

William Grant & Sons Investments Limited

Report and Financial Statements

31 December 2012

Registered No. SC 134251

SATURDAY



S2HURFMO

SCT

28/09/2013

#53

COMPANIES HOUSE

William Grant & Sons Investments Limited

Directors

A S McLean
E J Henderson

Auditors

Ernst & Young LLP
G1, 5 George Square,
Glasgow, G2 1DY

Bankers

Royal Bank of Scotland
10 Gordon Street
GLASGOW
G1 3PL

Registered Office

The Glenfiddich Distillery
Dufftown
Banffshire
AB55 4DH

Directors' report

Registered No. SC 134251

The directors present their report and financial statements for the year ended 31 December 2012.

Results and dividends

The loss for the year after taxation amounted to £6,894,000 (2011 – loss of £7,005,000). The directors do not propose the payment of a dividend leaving a loss of £6,894,000 to be taken to reserves (2011 – £7,005,000 loss).

Principal activities and review of the business

The company's principal activity continued to be the holding of investments of the group's interests, primarily located outside the UK.

The business has progressed well and has allowed the overseas operations to continue to develop by concentrating on the key issues in the respective markets.

Future developments

Wherever possible, future growth opportunities will be identified and will be developed.

Principal risks and uncertainties

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 operations and to reduce the impact of currency exchange rate movements on results.

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 charges will be subject to interest rate fluctuations.

Foreign currency risk

The company receives investment income denominated in currencies other than sterling. The company manages receipts and payments through the operation of other denominated currency bank financial statements. As a result of the value of the company's non-sterling revenues, 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.

Directors

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

A S McLean
E J Henderson

Directors' report (continued)

Directors' liabilities

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.

Going Concern

The company'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 derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Business Review.

The company has sufficient financial resources together with long term contracts with a number of customers and suppliers across different geographical areas and industries. As a consequence of this and the support of the group which is very well funded, the directors believe that the company 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 accounts.

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 they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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



E.J. Henderson
Director

30th April 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 (continued)

to the members of William Grant & Sons Investments Limited

We have audited the financial statements of William Grant & Sons Investments Limited for the year ended 31 December 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 10. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 31 December 2012 and of its loss 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.

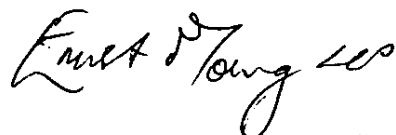
Independent auditors' report (continued)

to the members of William Grant & Sons Investments 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
30th April 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Income from investments	2	3,298	1,906
Other operating costs		(139)	(91)
Operating profit	3	3,159	1,815
Interest payable to group companies		(9,135)	(9,209)
Loss on ordinary activities before taxation		(5,976)	(7,394)
Tax	4	(918)	389
Loss for the financial year	9	(6,894)	(7,005)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £6,894,000 in the year ended 31 December 2012 (2011 – loss of £7,005,000).

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Investments			
Subsidiary undertakings at cost	5	73,996	74,468
Current assets			
Debtors	6	254,456	255,476
Cash at bank and in hand		35,876	32,188
		290,332	287,664
Creditors: amounts falling due within one year	7	(303,164)	(294,074)
Net current liabilities		(12,832)	(6,410)
Total assets less current liabilities		61,164	68,058
Capital and reserves			
Called up share capital	8	7,000	7,000
Profit and loss account	9	54,164	61,058
Shareholders' funds	9	61,164	68,058

Approved on behalf of the board



E.J. Henderson
Director
30th April 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

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

Fundamental accounting concept

The company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due.

The ultimate parent undertaking has agreed to provide sufficient funds to the company for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Going concern

The ultimate parent undertaking has agreed to provide sufficient funds to the company for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis. This agreement covers a minimum period of 12 months from the date of signing the financial statements.

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.

Statement of cash flows

Under FRS 1 Statement of Cash Flows the company is exempt from the requirement to prepare a statements cash flows because it is a wholly owned subsidiary undertaking and group financial statements which include the company are publicly available.

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.

Foreign currencies

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.

Related party transactions

Related party transactions with group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in FRS 8 'Related Party Disclosures'.

Notes to the financial statements

at 31 December 2012

2. Income from investments

	2012	2011
	£000	£000
Dividend income	3,298	1,906

3. Operating Profit

The remuneration of the auditors is analysed as follows:

	2012	2011
	£000	£000
Audit of the financial statements	8	6

All audit fees were paid by an intermediate parent undertaking, William Grant & Sons Limited.

The company did not employ any staff in the current or preceding year. All remuneration payments to directors were made by an intermediate parent undertaking, William Grant & Sons Limited. There are no directors emoluments paid in relation to qualifying services.

4. Tax

(a) Tax on loss on ordinary activities

The tax on loss is made up as follows:

	2012	2011
	£000	£000
Current tax:		
UK corporation tax on the loss for the year	1,095	347
Tax under provided in prior years	(1,877)	(149)
Overseas tax	(136)	191
Total current tax (note 4(b))	(918)	389

Notes to the financial statements

at 31 December 2012

4. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5 %). The differences are explained below:

	2012 £000	2011 £000
Loss on ordinary activities before tax	(5,976)	(7,394)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	1,464	1,959
<i>Effects of:</i>		
Tax under provided in prior years	(1,877)	(149)
Effect of underlying overseas tax	(141)	–
Non-taxable dividends	808	505
Taxable credit on convertible loan	(1,172)	(2,117)
Overseas tax credit due	–	191
Current tax for the year (note 4(a))	(918)	389

(c) Factors that may affect future tax charges

The Chancellor announced that the rate of Corporation Tax would fall to 20% by 1 April 2015. The reduction of the Corporation Tax rate from 26% to 24% will be effective from 1 April 2012; and to 23% effective from 1 April 2013 as included in the Finance Bill enacted on 17 July 2012. The reduction in the rate to 23% was enacted at the balance sheet date and therefore recognised in these financial statements.

5. Investments

(a) Subsidiaries and associates:

	2012 £000	2011 £000
At cost:		
At 1 January	74,468	75,081
Exchange differences	(1,081)	(998)
Additions	609	385
At 31 December	73,996	74,468

The additions shown above included investments in William Grant & Sons Nordics, William Grant & Sons Brazil and William Grant & Sons Singapore.

Notes to the financial statements

at 31 December 2012

5. Investments (continued)

(b) Principal subsidiaries and associates:

	<i>Country of incorporation/ registration and operation</i>	<i>Share held</i>	<i>Proportion of voting rights and shares held</i>	<i>Activity</i>
Subsidiaries				
William Grant & Sons Canada Limited	Scotland	Ordinary	100%	Investments
William Grant & Sons Canadian Distribution Limited	Canada	Ordinary	100%	Investments
William Grant & Sons Liquor Trading (Shanghai) Limited	China	Ordinary	100%	Distributor
William Grant & Sons Taiwan Limited	Taiwan	Ordinary	100%	Distributor
William Grant & Sons, Inc.	USA	Common stock	100%	Distributor
First Drinks Brands Limited	England	Ordinary	100%	Distributor
Tequilera Milagro, SA de CV	Mexico	Ordinary	51%	Distributor and Producer
Tequilera Milagro, SA de CV*	Mexico	Ordinary	49%	Producer and Distributor
Peter Mielzynski Agencies Limited*	Canada	Ordinary	63%	Distributor
William Grant & Sons Cyprus Holdings Limited	Cyprus	Ordinary	100%	Parent undertaking
William Grant & Sons Irish Holdings Limited*	Ireland	Ordinary	100%	Parent undertaking
William Grant & Sons Columbia SAS	Columbia	Ordinary	100%	Distributor

* Held by a Subsidiary.

Associates

PrimeDrinks SA	Portugal	Ordinary	35%	Distributor
Lixir SAS	France	Ordinary	50%	Distributor
William Grant & Sons Korea Limited	South Korea	Ordinary	51%	Distributor

6. Debtors

	<i>2012 £000</i>	<i>2011 £000</i>
Amounts owed by parent undertaking and fellow subsidiaries	251,764	252,974
Current taxation	2,606	2,407
Other taxes	86	95
	<u>254,456</u>	<u>255,476</u>

Notes to the financial statements

at 31 December 2012

7. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to parent undertaking and fellow subsidiaries	303,029	294,074
Current taxation	126	–
Other creditors	9	–
	<u>303,164</u>	<u>294,074</u>

8. Issued share capital

	No.	2012 £000	No.	2011 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	7,000,002	<u>7,000</u>	7,000,002	<u>7,000</u>

9. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2011	7,000	68,063	75,063
Loss for the year after taxation	–	(7,005)	(7,005)
At 1 January 2012	7,000	61,058	68,058
Loss for the year after taxation	–	(6,894)	(6,894)
At 31 December 2012	<u>7,000</u>	<u>54,164</u>	<u>61,164</u>

10. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is William Grant & Sons Limited. William Grant & Sons Holdings Limited is the ultimate parent undertaking. The group of companies, of which William Grant & Sons Holdings Limited is the ultimate parent undertaking, is the largest group in which the company is a member. 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.

William Grant & Sons Holdings Limited has confirmed that it is its current intention to continue to provide sufficient financial support for the company to enable it to meet its current and future obligations over the next twelve months.