,125)
Increase in debtors	(30,184)	(118,435)
(Decrease)/Increase in creditors	(15,938)	72,018
Increase in net pension liabilities	(6,248)	(5,281)
Loss on disposal of tangible fixed assets	149	1,029
Corporation tax paid	(31,600)	(22,100)
Overseas tax paid	(22,527)	(15,248)
Foreign exchange gains and losses	1,065	10,937
Other items	(1,342)	(1,108)
<b>Net cash generated from operating activities</b>	<b>164,328</b>	<b>140,597</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,229)	(2,269)
Purchase of tangible fixed assets	(126,584)	(96,425)
Purchase of listed investments	(35,078)	(24,423)
Sale of listed investments	35,306	24,815
Purchase of unlisted and other investments	(2,000)	(1,005)
Sale of unlisted and other investments	-	46
Purchase of subsidiary undertaking	(8,956)	(386)
Cash acquired with subsidiary	525	7,641
Net interest received	460	261
Income from investments	243	491
Dividends paid to preference shareholders	(28)	(28)
Dividends received	19,557	22,600
<b>Net cash from investing activities</b>	<b>(117,784)</b>	<b>(68,682)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(15,229)	(9,811)
Movement in net funding	337	(100)
<b>Net cash used in financing activities</b>	<b>(14,892)</b>	<b>(9,911)</b>
<b>Net increase in cash and cash equivalents</b>	<b>31,652</b>	<b>62,004</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
<b>Net increase in cash and cash equivalents</b>	31,652	62,004
Exchange differences	(583)	3,247
Cash and cash equivalents at the beginning of the year	98,204	32,953
<b>Cash and cash equivalents at the end of the year</b>	<u>129,273</u>	<u>98,204</u>
Cash at bank and in hand	<u>129,273</u>	<u>98,204</u>

The notes on pages 23 to 56 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES**

**1.1 STATEMENT OF COMPLIANCE**

William Grant & Sons Holdings Limited is a limited liability company incorporated in Scotland, with its registered office at The Glenfiddich Distillery, Dufftown, Banffshire, United Kingdom, AB55 4DH.

The Group'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 Group for the year ended 31 December 2017, and the Companies Act 2006.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of William Grant & Sons Holdings Limited were authorised for issue by the Board of Directors on 28 March 2018. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling, which is the functional and presentational currency of the Group, and rounded to the nearest thousand (£000).

**1.3 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS**

The Group financial statements consolidate the financial statements of William Grant & Sons Holdings Limited and all its subsidiaries drawn up to 31 December each year. No profit and loss account is presented for William Grant & Sons Holdings Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

The consolidated financial statements incorporate the results of business combinations using the purchase method of accounting. The purchase consideration is allocated to the assets and liabilities of the acquired entity on the basis of fair value at the date of acquisition. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

In the Parent Company financial statements, investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 or services rendered, net of returns, discounts, rebates, value added tax and other sales related taxes.

The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group 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 each of the Group'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 Group 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 Group cannot reclaim the import duty. The Group therefore recognises import duty as a cost to the Group.

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.

**Rendering of services**

Turnover from the provision of services, which include contract bottling and warehouse storage, is recognised in the period in which the services are provided in accordance with the stage of completion of the contract.

**Dividend income**

Revenue is recognised when the Group's right to receive payments has been established.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.5 INTANGIBLE ASSETS**

**Goodwill**

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to each cash generating unit ('CGU') that is expected to benefit from the synergies of the combination. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Subsequent to initial recognition, goodwill is amortised over its expected useful life and measured at cost less accumulated amortisation and any accumulated impairment losses. Where the Group is not able to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years.

Goodwill capitalised as an asset on the Group balance sheet is amortised over its estimated useful life within the range of 5 to 50 years.

**Other intangible assets**

Intangible assets acquired separately from a business combination are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. Intangible assets are amortised on a straight line basis over their assessed useful life, which is dependent on the nature and/or categorisation of the brand, or other identifiable asset.

The estimated useful lives range as follows:

Brands	-	5 to 50 years
Software	-	3 to 10 years

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.6 TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes amounts that are directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its estimated useful life, using the straight-line method.

The estimated useful lives range as follows:

Land and buildings	-	25 to 50 years
Plant and machinery	-	3 to 20 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is not provided on freehold land or assets under construction.

**1.7 IMPAIRMENT OF NON FINANCIAL ASSETS**

At each reporting date, the Group assesses whether an asset may be impaired. If any such indication exists then an assessment of the asset's recoverable amount is made. If it is not possible to estimate the recoverable amount of the individual asset then an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount is impaired and reduced to its recoverable amount through an impairment charge in the profit and loss account.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

**1.8 INVESTMENTS**

Equity investments are recognised initially at fair value, this being the transaction price. Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably. Such investments are recognised at cost less impairment until a reliable measure of fair value becomes available.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.9 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:

Raw materials	-	Purchase cost on an average cost basis
Work-in-progress and 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.

**1.10 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. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

**1.11 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. In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management processes.

**1.12 DERIVATIVE INSTRUMENTS**

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates, and interest rate swaps to adjust interest rate exposures, from time to time.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

The Company does not apply hedge accounting to any derivative transactions.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.13 INTEREST BEARING LOANS AND BORROWINGS**

All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance income in the profit and loss account. Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.14 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 recognised over the lease term on a straight line basis.

**1.15 FOREIGN CURRENCIES**

**Group**

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The trading results of Group undertakings are translated into sterling at the average exchange rates for the period. The assets and liabilities of overseas subsidiary undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange ruling at the balance sheet date. Exchange adjustments arising from the retranslation of opening net investments and from the translation of profits or losses at average rates are recognised in 'other comprehensive income' and allocated to non-controlling interest as appropriate.

**Company**

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.16 EMPLOYEE BENEFITS**

The Group 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 Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group 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 in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**Defined benefit pension plan**

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

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets also at that date.

The defined benefit obligation is calculated using the projected unit credit method. The Group engages independent actuaries to calculate the obligation annually. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling with terms approximating the estimated period of future payments ('discount rate')

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income, together with the return on plan assets, less amounts included in net interest.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in net pension benefit liability arising from employee service during the period;
- the net interest on the net defined benefit liability during the reporting period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by multiplying the net defined benefit liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest cost is recognised in profit or loss as finance revenue or expense.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.16 EMPLOYEE BENEFITS (CONTINUED)**

**Annual bonus plan**

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group 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 Group 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.

**1.17 SHARES CLASSIFIED AS DEBT**

The Group's 10% cumulative preference shares have been accounted for as debt on the basis that they provide the holder with a right to a fixed income stream but no residual interest in the assets of the Company after deducting all its liabilities.

**1.18 PROVISIONS FOR LIABILITIES**

A provision is made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount required to settle the obligation.

Provisions are charged to the profit and loss account in the period that the Group becomes aware of the obligation, and are measured at the best estimate of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged against the provision carried in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.19 TAXATION**

The tax expense for the period comprises current and deferred 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 in the countries in which the Group operates.

**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:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates, and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 following judgements and sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements.

**Defined benefit pension schemes**

The cost of the Group's defined benefit pension schemes is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Changes in these assumptions could have a material impact on the measurement of the Group's net defined benefit liability. Further details are given in note 27.

**Goodwill and intangible assets**

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, and legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

**Taxation**

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

**3. ANALYSIS OF TURNOVER**

The majority of the Group'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 Group.

Turnover from the provision of services has not been separately disclosed as is not considered material to the Group.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**4. OPERATING PROFIT**

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

	2017 £000	2016 £000
Depreciation of tangible fixed assets	36,334	33,003
Amortisation of intangible assets, including goodwill	11,804	10,579
Research and development expenditure	3,231	3,354
Exchange differences excluding financial instruments measured at fair value through the profit and loss account	14,105	(3,515)
Operating lease payments	7,108	7,348
Defined contribution pension cost (note 6)	7,652	6,498
Defined benefit pension cost (note 6)	11,258	9,426
	<u>          </u>	<u>          </u>

**5. AUDITORS' REMUNERATION**

	2017 £000	2016 £000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	222	211
	<u>          </u>	<u>          </u>
Audit of subsidiary financial statements	196	187
Taxation compliance services	205	90
Tax advisory services	179	305
All other non-audit services	47	34
	<u>          </u>	<u>          </u>
	627	616
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. EMPLOYEES**

Staff costs were as follows:

	Group 2017 £000	Group 2016 £000
Wages and salaries	134,544	119,108
Social security costs	18,985	13,856
Cost of defined benefit scheme	11,258	9,426
Cost of defined contribution scheme	7,652	6,498
	<u>172,439</u>	<u>148,888</u>

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

	2017 No.	2016 No.
Production	991	886
Others	1,380	1,227
	<u>2,371</u>	<u>2,113</u>

The Parent Company had no employee costs during the current or previous year.

	2017 £000	2016 £000
<b>Directors' emoluments</b>		
Total remuneration (exc pension contributions)	3,234	3,035
Remuneration of highest paid director (exc pension contributions)	1,344	1,068
Amounts payable under long term incentive plans	<u>941</u>	<u>888</u>

The number of Directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is 1 (2016 - 1). No Directors are members of a defined contribution scheme (2016 - nil) and no aggregate contributions were paid during the year (2016 - nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. INCOME FROM FIXED ASSET INVESTMENTS**

	2017 £000	2016 £000
Dividends received from investments	243	491

**8. INTEREST RECEIVABLE**

	2017 £000	2016 £000
Interest receivable on bank loans and overdrafts	641	322

**9. INTEREST PAYABLE**

	2017 £000	2016 £000
Interest payable on bank loans and overdrafts	(181)	(61)
Preference share dividends	(28)	(28)
	(209)	(89)

**10. OTHER FINANCE COSTS**

	2017 £000	2016 £000
Net interest on net defined benefit pension liability	(2,281)	(2,514)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. TAXATION**

**Tax on profit on ordinary activities**

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	28,620	25,596
Adjustments in respect of previous periods	1,711	(646)
	<u>30,331</u>	<u>24,950</u>
<b>Foreign tax</b>		
Foreign tax on profits for the year	22,504	18,518
	<u>22,504</u>	<u>18,518</u>
<b>Total current tax</b>	<u>52,835</u>	<u>43,468</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	227	(3,186)
Changes to tax rates	1,853	313
Adjustment in respect of previous periods	(1,090)	(2,497)
<b>Total deferred tax</b>	<u>990</u>	<u>(5,370)</u>
<b>Tax charge on profit on ordinary activities</b>	<u>53,825</u>	<u>38,098</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. TAXATION (CONTINUED)**

**Factors affecting the tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	303,981	260,207
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	58,516	52,041
<b>Effects of:</b>		
Unrecognised deferred tax	(68)	(93)
Expenses not deductible for tax purposes	3,117	291
Impact of overseas tax rates	(3,244)	(37)
Adjustments to tax charge in respect of prior periods	621	(3,143)
Remeasurement of deferred tax - change in rates	2,065	(8,117)
Impact of associates tax included in profit and loss	(6,654)	(1,598)
Other items	(528)	(1,246)
<b>Total tax charge for the year</b>	<b>53,825</b>	<b>38,098</b>

**Factors that may affect future tax charges**

The Chancellor announced that the main UK rate of corporation tax rate will be reduced from the current rate of 19% which has applied from 1 April 2017, to 17% via a 2% reduction at 1 April 2020. The reduction in the corporation tax rates to 17% was included within the Finance Act that was substantively enacted on 6 September 2016. Deferred tax has been provided at 17% as this is the rate at which timing differences are expected to reverse. Deferred tax in the USA has been provided at 21% following the recent tax reforms.

**12. DIVIDENDS**

	2017 £000	2016 £000
Final 2016 dividend of £101.91 per share (2015 - £101.91)	6,260	6,260
Interim 2017 dividend of £101.91 per share (2016 - £101.91)	6,260	6,260
	<b>12,520</b>	<b>12,520</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**13. INTANGIBLE ASSETS**
**Group**

	Software £000	Brands £000	Goodwill £000	Total £000
<b>Cost</b>				
At 1 January 2017	10,113	218,643	64,149	292,905
Additions	1,229	-	3,977	5,206
On acquisition of subsidiaries	79	-	-	79
Transfers from tangible assets	11,603	-	-	11,603
Foreign exchange movement	6	3,644	1,061	4,711
At 31 December 2017	23,030	222,287	69,187	314,504
<b>Amortisation</b>				
At 1 January 2017	3,410	71,519	15,809	90,738
Charge for the year	1,950	7,688	2,166	11,804
Transfers from tangible assets	6,489	-	-	6,489
Foreign exchange movement	1	99	229	329
At 31 December 2017	11,850	79,306	18,204	109,360
<b>Net book value</b>				
At 31 December 2017	11,180	142,981	50,983	205,144
At 31 December 2016	6,703	147,124	48,340	202,167

The Group has a brand value acquired, in relation to Irish Whiskey brands, which has a carrying value of £97,820,000 at 31 December 2017 (2016 - £96,373,000) and is considered material to the Group financial statements. The brand is being amortised over a 50 year period and the remaining amortisation period is 46 years.

The amortisation charge for the year is included within administrative expenses in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**14. TANGIBLE FIXED ASSETS**
**Group**

	Assets under construction £000	Land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>				
At 1 January 2017	60,375	182,524	464,472	707,371
Additions	43,764	34,096	48,724	126,584
Acquisition of subsidiary	-	3,180	928	4,108
Disposals	-	-	(11,719)	(11,719)
Transfers between classes	(58,130)	18,351	39,779	-
Transfers to intangible assets	-	-	(11,603)	(11,603)
Foreign exchange movement	435	540	(264)	711
At 31 December 2017	46,444	238,691	530,317	815,452
<b>Depreciation</b>				
At 1 January 2017	-	60,447	232,282	292,729
Charge for the year	-	4,232	32,102	36,334
Transfers to intangible assets	-	-	(6,489)	(6,489)
Disposals	-	-	(11,570)	(11,570)
Foreign exchange movement	-	(116)	(588)	(704)
At 31 December 2017	-	64,563	245,737	310,300
<b>Net book value</b>				
At 31 December 2017	46,444	174,128	284,580	505,152
At 31 December 2016	60,375	122,077	232,190	414,642

All land included within 'Land and buildings' is considered to be freehold.

Commitments for capital expenditure contracted but not provided for amounted to £34,651,000 (2016 - £32,797,000).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**15. FIXED ASSET INVESTMENTS**
**Group**

	Investments in associates £000	Listed investments £000	Unlisted investments £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2017	175,941	20,435	1,372	197,748
Additions	-	35,078	2,000	37,078
Disposals	-	(34,577)	-	(34,577)
Foreign exchange movement	-	(25)	15	(10)
Dividends received	(19,500)	-	(57)	(19,557)
Share of other comprehensive income	3,938	-	-	3,938
Transferred to cash and cash equivalents	-	(729)	-	(729)
Share of profit/(loss)	29,927	-	11	29,938
<b>At 31 December 2017</b>	<b>190,306</b>	<b>20,182</b>	<b>3,341</b>	<b>213,829</b>

**Listed investments**

The fair value of the listed investments at 31 December 2017 was £20,182,000 (2016 - £20,435,000).

**Acquisition of Tuthilltown Spirits LLC and Tuthilltown Properties LLC**

On 13 April 2017, the Group acquired the membership interest of two entities, Tuthilltown Spirits LLC and Tuthilltown Properties LLC, for a total cash consideration of £9,514,000. An initial payment of £8,956,000 was paid in the year with an additional amount of £558,000 paid after the year end date. The Group has fully consolidated the results of those two entities since acquisition.

An exercise has been undertaken to determine the provisional fair values of the assets, liabilities and contingent liabilities acquired which have been assessed as £5,537,000, including cash of £525,000, giving rise to goodwill on acquisition of £3,977,000.

**Acquisition of Lixir SAS**

During the prior year, the remaining 50% of the share capital of Lixir SAS was acquired by the Group. No adjustments have been made to the provisional fair values of the assets, liabilities and contingent liabilities recognised in the prior year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. FIXED ASSET INVESTMENTS (CONTINUED)**

**Company**

Investments  
in subsidiary  
companies  
£000

**Cost or valuation**

At 1 January 2017 and 31 December 2017

3,394

**Investments in associates**

Disclosures are given in respect of the Group's share of The 1887 Company Limited, for the year ended 31 December 2017 as required under FRS 102, as follows:

	2017 £000	2016 £000
<b>Share of:</b>		
Profit before tax	38,167	37,666
Taxation	(8,240)	(1,997)
<b>Profit after tax</b>	<u>29,927</u>	<u>35,669</u>
	2017 £000	2016 £000
Dividend received from The 1887 Company Limited	<u>19,500</u>	<u>22,500</u>

**Subsidiary undertakings**

A list of all subsidiary undertakings, including those owned by another subsidiary, is included at note 31.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**16. STOCKS**

	Group 2017 £000	Group 2016 £000
Raw materials	12,966	19,651
Work in progress	517,166	471,219
Finished goods and goods for resale	82,596	68,467
	<u>612,728</u>	<u>559,337</u>

The value of inventory recognised as an expense in the year was £384,085,000 (2016 - £247,576,000).

**17. DEBTORS**

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Amounts falling due after more than one year</b>				
Deferred tax asset	3,664	-	-	-
	<u>3,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due within one year</b>				
Trade debtors	321,209	306,681	-	-
Amounts owed by group undertakings	-	-	23,290	55,732
Amounts owed by related parties	2,500	2,710	-	-
Derivative financial instruments	5,598	475	-	-
Prepayments and accrued income	77,013	65,797	-	-
	<u>406,320</u>	<u>375,663</u>	<u>23,290</u>	<u>55,732</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18. CASH AND CASH EQUIVALENTS**

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	129,273	98,204	-	208
Less: bank overdrafts	-	-	(6,402)	-
	<u>129,273</u>	<u>98,204</u>	<u>(6,402)</u>	<u>208</u>

**19. CREDITORS: Amounts falling due within one year**

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdrafts	-	-	6,402	-
Bank loans	437	-	-	-
Trade creditors	105,360	98,912	-	-
Amounts owed to group undertakings	-	-	2,457	29,327
Amounts owed to related parties	12	374	-	-
Corporation tax	10,572	11,864	1,014	2,191
Other taxation and social security	37,868	37,831	-	-
Dividends payable	-	2,709	-	2,709
Accruals and deferred income	171,986	185,769	-	-
Derivative financial instruments	1,958	9,922	-	-
	<u>328,193</u>	<u>347,381</u>	<u>9,873</u>	<u>34,227</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**20. CREDITORS: Amounts falling due after more than one year**

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Other loans	1,625	1,725	-	-
Preference shares	282	282	282	282
Derivative financial instruments	248	907	-	-
	<u>2,155</u>	<u>2,914</u>	<u>282</u>	<u>282</u>

**Preference shares**

	2017 £000	2016 £000
<b>Authorised</b>		
2,450,000 cumulative 10% preference shares of £1 each	<u>2,450</u>	<u>2,450</u>
	2017 £000	2016 £000
<b>Allotted, called up and fully paid</b>		
282,251 cumulative 10% preference shares of £1 each	<u>282</u>	<u>282</u>

A brief summary of the rights attributable to the preference shares is shown below:

**Dividends**

Holders of the 10% cumulative preference shares are entitled to a 10% fixed cumulative preference dividend on amounts paid up, payable in two half yearly instalments.

**Rights on winding up of the Company**

In the event of the winding up of the Company, the surplus assets of the Company remaining after payment of its liabilities shall be applied in repaying the holders of the 10% cumulative preference shares a return of capital amounting to the par values paid up on the shares, together with any arrears or deficiency on fixed dividends up to the date of repayment. The holders of these shares have no further right to participate in the Company's assets.

**Voting rights**

The holders of 10% cumulative preference shares have no right to attend or vote at General Meetings of the Company unless the business of such a meeting involves a resolution to alter the Directors' borrowing powers or to vary any of the special rights and privileges attaching to the preference shares unless, at the date of the notice convening the General Meeting, a dividend due to any of the holders of the preference shares is six months in arrears. In such event, the shareholders shall be entitled to receive notice of and to attend the meeting at which any such resolution is proposed and to vote upon any such resolution.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 21. FINANCIAL INSTRUMENTS

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<b>Financial assets</b>				
At fair value through profit or loss	29,121	22,282	-	-
At amortised cost	323,709	309,391	23,290	55,732
	<u>352,830</u>	<u>331,673</u>	<u>23,290</u>	<u>55,732</u>
<b>Financial liabilities</b>				
At fair value through profit or loss	(2,206)	(10,829)	-	-
At amortised cost	(277,008)	(287,062)	(9,141)	(29,609)
	<u>(279,214)</u>	<u>(297,891)</u>	<u>(9,141)</u>	<u>(29,609)</u>

Financial assets measured at fair value through profit or loss comprise listed and unlisted investments, and foreign currency forward contracts and swaps (notes 15 and 17).

Financial assets measured at amortised cost comprise trade debtors and amounts owed by related parties and group undertakings (note 17).

Financial liabilities measured at fair value through profit or loss comprise foreign currency forward contracts and swaps (notes 19 and 20).

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, amounts owed to related parties and to group undertakings, accruals and deferred income, loans from third parties and preference shares (notes 18, 19 and 20).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Listed investments and foreign currency forward contracts are valued at level 1. Unlisted investments are valued at level 3.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**22. DEFERRED TAX**

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances of the Group (after offset) for financial reporting purposes. The Company has no deferred tax asset or liability:

	2017 £000	2016 £000
<b>Deferred tax liabilities</b>		
Accelerated capital allowances	(12,552)	(12,026)
Acquired intangible assets	(21,818)	(22,795)
Other timing differences	(6,623)	(4,862)
	<u>(40,993)</u>	<u>(39,683)</u>
	2017 £000	2016 £000
<b>Deferred tax assets</b>		
Retirement benefit obligation	11,202	17,073
Other timing differences	1,398	-
	<u>12,600</u>	<u>17,073</u>
	2017 £000	2016 £000
<b>Recognised in balance sheet</b>		
Deferred tax asset	3,664	-
Deferred tax liability	(32,057)	(22,610)
	<u>(28,393)</u>	<u>(22,610)</u>
	2017 £000	2016 £000
<b>Movements in net deferred tax liability in the year</b>		
Charged/(credited) to profit or loss	990	(5,730)
Charged/(credited) to other comprehensive income	4,235	(3,910)
Acquired in the year	-	(628)
Foreign exchange movement	558	1,198
	<u>5,783</u>	<u>(9,070)</u>

The net reversal of deferred tax assets and liabilities expected to occur in the following year is £1,980,000 (2016 - £2,562,000).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**23. PROVISIONS**

**Group**

	£000
At 1 January 2017	1,124
Charged to profit or loss	1,221
Utilised in year	(124)
	<u>2,221</u>
At 31 December 2017	<u>2,221</u>

The Company and certain subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the normal course of business. The Group robustly defends all claims and provisions are recorded based on the best estimate of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. This provision relates to claims in dispute which had not been settled by the balance sheet date. It is expected that resolution of the claims to which these provisions relate will be reached within the next five years.

**24. RESERVES**

**Merger Reserve**

The merger reserve is a non distributable reserve created through a company restructure in 1992.

**Profit and loss account**

The profit and loss account represents cumulative gains and losses recognised through profit or loss, net of transfers to/from other reserves and dividends paid.

**25. SHARE CAPITAL**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
61,419 Ordinary shares of £1 each	<u>61,419</u>	<u>61,419</u>

The rights to dividends, rights on winding up and voting rights of each class of share are detailed in the Articles of Association of the Company.

**26. QUALIFYING PARTNERSHIP**

The William Grant & Sons Brand Management Partnership, established during 2014 between a number of Group companies, constitutes a "qualifying partnership" under The Partnerships (Accounts) Regulations 2008. The Group has taken advantage of the exemption, available under Regulation 7, from preparing partnership accounts for the qualifying partnership on the basis that the partnership is dealt with on a consolidated basis within the Group financial statements. The registered address of the partnership is Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**27. RETIREMENT BENEFIT LIABILITIES**

Retirement benefit liabilities comprise:

	2017 £000	2016 £000
William Grant & Sons defined benefit schemes for UK employees	53,018	74,615
Other defined benefit schemes	8,264	12,135
Other post retirement benefit liabilities	1,062	1,340
<b>Total retirement benefit liabilities</b>	<b>62,344</b>	<b>88,090</b>

The Group operates a number of defined benefit pension schemes in the UK and the US, of which the UK schemes are predominant. The benefit commitments are funded in advance and the assets of the schemes are held in separate trustee administered funds. The contributions are determined by a qualified actuary on the basis of regular valuations using the projected unit method. The Group has agreed a funding plan with the trustee whereby ordinary contributions are paid into the scheme and additional contributions are agreed with the trustee to reduce the funding deficit where necessary.

Other defined benefit schemes include one for employees in the US and another for the employees of Drambuie Limited. Other post retirement benefits represent amounts payable to employees of Lixir SAS.

The latest actuarial valuations of the UK schemes were made by an independent qualified actuary as at 5 April 2015. Adjustments to the valuation at that date have been made based on the assumptions detailed below.

The disclosure below relates solely to the combined William Grant & Sons Limited Pension Scheme and William Grant & Sons 1978 Pension Scheme as the only material schemes in the Group.

Reconciliation of present value of scheme liabilities:

	2017 £000	2016 £000
At the beginning of the year	(270,775)	(209,805)
Current service cost	(5,386)	(4,048)
Interest expense	(7,196)	(8,072)
Actuarial gains/(losses)	2,486	(54,419)
Benefits paid	8,541	5,653
Loss on settlements	(56)	(84)
<b>At the end of the year</b>	<b>(272,386)</b>	<b>(270,775)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**27. RETIREMENT BENEFIT LIABILITIES (CONTINUED)**

Reconciliation of fair value of scheme assets:

	2017 £000	2016 £000
At the beginning of the year	196,160	150,498
Interest income	5,350	5,968
Actuarial gains	15,772	36,462
Contributions	10,627	8,885
Benefits paid	(8,541)	(5,653)
<b>At the end of the year</b>	<b>219,368</b>	<b>196,160</b>

Composition of plan assets:

	2017 £000	2016 £000
Cash and cash equivalents	589	602
Equity instruments	79,730	85,090
Debt instruments	68,283	45,140
Property	14,171	12,945
Diversified growth assets	56,595	52,383
	<b>219,368</b>	<b>196,160</b>

	2017 £000	2016 £000
Fair value of plan assets	219,368	196,160
Present value of plan liabilities	(272,386)	(270,775)
<b>Net retirement benefit liability</b>	<b>(53,018)</b>	<b>(74,615)</b>

The amounts recognised in profit or loss are as follows:

	2017 £000	2016 £000
Current service cost	(5,386)	(4,048)
Interest on obligation	(1,846)	(2,104)
Loss on settlements	(56)	(84)
	<b>(7,288)</b>	<b>(6,236)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**27. RETIREMENT BENEFIT LIABILITIES (CONTINUED)**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	2.60	2.70
Rate of increase in salaries	3.10	3.20
Rate of increase in pensions payment	2.90	3.10
Inflation	3.10	3.20
	2017 Years	2016 Years
- for a male aged 65 now	21.3	21.4
- at 65 for a male aged 45 now	22.7	23.1
- for a female aged 65 now	23.1	23.4
- at 65 for a female member aged 45 now	24.6	25.2

**28. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
Within 1 year	6,491	4,785
After 1 year and within 5 years	10,896	9,472
After 5 years	495	1,116
	<u>17,882</u>	<u>15,373</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**29. RELATED PARTY TRANSACTIONS**

	2017 £000	2016 £000
<b>Entities over which the Group has joint control or significant influence</b>		
Sales to related party	4,250	49,995
Purchases from related party	2,141	24,884
Amounts owed from related party	2,500	2,710
Amounts owed to related party	12	374

**Terms and conditions of transactions with related parties**

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 90 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2017, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2016 - nil).

**Key management personnel**

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £5,428,000 (2016 - £6,218,000).

**30. DISCLOSURE EXEMPTIONS**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, in relation to the Parent Company, as permitted by FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial information presented in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**31. SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company (\* indicates held by a subsidiary):

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Registered office</b>
Alexander MacGregor & Company Limited*	Ordinary	100%	Dormant	First floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU
Balvenie Farms Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Bellshill Lark (Number 2) Limited*	Ordinary	100%	Dormant	Form 1, 17 Bartley Wood Business Park, Bartley Wood, Hook, RH27 9XA
Bellshill Lark (Number 3) Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Bellshill Lark (Number 4) Limited*	Ordinary	100%	Dormant	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
Bellshill Lark (Number 5) Limited*	Ordinary	100%	Dormant	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
Bellshill Lark (Number 6) Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Bellshill Lark (Number 7) Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Bellshill Lark (Number 9 Limited)*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Bellshill Lark (Number 10) Limited*	Ordinary	100%	Dormant	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
Bellshill Lark (Number 11) Limited*	Ordinary	100%	Dormant	Grangestone Industrial Estate, Girvan, KA26 9PT
Bellshill Lark (Number 13 Limited)*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Blaygow Limited*	Ordinary	100%	Holding Company	37 Esplanade, St Helier, Jersey, JE1 2TR
Channel Island Cream Liqueurs Limited*	Ordinary	100%	Dormant	First floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU
Drambuie Limited*	Ordinary	100%	Holding company	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
First Drinks Brands Limited*	Ordinary	100%	Holding company	Form 1, 17 Bartley Wood Business Park, Bartley Wood, Hook, RH27 9XA
William Grant & Sons (Canadian Whisky) Limited*	Ordinary	100%	Producer and distributor	Box 25 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1A9
George Morton Limited*	Ordinary	100%	Dormant	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
Grants of Ireland Limited*	Ordinary	100%	Dormant	4th Floor Block D, Iveagh Court, Harcourt Road, Dublin 2
Beyside Limited*	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**31. SUBSIDIARY UNDERTAKINGS (CONTINUED)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Registered office</b>
Grissan Carrick Limited*	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT
Grissan Carnside Limited*	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT
Grissan Energy UK Limited*	Ordinary	100%	Engineering design	Wellington House, Starley Way, Bickenhill Lane, Solihull, B37 7HE
Grissan Engineering Services Limited*	Ordinary	100%	Engineering design	Wellington House, Starley Way, Bickenhill Lane, Solihull, B37 7HE
Grissan Limited	Ordinary	100%	Holding company	Unit 2A, Barette Commercial Centre, La Route du Mont, St John, Jersey, JE3 4DN
Grissan Manufacturing Limited*	Ordinary	100%	Manufacture of gas	Unit 2A, Barette Commercial Centre, La Route du Mont, St John, Jersey, JE3 4DN
Grissan Portside Limited *	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT
Grissan Renewable Energy (Cyprus) Limited*	Ordinary	100%	Manufacture of gas	36 Ayias Elenis Street, Galaxias Commercial Centre, 4th Floor, 404 Nicosia 1061
Grissan Riverside Limited*	Ordinary	100%	Manufacture of gas	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Tamside Limited*	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT
Lixir SAS*	Ordinary	100%	Distributor	44 Avenue du Capitaine Glarner, 93585 Saint Ouen Cedex, France
Peter Mielzynski Agencies Limited*	Ordinary	63%	Distributor	231 Oak Park Boulevard, Suite 400 Oakville, Ontario, L6H 8S8
Quality Spirits International Limited*	Ordinary	100%	Distributor	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
Raynal et Cie SAS*	Ordinary	100%	Holding company	113 Avenue Victor Hugo, Cognac 16100
Royal Distillers (Thailand) Company Limited*	Ordinary	100%	Dormant	2nd Floor, United Motor Works Building, 156 Suriongsa Road, Bangrak, Bangkok 10500
Sailor Jerry Limited*	Ordinary	100%	Dormant	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
Standfast Dominica Limited*	Ordinary	100%	Dormant	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
Standfast Holdings Limited*	Ordinary	100%	Dormant	United Motor Works Building, 156 Suriongsa Road, Bangrak, Bangkok 10500
Tequilera Milagro S.A. De CV*	Ordinary	100%	Producer and distributor	Av. Paseo de los Tamarindos No 90 Torre 1, Piso 3 Bosques de las Lomas, Disitrio Federal 05120
The Balvenie Distillery Company Limited*	Ordinary	100%	Dormant	The Balvenie Maltings, Dufftown, Banffshire, AB44 4DH

**NOTES TO THE FINANCIAL STATEMENTS  
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**31. SUBSIDIARY UNDERTAKINGS (CONTINUED)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Registered office</b>
The Drambuie Liqueur Company Limited*	Ordinary	100%	Dormant	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4, 3AN
The Glenfiddich Distillery Company Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
The Hendrick's Gin Distillery Company Limited*	Ordinary	100%	Dormant	Grangestone Industrial Estate, Girvan, KA26 9PT
The Light Spirit Company Limited*	Ordinary	100%	Dormant	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
Tullamore Dew Company Limited*	Ordinary	100%	Dormant	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
Tullamore Dew Heritage Centre Limited*	Ordinary	100%	Dormant	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
William Grant & Sons Jersey Capital I Limited	Ordinary	100%	Investment company	5th Floor, 37 Esplanade, St Helier, Jersey, JE1 2TR
William Grant & Sons Jersey Capital II Limited	Ordinary	100%	Investment company	5th Floor, 37 Esplanade, St Helier, Jersey, JE1 2TR
William Grant & Sons Jersey Capital III Limited	Ordinary	100%	Investment company	5th Floor, 37 Esplanade, St Helier, Jersey, JE1 2TR
William Grant & Sons Jersey Capital IV Limited	Ordinary	100%	Investment company	5th Floor, 37 Esplanade, St Helier, Jersey, JE1 2TR
William Grant & Sons Jersey Capital V Limited	Ordinary	100%	Investment company	5th Floor, 37 Esplanade, St Helier, Jersey, JE1 2TR
William Grant & Sons (Taiwan) Co Limited*	Ordinary	100%	Distributor	16th Floor, No 76, Section 2 Tung-Hua South Road, Tai-An District Taipei 106
William Grant & Sons (AME) Limited*	Ordinary	100%	Distributor	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons (Canadian Distribution) Limited*	Ordinary	100%	Holding company	5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9
William Grant & Sons (Cyprus Holdings) Limited*	Ordinary	100%	Holding company	36 Ayias Elenis Street Galaxias Commercial Centre 4th Floor Office, 404 Nicosia 1061
William Grant & Sons (Cyprus) Limited*	Ordinary	100%	Management services	36 Ayias Elenis Street Galaxias Commercial Centre 4th Floor Office, 404 Nicosia 1061
William Grant & Sons (East) Limited Liability Company*	Ordinary	100%	Marketing services	13 Bldg 43 2-ya Zvenigorodskaya Street, Moscow, 123022
William Grant & Sons Australia Pty Limited*	Ordinary	100%	Distributor	Suite 21.02 111 Pacific Highway North Sydney, New South Wales, 2060
William Grant & Sons Brands Limited*	Ordinary	100%	Distributor	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons Canada Limited*	Ordinary	100%	Holding company	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH

**NOTES TO THE FINANCIAL STATEMENTS  
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**31. SUBSIDIARY UNDERTAKINGS (CONTINUED)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Registered office</b>
William Grant & Sons Distinction Limited*	Ordinary	100%	Dormant	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons Enterprises Limited*	Ordinary	100%	Holding company	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Exports Limited*	Ordinary	100%	Dormant	First floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU
William Grant & Sons General Partner Limited*	Ordinary	100%	Holding company	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Hong Kong Limited*	Ordinary	100%	Marketing	31/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
William Grant & Sons IML Limited*	Ordinary	100%	Dormant	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
William Grant & Sons Inc*	Common stock	100%	Distributor	130 Fieldcrest Avenue, Edison, New Jersey 0837
William Grant & Sons India Private Limited*	Ordinary	100%	Distributor	402 4th Floor, Vatika City Point M.G. Road, Gurgaon, Haryana 122002
William Grant & Sons International Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Investments Limited*	Ordinary	100%	Holding company	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Ireland Holdings Limited*	Ordinary	100%	Holding company	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
William Grant & Sons Irish Brands Limited*	Ordinary	100%	Distributor	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
William Grant & Sons Irish Manufacturing Limited*	Ordinary	100%	Distiller and distributor	4th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2
William Grant & Sons Korea Limited*	Ordinary	100%	Distributor	KR B/D 3F 186-3 Songpa Dong Seoul, 138 -170
William Grant & Sons Limited	Ordinary	100%	Management services	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Liquor Trading (Shanghai) Limited*	Ordinary	100%	Distributor	Room 1207-1208, 12F Block B SoHo Zhongshan Plaza, 1065 Zhongshan West Road, Changning District Shanghai
William Grant & Sons Management Limited*	Ordinary	100%	Dormant	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
William Grant & Sons Mexico S.A. De C.V.*	Ordinary	100%	Management services	Av. Paseo de los Tamarindos No 90 Torre 1, Piso 3 Bosques de las Lomas, Cuajimalpa de Morelos Disitrio Federal 05120
William Grant & Sons Netherlands B.V.*	Ordinary	100%	Holding company	Phoenix Crescent, Strathclyde Business Park, North Lanarkshire, ML4 3AN
William Grant & Sons Nordic AB*	Ordinary	100%	Dormant	Sveavagen 31, 111 34, Stockholm, Sweden
William Grant & Sons Pension Trustees Limited	Ordinary	100%	Trustee of pension scheme	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH

**NOTES TO THE FINANCIAL STATEMENTS  
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**31. SUBSIDIARY UNDERTAKINGS (CONTINUED)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Registered office</b>
William Grant & Sons Singapore Distribution PTE Limited*	Ordinary	100%	Distributor	1 Robinson Road, 17-00 AIA Tower, Singapore 048542
William Grant & Sons Singapore PTE Limited*	Ordinary	100%	Distributor	8 Temasek Boulevard, 18-03 Suntec Tower Three, Singapore, 038 988
William Grant & Sons UK Limited*	Ordinary	100%	Distributor	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons USA Corp.*	Common stock	100%	Holding company	Corporation Trust Centre, 1209 Orange Street Wilmington, Delaware 19801
William Grant & Sons Vietnam Company Limited*	Ordinary	100%	Distributor	Level 4, Vietcomreal Building, No 68 Nguyen Hue, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Wood and Company Limited*	Ordinary	100%	Dormant	Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons Colombia SAS*	Ordinary	100%	Distributor	Avenida 82 No 12-18, Bogota, Cundinamarca, Colombia 110221
William Grant & Sons Distillers Limited*	Ordinary	100%	Distiller and distributor	The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH
Hattonside Limited*	Ordinary	100%	Manufacture of gas	Grangestone Industrial Estate, Girvan, KA26 9PT
Tuthilltown Spirits LLC*	Common stock	100%	Distiller	14 Grist Mill Lane, Gardiner, NY 12525
Tuthilltown Properties LLC*	Common stock	100%	Property holder	14 Grist Mill Lane, Gardiner, NY 12525
William Grant & Sons US Distillers LLC*	Common stock	100%	Holding company	130 Fieldcrest Avenue, Edison, New Jersey 0837
William Grant & Sons Nigeria Limited*	Ordinary	100%	Marketing	3-5 Sinari Daranijo Street, Off Ajose Adeogun Street, Victoria Island, Lagos
William Grant & Sons Thailand Limited*	Ordinary	100%	Marketing	191 Silom Road, Silom Complex, Room 1709, 17th Floor, Bangrak, Bangkok 10500, Thailand
Prime Drinks SA*	Ordinary	35%	Distribution	Parque das Nacoes Rua do Polo Sul, No 2 4 Andar Fracao B, Lisboa 1990-273
The 1887 Company Limited*	Ordinary	25%	Distiller and Distributor	100 Queen Street, Glasgow, Scotland, G1 3DN
William Grant & Sons Brand Management Partnership*		100%		Independence House, 84 Lower Mortlake Road, Richmond, Surrey, TW9 2HS
William Grant & Sons Scottish Limited Partnership*		100%		The Glenfiddich Distillery, Dufftown, Banffshire, AB44 4DH