

William Grant & Sons
Distillers Limited
Report and Accounts

30 December 2000

Registered Number 134248



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William Grant & Sons Distillers Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the 53 weeks to 30 December 2000.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £7,423,000. The directors do not propose the payment of a dividend leaving a profit of £7,423,000 to be taken to reserves.

PRINCIPAL ACTIVITIES

The company's principal activity during the period continued to be the distillation, blending and bottling of alcoholic beverages.

REVIEW OF THE BUSINESS

Business progressed well during the period. The company remains committed to developing its production base to meet the highest standards in quality, efficiency and customer service.

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

P Dollman	(appointed 22 August 2000)
G G Gordon	(resigned 8 August 2000)
J A Henderson	
K McKinlay	(appointed 3 October 2000)
S Nickerson	
A B C Short	
P Thomas	(appointed 9 August 2000)
G Welch	(resigned 17 March 2000)
W White	
W B Wood	(resigned 31 January 2000)

None of the directors had any interest in the share capital of the company or its ultimate parent company, William Grant & Sons Limited, at 30 December 2000.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

AUDITORS

A resolution to consider the re-appointment of Ernst & Young as auditors will be put to the members at the annual general meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The prospect for the company appears to be favourable as a result of the company's investment programme and the continuing development of personnel resources. Ongoing organisational developments and increased training are both helping out in this respect.

DISABLED EMPLOYEES

The group maintains a progressive employment policy towards disabled persons, providing equal opportunities for training and development.

EMPLOYEE INVOLVEMENT

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

The company continues to keep staff informed and involved in the progress of the company through the Company Annual Review, Local Reviews and Team Briefs.

On behalf of the Board



G D Tait
Secretary

29 March 2001

REPORT OF THE AUDITORS
to the members of William Grant & Sons Distillers Limited

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

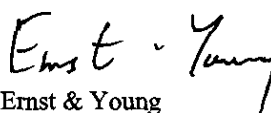
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 December 2000 and of its results for the financial period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Glasgow

29 March 2001

William Grant & Sons Distillers Limited

PROFIT AND LOSS ACCOUNT

for the 53 weeks ended 30 December 2000

	<i>Notes</i>	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
TURNOVER	1	121,046	119,424
Cost of sales		95,499	104,241
GROSS PROFIT		25,547	15,183
Administration expenses		6,477	5,511
OPERATING PROFIT	3	19,070	9,672
Interest payable	4	(8,538)	(10,194)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10,532	(522)
Tax on profit/(loss) on ordinary activities	5	(3,109)	666
PROFIT FOR THE PERIOD AFTER TAXATION		7,423	144

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit of £7,423,000 in the period ended 30 December 2000 (1999 - profit of £144,000).

William Grant & Sons Distillers Limited

BALANCE SHEET at 30 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	6		
Land and buildings		46,394	47,540
Plant, vehicles and casks		46,887	49,086
Investments	7	5	5
		<u>93,286</u>	<u>96,631</u>
CURRENT ASSETS			
Stocks	8	189,000	198,504
Debtors	9	59,526	70,273
Cash at bank and in hand		47,528	12,501
		<u>296,054</u>	<u>281,278</u>
CREDITORS: amounts falling due within one year	10	271,298	266,214
NET CURRENT ASSETS		<u>24,756</u>	<u>15,064</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>118,042</u>	<u>111,695</u>
CREDITORS: amounts falling due after more than one year			
Obligations under finance leases	11	5,699	7,308
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	11,893	11,212
ACCRUALS AND DEFERRED INCOME			
Deferred government grants		1,415	1,563
		<u>99,035</u>	<u>91,612</u>
CAPITAL AND RESERVES			
Called up share capital	13	80,000	80,000
Profit and loss account	14	19,035	11,612
EQUITY SHAREHOLDERS' FUNDS		<u>99,035</u>	<u>91,612</u>



J Henderson
Director

29 March 2001

ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off their cost in equal annual instalments over their expected useful lives, as follows:

Freehold buildings	-	25 to 50 years
Plant, vehicles and casks	-	5 to 20 years

DEFERRED GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferral account and are released to revenue at rates corresponding to those applied in depreciating the relevant assets.

STOCKS

Stocks are stated at the lower of cost or net realisable value. Cost consists of the expenditure in purchasing or producing stock and bringing it to its present location and condition as follows:

Raw materials	-	purchase cost on a first-in, first-out 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 estimated selling price in the normal course of business, less all additional costs to completion and disposal.

DEFERRED TAXATION

Deferred taxation is provided on all timing differences which are expected to reverse in the future calculated at the rate at which it is estimated that tax will be payable.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the 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 exchange gains or losses are taken to the profit and loss account.

LEASING COMMITMENTS

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

RELATED PARTY TRANSACTIONS

Related party transactions with group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard 8 "Related Party Disclosures".

William Grant & Sons Distillers Limited

NOTES TO THE ACCOUNTS

at 30 December 2000

1. TURNOVER

Turnover represents the amounts derived from the provision of goods which fall within the company's continuing ordinary activities, stated net of Duty and VAT.

An analysis of the turnover, profit and net assets by class of business and geographical origin has not been disclosed. The directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the company.

2. STAFF COSTS

	2000 £000	1999 £000
Wages and salaries	11,501	11,757
Social security costs	853	876
	<u>12,354</u>	<u>12,633</u>

The average weekly number of employees during the period was as follows:

	No.	No.
Administration	63	64
Production	506	540
	<u>569</u>	<u>604</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2000 £000	1999 £000
Depreciation:		
- owned assets	5,645	5,960
- leased assets	1,285	1,285
- included within stock	(2,028)	(2,055)
	<u></u>	<u></u>

The aggregate remuneration of all UK directors, excluding pension contributions, was £261,000 (1999 - £205,000). Aggregate compensation for loss of office was £780,000. The highest paid director received £89,000 (1999 - £68,000). The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is 6 (1999 - 8). The accumulated total accrued pension per annum for the highest paid director was £20,000 (1999 - £59,000).

Fees paid to the auditors for audit services amounted to £17,000 (1999 - £24,000).

William Grant & Sons Distillers Limited

NOTES TO THE ACCOUNTS

at 30 December 2000

4. INTEREST

	2000 £000	1999 £000
Payable:		
On bank loans and overdrafts	7,937	9,367
Finance charges payable under finance leases	601	1,003
	<u>8,538</u>	<u>10,370</u>
Receivable:		
On short term deposits	-	176
	<u>8,538</u>	<u>10,194</u>

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Based on the profit/(loss) for the period:		
UK corporation tax	(2,206)	240
Deferred tax	(919)	(25)
	<u>(3,125)</u>	<u>215</u>
Corporation tax (under)/over provided in previous years	(222)	125
Deferred tax overprovided in previous years	238	326
	<u>(3,109)</u>	<u>666</u>

6. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £000	<i>Plant, vehicles and casks</i> £000
Cost:		
At 25 December 1999	61,030	107,735
Additions	413	3,172
At 30 December 2000	<u>61,443</u>	<u>110,907</u>
Depreciation:		
At 25 December 1999	13,490	58,649
Provided during the period	1,559	5,371
At 30 December 2000	<u>15,049</u>	<u>64,020</u>
Net book value:		
At 30 December 2000	<u>46,394</u>	<u>46,887</u>
At 25 December 1999	<u>47,540</u>	<u>49,086</u>

William Grant & Sons Distillers Limited

NOTES TO THE ACCOUNTS

at 30 December 2000

6. TANGIBLE FIXED ASSETS (continued)

Included in freehold land and buildings is land of £5,635,000 (1999 - £5,635,000) which is not depreciated. The net book value of plant, vehicles and casks above includes an amount of £6,969,000 (1999 - £8,254,000) in respect of assets held under finance leases.

Commitments for capital expenditure contracted but not provided amounted to £2,034,000 (1999 - £586,000).

7. INVESTMENTS

	<i>Unlisted £000</i>
At cost, less amounts written off	
At 30 December 2000 and 25 December 1999	5

8. STOCKS

	<i>2000 £000</i>	<i>1999 £000</i>
Raw materials	2,396	2,084
Work in progress	170,368	177,633
Finished goods	16,236	18,787
	<u>189,000</u>	<u>198,504</u>

9. DEBTORS

	<i>2000 £000</i>	<i>1999 £000</i>
Trade debtors	41,825	47,617
Other debtors and prepayments	4,273	4,554
Corporation tax	-	2,455
Amounts owed by parent company and fellow subsidiaries	13,428	15,647
	<u>59,526</u>	<u>70,273</u>

10. CREDITORS: amounts falling due within one year

	<i>2000 £000</i>	<i>1999 £000</i>
Bank loans and overdrafts	103,000	126,269
Trade creditors	8,961	9,539
Other taxes and social security costs	1,045	3,362
Other creditors and accruals	3,043	4,323
Pensions	2,948	3,206
Amounts owed to parent company and fellow subsidiaries	150,691	117,480
Obligations under finance leases (note 11)	1,610	2,035
	<u>271,298</u>	<u>266,214</u>

William Grant & Sons Distillers Limited

NOTES TO THE ACCOUNTS at 30 December 2000

11. OBLIGATIONS UNDER FINANCE LEASES

	2000	1999
	£000	£000
Amounts payable within one year	2,017	2,576
In the second to fifth years inclusive	3,770	5,140
Over five years	3,419	4,067
Less finance charges allocated to future periods	(1,897)	(2,440)
	<u>7,309</u>	<u>9,343</u>
Shown as:		
	2000	1999
	£000	£000
Current obligations	1,610	2,035
Non-current obligations	5,699	7,308
	<u>7,309</u>	<u>9,343</u>

12. DEFERRED TAXATION

	2000	1999
	£000	£000
Capital allowances in advance of depreciation	9,511	9,475
Other timing differences	2,382	1,737
	<u>11,893</u>	<u>11,212</u>

13. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2000	1999	2000	1999
	No.	No.	£000	£000
Ordinary shares of £1 each	100,000,000	100,000,000	80,000	80,000

William Grant & Sons Distillers Limited

NOTES TO THE ACCOUNTS

at 30 December 2000

14. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity shareholders' funds £000</i>
At 26 December 1998	80,000	11,468	91,468
Profit for the period after taxation	-	144	144
At 25 December 1999	80,000	11,612	91,612
Profit for the period after taxation	-	7,423	7,423
At 30 December 2000	80,000	19,035	99,035

15. PENSION ARRANGEMENTS

The company is a member of a group pension scheme, details of which are given in the accounts of William Grant & Sons Limited, the company's ultimate parent company.

16. ULTIMATE PARENT COMPANY

The directors regard William Grant & Sons Limited, a company registered in Scotland, as the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.