

William Grant & Sons Distillers Limited

Report and Financial Statements

31 December 2011

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Directors' Report

Registered No: SC 134248

The directors present their report and financial statements for the year ended 31 December 2011.

Results and dividends

The profit for the year, after taxation, amounted to £62,369,000 (2010: £71,261,000). Dividends of nil (2010 – £20,000,000) were approved and paid by the company during the year, leaving a profit of £62,369,000 to be taken to reserves (2010: £51,261,000).

Principal activities

The company's principal activity during the year was the distillation, blending, bottling, marketing and distribution of alcoholic beverages.

Review of the business

The global economic conditions resulted in 2011 being another challenging year. However, despite these conditions, the company continued to strengthen its business by improving core brand equity, integrating the new core brand acquired during the previous year, and investing in employees and infrastructure.

The company remains focused on developing its core brands namely Grant's Family Reserve, Glenfiddich, The Balvenie, Hendrick's Gin, Sailor Jerry Spiced Rum, and Tullamore Dew Irish Whiskey. During the year around 5 million cases of Grant's Family Reserve and for the first time in many years over 1 million cases of Glenfiddich were sold. These volume levels were achieved while continuing to improve the premium positioning of these brands and therefore value was grown ahead of volume. During the year the company was awarded the IWSC Distiller of the Year.

Financials

The company's balance sheet position as at 31 December 2011 totalled net assets of £581.9m (2010: £521.0m) benefiting from capital investment and increased cased goods and maturing stocks. Considerable effort continued to be placed on the management of working capital.

The cumulative profit on ordinary activities before taxation, excluding exceptional income, ended the year at £103.6m (2010: £85.5m).

Reported turnover increased by 13.5% to £666.1m.

Operations

In January 2010, due to exceptional weather conditions, a number of warehouses at Dufftown were severely damaged due to excessive snow and ice loadings on their roofs. While the reinstatement and business disruption costs associated with this have been significant, other than the insurance excess, all costs have been met by the group's insurers. The arrangements that were put in place following this event ensured that business disruption was kept to a minimum and that no significant impact on the operational capacity of the group occurred. As the rebuilding of the old warehouses extends their useful economic life, with the costs incurred in doing so being met by insurance proceeds, an exceptional credit was recognised in the profit & loss account in 2010. As the build costs of the warehouses is slightly higher than anticipated an exceptional debit of £0.5m has been recognised in 2011.

Within the production operations, volumes at the Glenfiddich, and Ailsa Bay distilleries along with the grain distillery at Girvan were significantly higher than 2010 with record production levels being achieved for grain whisky spirit at Girvan. Operational efficiencies continued to improve across all distilling sites. Once again capital expenditure continued to focus on initiatives to improve efficiency, automate packaging operations, save energy and increase capacity. In addition to the continuing reconstruction of the Dufftown warehouses, the ongoing warehouse build program at Girvan continues. A further basin for the Anaerobic Reactor at the Girvan site was built during the year. Additional automation continued to be installed at the company's UK packaging facilities in Strathclyde Business Park, where, for the first time over 10 million cases were dispatched.

Directors' Report (continued)

Review of the business (continued)

Pension Schemes

During the year, the Company entered into a long term funding arrangements with the Trustees of the William Grant & Sons Pension scheme. Under the terms of a sale and leaseback arrangement, the Company transferred a number of warehouses into a Scottish Limited Partnership ("William Grant & Sons Scottish Limited Partnership") controlled by it and the Trustees of the pension scheme. Ongoing rental payments will be made by the company to William Grant & Sons Scottish Limited Partnership for the use of these warehouses for the purposes of its trade.

UK Bribery Act

In response to the UK Bribery Act that came into force on 1 July 2011 a new compliance function has been established. Its purpose is to ensure that the company, and all third parties providing services to it, operate in compliance with the Act. The company is currently engaged in rolling-out a global compliance programme involving training of employees and the implementation of a variety of measures designed to identify and mitigate bribery risk in all its business operations.

Industry

Although the recession's aftershocks continue to impact trade in many markets, 2011 marked a partial return to more normal trading conditions than those experienced in the last two years. That being said, while levels of growth have begun to return they have not reached growth levels experienced in the pre-recession period. Some growth was experienced in Asia Pacific driven by China's demand for Cognac and to a lesser degree Scotch whisky. However, in the United States and mature European markets, the introduction of widespread government austerity measures and duty rises have resulted in growth rates that are lower than what would otherwise have been the case. In Scotland, to tackle the cultural and social problem of alcohol abuse, the concept of minimum pricing has been reintroduced. The industry supports measures to encourage responsible drinking but remains concerned that the introduction of minimum pricing could encourage other countries to follow suit, with consequent damage to the industry's exports.

Outlook

With the outlook of economic uncertainty appearing to continue, it is expected that 2012 will be a challenging year with divestment, streamlining and consolidation expected to take place within the global spirits industry. While no doubt opportunities will arise from this, competition will intensify. The serious problems in the Euro zone, in particular Spain, Greece and Portugal, and the interlinked economic problems affecting many countries will have a negative impact on growth although it is considered that this may largely be offset by strong performance elsewhere. In particular the emerging markets of Brazil, Russia, India, China and Mexico are expected to do well and there is optimism concerning other parts of the world such as Africa, Asia and Eastern Europe.

Directors

The directors during the year were as follows:

S J David	
M Doyle	
G Dron	
K Fong	(resigned 30 September 2011)
S Hunt	
V L Jackson	(resigned 25 February 2011)
R McGinness	
D Strain	(appointed 9 September 2011)
B T Thomson	(appointed 1 March 2012)
W White	

Directors' Report (continued)

Financial risk management

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments consist of cash, short term deposits, borrowings and forward currency contracts, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk. The company has clear policies for managing each of these risks, as summarised below.

Interest rate risk

The company holds cash balances on floating rate short-term deposit and maintains borrowings, where this is considered to be commercially appropriate. The company's policy is to monitor the level of these balances to ensure that funds are available as required; recognising that interest earnings will be subject to interest rate fluctuations.

Foreign currency risk

The company buys and sells goods and services denominated in currencies other than sterling. The company manages receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The company seeks to mitigate its exposure to currency movements by working with the group's Treasury Committee to enter into forward currency contracts, denominated in the same currency as the operating funds flow, to match the exposures anticipated in the business. The forward contracts are entered into on the basis of regularly updated forecast information on the level of trading in each denominated currency. The company will seek to have an agreed proportion of its current year exposures matched to forward contracts, with lower percentages covered for the following year.

Future developments

The prospects for the company appear 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 in this respect.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy whenever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees, wherever appropriate.

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.

Directors' Report (continued)

Disclosure of information to the 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 aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

Auditors

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

On behalf of the board



D Strain
Director

21 September 2012

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- 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 to 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 shareholders of William Grant & Sons Distillers Limited

We have audited the financial statements of William Grant & Sons Distillers Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 18. 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 5, 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 (APB'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 report and financial statements 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 31 December 2011 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 shareholders of William Grant & Sons Distillers 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.



James Douglas Nisbet (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Glasgow

21 September 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	666,126	586,770
Cost of sales		(521,973)	(454,735)
Gross profit		144,153	132,035
Administration expenses		(41,260)	(45,766)
Distribution expenses		(4,719)	(3,768)
Operating profit	4	98,174	82,501
Exceptional items	5	(19,373)	9,370
Total Operating profit		78,801	91,871
Interest payable	6	(5,335)	(6,313)
Interest receivable	6	10,748	9,289
Profit on ordinary activities before taxation		84,214	94,847
Tax on profit on ordinary activities	7	(21,845)	(23,586)
Profit for the year after taxation		62,369	71,261

Statement of total recognised gains and losses

for the year ended 31 December 2011

	2011 £000	2010 £000
Profit for the financial year	62,369	71,261
Exchange difference on loans	(1,533)	836
Total recognised gains relating to the year	60,836	72,097

Notes to the financial statements

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	146,484	128,196
Investments	9	51,761	505
		<u>198,245</u>	<u>128,701</u>
Current assets			
Stocks	10	271,037	263,721
Debtors	11	853,788	743,518
Cash at bank and in hand		18,840	45,464
		<u>1,143,665</u>	<u>1,052,703</u>
Creditors: amounts falling due within one year	12	(673,989)	(636,795)
Net current assets		<u>469,676</u>	<u>415,908</u>
Total assets less current liabilities		<u>667,921</u>	<u>544,609</u>
Creditors: amounts falling due after more than one year			
Bank loans	13	(8,000)	(12,000)
Obligations under finance leases	14	(63,043)	-
		<u>(71,043)</u>	<u>(12,000)</u>
Provision for liabilities and charges			
Deferred taxation	7	(15,008)	(11,575)
		<u>581,870</u>	<u>521,034</u>
Capital and reserves			
Called up share capital	15/16	80,000	80,000
Profit and loss account	16	501,870	441,034
Equity shareholders' funds		<u>581,870</u>	<u>521,034</u>

Approved on behalf of the Board



D Strain
Director

21 September 2012

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Preparation of group financial statements

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 from preparing group financial statements, as it is a wholly owned subsidiary of a European Union parent which includes the company in its group financial statements.

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.

Investments

Investments in subsidiary undertakings are held at cost net of provisions for impairment. Investments are considered for impairment where there are indicators that impairment may exist.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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;

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Deferred taxation (continued)

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences arising on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Leasing commitments

Assets held under finance leases are capitalised in the balance sheet and are depreciated over the shorter of their useful lives and the lease term. The interest element of the rental obligations is charged to profit and loss account over the term 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".

Cash flow statement

Under FRS1 Cash Flow Statements the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking and consolidated financial statements which include the company are publicly available.

Retirement benefits

The company and other UK subsidiaries of William Grant & Sons Holdings Limited participate in a number of defined benefit pension plans. These plans are operated on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities and, in accordance with FRS 17, the company financial statements accounts for its contributions to the plans as if they are defined contribution plans.

Notes to the financial statements

at 31 December 2011

2. 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.

All turnover arises from continuing operations.

3. Staff costs

	2011 £000	2010 £000
Wages and salaries	28,082	26,954
Social security costs	2,537	2,427
	<u>30,619</u>	<u>29,381</u>

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

	2011 No.	2010 No.
Administration	107	103
Production	585	574
Selling	69	63
	<u>761</u>	<u>740</u>

4. Operating profit

This is stated after charging/(crediting):

	2011 £000	2010 £000
Depreciation - owned assets	12,980	12,199
- leased assets	189	319
- taken to stock	(4,564)	(4,424)
- released from stock	2,905	2,450
Release of deferred government grant	-	(83)
	<u></u>	<u></u>

The remuneration of the auditors is analysed as follows:

	2011 £000	2010 £000
Audit of the financial statements	71	69
	<u></u>	<u></u>

All audit fees have been met by the parent company, William Grant & Sons Limited.

All remuneration payments to directors were made by the parent company, William Grant & Sons Limited.

Notes to the financial statements

at 31 December 2011

5. Exceptional items

	2011 £000	2010 £000
Insurance claim	(473)	9,370
Disposal of tangible assets	(18,900)	-
	<u>(19,373)</u>	<u>9,370</u>

6. Interest

	2011 £000	2010 £000
<i>Payable:</i>		
On bank loans and overdrafts	(5,286)	(5,313)
Finance charges payable under finance leases	(49)	(82)
On amounts due to group undertakings	-	(918)
	<u>(5,335)</u>	<u>(6,313)</u>
<i>Receivable:</i>		
On short term deposits	2,886	2,609
On amounts due from group undertakings	7,853	6,610
Other	9	70
	<u>10,748</u>	<u>9,289</u>
Net interest receivable	<u>5,413</u>	<u>2,976</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2011 £000	2010 £000
<i>Current tax:</i>		
UK corporation tax	19,127	24,635
Tax overprovided in previous years	(715)	(1,076)
Total current tax (note 7(b))	<u>18,412</u>	<u>23,559</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	3,111	(292)
Tax underprovided in previous years	322	319
Deferred tax (note 7(c))	<u>3,433</u>	<u>27</u>
Tax on profit on ordinary activities	<u>21,845</u>	<u>23,586</u>

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are reconciled below:

	2011 £000	2010 £000
Profit on ordinary activities before tax	84,214	94,847
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	22,317	26,558
<i>Effects of:</i>		
Expenses not deductible for tax purposes	389	184
Depreciation on assets not qualifying for capital allowances	89	77
Release of regional development grant	-	(23)
(Accelerated) / Decelerated capital allowances	(3,919)	292
Tax overprovided in previous years	(716)	(1,076)
Exceptional insurance proceeds	-	(2,624)
UK to UK transfer pricing	252	171
Total current tax (note 7(a))	18,412	23,559

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2011 £000	2010 £000
Accelerated capital allowances	(10,934)	(7,705)
Other timing differences	(4,074)	(3,870)
Provision for deferred tax	(15,008)	(11,575)
		£000
At 1 January 2011		(11,575)
Deferred tax charge in profit and loss account (note 7(a))		(3,433)
At 31 December 2011		(15,008)

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(d) Factors that may affect future tax charges

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 26%, which was substantively enacted on 29 March 2011 and will be effective from 1 April 2011; and to 25%, which was substantively enacted on 5 July 2011 and will be effective from 1 April 2012.

On 21 March 2012, the Chancellor subsequently announced that the rate of corporation tax would fall to 24%, as opposed to 25%, from 1 April 2012, the subsequent 1% reductions per annum to 22% by 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

8. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant, vehicles and casks £000</i>	<i>Total £000</i>
<i>Cost:</i>			
At 1 January 2011	100,946	200,138	301,084
Additions	13,262	37,399	50,661
Disposals	-	(19,219)	(19,219)
At 31 December 2011	114,208	218,318	332,526
<i>Depreciation:</i>			
At 1 January 2011	34,357	138,531	172,888
Provided during the year	1,161	12,008	13,169
Disposals	-	(15)	(15)
At 31 December 2010	35,518	150,524	186,042
<i>Net book value:</i>			
At 31 December 2011	78,690	67,794	146,484
At 1 January 2011	66,589	61,607	128,196

Commitments for capital expenditure contracted but not provided amounted to £4,481,000 (2010: £3,106,000).

Notes to the financial statements

at 31 December 2011

9. Investments

	<i>Unlisted £000</i>
<i>At cost, less amounts written off</i>	
At 1 January 2011	505
Additions	51,256
At 31 December 2011	<u>51,761</u>

Investments in the year represent the investment in a Scottish Limited Partnership for non cash funding of the pension liability.

10. Stocks

	<i>2011 £000</i>	<i>2010 £000</i>
Raw materials	4,167	3,199
Work in progress	239,700	237,354
Finished goods	27,170	23,168
	<u>271,037</u>	<u>263,721</u>

11. Debtors

	<i>2011 £000</i>	<i>2010 £000</i>
Trade debtors	60,025	52,747
Other debtors and prepayments	61,898	18,889
Other taxes and social security	3,612	3,372
Amounts owed by parent company and fellow subsidiaries	728,253	668,510
	<u>853,788</u>	<u>743,518</u>

12. Creditors: amounts falling due within one year

	<i>2011 £000</i>	<i>2010 £000</i>
Bank loans and overdrafts	272,906	287,329
Trade creditors	27,915	22,249
Corporation tax	17,873	23,251
Other taxes and social security costs	1,456	1,255
Other creditors and accruals	41,821	42,725
Amounts owed to parent company and fellow subsidiaries	305,517	259,811
Obligations under finance leases (note 14)	6,501	175
	<u>673,989</u>	<u>636,795</u>

Notes to the financial statements

at 31 December 2011

13. Bank loans

	2011 £000	2010 £000
<i>Amounts falling due:</i>		
In one year or less	4,000	4,000
In more than one year but not more than two years	4,000	4,000
In more than two years but not more than five years	4,000	8,000
Included in creditors: amounts falling due after more than one year	8,000	12,000
	<u>12,000</u>	<u>16,000</u>

14. Obligations under finance leases

	2011 £000	2010 £000
Amounts payable within one year (note 12)	6,501	175
In the second to fifth years inclusive	114,886	-
Less: finance charges allocated to future years	(51,844)	-
	<u>69,543</u>	<u>175</u>

Shown as:

	2011 £000	2010 £000
Current obligations	6,501	175
Non-current obligations	63,042	-
	<u>69,543</u>	<u>175</u>

15. Share capital

	2011 No	Authorised 2010 No	Allotted, called up and fully paid 2011 £000	2010 £000
Ordinary shares of £1 each	100,000,000	100,000,000	80,000	80,000

Notes to the financial statements

at 31 December 2011

16. 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 1 January 2010	80,000	388,937	468,937
Profit for the year after taxation	-	71,261	71,261
Exchange difference on loans	-	836	836
Ordinary Dividends		(20,000)	(20,000)
At 1 January 2011	80,000	441,034	521,034
Profit for the year after taxation	-	62,369	62,369
Exchange difference on loans	-	(1,533)	(1,533)
Ordinary dividends	-	-	-
At 31 December 2011	80,000	501,870	581,870

17. Pension arrangements

The company participates in a number of defined benefit schemes operated by William Grant & Sons Limited in the UK. The schemes have a Financial Reporting Standard 17 deficit as at 31 December 2011. It is not possible to separately identify each subsidiary's share of the underlying assets and liabilities in the schemes and hence Financial Reporting Standard 17 allows the company to account for its contributions to the schemes as if it were a defined contribution scheme.

FRS 17 Retirement Benefits

The group operates defined benefit pension arrangements in the UK. At 31 December 2011 an independent qualified actuary completed a review of the scheme for Financial Reporting Standard 17 disclosure purposes. The latest actuarial valuations were made by an independent qualified actuary as at 5 April 2009.

The weighted averages of the major assumptions used by the actuary were:

	<i>2011 UK %</i>	<i>2010 UK %</i>	<i>2009 UK %</i>	<i>2008 UK %</i>	<i>2007 UK %</i>
Rate of increase in salaries	3.70	4.00	4.50	3.80	4.30
Rate of increase in pensions in payment	2.90	3.10	3.30	2.60	3.00
Discount rate	4.70	5.30	5.70	5.80	5.70
Inflation	3.00	3.30	3.50	2.80	3.30

During the year, amending the 10 year funding plan previously agreed with the Scheme Trustees, the group reached agreement with the Scheme Trustees to enter into an alternative security arrangement. This involved the group contributing £25.2m to the scheme which was then used to buy 16 warehouses from the group. These warehouses will continue to be used by the group who will pay rent to the scheme for doing so until 5 April 2027. After 5 April 2027 ownership of the warehouses will pass back to the group. This arrangement has no impact on the benefits provided under the scheme but provided increased security to the scheme. The next full triennial valuation exercise is due to be carried out at 5 April 2012.

Notes to the financial statements

at 31 December 2011

17. Pension arrangements (continued)

The assets and liabilities of the schemes and the weighted average expected rates of return at 31 December 2011 were:

	2011		2010		2009		2008		2007	
	%	UK	%	UK	%	UK	%	UK	%	UK
		£000		£000		£000		£000		£000
Equities	5.3	68,308	6.7	74,576	7.0	65,225	6.4	48,221	7.0	56,617
Bonds	4.7	32,980	4.8	37,862	5.1	26,285	5.1	25,435	5.3	34,813
Property	5.3	8,805	6.7	2,295	7.0	5,841	7.0	5,782		-
Total market value of assets		110,093		114,733		97,351		79,438		91,430
Actuarial value of scheme liabilities		(162,953)		(147,026)		(141,932)		(110,022)		(112,960)
Pension liability before deferred tax		(52,860)		(32,293)		(44,581)		(30,584)		(21,530)
Related deferred tax asset		13,215		8,719		12,483		8,564		6,028
Net pension liability		(39,645)		(23,574)		(32,098)		(22,020)		(15,502)

History of experience gains and losses:

	2011	2010	2009	2008	2007
	UK	UK	UK	UK	UK
	£000	£000	£000	£000	£000
Difference between the actual and expected return on assets:					
Value of assets	(8,683)	5,676	11,331	(20,205)	(1,891)
Percentage of assets	8%	5%	12%	25%	2%
Experience gains/(loss) on liabilities:					
Present value of liabilities	(1)	(1,440)	(4,250)	(1,700)	2
Percentage of the present value of liabilities	0%	1%	3%	2%	-
Actuarial gains/(losses) recognised in statement of recognised gains and losses:					
Present value of liabilities	(17,004)	2,471	(14,782)	(10,784)	6,516
Percentage of the present value of liabilities	10%	2%	10%	10%	6%

18. Ultimate parent company

The company's immediate parent undertaking is William Grant & Sons Limited. William Grant & Sons Holdings Limited is the ultimate parent undertaking. William Grant & Sons Holdings Limited is the ultimate parent undertaking. Consequently the company is included in its group financial statements. The address from which copies of these group financial statements are available to the public is: The Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.