

Company Registration No. SC331555 (Scotland)

**CHIVAS HOLDINGS (IP) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**



# CHIVAS HOLDINGS (IP) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S Macnab H Fetter
<b>Secretaries</b>	S Watson A Mapplebeck
<b>Company number</b>	SC331555
<b>Registered office</b>	111/113 Renfrew Road Paisley PA3 4DY
<b>Auditors</b>	Mazars LLP 90 St. Vincent Street Glasgow G2 5UB

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# CHIVAS HOLDINGS (IP) LIMITED

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# CHIVAS HOLDINGS (IP) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2014

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The directors present their report and financial statements for the year ended 30 June 2014.

#### Principal activities

The principal activity of the Company is the ownership and management of a portfolio of intellectual property trademarks relating to the Pernod Ricard Scotch Whisky business.

#### Results and dividends

The results for the year are set out on page 5.

The directors did not declare or pay any dividends in the year 30 June 2014.

On 20th December 2012 a dividend of £446,209,655 was declared to the holder of the Company's preference shares, Chivas Brothers (Holdings) Limited, a fellow group company. The dividend was paid on 3rd January 2013.

#### Directors

The following directors have held office since 1 July 2013:

S Macnab  
H Fetter

#### Auditors

Mazars LLP continue in office in accordance with section 485 of the Companies Act 2006.

#### 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 period. In preparing these 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 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.

# CHIVAS HOLDINGS (IP) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2014**

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### Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The report of the directors has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the board



S Macnab

**Director**

10 December 2014

# CHIVAS HOLDINGS (IP) LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CHIVAS HOLDINGS (IP) LIMITED

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We have audited the financial statements of Chivas Holdings (IP) Limited for the year ended 30 June 2014 comprising the Profit & Loss account, Balance Sheet and related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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. 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.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on 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 2014 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.

# CHIVAS HOLDINGS (IP) LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

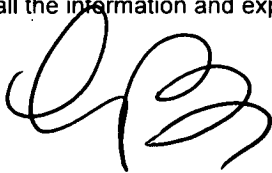
### TO THE MEMBERS OF CHIVAS HOLDINGS (IP) LIMITED

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#### **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.



**Jacqueline Berry**  
**(Senior Statutory Auditor)**  
for and on behalf of Mazars LLP

10 December 2014

**Chartered Accountants and Statutory Auditor**

90 St. Vincent Street  
Glasgow  
G2 5UB

# CHIVAS HOLDINGS (IP) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2014

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	Notes	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Administrative expenses		(557)	(592)
Other operating income		722	744
<b>Operating profit</b>	<b>3</b>	<u>165</u>	<u>152</u>
<b>Profit on ordinary activities before interest</b>		165	152
Interest receivable and similar income	4	4	1
Income from shares in group undertakings		30,167	18,970
Interest payable and similar charges	5	(9,991)	(5,175)
<b>Profit on ordinary activities before taxation</b>		<u>20,345</u>	<u>13,948</u>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the year</b>	<b>14</b>	<u><u>20,345</u></u>	<u><u>13,948</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Accordingly, no Statement of Total Recognised Gains and Losses is presented.



# CHIVAS HOLDINGS (IP) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2014

		2014		2013	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8		326,297		326,297
Investments	9		4,744,969		4,744,969
			<u>5,071,266</u>		<u>5,071,266</u>
<b>Current assets</b>					
Debtors	10	348		179	
		<u>348</u>		<u>179</u>	
<b>Net current assets</b>			348		179
			<u>348</u>		<u>179</u>
<b>Total assets less current liabilities</b>			5,071,614		5,071,445
			<u>5,071,614</u>		<u>5,071,445</u>
<b>Creditors: amounts falling due after more than one year</b>	11		(428,640)		(448,816)
			<u>(428,640)</u>		<u>(448,816)</u>
			<u>4,642,974</u>		<u>4,622,629</u>
<b>Capital and reserves</b>					
Called up share capital	13		2,012,429		2,012,429
Other reserves	14		5,429		5,429
Profit and loss account	14		2,625,116		2,604,771
			<u>2,625,116</u>		<u>2,604,771</u>
<b>Shareholders' funds</b>	15		4,642,974		4,622,629
			<u>4,642,974</u>		<u>4,622,629</u>

Approved by the Board and authorised for issue on 10 December 2014



S Macnab  
Director

Company Registration No. SC331555

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Intangible assets

Intangible assets consists of the brands owned by the entity. The value of the brands are the historic value attached to them. As the brands have an indefinite useful life they are not amortised.

#### 1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.5 Pensions

The Company participates in the Chivas Brothers Limited group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

The Company also operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.6 Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at future dates, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 1.7 Group accounts

The financial statements contain information about the company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Pernod Ricard S.A., a company incorporated in France.

#### 1.8 Current taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted by the balance sheet date.

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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**1 Accounting policies** **(Continued)**

**1.9 Cash flow statement**

In accordance with Financial Reporting Standard No1 (Revised) the Company is exempt from preparing a cash flow statement as its ultimate parent undertaking, Pernod Ricard S.A., has included a cash flow statement in its financial statements which are publicly available.

<b>2 Other operating income</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Royalties received	110	93
Costs recharged to other group companies	612	651
	<u>722</u>	<u>744</u>

**3 Operating profit**

The current and prior year audit fee was borne by a fellow group company.

<b>4 Interest receivable and similar income</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Interest receivable from fellow group undertakings	4	1
	<u>4</u>	<u>1</u>

<b>5 Interest payable and similar charges</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
On amounts payable to group companies	9,991	5,175
	<u>9,991</u>	<u>5,175</u>

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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6	Taxation	2014 £'000	2013 £'000
	Total current tax	-	-
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	20,345	13,948
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.50% (2013 - 23.75%)	4,578	3,313
	Effects of:		
	Dividends not subject to UK corporation tax	(6,788)	(4,505)
	Surrender of tax losses (from) / to group companies	2,210	1,192
		(4,578)	(3,313)
	<b>Current tax charge for the year</b>	-	-

The tax credit in the year to 30 June 2014 has been reduced by £2,210,000 (30 June 2013: £1,192,000) in respect of group relief claimed from group undertakings for nil consideration.

### Factors that may affect future tax charges

The company's tax charge in future periods will be affected by the availability of group relief for any losses that are incurred by other group undertakings.

7	Dividends	2014 £'000	2013 £'000
	Preference dividend paid	-	446,210

On 20th December 2012 a dividend of £446,209,655 was declared to the holder of the Company's preference shares, Chivas Brothers (Holdings) Limited, a fellow group company. The dividend was paid on 3rd January 2013.

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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### 8 Intangible fixed assets

	<b>Intellectual property rights</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 July 2013 & at 30 June 2014	326,397
	<hr/>
<b>Amortisation</b>	
At 1 July 2013 & at 30 June 2014	100
	<hr/>
<b>Net book value</b>	
At 30 June 2014	326,297
	<hr/> <hr/>
At 30 June 2013	326,297
	<hr/> <hr/>

At close of business on 31 March 2008, and as part of a reorganisation of its Scotch Whisky trademarks in the UK by Pernod Ricard, the Company acquired reversionary interests in the Chivas Regal, Royal Salute and 100 Pipers brands from Chivas Brothers (America) Limited, Chivas Brothers (Europe) Limited, Chivas Brothers (Japan) Limited and Chivas Brothers Pernod Ricard.

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

### 9 Fixed asset investments

	Interest in group undertakings £'000
<b>Cost</b>	
At 1 July 2013 & at 30 June 2014	4,744,969
<b>Net book value</b>	
At 30 June 2014	4,744,969
At 30 June 2013	4,744,969

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Allied Domecq Spirits and Wine Holdings Limited	England	Ordinary	57.20
Cock, Russell & Company Limited	England	Ordinary	100.00

<b>10 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by parent and fellow subsidiary undertakings	348	179
<b>11 Creditors: amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	428,640	448,816
<b>Loan maturity analysis</b>		
In more than two years but not more than five years	428,640	448,816

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

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### 12 Pension commitments

The Company is a member of the Chivas Brothers Pension Scheme. The scheme is a group defined benefit pension scheme, and, as such, the Company cannot allocate the assets or liabilities of the scheme relating only to the Company.

The most recent triennial actuarial valuation is as at 5 April 2012. This was prepared by Mercer Human Resource Consulting Limited using the Projected Unit Method. The main actuarial assumptions were (a) price inflation of 3.3% per annum, (b) discount rate of 4.7%, (c) salary increases of 3.55% per annum and (d) Limited Price Indexation pension increases of 3.20% per annum. The valuation showed that the market value of the assets of the scheme was £266,300,000 and the actuarial value of the assets was sufficient to cover the value of each member's accrued benefits based on projected salaries to the extent of 82%. During the year the Company contributed £35,000 (2013: £52,000) to the Scheme. The Company expects to contribute approximately £34,000 during the year to 30 June 2015.

The pension scheme shows an FRS 17 deficit, as at 30 June 2014, of £41,721,000 (2013: £18,873,000), net of deferred tax.

For the purposes of these financial statements, these figures are illustrative only and do not impact on the results or the balance sheet of the Company.

#### Defined Contribution Scheme

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. Contributions payable by the Company during the year amounted to £38,958 (2013: £22,917) and have been recognised in the profit and loss account. As at the balance sheet date, contributions amounting to £1,644 (2013: £3,761) had not been paid over to the fund and are included within Creditors.

13 Share capital	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid</b>		
529,317 Ordinary shares of £1 each	529	529
2,011,900,000 Preference shares of £1 each	2,011,900	2,011,900
	<u>2,012,429</u>	<u>2,012,429</u>

The preference shares carry a fixed cumulative annual dividend of 9.22% and an aggregate class voting right of 5%.

The preference share rights are such that dividends are payable at the discretion of directors.

# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

### 14 Statement of movements on reserves

	Other reserves (see below)	Profit and loss account
	£'000	£'000
Balance at 1 July 2013	5,429	2,604,771
Profit for the year	-	20,345
	<hr/>	<hr/>
Balance at 30 June 2014	5,429	2,625,116
	<hr/> <hr/>	<hr/> <hr/>
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 July 2013 & at 30 June 2014	5,429	
	<hr/> <hr/>	

Cumulative unpaid preference dividends at 30 June 2014 amounted to £370,994,000 (30 June 2013: £185,497,000).

### 15 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	20,345	13,948
Dividends	-	(446,210)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	20,345	(432,262)
Opening shareholders' funds	4,622,629	5,054,891
	<hr/>	<hr/>
Closing shareholders' funds	4,642,974	4,622,629
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# CHIVAS HOLDINGS (IP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Intellectual property team	7	10
	<u>7</u>	<u>10</u>
<b>Employment costs</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Wages and salaries	487	450
Social security costs	23	44
Other pension costs	47	98
	<u>557</u>	<u>592</u>

The directors received no remuneration during the year to 30 June 2014 in respect of their services to the Company (30 June 2013: £nil).

### 17 Control

The ultimate parent undertaking and controlling party was Pernod Ricard S.A., a company incorporated in France. Copies of its annual report may be obtained from 12 Place des Etats-Unis, 75783 Paris, Cedex 16, France. This is the largest and smallest group into whose consolidated accounts the Company's financial information is consolidated.

### 18 Related party relationships and transactions

The Company is included in the consolidated financial statements of Pernod Ricard S.A., the ultimate parent company, which are publicly available.

Accordingly, the Company has taken advantage of the exemption offered by Financial Reporting Standard No. 8 from disclosing related party transactions with other wholly owned undertakings within the Pernod Ricard S.A. Group.