

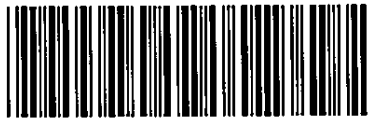
Registered No: SC 14666

The Drambuie Liqueur Company Limited

Directors' Report and Financial Statements

30 June 2012

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Directors and advisers

Directors

R A Stone (Chairman)
M J Kennedy (Chief Executive Officer)
S R Black
J Brown
T W Dewey
I R Graham
B R O'Neill
M B Rennie

Secretary

I R Graham

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Bankers

Lloyds Banking Group

Solicitors

Dundas & Wilson CS LLP

Registered Office

Springburn Bond
Carlisle Street
Glasgow G21 1EQ

Directors' report

The directors submit their annual report and the audited financial statements of the company for the year ended 30 June 2012.

Results and dividends

The results of the business for the year are set out in the attached financial statements. The profit for the year after taxation amounted to £3,048,000 (2011 – £1,715,000). An interim dividend of £1,816,000 (2011 – £1,691,000) was paid during the year.

Principal activity and review of the business

The principal activity of the company is the production, marketing and distribution of Drambuie. The directors intend to continue with this activity in the forthcoming year.

Principal risks and uncertainties

The company's principal financial instrument comprises cash. Other financial assets and liabilities, such as trade creditors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk

The company invests surplus cash in floating rate interest yielding bank deposit accounts. Therefore movements in interest rates can affect financial assets, liabilities, interest income and interest charges and cash flows.

Credit risk

The company aims to mitigate external credit risk by selling to as large and varied a customer base as possible in different geographical markets.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts.

Foreign currency risk

In the course of trading the company sells goods in foreign currency, principally US dollar, Canadian dollar and Euro. The company utilises currency bank accounts to receive such revenues. The company enters into forward contracts to mitigate its exposure to currency volatility.

Directors' report

Directors

The directors who served the company during the year were as follows:

R A Stone	(Chairman)
M J Kennedy	(Chief Executive Officer)
S R Black	
J Brown	
T W Dewey	
I R Graham	
B R O'Neill	
M B Rennie	

The directors retiring by rotation are Messrs Stone and Kennedy and Mrs Rennie who, being eligible, offer themselves for re-election. Mr TW Dewey, who was appointed to the Board on 15 July 2011, retires and offers himself for election.

Directors' 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

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

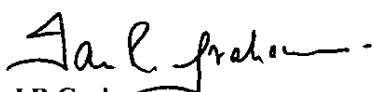
Charitable donations

Charitable donations made by the company during the year amounted to £3,750 (2011 - £nil).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members.

By order of the Board



I R Graham
Secretary

4 September 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of The Drambuie Liqueur Company Limited

We have audited the financial statements of The Drambuie Liqueur Company Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

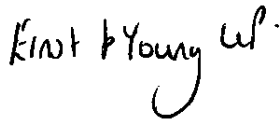
Independent auditors' report

to the members of The Drambuie Liqueur Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 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.



Annie Graham (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Glasgow

4 September 2012

Profit and loss account

for the year ended 30 June 2012

		<i>Before exceptional items</i>	<i>Exceptional items (note 3)</i>	<i>2012</i>	<i>Before exceptional items</i>	<i>Exceptional items (note 3)</i>	<i>2011</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	2	22,916	—	22,916	21,932	—	21,932
Cost of sales		(6,354)	—	(6,354)	(6,443)	—	(6,443)
Gross profit		16,562	—	16,562	15,489	—	15,489
Distribution costs		(10,991)	—	(10,991)	(10,784)	(311)	(11,095)
Administrative expenses		(1,942)	—	(1,942)	(1,892)	—	(1,892)
LTIP release		97	—	97	—	—	—
Operating profit	4	3,726	—	3,726	2,813	(311)	2,502
Interest receivable				2			6
Interest payable and similar charges	6			(7)			(134)
Other finance income	5			79			27
Profit on ordinary activities before taxation				3,800			2,401
Tax charge on profit on ordinary activities	7			(752)			(686)
Profit for the financial year	17			3,048			1,715

Statement of total recognised gains and losses

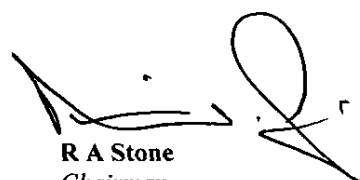
for the year ended 30 June 2012

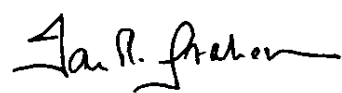
	<i>Note</i>	<i>2012</i> £000	<i>2011</i> £000
Profit for the financial year		3,048	1,715
Actuarial (loss)/gain on defined benefit pensions	5	(2,034)	779
Deferred tax associated with defined benefit pensions		490	(203)
Total recognised gains for the financial year		<u>1,504</u>	<u>2,291</u>

Balance sheet

at 30 June 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	1,814	1,996
Investments	10	500	500
		<u>2,314</u>	<u>2,496</u>
Current assets			
Stocks	11	11,438	11,501
Debtors	12	4,357	3,838
Cash at bank and in hand		642	285
		<u>16,437</u>	<u>15,624</u>
Creditors: amounts falling due within one year	13	(2,792)	(2,416)
		<u>(2,792)</u>	<u>(2,416)</u>
Net current assets		<u>13,645</u>	<u>13,208</u>
Total assets less current liabilities		<u>15,959</u>	<u>15,704</u>
Provisions for liabilities	14	(51)	(984)
Net assets excluding net pension (liabilities)/assets		<u>15,908</u>	<u>14,720</u>
Net pension (liabilities)/assets	5	(1,038)	462
Net assets including net pension (liabilities)/assets		<u><u>14,870</u></u>	<u><u>15,182</u></u>
Capital and reserves			
Called up share capital	15	5	5
Profit and loss account	16	14,865	15,177
Shareholders' funds - equity	17	<u><u>14,870</u></u>	<u><u>15,182</u></u>


R A Stone
Chairman


I R Graham
Finance Director

4 September 2012

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt from the requirement to prepare group financial statements.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a statement of cash flows on the grounds that a parent undertaking includes the company in its own published group financial statements.

As the company is a wholly-owned subsidiary of Drambuie Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The group financial statements of Drambuie Limited can be obtained from the address given in note 21.

Depreciation

Tangible assets are depreciated on a straight line basis over their expected useful lives. Principal rates of depreciation in use are as follows:

Plant and machinery (<i>including casks</i>)	– 10%
Computer equipment	– 20%/33%
Fixtures and fittings	– 10%/20%

Investments

Listed investments are stated at the lower of cost and market value. Other investments are stated at cost or, where in the opinion of the directors there has been a permanent diminution in value, written down amount.

Stocks

Stocks have been valued at the lower of cost, including excise duty where incurred, and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred taxation on accelerated capital allowances.

Foreign currency

Foreign currency transactions are principally recorded at an average rate or, where hedging contracts are in place, at the rates reflecting such contracts. Exchange differences are dealt with through the profit and loss account. Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date, as adjusted to take account of hedging contracts in place.

Pensions

The operating and financing costs of pensions are charged to the profit and loss account in the year in which they arise and are recognised separately. The cost of past service benefit enhancements, settlements and curtailments are also recognised in the year in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses. Pension costs are assessed in accordance with the advice of qualified actuaries.

With regard to the defined contribution scheme, the profit and loss charge represents contributions made.

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Operating leases

Payments under operating leases are charged to the profit and loss account in the year in which they are incurred.

Long-Term Incentive Plan

During the year the directors approved The Drambuie 2011-2016 Long-Term Incentive Plan ("LTIP"), which is a cash-based incentive scheme tied to the increase in shareholder value over the five year period ending 30 June 2016. Under the Plan provisions, employees who render services to the company will be rewarded for an increase in value of the company between 30 June 2011 and 30 June 2016. The Plan vests in equal instalments in December 2016 and December 2017 and will be settled in cash.

The estimated and proportionate cost of this cash-based LTIP is being recognised as an expense and charged to the profit and loss account over the five years ending 30 June 2016, based on the uplift in the company's value since 1 July 2011, applying consistent criteria from year to year.

2. Turnover

Turnover represents the invoiced amount of cased goods sold including whisky, exclusive of value added tax, and comprises:

	2012 £000	2011 £000
Europe	10,026	9,757
Americas	9,954	9,492
Rest of the world	2,928	2,491
Cased goods	22,908	21,740
Whisky	8	192
	<u>22,916</u>	<u>21,932</u>

3. Exceptional items

	2012 £000	2011 £000
Severance costs	—	(311)

Notes to the financial statements

at 30 June 2012

4. Operating profit

	2012 £000	2011 £000
The operating profit is stated after charging/(crediting):		
LTIP release	(97)	–
Depreciation of tangible assets	400	324
Auditors' remuneration – audit	33	32
Auditors' remuneration – non-audit	17	8
Operating leases – property	81	89
Exchange (gains)/losses	(516)	47

5. Employees

The average monthly number of employees was as follows:

	2012 Number	2011 Number
Administration and sales	21	21

	2012 £000	2011 £000
Wages and salaries	1,938	2,262
Social security costs	240	250
Pension charge	226	272
	2,404	2,784

Pension schemes

With regard to the defined benefit scheme to which the employees contribute, the charge to the profit and loss account is assessed in accordance with independent actuarial advice from Mercer Limited ('the Actuary') using the projected unit method. The profit and loss charge for the defined contribution scheme represents the contributions made.

The pension charge to the profit and loss account is analysed as follows:

	2012 £000	2011 £000
Defined benefit scheme	156	192
Defined contribution scheme	70	80
	226	272

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

FRS 17 movements

The Actuary undertook a valuation of The Drambuie Liqueur Company Limited Retirement Benefits Scheme as at 30 June 2012 (2011 – 30 June 2011) under FRS17.

In deriving the results, the Actuary used the projected unit method and the following financial assumptions:

	2012	2011	2010	2009	2008
	%	%	%	%	%
Rate of increase in salaries	3.8	4.7	4.4	4.4	4.8
Rate of increase in pensions:					
Pre 6 April 1997	0.0	0.0	0.0	0.0	0.0
Post 5 April 1997	3.3	3.1	3.1	3.1	3.4
Rate of increase in price inflation	2.8	3.7	3.4	3.4	3.8
Discount rate	4.4	5.5	5.4	6.4	6.2

Assumptions regarding future mortality experience are set based on advice from the Actuary in accordance with published statistics and experience in the business.

	2012		2011	
	Male	Female	Male	Female
Current, active or deferred member aged 45	24.9	28.3	24.5	27.9
Current pensioner members aged 65	23.1	26.2	22.7	25.8

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

Fair value of assets and expected return on assets

	<i>Long term rate of return %</i>	<i>Value at 30 June 2012 £000</i>	<i>Long term rate of return %</i>	<i>Value at 30 June 2011 £000</i>
Equities	5.3	5,570	7.0	5,784
Bonds	3.46	7,256	4.9	6,610
Cash	0.5	27	0.5	28
Total value of assets		12,853		12,422
Defined benefit obligation		(14,219)		(11,798)
Recognised in balance sheet		(1,366)		624
Related deferred tax asset/(liability)		328		(162)
Net pension (liabilities)/assets		(1,038)		462

An alternative method of valuation is the estimated cost of buying out benefits as at 30 June 2012 with a suitable insurer. This amount represents the amount that would be required to settle the Scheme liabilities at 30 June 2012 rather than the Group contribution to fund the ongoing liabilities of the Scheme. The Group estimates the amount required to settle the Scheme's liabilities at 30 June 2012 is £21 million, which gives a Scheme shortfall on a buy-out basis of approximately £8.1 million.

	<i>2012 £000</i>	<i>2011 £000</i>
Components of pension expense		
Amounts charged to profit and loss account		
Current service cost	156	192
Past service costs	—	—
Total amount charged to profit and loss account	156	192
Amounts included as other finance income		
Expected return on pension scheme assets	724	630
Interest on pension liabilities	(645)	(603)
Net financial return	79	27
Total pension cost recognised in profit and loss account	77	165

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

Amounts recognised in the statement of total recognised gains and losses

	2012 £000	2011 £000
(Loss)/gain on assets	(125)	879
Actuarial loss on defined benefit obligation	(1,909)	(100)
Actuarial (loss)/gain	(2,034)	779
Cumulative amount of actuarial (loss)/gain	(1,682)	352

Change in scheme assets during the year

	2012 £000	2011 £000
Fair value of assets at beginning of year	12,422	11,087
Expected return on assets	724	630
Company contributions	121	157
Employee contributions	40	52
Benefits and expenses paid	(329)	(383)
(Loss)/gain on assets	(125)	879
Fair value of assets at end of year	12,853	12,422

Change in defined benefit obligation during the year

	2012 £000	2011 £000
Defined benefit obligation at beginning of year	11,798	11,234
Current service cost	156	192
Interest cost	645	603
Employee contributions	40	52
Benefits and expenses paid	(329)	(383)
Actuarial loss on defined benefit obligation	1,909	100
Defined benefit obligation at end of year	14,219	11,798

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

Scheme asset categories

	2012		2011	
	<i>Percentage of scheme assets</i>	<i>Expected return on scheme assets</i>	<i>Percentage of scheme assets</i>	<i>Expected return on scheme assets</i>
Equity securities	43.3	5.3%	46.6	7.0%
Debt securities	56.5	3.46%	53.2	4.9%
Other	0.2	0.5%	0.2	0.5%
Weighted return	100.0		100.0	

To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

FRS17 five year history

	% of schemes assets/ liabilities	2012 £000	% of schemes assets/ liabilities	2011 £000	% of schemes assets/ liabilities	2010 £000	% of schemes assets/ liabilities	2009 £000	2008 £000
Benefit obligation at end of year		(14,219)		(11,798)		(11,234)		(9,190)	(9,432)
Fair value of scheme assets at end of year		12,853		12,422		11,087		9,242	9,802
(Deficit)/surplus		<u>(1,366)</u>		<u>624</u>		<u>(147)</u>		<u>52</u>	<u>370</u>
Difference between expected and actual return on scheme assets	(1%)	(125)	7%	879	13%	1,493	(12%)	(1,127)	(934)
Experience gains and losses on scheme liabilities	4%	608	0%	(16)	0%	30	1%	91	63

Notes to the financial statements

at 30 June 2012

5. Employees (continued)

	2012 £000	2011 £000
Directors' remuneration	475	460
Amounts received under LTIP	336	506

The remuneration of the highest paid director was £156,000 (2011 – £243,000, exclusive of compensation for loss of office amounting to £30,000). The highest paid director at the year end is a member of a defined contribution scheme, to which the company contributed £14,000. Retirement benefits are accruing to four directors under a defined benefit scheme.

6. Interest payable and similar charges

	2012 £000	2011 £000
Bank	7	134

7. Tax charge on profit on ordinary activities

	2012 £000	2011 £000
Corporation tax at 25.5% (2011 – 27.5%)	(490)	–
	(490)	–
<i>Deferred tax:</i>		
Capital allowances (note 14)	(16)	90
Long-Term Incentive Plan (note 12)	(246)	(776)
	(262)	(686)
	(752)	(686)
Profit on ordinary activities before taxation	3,800	2,401
Tax charge at standard rate 25.5% (2011 – 27.5%)	(969)	(660)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	–	(11)
Capital allowances in excess of depreciation	16	(89)
Difference between accounts profit and taxable profit on sale of fixed assets	6	5
Reduction in provisions disallowed	303	695
Group relief	154	60
Current tax for the year	(490)	–

Notes to the financial statements

at 30 June 2012

8. Dividends

	2012 £000	2011 £000
Ordinary shares of £1 each	1,816	1,691

9. Tangible assets

	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost:			
At 1 July 2011	2,809	58	2,867
Additions	174	44	218
Disposals	(29)	–	(29)
At 30 June 2012	2,954	102	3,056
Depreciation:			
At 1 July 2011	857	14	871
Charge for year	381	19	400
Disposals	(29)	–	(29)
At 30 June 2012	1,209	33	1,242
Net book value:			
At 30 June 2012	1,745	69	1,814
At 1 July 2011	1,952	44	1,996

10. Investments

	<i>Listed £000</i>	<i>Unlisted £000</i>	<i>Other £000</i>	<i>Total £000</i>
Cost:				
At 1 July 2011 and 30 June 2012	13	20	467	500

Listed and unlisted investments

The listed investments are quoted on The London Stock Exchange. The market value of listed investments at 30 June 2012 was £53,000 (2011 – £41,000). In the opinion of the directors, the market value of unlisted investments is equivalent to their book value.

Other investments

Other investments comprise The Jacobite Glass Collection.

Notes to the financial statements

at 30 June 2012

11. Stocks

	2012 £000	2011 £000
Raw materials and consumables	10,906	10,863
Work in progress	138	161
Finished goods and goods for resale	394	477
	<u>11,438</u>	<u>11,501</u>

12. Debtors

	2012 £000	2011 £000
Trade debtors	4,016	2,934
Other debtors	208	170
Prepayments and accrued income	133	488
Deferred taxation (note 7)	—	246
	<u>4,357</u>	<u>3,838</u>

13. Creditors

	2012 £000	2011 £000
Amounts falling due within one year:		
Trade creditors	458	354
Corporation tax	490	—
Accruals and deferred income	1,844	2,062
	<u>2,792</u>	<u>2,416</u>

Notes to the financial statements

at 30 June 2012

14. Provisions for liabilities

	<i>LTIP</i> <i>£000</i>	<i>Deferred</i> <i>taxation</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 1 July 2011	949	35	984
Movement in year	(97)	16	(81)
Utilised	(852)	–	(852)
At 30 June 2012	–	51	51

The Drambuie 2011-2016 Long-Term Incentive Plan ("LTIP") is a cash-based incentive scheme tied to the increase in shareholder value over the five year period to 30 June 2016, using consistent valuation criteria. Under the Plan provisions, employees who render services to the company will be rewarded for an increase in the company's value between 30 June 2011 and 30 June 2016. The Plan vests in equal instalments in December 2016 and December 2017 and will be settled in cash. Subject to the valuation of the company reaching a minimum level, participants in the LTIP will share in 6% of the increase in value of the company over the five year life of the Plan, limited to a predetermined maximum payment. The company's value will be assessed, based on multiples of robust and sustainable revenue and operating profit before tax and before any costs accruing in respect of the Plan itself.

15. Issued share capital

	<i>No.</i>	<i>2012</i> <i>£000</i>	<i>No.</i>	<i>2011</i> <i>£000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	5,000	5	5,000	5

16. Profit and loss account

	<i>£000</i>
At 1 July 2011	15,177
Actuarial loss (net of deferred tax)	(1,544)
Retained profit for the year (note 17)	1,232
At 30 June 2012	14,865

Notes to the financial statements

at 30 June 2012

17. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit after taxation for the financial year	3,048	1,715
Dividends	(1,816)	(1,691)
Retained profit	1,232	24
Actuarial (loss)/gain (net of deferred tax)	(1,544)	576
Net (reduction)/increase in shareholders' funds	(312)	600
Shareholders' funds at 1 July	15,182	14,582
Shareholders' funds at 30 June	14,870	15,182

18. Capital commitments

	2012 £000	2011 £000
Contracted but not provided for	—	45

19. Operating lease commitments

At the end of the financial year, the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	
	2012 £000	2011 £000
Operating leases which expire:		
Less than one year	—	—
Two to five years	70	215
	70	215

20. Contingent liabilities

The company has granted guarantees in favour of HM Revenue & Customs amounting to £162,000 (2011 – £146,000).

21. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking and controlling party to be Drambuie Limited, a company registered in Scotland. Copies of the financial statements of Drambuie Limited, in which the results of the company are consolidated, may be obtained from: The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.