



**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**For the year ended
31 March 2023**

VAT Registration Number 130905442
Scottish Charity Number SC002970
A Member of the Scottish Grant Makers
A Member of the Scottish Funders Forum
A Member of the Association of Charitable Foundations

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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**THE ROBERTSON TRUST
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CHAIR'S STATEMENT

In my second year as Chair of The Robertson Trust, and the first in our three-year delivery plan stretching to March 2025, we have seen increasing pressures placed onto the charities we fund and the people they work with. Throughout the year, Board colleagues have been motivated by their resilience in navigating these pressures and risks, and by the impact they continuing to make – despite these headwinds - in addressing poverty and trauma across Scotland. It is something we never take for granted.

Our role as principal shareholder in The Edrington Group, and the success of the company's strategy, means we continue to receive a dividend which accounts for the majority of our charitable expenditure. Following an audit tender and technical review we present consolidated accounts including The Edrington Group for the first time. A partial sale of Edrington shares has diversified and is increasing our investment income through a managed portfolio of assets which is subject to responsible investment principles. We are developing a responsible investment policy to underpin further positive Environmental, Social and Governance (ESG) outcomes. We enjoy a very constructive relationship with company colleagues through our Investor Relations Committee.

Driving the Trust is a desire to contribute to significant, lasting change and we can only achieve this by working closely with others. We have been actively developing our relationships with grant holders at all levels of the organisation to build our knowledge and identify where we can add most value. We have invited some of them to join spotlight Board sessions and share learning about what their work, the challenges they face and the differences they are making. Across our teams we have also been identifying spaces for shared learning and collaboration.

We are pleased that a large majority of our grant holders feel trusted by us and report having positive engagements with us, as well as helping us to see where we can improve. We will use the findings for the independent annual survey to create additional opportunities for honest feedback and learning to spur us to be more effective across our objectives of funding, supporting, and influencing the changes we need to see.

We are committed to using of all our resources to advance our mission. A new element of this has been the development of a Social Impact Investment plan which will enable us to deploy up to £20m in blended finance alongside a wider range of partners building creative solutions. This extends our capacity to use our investments to achieve positive social, economic, and environmental impact.

During financial year 2022/23, four of the Charity Trustees stepped down from the Trustee Board. I would like to express our thanks to Heather Lamont, Judy Cromarty, Edel Harris and Andrew Walls for their long-standing and committed service to the Trust spanning a major shift in our strategy in 2020. I would also like to thank continuing Charity Trustees, Committee Chairs, and external Committee members, including those joining us during the financial year, bringing valued specialist expertise. As a result of Board member retirement and in line with good succession planning, we agreed to recruit a minimum of four new Charity Trustees by the end of 2023/24 to strengthen diversity, skills, experience, and potential within the Trust's governance.

Looking ahead, we are under no illusions about the scale of the challenge, given many poverty and trauma trends running against us, but we are confident that our strategic focus is right and continue to build the partnerships and ways of working needed to maximise our contribution. We know that we will only achieve lasting solutions to poverty and trauma by getting closer to experts by experience as well as those who seek to serve them.



27 March 2024
Mark Batho
Chair of The Robertson Trust

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THE CHIEF EXECUTIVE'S REPORT

We continue to live in tough times for people living on low incomes in Scotland. The cost-of-living crisis is affecting the organisations we work with and those they serve, the impacts of the pandemic are still being felt, and there are many places where we see deep divides in our society. We recognise the value of our independence and reaffirm our ambitions to offer more than a temporary sticking plaster to those in hardship.

We were pleased to provide a £1.6m cost-of-living uplift to our grant holders in December 2022 and continue to look at how we can increase our percentage of multi-year awards (mostly for three years) and unrestricted funding which stood at 45% of Large and Small Grants in 2022/23. Where we have provided restricted funding, we support organisations as flexibly as we can so that they can respond to the needs they are seeing.

This year also saw us make six new Programme Awards through our Financial Security theme. The organisations we fund are all working to achieve 'big change that lasts' in different ways, and we look forward to learning alongside them. Our Partners in Change programme, which began in 2021, continues to be a source of valuable learning for us, not just about how change happens but also on what our role is within that. We are listening to what our partners tell us and to embed the learning across our work.

In 2022/23, we have used our voice more clearly and consistently and plan to amplify the voices of our grant holders further. We are signatories to the Joseph Rowntree Foundation and Trussell Trust joint campaign to 'Guarantee our Essentials.' We have spoken out against the Illegal Migration Bill and have generated media coverage around our research which builds on growing evidence about the damaging impacts of public sector debt for low-income households across Scotland. Our Scholarship team have also advocated for the young people we support through university across a range of issues including protecting mental health and standing against racism.

Underpinning all of our work is a commitment to actively involve people who have been marginalised. We have been working closely with our new Experience Group - people with diverse first-hand experiences of the issues we seek to change - who are helping to guide our work and offer valuable challenges - and we are progressing our work on Advancing Racial Justice. We have taken further steps as a funder, investor, and charity hub partner as part of the ACF Funder Commitment on Climate Change. Training for staff and Charity Trustees on Carbon Literacy, as well as becoming a Trauma-Informed organisation, has been undertaken or is planned.

Every day we are inspired by the commitment of our partners and will continue to use all of our resources to prevent and reduce poverty and trauma through the services we fund and the systems we seek to shift in Scotland.



27 March 2024

Jim McCormick

Chief Executive Officer

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REPORT OF THE CORPORATE TRUSTEE

The Corporate Trustee presents its report on the individual financial statements of The Robertson Trust (the 'Trust' or the 'Charity') and the consolidated financial statements of the Group, comprising of the Charity and its subsidiaries, the group of companies headed by The Edrington Group Limited ('Edrington') for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 2 for the Charity's accounts and additional accounting policies for the consolidated financial statements are set out in note 27 which covers the Group.

The consolidated and individual financial statements comply with the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') (effective 1 January 2019) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP').

OBJECTIVES AND ACTIVITIES

The objective of the Trust is the provision of financial support for charities as defined by the Charities and Trustee Investment (Scotland) Act 2005. The Trust Deed confers very wide powers on the Corporate Trustee to make payments to such charities as the Corporate Trustee may, in their sole discretion, determine.

About us

The Robertson Trust is an unincorporated charity in the United Kingdom and is registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC002970.

The Trust's principal charitable activity is grant-making. In addition, it currently operates two charity hubs, Robertson House, in the city centre of Glasgow and The Barracks in Stirling, which includes a conference centre run primarily as an events space for charities in Scotland.

Our vision is of a fair and compassionate Scotland where everyone is valued and able to flourish. As Scotland's largest independent grant making trust, we have awarded over £300m to charities in Scotland since 1961.

In 2020, we launched a 10-year strategy which focused our resources on two of the most significant challenges faced in Scotland today – poverty and trauma. At the heart of this strategy is a recognition of the interaction between the two, not only now but through long-term impacts. Underpinning all of our work are three core values:

- We are ambitious
- We act with integrity
- We connect

The Trust is the principal owner of The Edrington Group Limited, a private company limited by shares incorporated in the United Kingdom under the Companies Act (2006) and is registered in Scotland. Edrington's principal activities are the sale and distribution of premium alcoholic beverages.

Our history

The Robertson Trust was established in 1961 by the Robertson sisters, Elspeth, Agnes, and Ethel, who donated their shares in the family businesses, built up by their grandfather and father, to the Trust for charitable purposes. The sisters wanted the family businesses to remain successful and independent, while they extended the past support they had given to charities. They were among the first Charity Trustees and pioneering women in business, serving for a combined total of 71 years, ensuring the Trust upheld the same principles as those at the heart of the family business: honesty, integrity, and willingness to help people in trouble or need.

These principles, their philanthropy and business acumen ensured that profits from the successful Robertson companies would help people and communities in Scotland. In the present day, we continue to build on the legacy and vision of the Robertson sisters, while also looking at how we can use all of our resources to reduce poverty and trauma in Scotland, now and in future.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

OBJECTIVES AND ACTIVITIES *(continued)*

Our history *(continued)*

The family business now operates as the global company, The Edrington Group Limited, one of Scotland's largest private companies that owns several well-known premium whisky and other brands. The dividends from Edrington's profits are still the main source of income for the Trust. The Trust is governed by the Board of Kintail Trustees Limited, who act completely independently of Edrington and undertake all strategy and significant funding decisions on behalf of the Trust alongside a scheme of CEO delegated authority. All directors of Kintail Trustees Limited are appointed by the Board of Kintail Trustees Limited.

What we do

The Charity's vision is for a fair and compassionate Scotland where everyone is valued and able to flourish. To achieve that, we work with others, using all of our tools and resources, to improve the wellbeing of people affected by poverty and trauma. In March 2022, the Corporate Trustee approved Our Plan 2022-25: a three-year delivery plan through which we will commit an average of £25m per year in charitable expenditure until March 2025 – and at least £200m by the end of this decade.

We are determined to reduce poverty and trauma by funding, supporting, and influencing the changes we need to see in this decade. To do this, we recognise that we must invest our resources in ways that not only deliver direct impact but also work to support big change that lasts, including through reformed systems and services. We have identified four themes that are essential for achieving our mission:

- **Education Pathways:** we aim to shape an education system that maximises its contribution to wellbeing, is trauma informed with the aim of preventing and reducing poverty in Scotland.
- **Emotional Wellbeing and Relationships:** we want to see a Scotland that builds stronger relationships for people, families, communities and with services, to maximise the potential and wellbeing of those currently held back by poverty and trauma.
- **Financial Security:** we aim to improve income adequacy, income security, reduce cost-related pressures, and improve safety nets for people in hardship.
- **Work pathways:** we aim to ensure paid work can be a better route out of poverty by tackling the drivers of in-work poverty. We will support the workforce who are overrepresented in low paid, insecure work with inadequate hours and groups who are underrepresented in fair work.

We are developing our contribution to two cross-cutting themes:

- **Equity, Diversity, Participation and Rights ('EDPR'):** we have committed to an Anti-Racism and Allyship plan and to building participatory approaches across our work. We will do more to advance social and economic rights of people in Scotland who are at most risk of lacking this security.
- **Climate Commitment:** we are a signatory to the Association of Charitable Foundation's ('ACF') Funder Commitment on Climate Change which sees us, along with more than 100 other Trusts and Foundations in the UK, account transparently for the actions we have taken to strengthen the six climate pillars including our operations, grant-making, and investments. This is through an annual return which is published through ACF.

Across all of these themes, we have three objectives: to fund, support and influence. We are delivering these through a number of different ways, including:

- Through **Our Funds**. These are responsive funding streams spanning Wee Grants, Small Grants and Large Grants as well as Community Vehicles.
- Through our proactive **Programme Awards**. These complement Our Funds by offering support to organisations with income above £100k to deliver 'big change that lasts'. This can be through testing new ideas, research and development work focused on change, or advocacy and influencing projects focused on policy and practice.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

OBJECTIVES AND ACTIVITIES *(continued)*

What we do *(continued)*

- **Wider Sector Support.** Through this, we provide non-financial support to develop the capacity, skills, and capability of our grant-holders (Funder Plus) and organisations in the wider third sector.
- **Social Impact Investment.** Building on the small number of social investments made previously, a new Social Impact Investment plan will see the Trust committing up to £20.0m primarily as loans via key intermediaries to a wider range of partners developing solutions which go further than our grant-making.

In addition to the routes shown above, we have also funded, delivered, and hosted a number of programmes where we are able to offer direct support to individuals, to reduce poverty and trauma. These currently include:

- Our **Scholarship Programme** which provides bursaries to young people who face barriers to accessing university. This incorporates our **Journey to Success** self-development programme which aims to widen access, enable Scholars to stay the course and improve graduate outcomes for those who receive a bursary.
- **Each and Every Child** which is an initiative supported by multiple funders and hosted by the Trust. This programme aims to tell a compelling story about children and young people in the care system, transforming the current public narrative, and mobilising people to take action to improve the life chances of children, young people and families across Scotland.

Increasingly, we are using the Trust's resources – financial and non-financial – to support organisations to influence policy and practice. We are using the collective learning from all our work and sharing it with key audiences to increase the impact of work we fund directly. Across all we do to fund, support and influence, our focus is increasingly on delivering the long-term change needed to address poverty and trauma in Scotland. The Trust is a signatory to the Institute for Voluntary Action Research ('IVAR') Open and Trusting grant-maker commitments designed to drive more flexible and accountable funding practices.

Underpinning all of our work is a determination to build our knowledge on issues of power and justice. We have committed to a whole organisational approach to active learning on anti-racism and allyship, becoming trauma-informed and advancing how we meaningfully enable the participation of people with lived and learned experience through our work. Signing up to the ACF's Funder Commitment on Climate Change makes us accountable on the steps we are taking towards a net-zero future for Scotland.

We are working to bring those with direct experience of poverty and trauma into the heart of what we do, ensuring that solutions are co-designed with people who know first-hand the impacts of poverty and trauma, and how they can be prevented. We are not only embedding this approach across our own activities but will be encouraging our grant holders and partners to do the same.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE

1. OUR FUNDS

During the year ended 31 March 2023, the Trust made 483 awards, equating to expenditure of £15.9m, to charities and constituted groups whose work is focussed on tackling poverty and trauma in communities across Scotland. We also made two continuation awards totalling £52k completing work initiated under our former strategy.

In addition, in recognition of increased demand and the additional cost-of-living pressures on third sector organisations during the year, an additional £1.6m was approved by the Corporate Trustee in September 2022 enabling us to continue providing appropriate levels of funding to successful applicants.

A full list of awards we made to organisations through Our Funds is available on our [website](#). We also publish our monthly awards through our website and social media channels, searchable by primary theme, award type and location(s).

The types of Awards we made through Our Funds are:

Wee Grants (156 awards totalling £0.3m)

Funding of up to £2,000 for one year for constituted community groups and charities working in Scotland with an annual income of less than £25,000.

Small Grants (146 awards totalling £4.4m)

Revenue funding of between £2,000 and £15,000 per year for up to five years for registered charities working in Scotland with an annual income of between £25,000 and £100,000.

Large Grants (140 awards totalling £11.0m)

Revenue funding of between £15,000 and £50,000 per year for up to five years for registered charities working in Scotland with an annual income of between £100,000 and £2.0m.

Community Vehicle Grants (41 awards totalling £0.2m)

Funding of up to £10,000 towards the cost of a vehicle to support charitable activities for registered charities working in Scotland with an annual income of between £25,000 and £2.0m.

REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

1. OUR FUNDS *(continued)*

Our Funds



483 awards were made

On average,

74% of applications were successful

45% of Large and Small grants were unrestricted

In line with the IVAR Open and Trusting grant-maker commitments we have moved further towards unrestricted and multi-annual funding. 45% of our Large and Small Grants were given as unrestricted funding, and the majority were for three years.

Activities funded across the year covered all four primary themes and ranged from early support for families and individuals at risk of experiencing the hardships of poverty and trauma, to work focused on mitigating the consequences or providing crisis support. Analysis of Our Funds for financial year 2022/23 indicates that 55% of awards were addressing immediate need, 15% were providing early help, and 30% were providing a mixture of both.

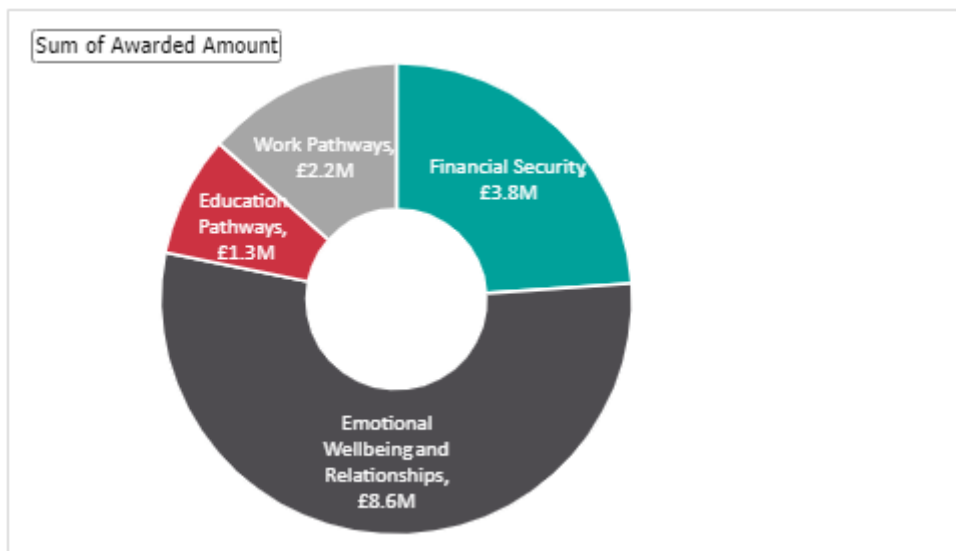
Across our primary themes: 54% of the awards made through Our Funds were aligned most closely to Emotional Wellbeing and Relationships (£8.6m in total); 24% were Financial Security (£3.8m); 14% were Work Pathways (£2.2m); and 8% were Education Pathways (£1.3m). However, the majority of our awards sit across multiple themes.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

1. OUR FUNDS *(continued)*



A breakdown of our awards by primary theme and primary issue being addressed is included below:

| Primary theme | Primary issue | Total amount awarded |
|---------------------------------------|---|----------------------|
| Financial Security | Lack of access to advice services and support | £1,442,500 |
| | Lack of access to appropriate financial support | £76,000 |
| | Struggling with outgoing costs | £2,289,700 |
| Emotional Wellbeing and Relationships | Challenging relationship with others | £1,636,500 |
| | Involvement in risky behaviours | £864,000 |
| | Poor mental health and wellbeing | £4,654,700 |
| | Social isolation and loneliness | £1,469,900 |
| Education Pathways | Lack of access to appropriate training/progression routes | £391,000 |
| | Lack of skills | £209,000 |
| | Poor educational outcomes | £717,000 |
| | Other | £4,600 |
| Work Pathways | Lack of access to appropriate training/progression routes | £1,448,500 |
| | Lack of access to jobs | £701,500 |
| Total | | £15,904,900 |

Awards are subject to agreed conditions being met by our grant holders.

REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

2. PROGRAMME AWARDS

Through our Programme Awards, we complement what we can achieve through Our Funds by providing long-term and potentially larger awards, including eligible organisations with income above the £2.0m threshold otherwise applied. We provide funding and work alongside organisations to drive ideas and actions that can ultimately deliver big change that lasts on poverty and trauma in Scotland.

In 2022/23, we made a total of £0.3m Programme Awards. However, we also ran a Financial Security Programme Awards open call from October 2022 to early 2023 (leading to £1.8m awards granted in 2023/24). The aim of this programme is to support organisations seeking to deliver 'big change that lasts' in three priority areas:

- Strengthening social security in Scotland.
- Reducing the costs of essential goods and services.
- Moving from crisis to security.

Continuous improvement

We are committed to embedding continuous improvement across all of our work. To support this, we commissioned NPC (New Philanthropy Capital) to conduct an independent survey of our grant holders (through both Our Funds and Programme Awards) in 2022 and 2023. Overall, the findings were positive with the majority of grant holders agreeing that our processes are proportionate, and that they feel trusted by us as a funder. Many of the statements also show small improvements from the previous year.

However, within the survey responses, there were also some areas for improvement which we will be building on over the next year. These include:

- The need to gather key data about what organisations or projects are doing more effectively on our grant management system.
- Continuing to build and promote our Funder Plus (additional support) offer to our grant holders more widely.

3. IN HOUSE AND HOSTED PROGRAMMES

The Robertson Scholarship and Journey to Success

This year we celebrated 30 years of our Robertson Scholarship bursary scheme. Tied into the bursary, we also deliver a self-development programme called Journey to Success. This has been running for seven years.

The Scholarship bursary and Journey to Success programme supports young people from low-income or other low participation backgrounds in Higher Education backgrounds. The Programme aims to reduce poverty and trauma, now or in the future, by achieving four objectives:

- Enable access to higher education.
- Support retention for students.
- Encourage attainment and achievement through higher education.
- Drive improved graduate outcomes following studies.

More information on Journey to Success is available here: <https://www.therobertsontrust.org.uk/our-projects/journey-to-success/>

In 2022/23, we welcomed 138 new scholars to the programme. This is a slight decrease on the previous year and was due to a drop in applications post-pandemic, (159 new scholars in 2021/22). The Trust supported just under 700 Scholars in total across the year.

REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

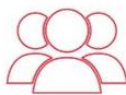
3. IN HOUSE AND HOSTED PROGRAMMES *(continued)*

The Robertson Scholarship



£2.0m

invested in the
Scholarship Programme



138

new scholars in
2022/23



683

scholars in total

As well as the support the team provides - including training, internships, mentoring, counselling, and hardship support – this year they have also provided more practical and advocacy support for some scholars, for example, around mental health and action against racism.

During this year, we commissioned an independent evaluation of our Scholarship Programme and Journey to Success. This is being conducted by ScotCen and is due to report before next year end. The findings will help us to understand what differences the Programme is contributing to, for whom, and what changes would enable us to have the biggest impact on poverty and trauma in this area. We will use the findings to inform the future development of the Scholarship Programme.

Each and Every Child

We have continued to host the Each and Every Child initiative which aims to tackle stigma and improve the framing of language in relation to children and young people with experience of the care system. We have seen significant development of the programme with an additional staff member recruited during the year. For more information, follow these links:

<https://www.therobertsontrust.org.uk/our-projects/each-and-every-child/>

<https://eachandeverychild.co.uk/>

Wider Sector Support

The Trust is committed to helping nurture a strong, vibrant third sector in Scotland by building capacity, skills, and capability of organisations through the provision of relevant and useful support opportunities. A key aspect of our Wider Sector Support programme is our Funder Plus offer of non-financial training and support to our grant holders. In 2022/23, we continued to offer consultancy support for strategy and planning, provided by Community Enterprise. We also made an award to the charity The Lens, to develop its PRISM online service design platform which “allows users to develop and share ideas which tackle some of the nation’s biggest challenges”, and which is free to access for our current grant holders.

Feedback we have received from organisations taking part in our Funder Plus support have spoken positively of the support they received. However, we also know that we need to do more to improve and promote the offer so that more organisations can benefit from it.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

3. IN HOUSE AND HOSTED PROGRAMMES *(continued)*

Giving More

In 2001, The Trust and Edrington established the Giving More scheme. This aims to encourage employees to become involved with charitable activities in Scotland as volunteers. Since 2011, the scheme has double matched all funds raised by staff across the two organisations, with a maximum amount of £5,000 that can be claimed by a single employee in any financial year. In 2022/23, the Trust donated £0.2m to Giving More.

Charity Hubs

One of the distinctive ways in which the Trust supports the Third Sector beyond traditional grant making is through our charity hub model. The Barracks in Stirling is home to nine charities at Kintail House and Cameron House. While The Barracks Conference Centre was closed for external bookings due to the restrictions of the COVID pandemic for most of the year, it was used for in-house meetings and events hosted with key partners and we continued a Funder Plus test phase for organisations in receipt of new strategy awards from the Trust, offering free to use collaboration spaces of various sizes to support the delivery of their grant award objectives. In February 2023, we extended our Funder Plus offer for two bookings per year and opened to external bookings targeted at third sector organisations eligible for a discounted rate of hire.

We have continued to use Robertson House in Glasgow as our main premises and have 14 charity tenants and desk licence users also using the building. Robertson House offers high quality, affordable office, desk hire and meeting room space for the charities housed there. We have invested in our IT infrastructure to equip the building for hybrid working and are developing a plan to ensure the building continues to meet the new needs of our staff and our tenants.

Social Impact Investment

We have continued with a small number of ongoing social investment activities notably £0.3m invested in Fair for You. A new Social Impact investment ('SII') plan was approved by the Corporate Trustee in March 2023 which identifies strong potential opportunities for social and impact investing aligned to our mission and priority themes to increase the tools available to achieve the impact we wish to see in addition to grant funding.

Social Bridging Finance ('SBF')

SBF is a capacity building grant funding model being piloted by the Trust. It was designed to enable public services to innovate and move upstream to greater preventative spending by bringing them together in a working partnership with third sector organisations and an independent funder. It aimed to ensure the long-term sustainability of third sector services which can evidence successful outcomes. As well as providing grant funding to the demonstration projects, we commissioned an external evaluation to gauge how effective the model was at achieving its intended aims. This was carried out by Iconic Consulting and Glasgow Caledonian University and the final report was published in June 2023. We are using the findings to inform our work in this area.

<https://www.therobertsontrust.org.uk/publications/social-bridging-finance-model-evaluation/>

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

4. IMPACT, INSIGHTS, AND INFLUENCE

Throughout the year, we continued to develop our Impact and Insights Framework. This underpins all learning activity across the Trust, helping us to understand what differences we are contributing to and ensuring that we use ongoing learning to inform the decisions we make. The ultimate aim is to ensure that we are having the biggest impact that we can on poverty and trauma in Scotland over the decade.

Within our four primary themes, we have undertaken a range of discovery activities to inform our priorities across our three objectives of fund, support, and influence. We have continued to work with Thrive as our Learning and Evaluation Partner for Partners in Change. There were six awards made in 2021/22 to organisations to achieve systemic change in different areas relating to our strategy. Thrive's role is to work alongside us and the funded organisations to explore what differences Partners in Change is contributing to; what helps and hinders systems change; and what our role as an independent funder is to enable positive change to happen. We are embedding the learning from this programme across other areas of our work.

In December 2022, we were ambitious with our influencing aims through our Financial Security theme. Building on learning about public debt by Aberlour (one of our Partners in Change grant holders) and former Trustee Professor Morag Treanor, we commissioned the Diffley Partnership to complete polling to better understand the impacts of public debt arrears on households across Scotland. Alongside this we commissioned IPPR Scotland to analyse the findings from the polling, together with data from desk-based research and focus group conversations to make some specific asks of the Scottish Government in the budget for 2023/24. We generated significant press coverage for the research. Following on from this, we commissioned Mandy Littlewood (Iota Social Research) and Anna Evans (Indigo House Group) to complete a supporting piece of research to explore policy and practice solutions at a local level, with a particular focus on local authorities and third sector partners. We published findings in October 2023.

We have also been progressing our work on anti-racism and participation, including developing an Experience Group. This is a group of individuals with direct experience of issues relating to our strategy, who will use their own insights to help to inform the direction of our work.

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REPORT OF THE CORPORATE TRUSTEE *(continued)*

FINANCIAL REVIEW

The Trust's individual financial results for the year

The Trust's individual financial results, which are detailed in the Statement of Financial Activities, is presented on page 28.

Income

The Trust's income in the year ended 31 March 2023 was £30.3m (2022: £21.9m). Included within total income, is a dividend income of £23.8m which was received from Edrington during the period (2022: £17.5m).

Other investment income (from listed investments, social investments and bank interest) totalled £6.1m (2022: £4.0m). Income from listed investments totalled £5.9m (2022: £4.0m), income from social investments totalled £16.0k (2022: £9.0k) while bank interest from managed cash deposits totalled £0.2m (2022: £15k).

Income from charitable activities totalled £0.4m (2022: £0.2m). This included rental income of £0.3m (2022: £0.2m). Rental income is from tenants with leases for dedicated office suites and those on short term desk licence agreements, together with the hire of meeting rooms within Robertson House and The Barracks.

Donation and legacy income of £34k (2022: £89k) was recognised in the year.

Included in income is also £34k restricted income (2022: £53k). This income has been received in order to match the funding provided to a proportion of Scholars who received grants in the year.

Expenditure

Charitable activities have been split into Grant Making costs and Charity Hub costs as these are the two identifiable charitable activities that were undertaken in the year.

Support costs associated with the running of the charity hub at Robertson House have been apportioned 20% to grant making and 80% to charity hub. This is because the Trust's office takes up 20% of the floor space within Robertson House and so this portion is allocated to its grant making activity. Where there is no direct staff cost allocation, support staff costs are split 90% to grant making and 10% to charity hub. The support costs associated with the running of the charity hub at The Barracks are allocated in the same way as 10% of costs are allocated towards grant making supporting Funder plus activities.

In the year under review, the cost of charitable activities remained at £25.6m (2022: £27.4m).

Included in expenditure is £41k restricted expenditure (2022: £77k). This was largely funding provided to Scholars who received matched funding in the year.

Results

The net surplus of income over expenditure prior to transfers, gains, and losses on investments for the year was £4.7m (2022: net deficit of £5.5m).

Investment policy and performance

The Trust's investments are divided into four distinct types: unlisted investments, listed investments, social investments and cash.

Unlisted investments – Investments in subsidiaries

The Trust's unlisted investments are represented by its controlling interest in Edrington. The book value of the Trust's unlisted investment shareholding in Edrington is £292.1m at 31 March 2023 (2022: £307.8m).

In February 2023, the Trust participated in a share buyback scheme arranged by its Edrington subsidiary which saw shares sold back to Edrington realising a gain on investment of £140.2m (2022: *Nil*). The funds are being invested into the listed investment portfolio.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE CORPORATE TRUSTEE *(continued)*

FINANCIAL REVIEW *(continued)*

Listed investments

During the year, the Trust continued to invest new funds totalling £250.0m into its portfolio of pooled investments including that received from Edrington share buybacks which took place in February 2023. Funds are now held in a diversified portfolio across 17 separate funds within an overall agreed strategic asset allocation – designed to minimise risk and maximise return within Trust set parameters. The Trust is further developing its responsible investment approach including consideration of Environment, Social & Governance ('ESG') factors, for example gaining an understanding of and tracking the Carbon footprint of the investment holdings.

The value of the Trust's listed investments at 31 March 2023 was £457.9m (2022: £288.1m). The investment income yield on listed investments was £5.9m, 1.3% (2022: £4.0m, 1.4%).

Social investments

At 31 March 2023, the value of the Trust's remaining social investments was £0.3m (2022: £0.3m). The Trust reviews its Investment Policy annually and is reviewing its approach to social investments with a new strategy being developed in 2022/23.

Cash and cash equivalents

The Trust's treasury policy is to:

- ensure the Trust has sufficient cash balances throughout the year to meet all the Trust's commitments without realising any of its endowment held listed investments;
- invest surplus cash in listed investments; and
- maximise the returns on cash balances held by the Trust.

Charitable funds

The Trust's total funds at 31 March 2023 was £744.8m (2022: £616.0m), comprising of £695.1m (2022: £570.5m) in restricted funds, £47.7m (2022: £43.5m) in unrestricted funds and £2.0m (2022: £2.0m) in designated funds. The Trust continues to maintain adequate resources to manage its charitable activities and generate charitable funds.

The Group's consolidated financial results for the year

As explained in note 14 to these financial statements, the Trust owns a controlling interest in Edrington. Following an audit tender including a technical review, consolidated financial statements have been prepared for the first time to incorporate Edrington's financial results into that of the Trust. The consolidated financial statements are presented on pages 53 to 103 in this annual report.

Edrington's performance during the year reflects its ongoing focus on the faster growing ultra-premium category, and its sustained high levels of investment behind its brands which drive increased consumer demand and the growth of its business.

The consolidated statement of financial activities is shown on page 53.

Consolidated funds

The consolidated balance sheet is shown on page 55. At the year-end, the Group's total net assets was £1,644.0m (2022: £1,514.2m).

The value of the Group's total funds at 31 March 2023 was £941.6m (2022: £824.5m), comprising of £415.4m (2022: £275.1m) in restricted funds, £524.2m (2022: £547.4m) in unrestricted funds and £2.0m (2022: £2.0m) in designated funds.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE CORPORATE TRUSTEE *(continued)*

FINANCIAL REVIEW *(continued)*

Trading subsidiaries

During the year, Edrington's turnover amounted to £1,296.3m (2022: £991.0m), reaching the milestone of £1bn for the first time, with strong momentum across all its business units. Its continued focus on commercial excellence, improved market, channel, and product mix together with price increases drove this excellent performance.

Net income (before taxation) stood at £399.8m (2022: £249.6m), with growth reflected across all its business units. These results are particularly satisfying as the business has had to navigate a series of external challenges, including supply chain disruption, its exit from the Russian market, and global inflationary pressures.

Profits attributable to Edrington's shareholders (before exceptional items) increased by 84% to £169m during the year. During the year, Edrington entered into an agreement, alongside its joint venture partner Beam Suntory, to sell its investment in Maxxium Cyprus Limited and its Russian subsidiary, to the local management. Prior to the disposal, it received a dividend from Maxxium Cyprus Limited of £10.0m and a gain of £2.0m against the previous year impairment of its investment in the Maxxium Cyprus joint venture. The net gain of £6m resulting from the acquisition of a further 30% of the issued share capital of Wyoming Whiskey has been treated as an exceptional item in the year.

After including these exceptional items, and after adjusting for minority interests, profits attributable to Edrington Shareholders increased by 92% to £182.0m (2022: £95.0m).

Edrington declared dividends of £32.1m during the financial year, an increase of 15% compared to 2022 (2022: £27.9m). In addition to the dividend, there was a further return of £220.0m to shareholders through two buy backs.

The Trust and its investment bank advisors are provided with regular reports from Edrington on its trading performance including its continuing response to mitigate any residual impact of COVID19 on its business.

The Trust's and Edrington's employees are able to participate in a 'Giving More' scheme. The Trust and Edrington each match the amount raised resulting in a double matching. Employees are also able to match time given to volunteering in support of a charity. The total amount raised by employees within the group and matched in the year to 31 March 2023 was £0.7m (2022: £0.6m).

Risk management

The Corporate Trustee is responsible for the oversight of the risks faced by the Trust. The Corporate Trustee, supported by its Committees and the Senior Management Team, review the Trust's risk position periodically. The Audit and Risk Committee is responsible for reviewing the risk management process and operation. The Committee has procured internal auditors to undertake an annual programme to highlight areas for improvement and provide an additional level of assurance to the Corporate Trustee. The Trust has a risk management process designed to:

- identify the major risks that could impact on the aims of the Trust; and
- ensure appropriate actions are taken to mitigate the identified risks.

The principal risk faced by the Trust lies in the performance of its investments, unlisted and listed, and ensuring the maintenance of capital value and the protection of income. This risk is managed with the support of investment advisors, the Investor Relations Committee, the Investment Committee and through regular review of investment policy, management of strategic asset allocation, and on-going market updates and due diligence.

The Corporate Trustee is regularly reviewing the Governance and Risk Management Frameworks to ensure they continue to support the delivery of the Trust's strategic aims.

Reserves policy

The Trust's policy is to take account of future as well as current commitments in assessing the level of reserves required to meet the Trust's liabilities. This requirement is met if the unrestricted income fund, is maintained at a level sufficient to cover between 9 and 15 months future expenditure i.e., between £24.0m and £40.0m.

The Trust had total funds of £744.8m at 31 March 2023 (2022: £616.1m), including unrestricted income funds of £47.7m (2022: £43.5m). The unrestricted income funds held at 31 March 2023 therefore exceeds the Trust's reserves policy requirement. The Corporate Trustee considers that the financial position of the Trust is sufficiently strong to meet the planned expenditure for the year ahead. Note that £2.0m designated funds are also held within total unrestricted funds (2022: £2m).

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
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REPORT OF THE CORPORATE TRUSTEE *(continued)*

PLANS FOR THE FUTURE

In 2023/24, we will continue to deliver on Our Plan 2022-25, a three-year delivery plan approved by the Corporate Trustee until March 2025. This saw an increased budget for direct charitable expenditure (before support cost allocation), of an average of £25.0m per year. We will continue to develop work within our Theme Teams which will advance work across our objectives – to fund, support and influence – on primary themes. We are planning further Open Calls through which we will make a number of new Programme Awards, aimed at contributing to ‘big change that lasts’. These will build on our learning from the previous Financial Security Open Call and an Education Pathways Open Call (starting in Autumn 2023).

In order to achieve our strategic aims of reducing poverty and trauma in Scotland, we need to contribute to significant changes by 2030. We are embedding our Impact and Insights Framework across our Theme Teams, helping to inform our decisions and ensure we are having the biggest impact that we can. We are also developing plans for advancing racial justice, participation, becoming trauma-informed and our climate commitment which are priorities that underpin all of the Trust’s work. 2023/24 will see the first funding committed through the Trust’s new Social Impact Investment plan.

Going concern

The review of financial performance and the reserves of the Trust is set out above which shows that the Trust exceeds its current reserves policy. In the opinion of the Corporate Trustee, the Trust has significant financial resources with net assets of £744.8m at 31 March 2023 (*2022: £616.1m*), its regular dividend income from Edrington and a large portfolio of near liquid pooled investments totalling £457.9m at 31 March 2023 (*2022: £288.1m*) available to manage business risks and ensure continued operations for the foreseeable future being at least 12 months from the date of approval of these accounts.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
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REPORT OF THE CORPORATE TRUSTEE *(continued)*

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The Trust comprises two Charitable Funds established by Deeds of Trust dated 1 May 1961 with a supplementary Deed of Trust dated 2 July 1963, both granted by Misses J.E. and A.H. and E.G. Robertson of Cawderstones, Berwick Upon Tweed. The Trust was registered with the Scottish Charity Regulator ('OSCR') on 18 March 1963.

At the inception of the Trust, Misses Robertson gifted to the Trust shares in Edrington. It is the Corporate Trustee's intention not to deplete the capital of the Trust but to distribute all normal income, taking a long-term view.

Governance

Trustee Board – Corporate Trustee

The Robertson Trust has a Corporate Trustee structure as detailed on page 20.

The directors of the Corporate Trustee have general control and management of the administration of the Trust and are thus the "Charity Trustees" for the purposes of the Charities and Trustee Investment (Scotland) Act 2005.

New Charity Trustees are appointed for a four-year period after which they may put themselves forward for re-appointment for a further four-year period. The Corporate Trustee meets five times a year to ensure the strategic direction of the Trust is set, to review the delivery performance of the Trust and ensure that the Corporate Trustee is acting to advance the interests of the Charity.

In its exercise of governance, the Corporate Trustee seeks regular professional input and advice including an annual update from its legal advisors. It also meets with its investment advisers, fund managers, investment bank, external auditor, internal auditor, and the directors and senior executives of Edrington at least once a year.

Sub-Committees

The Charity Trustees undertake more detailed governance functions through four Committees (i.e., Sub-committees) as below. While the Sub-committees are able to approve various matters, ultimate decision-making on significant issues rests with the Corporate Trustee informed by committee recommendations. The Chief Executive Officer ('CEO') and Finance Director & Company Secretary attend all committee meetings:

The Investor Relations Committee facilitates the relationship between Edrington and the Trust. The Non-Executive Chair, a Non-Executive Director of Edrington, the Chief Executive with the Chief Financial Officer of Edrington also in attendance, meet with three Charity Trustees and an external Robertson Trust committee adviser four times a year.

The Audit and Risk Committee reviews and recommends systems of internal controls on financial, governance and operations risks. A programme of work undertaken by Internal Auditors provide an additional level of assurance. The Committee also reviews the draft annual report and accounts and meets with the Trust's external auditor ahead of final approval of the accounts. It meets four times a year.

The Investment Committee reviews and makes recommendations to the Corporate Trustee on the investment policy and strategy of the Trust and on the appointment and performance of the Trust's fund managers, advisers, and investment custodians. It meets four times a year.

The Governance, Nominations, Remuneration & Finance Committee is responsible for recommending the appointment of new Charity Trustees, Committee members and Senior Executives of the Trust. It also reviews the remuneration of the Charity Trustees and the Senior Management Team of the Trust as well as recommending an annual cost of living award for staff. During the year, the Committee extended its remit to cover key financial matters for the Charity including delegated authorities, review of management accounts and policies.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
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REPORT OF THE CORPORATE TRUSTEE *(continued)*

STRUCTURE, GOVERNANCE AND MANAGEMENT *(continued)*

REFERENCE AND ADMINISTRATIVE DETAILS

Corporate Trustee

Kintail Trustees Limited

Secretary

Joanne Cook

Charity Trustees

Mark Batho

(Chair)

Gerald McLaughlin

(Vice Chair)

Garry Coutts

Professor Lorne Crerar CBE

Edel Harris OBE (Retired 31 Oct 2022)

Campbell Robb (Retired 8 Mar 2024)

Dr Ligia Teixeira

Donald Workman

Fiona Larg MBE

John Loughton BEM

Prof. Morag Treanor (Retired 4 Jul 2023)

Kevin Troup (Appointed 4 Jul 2022)

Heather Lamont (Retired 14 May 2022)

Judith Cromarty (Retired 23 May 2022)

Andrew Walls (Retired 23 May 2022)

Dr. Khadija Coll MBE (Appointed 6 Feb 2024)

Amanda McGuigan (Appointed 6 Feb 2024)

Ashley Scotland (Appointed 6 Feb 2024)

Dr. Wendy Wu (Appointed 6 Feb 2024)

Joanna McCreadie (Appointed 14 Mar 2024)

Senior Management Team

Jim McCormick

Chief Executive Officer

Joanne Cook

Finance Director & Company Secretary

Lesley MacDonald

Head of Giving (to 31 Jan 2024)

Lydia Rose

Head of Administration

Zoe Ferguson

Head of Insight and Impact

Russell Gunson

Head of Programmes and Practice

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE CORPORATE TRUSTEE *(continued)*

STRUCTURE, GOVERNANCE AND MANAGEMENT *(continued)*

SUB-COMMITTEES

Investor Relations Committee

Donald Workman
Professor Lorne Crerar CBE
Mark Batho
Angus Cockburn
Crawford Gillies
Scott McCroskie

Audit and Risk Committee

Fiona Larg MBE
Garry Coutts
Kevin Troup
Graham Gillespie
Gavin Urwin (Retired 7 Aug 2023)

Investment Committee

Kevin Troup
Campbell Robb (Retired 29 Nov 2022)
Donald Workman
John Loughton BEM (Appoint 14 Sep 2023)
Harry Morgan
Abigail Rotheroe (Appointed 31 May 2023)
Romane Thomas (Appointed 31 May 2023)

Governance, Nominations, Remuneration & Finance Committee

Mark Batho
Garry Coutts
Gerald McLaughlin

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE CORPORATE TRUSTEE *(continued)*

REFERENCE AND ADMINISTRATIVE DETAILS *(continued)*

Principal Address

Robertson House, 152 Bath Street, Glasgow, G2 4TB

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN

Turcan Connell

Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE

Investment Bank

Gleacher Shacklock LLP
Cleveland House, 33 King Street, London, SW1Y 6RJ

External Auditor

Deloitte LLP
100 Queen Street, Glasgow, G1 3BX

Internal Auditor

Henderson Loggie LLP
The Vision Building, 20 Greenmarket, Dundee, DD1 4QB

Investments Adviser

Stanhope Capital LLP
35 Portman Square, London. W1H 6LR

Investment Custodian (holds 16 individual funds)

Northern Trust
50 Bank Street, Canary Wharf, London, E14 5NT

Fund Manager

Sarasin & Partners LLP
100 St Paul's Churchyard, London, EC4M 8BU

Bankers

Bank of Scotland
110 St. Vincent Street, Glasgow, G2 5ER

Virgin Money

30 St Vincent Place, Glasgow, G1 2EU

Aberdeen Standard Investments

1 George Street, Edinburgh, EH2 2LL

Royal London Asset Management

55 Gracechurch Street, London, EC3V 0RL

Website

www.therobertsontrust.org.uk

Scottish Charity Number

SC002970

VAT Registration Number

130905442

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

REPORT OF THE CORPORATE TRUSTEE *(continued)*

Corporate Trustee Responsibilities

The Corporate Trustee is responsible for preparing the Corporate Trustee's annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in Scotland requires the Corporate Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity and the Group for that period. In preparing these financial statements, the Corporate Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Corporate Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Charity's constitution.

They are also responsible for safeguarding the assets of the Charity hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Corporate Trustee is responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

External Auditor

The Trust appointed Deloitte LLP as its independent auditors for the year ended 31 March 2023.

The Trustee's Report of the Corporate Trustee has been approved and signed on behalf of the Corporate Trustee by:



Mark Batho

Date: 27 March 2024

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023** Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Robertson Trust (the 'charity') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2023 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 and the trust deed.

We have audited the financial statements which comprise:

- the consolidated and charity's statements of financial activities (incorporating an income and expenditure account);
- the consolidated and charity's balance sheets;
- the consolidated and charity's cash flow statement; and
- the related notes 1 to 57.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Standard's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023** *(continued)*

Other information

The other information comprises the information included in the report of the corporate trustee, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023** *(continued)*

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Trust deed, Charities (Accounts and Reports) Regulations 2008, UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Scottish Charity Regulator (OSCR) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Large awards, specifically in relation to the accuracy and application of expenditure. Our audit procedures to address this risk included, but were not limited to, testing expenditure to award letters.
- Unquoted investment in relation to the valuation. Our audit procedures to address this risk included, but were not limited to, assessing the assumptions and methodology used to value the investment.
- Revenue recognition, specifically in relation to the recording of sales around the year end, the elimination of intra Group trading and the consistency and accuracy of the treatment of price promotions. Our audit procedures to address these risks included, but were not limited to, substantive detailed testing on pre and post year end revenue transactions.
- Accruals, specifically in relation to the completeness, existence, valuation, and allocation of advertising & promotion and selling cost accruals. Our audit procedures to address this risk included, but were not limited to, substantive detailed testing, including recalculation of the year-end accruals balances with agreement to contracts and post year end invoices.
- Maturing inventory, specifically in relation to existence of inventory. Our audit procedures to address this risk included, but were not limited to, attendance at and re-performance of inventory counts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
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**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



David Mitchell (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
27 March 2024

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

**THE ROBERTSON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CHARITY'S STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023**

| | | Endowment Funds £'000 | Unrestricted Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | Year ended 31 March 2023 Total Funds £'000 | <i>Restated*</i> Year ended 31 March 2022 Total Funds £'000 |
|--|-------------|-----------------------------|--------------------------------|------------------------------|------------------------------|---|---|
| Income and endowments from: | Note | | | | | | |
| Donations and legacies | 6 | - | - | - | 34 | 34 | 89 |
| Charitable activities | 7 | - | 376 | - | - | 376 | 247 |
| Investment income | | | | | | | |
| • Dividends from Edrington | | - | 23,796 | - | - | 23,796 | 17,510 |
| • Income from listed investments | | - | 5,929 | - | - | 5,929 | 4,005 |
| • Income from social investments | | - | 16 | - | - | 16 | 9 |
| • Bank interest | | - | 153 | - | - | 153 | 15 |
| Total income | | - | 30,270 | - | 34 | 30,304 | 21,875 |
| Expenditure on: | | | | | | | |
| Charitable activities | 8 | (1,874) | (23,698) | - | (41) | (25,613) | (27,382) |
| Total expenditure | | (1,874) | (23,698) | - | (41) | (25,613) | (27,382) |
| Net operational (deficit)/surplus before net gains on investments | | (1,874) | 6,572 | - | (7) | 4,691 | (5,507) |
| Transfer between funds | 21 | - | - | - | - | - | - |
| Net gains/(losses) on investments | | | | | | | |
| Net (loss)/gain on quoted investments | 15 | (13,728) | (2,462) | - | - | (16,190) | 11,597 |
| Net gain/(loss) on investments held within cash and cash equivalents | | - | 39 | - | - | 39 | (30) |
| Realised gain on investments in subsidiaries | 14 | 140,196 | - | - | - | 140,196 | - |
| Net gains/(losses) on investments | | 126,468 | (2,423) | - | - | 124,045 | 11,567 |
| Net income/(expenditure) for the year | | | | | | | |
| Reconciliation of funds: | | 124,594 | 4,149 | - | (7) | 128,736 | 6,060 |
| Total funds brought forward | 21 | 570,372 | 43,529 | 2,000 | 166 | 616,067 | 610,007 |
| Total funds carried forward | 21 | 694,966 | 47,678 | 2,000 | 159 | 744,803 | 616,067 |

All the activities of the Charity are classed as continuing. The notes on pages 31 to 51 form part of these financial statements.

*The comparative financial statements have been restated as detailed in note 25.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CHARITY'S BALANCE SHEET
AS AT 31 MARCH 2023**

| | Note | 31 March 2023 £'000 | Restated* 31 March 2022 £'000 |
|---|--------|---------------------------|--|
| Fixed assets | | | |
| Tangible assets | 13 | 4,598 | 4,645 |
| Investments in subsidiaries | 14 | 292,057 | 307,767 |
| Quoted investments | 15 | 457,890 | 288,115 |
| Social investments | 16 | 282 | 314 |
| Total fixed assets | | 754,827 | 600,841 |
| Current assets | | | |
| Stocks | | 1 | 1 |
| Debtors | 17 | 1,266 | 674 |
| Cash and cash equivalents | 18 | 17,327 | 44,551 |
| Total current assets | | 18,594 | 45,226 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 19 | (17,415) | (16,867) |
| Net current assets | | 1,179 | 28,359 |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | 20 | (11,203) | (13,133) |
| Total net assets | | 744,803 | 616,067 |
| The funds of the Trust: | | | |
| Restricted funds: | | | |
| Endowment fund | 21, 22 | 694,966 | 570,372 |
| TSI reserve | 21, 22 | 159 | 166 |
| Matched funding reserve | 21, 22 | - | - |
| Unrestricted funds: | | | |
| Unrestricted income funds | 21, 22 | 47,678 | 43,529 |
| Designated funds | 21, 22 | 2,000 | 2,000 |
| Total Trust funds | | 744,803 | 616,067 |

The notes on pages 31 to 51 form part of these financial statements.

*The comparative financial statements have been restated as detailed in note 25.

The financial statements set out on pages 28 to 51 were approved by the Corporate Trustee on 27 March 2024 and signed on its behalf by:

Mark Batho



On behalf of the Corporate Trustee

Fiona Larg MBE



On behalf of the Corporate Trustee

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CHARITY'S STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

| | Year ended 31 March | | Restated* | |
|--|---------------------|-------------------|------------------|--------------------|
| | 2023 | 2023 | 2022 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities: | | | | |
| Net income for the year | 128,736 | | 6,060 | |
| Adjustments for: | | | | |
| Depreciation of tangible assets | 283 | | 282 | |
| Gains on investments | (124,006) | | (11,597) | |
| Dividends and interest income | (29,894) | | (21,539) | |
| (Increase)/decrease in debtors | (592) | | 3,399 | |
| (Decrease)/increase in creditors | (1,382) | | 2,283 | |
| Net cash outflows from operating activities | | (26,855) | | (21,112) |
| Cash flows from investing activities: | | | | |
| Dividends and interest income | 29,894 | | 21,539 | |
| Purchase of tangible assets | (236) | | (160) | |
| Sale of investments | 173,043 | | 93,063 | |
| Purchase of investments | (203,102) | | (220,716) | |
| Decrease in social investments | 32 | | 11 | |
| Net cash flows from investing activities | | (369) | | (106,263) |
| Net decrease in cash and cash equivalents in the year | | (27,224) | | (127,375) |
| Cash and cash equivalents at the beginning of the year | | 44,551 | | 171,926 |
| Cash and cash equivalents at the end of the year | | 17,327 | | 44,551 |
| Analysis of net debt | | | | |
| | At 1 April | Cash flows | Non-cash | At 31 March |
| | 2022 | | movements | 2023 |
| Cash and cash equivalents | £'000 | £'000 | £'000 | £'000 |
| Cash | 44,551 | (27,224) | - | 17,327 |

There are no cash equivalents.

The notes on pages 31 to 51 form part of these financial statements.

*The comparative financial statements have been restated as detailed in note 25.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE CHARITY'S FINANCIAL STATEMENTS

1. General information

The Robertson Trust is an unincorporated charity in the United Kingdom and is registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC002970. These are the financial statements of the Trust as an individual entity. The address of the Charity's registered office is shown on page 22.

The principal activities and nature of operations of the Charity (and its trading subsidiaries) are set out in the Report of the Corporate Trustee.

These financial statements, which are presented in Pounds Sterling (GBP), have been prepared on the going concern basis, under the historical cost convention, with the exception of quoted investments, which are measured at fair value, respectively as explained in the accounting policies below. All amounts have been presented in round thousands ("£'000s"), unless otherwise stated.

The Charity's financial statements have been prepared for the year ended 31 March 2023 while the comparative period covers the year ended 31 March 2022.

2. Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimated uncertainty in the preparation of the Trust's financial statements are set out below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') (effective 1 January 2019), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP'), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust meets the definition of a public benefit entity under FRS 102.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions which affect reported income, expenses, assets, and liabilities. It also requires the Corporate Trustee to exercise judgement in the process of applying the accounting policies. The use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates together with experience and expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include depreciation charges which are deemed to be reasonable based on the useful economic life of the assets as assessed by the Corporate Trustee, and the basis of apportionment of support costs which is deemed to be reasonable based on the Corporate Trustee's knowledge of the operations of the Trust.

The Corporate Trustee has chosen to change the presenting value of its investment in Edrington within the Charity's financial statements. This was formerly included at fair value, measured as the percentage holding of Edrington's net assets, updated annually. With the introduction of the consolidated accounts, the Corporate Trustee has taken the option of moving to a cost basis for the Trust's financial statements. As the shares were originally donated by the Robertson sisters, a cost has been attributed based upon the fair value shown in the accounts on the reference date of 1 April 2014 being the date that the current FRS 102 accounting framework was initiated. This deemed cost has then been rolled forward for any additions or disposals to the present year with comparative. This has resulted in a prior year adjustment as detailed in note 25.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

2. Principal accounting policies *(continued)*

Going Concern

The review of financial performance and the reserves of the Trust shows that the Trust exceeds its current reserves policy. In the opinion of the Corporate Trustee, the Trust has significant financial resources with net assets of £744.8m at 31 March 2023 (2022: £616.1m), its regular dividend income from Edrington and a large portfolio of near liquid pooled investments totalling £457.9m at 31 March 2023 (2022: £288.1m) available to manage business risks and ensure continued operations for the foreseeable future being at least 12 months from the date of approval of these accounts.

Income recognition

All income is included in the Trust's Statement of Financial Activities when the Charity is entitled to the income, it is probable that the income will be received, and the amount can be measured reliably. The following specific policy is applied to particular categories of income:

- **Charitable activities**

Rental income is recognised in the period in which the facilities are provided. Income from the cafe and The Barracks is recognised in the period in which the sale or event takes place.

- **Investment income**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due; this is normally upon notification by our fund managers and by Edrington.

- **Donations and legacies**

Donations and legacies income is included in the Statement of Financial Activities when the Trust becomes entitled to the funds, it is probable that the income will be received, and the amount can be measured reliably.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates. Expenditure is classified under the following headings:

- **Charitable expenditure**

The costs of charitable activities include grants made, operation of the charity hub and an apportionment of overhead, support and governance costs as shown in note 8.

Grant awards are amounts payable to third parties in furtherance of the charitable objectives of the Trust. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Corporate Trustee has agreed to pay the grant without any condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of the grant payable.

- **Allocation of overhead, support and governance costs**

Overhead support and governance costs have been allocated to charitable activities on the basis of resources used. Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees as well as costs associated with the general running of the Trust. Where costs cannot be directly allocated to one of the activities, they have been apportioned as detailed within note 10.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

2. Principal accounting policies *(continued)*

Expenditure recognition *(continued)*

- **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Gains and losses

All gains and losses are recognised in the Trust's Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between the sales proceeds and the opening market value (or purchase value if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised investment gains and losses are aggregated in the Trust's Statement of Financial Activities.

Taxation

The Trust is a charity and is recognised as such by HM Revenue and Customs for taxation purposes. As a result, the Trust is exempt from taxation to the extent that its surpluses are applied to its charitable purposes.

Tangible assets

Tangible assets are recognised at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of the assets less the estimated residual value of the tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

| | |
|--|-----|
| Heritable Property (including buildings) | 2% |
| Office Equipment | 20% |
| Furniture & Fixtures | 10% |
| Computer Equipment | 33% |

Impairment of non-financial assets

At each reporting period, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

The Charity's financial assets and financial liabilities all qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of grant commitments which are subsequently measured at amortised cost using the effective interest method.

Investments

- **Quoted Investments**

Quoted investments are measured initially at fair value, which is normally the transaction price. The unrealised net gains and losses arising from the fair value movements and any realised gains on disposals are included within the Trust's Statement of Financial Activities.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

2. Principal accounting policies *(continued)*

Investments *(continued)*

- **Social Investments**

Social investments are initially recognised at the amount paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment.

- **Investments in subsidiaries**

The Trust recognises its investment in subsidiaries at cost less any impairment losses. In the prior year, a fair value approach was undertaken and the change in accounting policy is disclosed further in note 25 of these financial statements.

Debtors

Debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Debtors, accrued donations and legacies are recognised when the Trust becomes a party to the contractual provisions but remain outstanding at the year end.

Accrued investment income is recognised on fixed-term deposit accounts which mature after the year end.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will result in the transfer of funds to a third-party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Committed grants

Grants awarded are recognised as liabilities in the financial statements when the Corporate Trustee approves the grant unconditionally or the conditions included in the grant falls outside the control of the Trust. When grants are approved with a condition, the grant is disclosed by way of a note as a commitment until the condition is satisfied.

Funds structure

The Trust has an endowment which comprises of its direct shareholdings in Edrington and quoted investments which have been purchased from recent proceeds of their partial sale.

Unrestricted income funds comprise those funds which the Corporate Trustee is free to use for any purpose in furtherance of the charitable objectives.

Designated funds comprise unrestricted funds which the Corporate Trustee has set aside for a specific use. Details of each fund are shown in note 21.

Restricted funds are to be used for specific purposes as laid down, either implicitly or explicitly, by the donor.

Pension contributions

Pension contributions are made to a defined contribution pension scheme. These are charged to the Trust's Statement of Financial Activities in the period in which they are incurred.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

3. Comparative Statement of the Trust's Financial Activities for the year ended 31 March 2022

| | Endowment Funds £'000 | Unrestricted Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | <i>Restated*</i> Year ended 31 March 2022 £'000 |
|--|--------------------------------------|---|---------------------------------------|---------------------------------------|---|
| Income and endowments from: | | | | | |
| Donations and legacies | - | 36 | - | 53 | 89 |
| Charitable activities | - | 247 | - | - | 247 |
| Investment income | | | | | |
| • Dividend from Edrington | - | 17,510 | - | - | 17,510 |
| • Income from listed investments | - | 4,005 | - | - | 4,005 |
| • Income from social investments | - | 9 | - | - | 9 |
| • Bank interest | - | 15 | - | - | 15 |
| Total income | - | 21,822 | - | 53 | 21,875 |
| Expenditure on: | | | | | |
| Charitable activities | - | (27,305) | - | (77) | (27,382) |
| Total expenditure | - | (27,305) | - | (77) | (27,382) |
| Net operational deficit before net gains on investments | - | (5,483) | - | (24) | (5,507) |
| Transfer between funds | (3,902) | 1,902 | 2,000 | - | - |
| Net gains/(losses) on investments | | | | | |
| Net gain on listed investments | 9,295 | 2,302 | - | - | 11,597 |
| Net loss on investments held within cash and cash equivalents | - | (30) | - | - | (30) |
| Net gains on investments | 9,295 | 2,272 | - | - | 11,567 |
| Net income/(expenditure) for the year | 5,393 | (1,309) | 2,000 | (24) | 6,060 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 564,979 | 44,838 | - | 190 | 610,007 |
| Total funds carried forward | 570,372 | 43,529 | 2,000 | 166 | 616,067 |

*The comparative financial statements have been restated as detailed in note 25.

**THE ROBERTSON TRUST
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

4. Related party transactions

From time-to-time, the Charity Trustees will be asked to consider an application for financial support from a charity which one or more of the Committee members support in either a professional or personal capacity. In such circumstances, the Committee member and/or Trustee with an interest in the relevant charity declares their interest at the outset of the committee meeting at which the application is to be considered and withdraws from the meeting when the application is considered. No Committee member or Charity Trustee has a beneficial interest in any of the charities supported.

In the current year, no donations were made to a charity to which one of the Charity Trustees, Committee member or key management was connected (2022: *£nil*).

During the year, 1 (2022: 1) member of key management personnel of the Trust held a minority interest in Edrington and received dividends of £2.3k (2022: *£1.7k*).

During the year, £219k (2022: *£203k*) Giving More donations were paid on behalf of Edrington and recharged by the Trust. Dividends totalling £23.8m (2022: *£17.5m*) were received from Edrington in the year. At the year-end, amounts owed by Edrington amounted to £124k (2022: *£57k*) is and are included within debtors in note 17.

The following amounts are included within creditors and are payable to trusts that are under common control:

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|---|---|---|
| Creditors: amounts falling due within one year | | |
| Committed to The Clappers Trust | - | 72 |
| Total amounts due | <u>-</u> | <u>72</u> |

5. Net income for the year

| | Year ended 31 March 2023 £'000 | <i>Restated</i> Year ended 31 March 2022 £'000 |
|---|---|--|
| This is stated after charging: | | |
| Depreciation of tangible fixed assets | 283 | 282 |
| Auditor's remuneration – audit fees | 129 | 39 |
| Auditor's remuneration – non audit fees | - | 6 |
| | <u>283</u> | <u>327</u> |

6. Income from donations and legacies

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------------|---|---|
| Donation | - | 36 |
| Matched funding income | 34 | 53 |
| | <u>34</u> | <u>89</u> |

**THE ROBERTSON TRUST
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

7. Income from charitable activities

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|--------------------------|---|---|
| Charity hub: | | |
| Rent and service charges | 324 | 241 |
| Hospitality income | 52 | 6 |
| | <u>376</u> | <u>247</u> |

8. Expenditure on charitable activities

| | 2023 Charity hub £'000 | 2023 Grant making £'000 | Year ended 31 March 2023 Total £'000 |
|-----------------------------------|---|--|---|
| Staff costs | 195 | 1,760 | 1,955 |
| Project recharges | - | (123) | (123) |
| Charitable donations (note 9) | - | 19,083 | 19,083 |
| Programme support costs | - | 377 | 377 |
| Allocated support costs (note 10) | 1,062 | 3,259 | 4,321 |
| | <u>1,257</u> | <u>24,356</u> | <u>25,613</u> |

| | 2022 Charity hub £'000 | 2022 Grant making £'000 | Year ended 31 March 2022 Total £'000 |
|-----------------------------------|---|--|---|
| Staff costs | 171 | 1,544 | 1,715 |
| Project recharges | - | (104) | (104) |
| Charitable donations (note 9) | - | 23,599 | 23,599 |
| Programme support costs | - | 13 | 13 |
| Professional fees | - | 105 | 105 |
| Other direct costs | 8 | 11 | 19 |
| Allocated support costs (note 10) | 666 | 1,369 | 2,035 |
| | <u>845</u> | <u>26,537</u> | <u>27,382</u> |

**THE ROBERTSON TRUST
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

9. Charitable donations

| | Open Awards £'000 | Programme Awards £'000 | Other £'000 | Total Awards to Institutions £'000 | Awards to Individual Scholars £'000 | Total year ended 31 March 2023 £'000 |
|---------------------------------------|----------------------------------|---------------------------------------|------------------------|---|--|---|
| Wee Grants | 280 | - | - | 280 | - | 280 |
| Small Awards | 4,430 | - | - | 4,430 | - | 4,430 |
| Large Awards | 10,946 | - | - | 10,946 | - | 10,946 |
| Community Vehicles | 249 | - | - | 249 | - | 249 |
| Other awards | - | - | 60 | 60 | - | 60 |
| Cost of living awards | 1,565 | 56 | - | 1,621 | - | 1,621 |
| Continuation awards (former strategy) | 52 | - | - | 52 | - | 52 |
| Programme awards | - | 159 | - | 159 | - | 159 |
| Journey to Success Programme | - | 55 | - | 55 | 1,898 | 1,953 |
| | 17,522 | 270 | 60 | 17,852 | 1,898 | 19,750 |
| Giving more awards | - | - | 246 | 246 | - | 246 |
| Awards withdrawn | (680) | - | - | (680) | (233) | (913) |
| | 16,842 | 270 | 306 | 17,418 | 1,665 | 19,083 |

A full list of awards we made to organisations through Our Funds is available on our [website](#). We also publish our monthly awards through our website and social media channels.

**THE ROBERTSON TRUST
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

9. Charitable donations *(continued)*

| | Open Awards £'000 | Programme Awards £'000 | Other £'000 | Total Awards to Institutions £'000 | Awards to Individual Scholars £'000 | Total year ended 31 March 2022 £'000 |
|---------------------------------------|----------------------------------|---------------------------------------|------------------------|---|--|---|
| Wee Grants | 282 | - | - | 282 | - | 282 |
| Small Awards | 2,852 | - | - | 2,852 | - | 2,852 |
| Large Awards | 12,999 | - | - | 12,999 | - | 12,999 |
| Community Vehicles | 198 | - | - | 198 | - | 198 |
| Community Buildings | 326 | - | - | 326 | - | 326 |
| Other awards | - | - | 194 | 194 | - | 194 |
| Cost of living awards | - | - | - | - | - | - |
| Continuation awards (former strategy) | 419 | - | - | 419 | - | 419 |
| Programme awards | - | 1,503 | - | 1,503 | - | 1,503 |
| Partners in change | - | 2,488 | - | 2,488 | - | 2,488 |
| Journey to Success Programme | - | - | 53 | 53 | 2,542 | 2,595 |
| | 17,076 | 3,991 | 247 | 21,314 | 2,542 | 23,856 |
| Giving more awards | - | - | 203 | 203 | - | 203 |
| Awards withdrawn | (393) | - | - | (393) | (67) | (460) |
| | 16,683 | 3,991 | 450 | 21,124 | 2,475 | 23,599 |

**THE ROBERTSON TRUST
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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

10. Support costs

| | Year ended 31 March 2023 | | | |
|----------------------------|----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | Charity Hub £'000 | Grant Making £'000 | Total Allocated £'000 | Basis of apportionment |
| Staff costs | 49 | 440 | 489 | Staff time (10:90) |
| Premises costs | 424 | 96 | 520 | Floor space (80:20) |
| Office costs | 38 | 205 | 243 | Staff time (10:90) |
| Depreciation | 269 | 30 | 299 | Floor space (80:20) |
| Sundry costs | 7 | 12 | 19 | Staff time (10:90) |
| Governance costs (note 11) | 275 | 2,476 | 2,751 | Staff time (10:90) |
| | 1,062 | 3,259 | 4,321 | |

| | Year ended 31 March 2022 | | | |
|----------------------------|----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | Charity Hub £'000 | Grant Making £'000 | Total Allocated £'000 | Basis of apportionment |
| Staff costs | 48 | 434 | 482 | Staff time (10:90) |
| Premises costs | 301 | 75 | 376 | Floor space (80:20) |
| Office costs | 20 | 183 | 203 | Staff time (10:90) |
| Depreciation | 226 | 56 | 282 | Floor space (80:20) |
| Sundry costs | 2 | 23 | 25 | Staff time (10:90) |
| Governance costs (note 11) | 69 | 598 | 667 | Staff time (10:90) |
| | 666 | 1,369 | 2,035 | |

11. Governance costs

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|-------------------------------------|---|---|
| Corporate Trustee expenses | 3 | 2 |
| Audit – external and internal audit | 158 | 51 |
| Legal & Professional fees* | 2,590 | 614 |
| | 2,751 | 667 |

*Legal and professional fees in the year include £1.9m costs directly attributable to the Edrington share buybacks, and which have been allocated against the endowment fund.

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

12. Analysis of staff costs and remuneration of key management personnel

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|-----------------------|---|---|
| Salaries and wages | 1,851 | 1,703 |
| Social security costs | 208 | 175 |
| Other pension costs | 287 | 251 |
| | <u>2,346</u> | <u>2,129</u> |

The monthly average number of employees in the year was 48 (2022: 45).

The key management personnel comprise the Charity Trustees, CEO, the Director of Finance & Company Secretary and Heads of department. The total employment benefits including employer national insurance contributions and employer pension contributions of the key management personnel were £0.6m (2022: £0.4m).

Expenses of £3k (2022: £2k) were paid to 7 (2022: 5) of the Charity Trustees, Kintail Trustees Limited for travel and subsistence.

No Charity Trustee or person related or connected by business to them has received any remuneration from the Trust (2022: nil).

The number of employees earning £60k per annum or more was:

| | Year ended 31 March 2023 Number | Year ended 31 March 2022 Number |
|---------------------|--|--|
| £60,000 -£70,000 | 1 | - |
| £70,001 - £80,000 | 2 | 2 |
| £90,001 - £100,000 | - | 1 |
| £100,001 - £110,000 | 1 | - |
| | <u>1</u> | <u>3</u> |

The number of employees with emoluments in excess of £60k, with retirement benefits accruing in a money purchase scheme was 4 (2022:3).

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13. Tangible assets

| | Heritable Property £'000 | Fixtures, Fittings and Equipment £'000 | Total £'000 |
|--|---|---|------------------------|
| Cost at 1 April 2022 | 4,708 | 1,277 | 5,985 |
| Additions | - | 236 | 236 |
| Disposals | - | - | - |
| Cost at 31 March 2023 | 4,708 | 1,513 | 6,221 |
| Depreciation at 1 April 2022 | 537 | 803 | 1,340 |
| Charge for the year | 95 | 188 | 283 |
| Disposals | - | - | - |
| Depreciation at 31 March 2023 | 632 | 991 | 1,623 |
| Net book value at 31 March 2023 | 4,076 | 522 | 4,598 |
| Net book value at 31 March 2022 | 4,171 | 474 | 4,645 |

Included within the cost of Heritable Property is £2.4m (2022: £2.4m) of freehold land and buildings and £2.3m (2022: £2.3) in relation to long leasehold property.

The property at Barracks, Stirling was independently assessed for impairment purposes by Brian Allen MRICS of Ryden LLP in 2020. The impairment assessment was carried out on a fair value basis and the valuation resulted in a £5.7m impairment in the 2020 financial year. The equivalent historical cost of the property prior to impairment was £7.7m (2022: £7.7m).

14. Investments in subsidiaries

| | Year ended 31 March 2023 £'000 | <i>Restated</i> Year ended 31 March 2022 £'000 |
|-----------------------------|---|--|
| Cost at 1 April | | |
| Additions | 307,767 | 307,767 |
| Disposals* | (15,710) | - |
| Cost at 31 March | 292,057 | 307,767 |
| Historical cost at 31 March | 292,057 | 307,767 |

*During the year the Trust participated in a share buyback with Edrington receiving £155.9m and creating a realised gain on investments in subsidiaries of £140.2m, which has been reported in the Statement of Financial Activities. In February 2024 the Trust participated in a second share buyback with Edrington receiving £80m.

The Trust's investments in subsidiaries represents its holdings in Edrington. At 31 March 2023, the Trust owned 100% of the "A" Shares in issue and 70.7 % of the "B" Shares in issue and as such is the controlling shareholder of Edrington. Included within the Edrington shareholding is a gift of shares received in years ended 31 March 2017 and 2021 that were classified as unrestricted and, as such is not included in the restricted endowed amount within the Trust's Balance Sheet.

Refer to Note 25 on details of the Trust's change in accounting policy in relation to its investments in subsidiaries.

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

14. Investments in subsidiaries *(continued)*

By virtue of its investments in Edrington, the Trust indirectly holds investments in the following companies:

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|-----------------|---|--|
| Subsidiary undertakings: | | | |
| Edrington Distillers Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% * | Blending, bottling, sales and marketing of Scotch whisky |
| The 1887 Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 75% ** | Management of Scotch whisky companies |
| Brugal & Co., S.A. (Avenue J.F. Kennedy, Edificio Brugal, Santo Domingo, R.D.) | Ordinary shares | 61%* | Distilling, bottling, sales and marketing of Dominican rum |
| Casa Brugal RD., S.A. (Avenue J.F. Kennedy, Edificio Brugal, Santo Domingo, R.D.) | Ordinary shares | 61% | Distilling, bottling, sales and marketing of Dominican rum |
| Brugal Subsidiaria España, SLU (Calle Mahonia No.2, Edificio Portico, 1ra planta, Campo de las Naciones, 28043, Madrid, España) | Ordinary shares | 61% | Sales and marketing of Dominican rum |
| SLV (Edrington) Limited (One Fleet Place, London, England, EC4M 7WS) | Ordinary shares | 100%* | Sale and distribution of vodka |
| Clyde Bonding Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Marshall McGregor Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Marketing of Scotch whisky |
| The Clyde Cooperage Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Africa Pty Ltd (Block A, Ground Floor, 3021 William Nicol Drive, Bryanston, 2191, Johannesburg) | Ordinary shares | 100%* | Sale and distribution of alcoholic beverages |
| Hepburn & Ross Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| R & B (West Nile Street) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Robertson & Baxter Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Brands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100%* | Dormant |
| Edrington International Brands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of holding companies |
| Edrington USA Inc (18 West 24 th Street, 4 th Floor, New York, NY10010, USA) | Ordinary shares | 100%* | Activities of holding companies |
| Edrington (Trustees) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Trustees (2017) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Row & Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Sale and marketing of Scotch whisky |

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

14. Investments in subsidiaries *(continued)*

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|-----------------|---|---|
| Subsidiary undertakings <i>(continued)</i> : | | | |
| Wyoming Whiskey, Inc. (100 South Nelson Street, Kirby, Wyoming 82430) | Ordinary shares | 80%*** | Distilling, bottling, sales and marketing of American craft whiskey |

* Investment is held directly by Edrington.

** Edrington has 70% of the voting and economic rights in respect of The 1887 Company Limited.

***During the year, Edrington purchased an additional 30% of the share capital of Wyoming Whiskey Inc, obtaining 80% ownership.

The 1887 Company Limited holds the following investments either directly or indirectly:

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|--------------------------------------|---|--|
| Subsidiary undertakings: | | | |
| Highland Distillers Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Distilling, blending, bottling, sales and marketing of Scotch whisky |
| The Macallan Distillers Limited (The Macallan Distillery, Craigellachie, Banffshire, AB38 9RX) | Ordinary shares Preference shares | 75% 100% | Distilling, sales and marketing of Scotch whisky |
| Edrington Sweden AB (Luntmakargatan 46, 111, 37 Stockholm, Sweden) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| BB&R Spirits Limited (One, Fleet Place, London, England, EC4M 7WS) | Ordinary shares | 100% | Dormant |
| Edrington Danmark A/S (Dronningens Tvaergade 9, 2 Copenhagen, 1302 Denmark) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Finland OY (Firdonkatu T2 144 005200, Helsinki, Finland) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Norge AS (Radhusgata 30B NO-0151, Oslo, Norway) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Taiwan Limited (9F, No. 9 Songgao Road, Xinyi Dist., Taipei City, 11073 Taiwan) | Ordinary shares | 87.5% | Sale and distribution of alcoholic beverages |
| Edrington Shanghai Limited (03, 10/F, Tower 2, Grand Gateway, No.1 Hong Qiao Road, Xuihui, Shanghai, China) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Hong Kong Limited (Room 1020, 1209 A, 12F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Singapore Pte Limited (12 Marina View Asia Square, Tower 2 Level 24-01, Singapore 018961) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| The Edrington Group USA, LLC (18 West 24 th Street, 4 th Floor, New York, NY10010, USA) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington European Travel Retail (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Middle East and Africa (Magalou Alexandrou 4 Street, Aglantzia, 2121 Nicosia, Cyprus) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |

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14. Investments in subsidiaries *(continued)*

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|--------------------------------------|---|--|
| Subsidiary undertakings <i>(continued)</i> : | | | |
| Highland Distribution Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distribution Holdings Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distribution Ventures Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| HS (Distillers) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares Preference shares | 75% 100% | Activities of holding companies |
| Highland Distribution Netherlands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distillers Group Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of holding companies |
| Macallan Property Development Company Limited (The Macallan Distillery Easter Elchies House, Craigellachie, Aberlour, Banffshire, AB38 9RX) | Ordinary shares | 75% | Development of building projects |
| James Grant & Company (Highland Park Distillery) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Macallan Property Company Limited (The Macallan Distillery Easter Elchies House, Craigellachie, Aberlour, Banffshire, AB38 9RX) | Ordinary shares | 75% | Letting and operating of real estate |
| Matthew Gloag & Son Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Mexico Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Importadora EMEX Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Importer of alcoholic beverages |
| Servicios EMEX Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Provision of employment services |
| Edrington (Malaysia) SDN BHD (Unit 30-01, Tower A, Vertical Business Suite, Ave 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Distribution UK Limited (191 West George Street, Glasgow, Scotland, G2 2LD) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington France SAS (37 Rue Des Mathurins, 75008, Paris) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

15. Quoted investments

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|---------------------------------|---|---|
| Market value at 1 April | 288,115 | 148,865 |
| Additions | 203,102 | 220,716 |
| Disposals | (17,137) | (93,063) |
| Net (loss)/gain on investment | (16,190) | 11,597 |
| | <hr/> | <hr/> |
| Market value at 31 March | 457,890 | 288,115 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Historical cost at 31 March | 463,725 | 213,212 |
| | <hr/> <hr/> | <hr/> <hr/> |

In the year to 31 March 2023, £495k of the net loss on the quoted investments was realised with £15,694k remaining unrealised. (2022: £2,798k realised loss, £14,395k unrealised gain).

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|---------------------------------|---|---|
| UK Listed Equities | 68,257 | 53,100 |
| Foreign Listed Equities | 231,676 | 204,159 |
| Fixed Income Bonds | 35,498 | 17,705 |
| Alternatives | 10,615 | 6,731 |
| UK Cash held for investment | 111,844 | 6,420 |
| | <hr/> | <hr/> |
| Market value at 31 March | 457,890 | 288,115 |
| | <hr/> <hr/> | <hr/> <hr/> |

16. Social investments

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|--------------------------------------|---|---|
| Bonds in Fair for You Enterprise CIC | 250 | 250 |
| Loan to Haven | 32 | 64 |
| | <hr/> | <hr/> |
| | 282 | 314 |
| | <hr/> <hr/> | <hr/> <hr/> |

Fair For You was set up in 2015 to alleviate poverty through better credit solutions for lower income family households and to influence how we lend as a society to lower-income families. It is the sole owner of Fair for You Enterprise CIC, which lends customers the money to buy household items from suppliers on its 'digital high street'. The loan was secured on the existing loan book with a fixed interest rate of 6% per annum. In 2021, the loan was converted to a perpetual bond. The bond will yield 3% with the entire £250k being converted.

Haven Products Limited offers high-quality services to businesses in the areas of contract packing, quality inspection, secure storage, printing, and mailing. The loan was issued for the purpose of part funding the set-up of a production line within the company's production facility. The loan will attract annual interest of 4% per annum. A repayment of £32k (2022: £11k) was received during the year. There were no gains on social investments in the year (2022: £nil).

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17. Debtors

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|--------------------------------|---|---|
| Trade debtors | 383 | 330 |
| Prepayments and accrued income | 842 | 344 |
| Sundry debtors | 41 | - |
| | <u>1,266</u> | <u>674</u> |

18. Cash and cash equivalents

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------|---|---|
| Current accounts | 7,247 | 34,506 |
| Deposit accounts | 10,080 | 10,045 |
| | <u>17,327</u> | <u>44,551</u> |

19. Creditors: amounts falling due within one year

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------------------|---|---|
| Charitable commitments | 16,692 | 16,395 |
| Trade creditors | 146 | 77 |
| Accrued expenses | 468 | 269 |
| Taxation and social security | 54 | 59 |
| Sundry creditors | 55 | 67 |
| | <u>17,415</u> | <u>16,867</u> |

20. Creditors: amounts falling due after more than one year

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------------|---|---|
| Charitable commitments | 11,203 | 13,133 |

The charitable commitments will become due as follows:

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------------------|---|---|
| Within one year | 16,692 | 16,395 |
| Between one and two years | 8,794 | 8,783 |
| Between two and three years | 2,158 | 3,518 |
| Between three and four years | 232 | 783 |
| Between four and five years | 19 | 49 |
| | <u>27,895</u> | <u>29,528</u> |

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

21. Analysis of charitable funds

| | At 1 April 2022 £'000 | Income £'000 | Expenditure £'000 | Gains/ (Losses) £'000 | Transfers £'000 | At 31 March 2023 £'000 |
|----------------------------|-----------------------------|-----------------|----------------------|-----------------------------|--------------------|------------------------------|
| Restricted funds: | | | | | | |
| Endowment fund | 570,372 | - | (1,874) | 126,468 | - | 694,966 |
| TSI reserve | 166 | - | (7) | - | - | 159 |
| Matched funding reserve | - | 34 | (34) | - | - | - |
| Unrestricted funds: | | | | | | |
| Unrestricted income funds | 43,529 | 30,270 | (23,698) | (2,423) | - | 47,678 |
| Designated funds: | | | | | | |
| Charitable activities | 2,000 | - | - | - | - | 2,000 |
| | <u>616,067</u> | <u>30,304</u> | <u>(25,613)</u> | <u>124,045</u> | <u>-</u> | <u>744,803</u> |

| | <i>Restated</i> At 1 April 2021 £'000 | Income £'000 | Expenditure £'000 | Gains £'000 | Transfers £'000 | <i>Restated</i> At 31 March 2022 £'000 |
|----------------------------|--|-----------------|----------------------|----------------|--------------------|---|
| Restricted funds: | | | | | | |
| Endowment fund | 564,979 | - | - | 9,295 | (3,902) | 570,372 |
| TSI reserve | 190 | - | (24) | - | - | 166 |
| Matched funding reserve | - | 53 | (53) | - | - | - |
| Unrestricted funds: | | | | | | |
| Unrestricted income funds | 44,838 | 21,822 | (27,305) | 2,272 | 1,902 | 43,529 |
| Designated funds: | | | | | | |
| Charitable activities | - | - | - | - | 2,000 | 2,000 |
| | <u>610,007</u> | <u>21,875</u> | <u>(27,382)</u> | <u>11,567</u> | <u>-</u> | <u>616,067</u> |

Restricted funds:

The endowment comprises the Trust's holding in Edrington and its quoted investments (less any transfers to unrestricted funds), purchased from proceeds from the partial sale of the Edrington shares held by the Trust. The endowment was made on the condition that the income generated by the endowment would only be applied for charitable purposes.

The TSI Reserve represents the £0.2m (2022: £0.2m) closing reserves of Voluntary Action Scotland which are to be used to support the work of the TSI network.

The matched funding reserve comprises of the funding received from other charitable organisations in order to assist with the Trust's Scholarship programme. The funding is provided by the Trust and then matched by a number of organisations. All matched funding received was awarded in the year.

Unrestricted funds:

The unrestricted income funds are available to be spent for any of the purposes of the Charity.

Designated funds:

During the year ended 31 March 2022, the Corporate Trustee approved the designation of £2.0m to help support the ambitious charitable activities across the 3-year plan which runs to March 2025.

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

22. Net assets by fund

| | Endowment Fund | Unrestricted Fund | Designated Fund | Restricted Fund | Year ended 31 March 2023 £'000 |
|--|---------------------------|------------------------------|----------------------------|----------------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | - | 4,598 | - | - | 4,598 |
| Investments | 694,966 | 55,263 | - | - | 750,229 |
| Current assets | - | 16,435 | 2,000 | 159 | 18,594 |
| Creditors: amounts falling due within one year | - | (17,415) | - | - | (17,415) |
| Creditors: amounts falling due after more than one year | - | (11,203) | - | - | (11,203) |
| | 694,966 | 47,678 | 2,000 | 159 | 744,803 |

| | Endowment Fund | Unrestricted Fund | Designated Fund | Restricted Fund | <i>Restated</i> Year ended 31 March 2022 £'000 |
|--|---------------------------|------------------------------|----------------------------|----------------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | - | 4,645 | - | - | 4,645 |
| Investments | 545,089 | 51,107 | - | - | 596,196 |
| Current assets | 25,283 | 17,777 | 2,000 | 166 | 45,226 |
| Creditors: amounts falling due within one year | - | (16,867) | - | - | (16,867) |
| Creditors: amounts falling due after more than one year | - | (13,133) | - | - | (13,133) |
| | 570,372 | 43,529 | 2,000 | 166 | 616,067 |

23. Pensions

The total pension contributions payable in the year on behalf of all employees were £0.3m (2022: £0.3m).

At the year-end there was £29k due to the pension scheme (2022: £26k) and this is included within other creditors.

24. Commitments

The Trust has entered a 100-year occupational lease with Stirling Council for The Barracks expiring in June 2118. The annual rental charge for the lease is £1.

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

25. Change in accounting policy

As explained in note 2, the Trust has revised its accounting policy in relation to the approach for measuring its investments in subsidiaries. The Trust has adopted an accounting policy of measuring its investments at cost rather than fair value. As this is a change in accounting policy, the Trust has restated its prior year statement of financial activities and balance sheet accordingly.

The impact of the adoption of this revised accounting policy is set out below.

Statement of Financial Activities

| | As reported | | As restated | | As reported | | As restated | | *As reported | |
|---|----------------|------------------|----------------|---------------|--------------|----------------|--------------|--------------|----------------|-------------|
| | Endowment | Adjustments | Endowment | Unrestricted | Adjustments | Unrestricted | Unrestricted | Other | 1 March 2022 | |
| | Funds | Funds | Funds | Funds | Funds | Funds | Funds | Funds | As reported | As restated |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total funds brought forward at 1 April 2021 | 743,552 | (178,573) | 564,979 | 37,603 | 7,235 | 44,838 | | 190 | 610,007 | |
| Total income | - | - | - | 21,822 | - | 21,822 | | 53 | 21,875 | |
| Total expenditure | - | - | - | (27,305) | - | (27,305) | | (77) | (27,382) | |
| Transfer between funds | (3,902) | - | (3,902) | 1,902 | - | 1,902 | | 2,000 | - | |
| Net gains/(losses) on investments | 70,097 | (60,802) | 9,295 | 2,919 | (647) | 2,272 | | - | 11,567 | |
| Net income/(expenditure) for the year | 66,195 | (60,802) | 5,393 | (662) | (647) | (1,309) | | 1,976 | 6,060 | |
| Total funds carried forward at 31 March 2022 (note 22) | 809,747 | (239,375) | 570,372 | 36,941 | 6,588 | 43,529 | | 2,166 | 616,067 | |

*There were no adjustments to prior year designated funds or restricted funds, which are also included in total funds above.

The impact of the change in accounting policy noted above was a decrease in the value of the Trust's investment in subsidiaries and the total funds carried forward at 31 March 2022 by £232.8m. This was matched by a reduction in endowment funds of £239.4m at 1 April 2023 (*1 April 2022: £178.6m*) and an increase of £6.6m at 1 April 2023 (*1 April 2022: £7.2m*) for the gifted shares held in the unrestricted funds.

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NOTES TO THE CHARITY'S FINANCIAL STATEMENTS *(continued)*

25. Change in accounting policy *(continued)*

| Balance Sheet | As reported 31 March 2022 £'000 | Adjustments £'000 | As restated 31 March 2022 £'000 |
|--|--|------------------------------|--|
| Fixed assets | | | |
| Investments in subsidiaries | 540,554 | (232,787) | 307,767 |
| Other fixed assets | 293,074 | - | 293,074 |
| Total fixed assets | 833,628 | (232,787) | 600,841 |
| Total current assets | 45,226 | - | 45,226 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | (16,867) | - | (16,867) |
| Net current assets/(liabilities) | 28,359 | - | 28,359 |
| Creditors: amounts falling due after more than one year | (13,133) | - | (13,133) |
| Total net assets/(liabilities) | 848,854 | (232,787) | 616,067 |
| The funds of the Trust: | | | |
| Restricted funds: | | | |
| Endowment fund | 809,747 | (239,375) | 570,372 |
| TSI reserve | 166 | - | 166 |
| Matched funding reserve | - | - | - |
| Unrestricted funds: | | | |
| Unrestricted income funds | 36,941 | 6,588 | 43,529 |
| Designated funds | 2,000 | - | 2,000 |
| Total Trust funds | 848,854 | (232,787) | 616,067 |
| Statement of cash flow | | | |
| Cash generated by operations | (21,112) | - | (21,112) |
| Cash flows used in investing activities | (106,263) | - | (106,263) |
| Change in cash and cash equivalents in the reporting year | (127,375) | - | (127,375) |

The impact of the change in accounting policy noted above was a decrease in the value of the Trust's investment in subsidiaries and the total funds carried forward at 31 March 2022 by £232.8m. This was matched by a reduction in endowment funds of £239.4m at 1 April 2023 (*1 April 2022: £178.6m*) and an increase of £6.6m at 1 April 2023 (*1 April 2022: £7.2m*) for the gifted shares held in the unrestricted funds.

**CONSOLIDATED FINANCIAL
STATEMENTS**

**For the year ended
31 March 2023**

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023**

| | Note | Endowment Funds £'m | Unrestricted Funds £'m | Designated Funds £'m | Restricted Funds £'m | Year ended 31 March 2023 Total Funds £'m | Year ended 31 March 2022 Total Funds £'m |
|--|------|---------------------------|------------------------------|----------------------------|----------------------------|---|---|
| Income and endowments from: | | | | | | | |
| Donations and legacies | 30 | - | - | - | - | - | 0.1 |
| Charitable activities | 31 | - | 0.4 | - | - | 0.4 | 0.2 |
| Other trading activities | 32 | - | 1,296.3 | - | - | 1,296.3 | 991.0 |
| Investments: | | | | | | | |
| Income from quoted investments | | - | 5.9 | - | - | 5.9 | 4.0 |
| Bank interest | | - | 0.2 | - | - | 0.2 | - |
| Total income | | - | 1,302.8 | - | - | 1,302.8 | 995.3 |
| Expenditure on: | | | | | | | |
| Charitable activities | 33 | (1.9) | (23.7) | - | - | (25.6) | (27.4) |
| Other trading activities | 32 | - | (896.5) | - | - | (896.5) | (741.4) |
| Total expenditure | | (1.9) | (920.2) | - | - | (922.1) | (768.8) |
| Net operational (deficit)/surplus before net gains on investments | | (1.9) | 382.6 | - | - | 380.7 | 226.5 |
| Transfer between funds | 47 | 155.9 | (155.9) | - | - | - | - |
| Net (losses)/gains on investments | | | | | | | |
| Net (loss)/gain on quoted investments | 38 | (13.7) | (2.5) | - | - | (16.2) | 11.6 |
| Net (losses)/gains on investments | | (13.7) | (2.5) | - | - | (16.2) | 11.6 |
| Taxation | 35 | - | (72.9) | - | - | (72.9) | (96.4) |
| Net income for the year | | 140.3 | 151.3 | - | - | 291.6 | 141.7 |
| Attributable to non-controlling interests | 40 | - | (198.7) | - | - | (198.7) | (96.7) |
| Net income/(expenditure) in the year (excluding non-controlling interests) | | 140.3 | (47.4) | - | - | 92.9 | 45.0 |
| Net income/ (expenditure) for the year | | | | | | | |
| Arising from the Charity | | 140.3 | (19.7) | - | - | 120.6 | (11.5) |
| Arising from trading activities | | - | (27.7) | - | - | (27.7) | 56.5 |

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES *(continued)*
FOR THE YEAR ENDED 31 MARCH 2023**

| | Endowment Funds £'m | Unrestricted Funds £'m | Designated Funds £'m | Restricted Funds £'m | Year ended 31 March 2023 Total Funds £'m | Year ended 31 March 2022 Total Funds £'m |
|--|---------------------------|------------------------------|----------------------------|----------------------------|---|---|
| Other recognised (losses)/gains | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | - | (24.7) | - | - | (24.7) | 7.1 |
| Revaluation reserves movement | - | 0.2 | - | - | 0.2 | 0.2 |
| Other sundry movements | - | 34.0 | - | - | 34.0 | 15.6 |
| Pension fees paid direct to Pension Fund | - | (0.1) | - | - | (0.1) | (0.1) |
| Exchange difference on foreign operations | - | 7.0 | - | - | 7.0 | 0.9 |
| Exchange difference on foreign dividend | - | 2.6 | - | - | 2.6 | 3.0 |
| Share-based payments movements | - | (3.4) | - | - | (3.4) | (3.9) |
| Cash flow hedge reserve movements | - | 1.0 | - | - | 1.0 | (2.9) |
| Tax on other recognised (losses)/gains | - | (0.2) | - | - | (0.2) | 0.9 |
| Net movement in funds | 140.3 | 167.7 | - | - | 308.0 | 162.5 |
| Attributable to minority interests | - | (190.9) | - | - | (190.9) | (104.7) |
| Net movement in funds in the year (excluding non-controlling interests) | 140.3 | (23.2) | - | - | 117.1 | 57.8 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | 274.9 | 547.4 | 2.0 | 0.2 | 824.5 | 766.7 |
| Total funds carried forward | 415.2 | 524.2 | 2.0 | 0.2 | 941.6 | 824.5 |

All the activities of the Group are classed as continuing. The notes on pages 58 to 102 form part of these financial statements.

The transfer between funds relates to the cash transferred from unrestricted trading reserves to the endowment fund relating to the buy back of Edrington shares during the year.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023**

| | Note | 2023 £'m | 2022 £'m |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 36 | 379.4 | 379.8 |
| Tangible assets | 37 | 636.1 | 598.2 |
| Quoted investments | 38 | 457.9 | 288.1 |
| Social investments | 39 | 0.3 | 0.3 |
| Investment in joint venture | 40 | 65.4 | 30.1 |
| Other investments | 40 | 0.4 | 6.7 |
| Derivative financial instruments | 49 | 3.6 | 3.2 |
| Deferred tax asset | 50 | 76.1 | 52.8 |
| Total fixed assets | | 1,619.2 | 1,359.2 |
| Current Assets | | | |
| Stocks | 41 | 844.4 | 747.6 |
| Debtors | 42 | 283.7 | 236.1 |
| Assets held for sale | 40 | 0.5 | 0.6 |
| Derivative financial instruments | 49 | 10.5 | 1.8 |
| Current tax asset | 42 | - | 2.8 |
| Cash and cash equivalents | 43 | 272.1 | 349.9 |
| Total current assets | | 1,411.2 | 1,338.8 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 44/45 | (528.8) | (417.5) |
| Derivative financial instruments | 49 | - | (0.6) |
| Net current assets | | 882.4 | 920.7 |
| Total assets less current liabilities | | | |
| | | 2,501.6 | 2,279.9 |
| Creditors: amounts falling due after more than one year | 46 | (679.2) | (611.8) |
| Derivative financial instruments | 49 | - | (0.1) |
| Deferred tax liability | 50 | (200.3) | (198.3) |
| Net assets excluding pension asset | | 1,622.1 | 1,469.7 |
| Defined benefit pension scheme asset | 52 | 21.9 | 44.5 |
| Total net assets | | 1,644.0 | 1,514.2 |
| The funds of the Group: | | | |
| Restricted funds: | | | |
| Endowment fund | 47 | 415.2 | 274.9 |
| TSI reserve | 47 | 0.2 | 0.2 |
| Unrestricted funds: | | | |
| Unrestricted income funds | 47 | 35.4 | 31.2 |
| Non-charity trading reserves | 47 | 488.3 | 515.3 |
| Non-charity other reserves | 47 | 0.5 | 0.9 |
| Designated funds | 47 | 2.0 | 2.0 |
| Total funds (excluding non-controlling interests) | | 941.6 | 824.5 |
| Non-controlling interests | 40 | 702.4 | 689.7 |
| Total Trust funds | | 1,644.0 | 1,514.2 |

Notes on pages 58 to 102 form part of these financial statements.

The financial statements set out on pages 53 to 103 were approved by the Corporate Trustee on 27 March 2024 and signed on its behalf by:

Mark Batho



On behalf of the Corporate Trustee

Fiona Larg MBE



On behalf of the Corporate Trustee

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

| | Year ended 31 March | | Year ended 31 March | |
|--|---------------------|----------------|---------------------|----------------|
| | 2023 | 2023 | 2022 | 2022 |
| | £'m | £'m | £'m | £'m |
| Cash flows from operating activities: | | | | |
| Net income in the year | 365.9 | | 265.2 | |
| Adjustments for: | | | | |
| Depreciation of tangible assets | 24.5 | | 20.8 | |
| Amortisation and impairment of intangible assets | 7.1 | | 8.0 | |
| Profit on the sale of tangible assets | (0.1) | | (3.1) | |
| Net losses/(gains) on investments | 16.2 | | (11.6) | |
| Dividends and interest income | (6.1) | | (4.0) | |
| Increase in stocks | (48.1) | | (22.7) | |
| Increase in debtors | (37.9) | | (32.4) | |
| (Decrease)/increase in creditors | (21.9) | | 57.5 | |
| Non-cash impact of gain on pension curtailment | - | | (0.2) | |
| Employer pension contributions paid | (7.5) | | (23.8) | |
| Tax paid by trading subsidiary | (67.9) | | (49.3) | |
| Other non-cash movements | (8.2) | | (13.5) | |
| Movement in non-cash derivative | (0.1) | | (4.2) | |
| Net cash provided by operating activities | | 215.9 | | 186.7 |
| Cash flows from investing activities: | | | | |
| Dividends received | 17.3 | | 6.9 | |
| Interest received | 6.3 | | 2.2 | |
| Purchase of fixed assets | (71.9) | | (66.8) | |
| Sale of fixed assets | 1.3 | | 3.7 | |
| Purchase of intangible assets | (2.2) | | (3.6) | |
| Sale of investments | 18.1 | | 95.2 | |
| Purchase of investments | (203.1) | | (220.7) | |
| Capital investment in joint venture | (35.4) | | (0.2) | |
| Net cash acquired on acquisition | 0.3 | | 3.2 | |
| Acquisition of a subsidiary | (14.5) | | - | |
| Net cash used by investing activities | | (283.8) | | (180.1) |

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
FOR THE YEAR ENDED 31 MARCH 2023**

| | Year Ended 31 March | | Year Ended 31 March | |
|---|------------------------|-------------------|---------------------------|-------------------------|
| | 2023 £'m | 2023 £'m | 2022 £'m | 2022 £'m |
| Cash flows from financing activities: | | | | |
| Interest paid by trading subsidiary | (26.5) | | (19.8) | |
| Net proceeds from EBT share transactions by trading subsidiary | (11.2) | | - | |
| Sale of Brugal treasury shares by trading subsidiary | - | | 13.8 | |
| Purchase of own shares by trading subsidiary | - | | - | |
| Dividends paid by trading subsidiary | (136.8) | | (121.6) | |
| Drawdown of revolving credit facility by trading subsidiary | 2,008.3 | | 1,361.1 | |
| Repayment of revolving credit facility by trading subsidiary | (2,139.9) | | (1,316.8) | |
| Drawdown of private placement debt by trading subsidiary | 300.0 | | - | |
| Repayment of private placement debt by trading subsidiary | - | | (141.8) | |
| Drawdown of other loans by trading subsidiary | (4.0) | | 104.0 | |
| Repayment of other loans by trading subsidiary | - | | (2.9) | |
| Net cash used in financing activities | | (10.1) | | (124.0) |
| Change in cash and cash equivalents in the reporting year | | (78.0) | | (117.4) |
| Cash and cash equivalents at the beginning of the year (net of bank overdraft) | | 347.5 | | 465.4 |
| Effect of foreign exchange rate changes | | 0.3 | | (0.5) |
| Cash and cash equivalents at the end of the year (net of bank overdraft) | | 269.8 | | 347.5 |
| Analysis of changes in net debt | | | | |
| | At 1 April 2022 | Cash flows | Non-cash movements | At 31 March 2023 |
| | £'m | £'m | £'m | £'m |
| Cash (net of bank overdraft) | 347.5 | (77.7) | - | 269.8 |
| Current asset investments | 0.6 | - | (0.1) | 0.5 |
| Bank loans | (305.3) | 135.6 | (7.1) | (176.8) |
| Private placement debt | (338.7) | (300.0) | 0.1 | (638.6) |
| Other borrowings | (10.0) | - | - | (10.0) |
| Total | (305.9) | (242.1) | (7.1) | (555.1) |

The notes on pages 58 to 103 form part of these financial statements.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. General information

These are the first set of consolidated financial statements prepared by the Trust. The Group's financial statements consolidate those of the Trust and its subsidiaries, comprising of Edrington, its subsidiaries and investments in joint ventures and associates (together referred to as 'the Group'). The parent Charity's financial statements present information about the Trust as a separate entity and are set out on pages 28 to 51.

The principal activities and nature of operations of the Group are set out in the Report of the Corporate Trustee.

These consolidated financial statements, which are presented in Pounds Sterling (GBP), have been prepared on the going concern basis, under the historical cost convention, with the exception of derivative financial instruments and quoted investments, which are measured at fair value as explained in the accounting policies below. All amounts have been presented in millions ("£'m"), rounded to the nearest million, unless otherwise stated.

The Group's financial statements have been prepared for the year ended 31 March 2023 while the comparative period covers the year ended 31 March 2022.

27. Principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. Where an accounting policy specifically relates to the Trust, it is not repeated in this note, and reference should be made to note 2 in the Trust's financial statements.

These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the Group's financial statements, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') (effective 1 January 2019), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP'), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Going concern

A full assessment of the appropriateness of the going concern method of preparation has been included within the Corporate Trustee's Report. The trading group annually forecasts future trading performance and cash flow to assess compliance with banking covenants and to confirm that the going concern assumption remains appropriate for the preparation of its financial statements. The forecasts reflect the challenges faced by the trading group in certain markets, together with the strong growth experienced in others and indicates, to the trading group's satisfaction, that it has resources more than sufficient to continue as a going concern for at least 12 months from date of signing.

Edrington's transition to FRS 102

To facilitate the preparation of the consolidated financial statements, Edrington's financial statements, which are prepared in accordance with the International Financial Reporting Standards as adopted by the UK ('IFRS') were converted to FRS 102. As a result of its transition to FRS 102, the Group has made some recognition and measurement adjustments to Edrington's financial results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Edrington's transition to FRS 102 *(continued)*

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these consolidated financial statements:

- **Business combinations** – Business combinations that took place prior to 1 April 2021 have not been restated.
- **Lease arrangements** – In order to determine whether an arrangement contains a lease, Edrington has analysed facts and circumstances existing at 1 April 2021 rather than commencement date of the arrangement.
- **Fair value or revaluation as deemed cost** – The previous GAAP revaluation at 1 April 2021 has been used as deemed cost for tangible and intangible assets at that date.
- **Separate financial instruments** – The carrying amount of Edrington's cost of investment in associates and joint venture are used as the deemed cost at 1 April 2021.
- **Borrowing costs** – Edrington has elected to capitalise borrowing costs only from the date of transition.

On first time adoption of FRS 102, the Group has not retrospectively changed Edrington's accounting policy under IFRS for the recognition and measurement of financial instruments, the derecognition of financial assets and liabilities before the date of transition, equity instruments granted before the transition date (in relation to share-based payments) and accounting estimates.

Critical accounting judgements and key sources of estimation uncertainty

Judgements made by the Corporate Trustee, in the application of the Trust's accounting policies that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

In addition to the above, there are three key areas of estimation uncertainties for the Group, particularly in relation to Edrington. This includes the valuation of pension assets and liabilities, the carrying value of brand assets and liabilities and the carrying value of equity acquisitions:

- **Pensions and other post-retirement benefits**

Edrington operates both defined benefit pension schemes providing benefits based on final pensionable earnings, and a defined contribution scheme. The determination of any pension scheme surplus/deficit is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. Sensitivity analysis has been undertaken on these key assumptions as detailed in note 52.

- **Brand valuation**

Assessment of the recoverable value of an intangible asset, the useful economic life of an asset, or that an asset has an indefinite useful life requires management estimate.

These assets are reviewed for impairment at least annually or when there is an indication that the asset may be impaired. The impairment reviews compare the carrying value of the brand with its value in use based on discounted future cash flow. The tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows and the expected long term growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts. Sensitivity analysis is undertaken on these key assumptions as outlined within note 36.

- **Valuation of equity acquisition**

Edrington holds minority equity stakes with several key strategic partners. The valuation of each equity stake requires management estimate in both the calculation of future cash flows and the appropriateness of the discount rate used.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty *(continued)*

The estimates and judgements around future cash flows are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts. Management have performed sensitivity analysis on the discount rate applied and are satisfied that a change in the rate applied will not result in a material change in the valuation. Details of acquisitions made are within notes 40 and 55.

Basis of consolidation

Subsidiaries

Subsidiary undertakings are entities in which the Group has a controlling interest. Control is achieved when the Group:

- has power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body;
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
- is exposed, or has rights, to variable return from its involvement with the investee; or
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of a business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the acquisition.

At the acquisition date, the identifiable assets acquired, and liabilities assumed are measured initially at their fair values. Minority interests are measured at a proportionate share of the identifiable net assets of the acquiree. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination, then the excess is recognised separately within the Consolidated Balance Sheet.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated statement of financial activities from the date that control commenced until the date that control ceases.

Joint ventures and associates

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaken in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity.

The Group's share of the profits/ losses of associates and joint ventures is included in the Consolidated Statement of Financial Activities while its interests in their net assets are recorded in the Consolidated Balance Sheet.

**THE ROBERTSON TRUST
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Foreign currencies

The Group's functional currency is Pounds Sterling.

While the Group's presentational currency, in its consolidated financial statements, is Pounds Sterling, it conducts business in many currencies. As a result, it is subject to foreign currency risk due to exchange rate movements which will affect the Group's transactions and translation of the results and underlying net assets of its operations.

Transactions in foreign currencies are translated at the spot rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at each balance sheet date, with exchange gains and losses recognised in the Consolidated Statement of Financial Activities.

Foreign operations

Trading results denominated in foreign currency are translated into Pounds Sterling at average rates of exchange during the year. Assets and liabilities are translated at the rates of exchange ruling at the year-end except where rates of exchange are fixed under contractual arrangements. Differences on exchange arising from the retranslation of the opening net assets of foreign subsidiaries denominated in foreign currency are taken to non-charity trading reserves, together with the differences between the statement of financial activities translated at average rates and rates ruling at the year-end.

Trading activities – Turnover

Turnover is generated from the sale of goods, royalties and rents received from contracts with customers. It is measured at the fair value of consideration received or receivable, excluding sales tax, and reduced by any rebates and trade discounts allowed.

Turnover from the sale of goods is recognised, at the point in time, when the following conditions are satisfied:

- significant risk and rewards of ownership are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be reliably measured;
- it is probable that the economic benefits of the transaction will be received by the Group; and
- the related costs can be measured reliably.

The sales of goods are recognised depending upon individual customer terms based on the point at which the transfer of control is deemed to have been made. For most customers this is the point at which the goods are transported onto the ship for delivery but it can differ for some customers.

Turnover from rendering of services is generally recognised over time, using a measure of progress.

Exceptional items

Exceptional items are those that, in management's judgement, need to be disclosed by virtue of their size or incidence. These items are included within the Consolidated Statement of Financial Activities and separately disclosed in the notes to the consolidated financial statements.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Finance Leases

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Consolidated Balance Sheet as a finance lease obligation.

**THE ROBERTSON TRUST
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Finance Leases *(continued)*

Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the net income/expenditure for the year. Assets held under finance leases are included in fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Operating Leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

Tangible assets

The Charity's policy on tangible assets is provided in note 2. In addition, the Group applies the following rates for the depreciation of its tangible assets:

| | |
|----------------------------|-----------|
| Buildings | 2% to 5% |
| Plant, vehicles, equipment | 5% to 33% |
| Casks | 5% to 15% |

Intangible assets

Brands

These intangible assets are comprised of brands with a material value, which are long term in nature and are recorded at cost less accumulated amortisation and impairment losses. Such brands are only recognised where title is clear, brand earnings are separately identifiable, and the brand could be sold separately from the rest of the business.

Amortisation is on a straight-line basis over the estimated useful life of the brand currently between 5 and 50 years. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading activities.

Software system costs

Software system costs are stated at historical cost net of amortisation. Amortisation is charged on a straight-line basis over the useful life of the assets. The principal annual rates used for this purpose are 10% to 33%. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading activities.

Goodwill

Goodwill is recognised on acquisition of a subsidiary, being the excess of the cost over the fair value of assets and liabilities acquired, is capitalised in the Consolidated Balance Sheet and amortised over its estimated useful economic life currently 5 years. Goodwill is tested annually for impairment and the amortisation and any impairment charge for the period is included in the statement of financial activities within expenditure arising from trading activities.

Impairment of non-financial assets

The Group's policy on impairment of non-financial assets is provided in note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Financial instruments

As permitted by FRS 102, the Group has chosen to account for Edrington's financial instruments using the recognition and measurement provisions of IFRS 9 Financial Instruments ('IFRS 9') as issued by the International Accounting Standards Board.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through income and expenditure ('FVTIE'); or fair value through other recognised gains or losses ('FVORGL').

The Group makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information is provided to management. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost as described above are measured at fair value, with the gain or loss recognised in the Consolidated Statement of Financial Activities.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTIE. For the purpose of group reporting, a financial liability is classified as at FVTIE if it is held for trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Interest expense and gains or losses relating to financial liabilities are included in the Consolidated Statement of Financial Activities. Interest expense is calculated to produce a constant rate of return on the outstanding liability.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported on a net basis only when the Group has a legally enforceable right to set off the amounts and either intends to settle on a net basis, or to realise the asset or liability simultaneously.

Hedge accounting

The Group designates derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives, its strategy and at inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is in effect offsetting changes in cash flows of the hedged item attributable to the hedged risk. All derivatives designated in a cash flow hedge are designated in their entirety as the hedging instrument, with the exception of the cross-currency swaps. In the case of the cross-currency swaps, the foreign currency basis risk has been excluded and as such is treated as a cost of hedging.

The cash flow hedge reserve (recognised within non-charity trading reserves) is adjusted to the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value of the hedged item from inception of the hedge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Hedge accounting *(continued)*

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other recognised gains/(losses). Any remaining gain or loss on the hedging instrument is hedge ineffectiveness and is recognised in the statement of financial activities. Where the amount that has been accumulated in the cash flow hedge reserve relates to a hedged forecast transaction that subsequently results in the recognition of a non-financial asset or liability, it is removed from cash flow hedge reserves and included in the initial cost of the asset or liability. For hedges that relate to a financial asset or liability, amounts deferred in equity are recognised in the statement of financial activities in the same period in which the hedged item affects the statement of financial activities.

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 April 2018, with the exception of the treatment of the cross-currency swaps basis component of foreign exchange derivatives designated in qualifying cash flow hedging relationships which has been excluded as "cost of hedging". This change has been applied retrospectively as is permissible under IFRS9. The Group's qualifying hedging relationship in place as at 1 April 2018 also qualify for hedge accounting in accordance within IFRS 9 and were therefore regarded as continuing hedging relationships. As the critical terms of the hedging instruments match those of their corresponding hedging items, all hedging relationships continue to be effective under IFRS9's effectiveness assessment requirements. On transition to IFRS 9 the unamortised proportion of the basis risks, bifurcated from the cross-currency swap valuation, has been accounted for in the cost of hedging reserve and continued to be amortised over the remaining life of the underlying hedging item with an annual relation to the statement of financial activities.

Stocks

Stocks are measured at the lower of cost and net realisable value.

Cost is defined as the production cost (including distillery overheads) or purchase price, as appropriate, plus carrying costs such as depreciation, warehousing rent and freight but excluding interest. Net realisable value is based on estimated selling price, less the estimated costs of completion and selling.

Stocks are valued at standard cost which is reviewed at least annually. Provision is made for obsolete and slow-moving items where appropriate.

Taxation

Income tax expense comprises current and deferred tax in relation to the subsidiary undertakings. It is recognised in the Consolidated Statement of Financial Activities, except to the extent that it relates to a business combination, or items recognised directly in equity or other recognised gains or losses.

Current tax

Current tax is recognised for the amount of income tax payable by the trading subsidiaries in respect of their taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Taxable income differs from the profit before tax reported in the trading subsidiaries' statement of financial activities because of items of income/expense which are taxable/deductible in other years ("temporary differences") and items that are never taxable/deductible ("permanent differences"). Current tax is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised by the trading subsidiaries on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences while deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Deferred tax *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated using the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Uncertain tax provisions

The Group is required to estimate the corporate tax in each of the many jurisdictions in which it operates. Management is required to estimate the amount that should be recognised as a tax liability or tax asset in many countries which are subject to tax audits which by their nature are often complex and can take several years to resolve. Current tax balances and tax provisions are based on management's judgement and interpretation of country specific tax law and the probability that the tax authority will accept the tax treatment used or planned to be used in the tax filing made.

Share-based payments

Edrington issues equity-settled share-based payments to certain Group employees under its Share Reward Scheme. The fair value at grant date of the shares granted is charged to the company's Statement of Financial Activities, with a corresponding increase recognised in share-based payments reserves (within non-charity trading reserves), over the vesting period.

In addition, Edrington also provides employees with the ability to save for a three-year period to by Edrington 'B' Ordinary Shares at 80% of the market price through its Share Save Scheme. The fair value of the share options awarded is determined at the grant date and is expensed on a straight-line basis over the three-year vesting period, based on an estimate of the shares that will ultimately vest.

The fair value of the shares and options granted is calculated at grant date using the Black-Scholes model taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Edrington reflects the fair value of the shares issued to subsidiary undertakings to enable them to meet their obligations under the share-based payment incentive schemes as an additional investment.

Other liabilities and provisions

Other liabilities are primarily provisions which are liabilities of uncertain timing or amounts. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and which will result in an outflow of economic benefit. Provisions are discounted where the effect is materially different to the original undiscounted amount and represent the Corporate Trustee's best estimate of likely settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Principal accounting policies *(continued)*

Pensions and other post-retirement benefits

Edrington operates three principal pension schemes based on final pensionable salary in addition to a number of schemes based on defined contributions. The assets of the schemes are held separately from those of the Group.

Defined benefit scheme assets are measured at fair value. Scheme liabilities which represent the present value of the obligation are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the consolidated balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

For defined benefit schemes, the amounts charged to the Consolidated Statement of Financial Activities are the gains/losses from settlements and curtailments. Past service costs are spread over the period until the benefits vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other financial income/costs. Actuarial gains and losses are reported as other recognised gains and losses in the Consolidated Statement of Financial Activities.

For defined contribution schemes the amount charged to the statement of financial activities in respect of pension costs is the contributions payable in the year. Any differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

In addition, Edrington pays other post-retirement discretionary benefits which are accounted for in accordance with FRS 17. In the view of the Corporate Trustee, there is no future legal commitment to pay these benefits. However, a constructive obligation exists as it has been custom and practise to pay them in the past; therefore, the most appropriate treatment is to provide for the full potential liability in the balance sheet.

Accounting for The Edrington Group Limited Employee Benefit Trust

Edrington, as the sponsoring company of The Edrington Group Limited Employee Benefit Trust, recognises the assets and liabilities of the Employee Benefit Trustee in the Group's accounts as it has deemed control.

The Group accounts for the Employee Benefit Trust as follows:

- Until such time as the Company's own shares held by the Employee Benefit Trust vest unconditionally in employees, the consideration paid for the shares is deducted from reserves.
- Other assets and liabilities (including borrowings) of the Employee Benefit Trust are recognised as assets and liabilities of the Group.
- Consideration paid or received for the purchase or sale of Company's own shares in the Employee Benefit Trust is down as a separate amount in reserves.
- No gain or loss is recognised in the statement of financial activity on purchase, sale, issue or cancellation of the Company's own shares.
- Finance costs and any administration expenses are charged as they accrue.
- Any dividend income arising on own shares is excluded from the statement of financial activity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

28. Comparative Consolidated Statement of Financial Activities for the year ended 31 March 2022

| | Note | Endowment Funds £'m | Unrestricted Funds £'m | Designated Funds £'m | Restricted Funds £'m | Year ended 31 March 2022 Total Funds £'m |
|--|------|---------------------------|------------------------------|----------------------------|----------------------------|---|
| Income and endowments from: | | | | | | |
| Donations and legacies | 30 | - | - | - | 0.1 | 0.1 |
| Charitable activities | 31 | - | 0.2 | - | - | 0.2 |
| Other trading activities | 32 | - | 991.0 | - | - | 991.0 |
| Investments: | | | | | | |
| Income from quoted investments | | - | 4.0 | - | - | 4.0 |
| Total income | | - | 995.2 | - | 0.1 | 995.3 |
| Expenditure on: | | | | | | |
| Charitable activities | 33 | - | (27.3) | - | (0.1) | (27.4) |
| Other trading activities | 32 | - | (741.4) | - | - | (741.4) |
| Total expenditure | | - | (768.7) | - | (0.1) | (768.8) |
| Net operational surplus before net gains on investments | | - | 226.5 | - | - | 226.5 |
| Transfer between funds | 47 | (3.9) | 1.9 | 2.0 | - | - |
| Net gains on investments | | | | | | |
| Net gain on quoted investments | 38 | 9.3 | 2.3 | - | - | 11.6 |
| Net gains on investments | | 9.3 | 2.3 | - | - | 11.6 |
| Taxation | 35 | - | (96.4) | - | - | (96.4) |
| Net income for the year | | 5.4 | 134.3 | 2.0 | - | 141.7 |
| Attributable to non-controlling interests | | - | (96.7) | - | - | (96.7) |
| Net income in the year (excluding non-controlling interests) | | 5.4 | 37.6 | 2.0 | - | 45.0 |
| Net income/(expenditure) in the year | | | | | | |
| Arising from the Charity | | 5.4 | (18.9) | 2.0 | - | (11.5) |
| Arising from trading activities | | - | 56.5 | - | - | 56.5 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

28. Comparative Consolidated Statement of Financial Activities for the year ended 31 March 2022

| | Endowment Funds £'m | Unrestricted Funds £'m | Designated Funds £'m | Restricted Funds £'m | Year ended 1 March 2022 Total Funds £'m |
|---|---------------------------|------------------------------|----------------------------|----------------------------|--|
| Other recognised gains/(losses) | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | - | 7.1 | - | - | 7.1 |
| Revaluation reserves movement | - | 0.2 | - | - | 0.2 |
| Other sundry movements | - | 15.6 | - | - | 15.6 |
| Pension fees paid direct to Pension Fund | - | (0.1) | - | - | (0.1) |
| Exchange difference on foreign operations | - | 0.9 | - | - | 0.9 |
| Exchange difference on foreign dividend | - | 3.0 | - | - | 3.0 |
| Share-based payments movements | - | (3.9) | - | - | (3.9) |
| Cash flow hedge reserve movement | - | (2.9) | - | - | (2.9) |
| Tax on other recognised gains/(losses) | - | 0.9 | - | - | 0.9 |
| Net movement in funds | 5.4 | 155.1 | 2.0 | - | 162.5 |
| Attributable to minority interests | - | (104.7) | - | - | (104.7) |
| Net movement in funds in the year (excluding non-controlling interests) | 5.4 | 50.4 | 2.0 | - | 57.8 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 269.5 | 497.0 | - | 0.2 | 766.7 |
| Total funds carried forward | 274.9 | 547.4 | 2.0 | 0.2 | 824.5 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

29. Net income for the year

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| This is stated after charging: | | |
| Depreciation of tangible fixed assets | 31.7 | 20.8 |
| Amortisation of intangible assets | 7.1 | 8.0 |
| Gain on disposal of tangible fixed assets | (0.1) | (3.1) |
| Stocks charged to the statement of financial activities | 83.5 | 55.7 |
| Auditor's remuneration – audit fees | 1.0 | 0.9 |
| Auditor's remuneration – non-audit fees | - | - |

The depreciation charge noted above is different from that shown in note 37 in these consolidated financial statements as cask and warehouse depreciation is added to the cost of Scotch whisky inventory and is not released to the Statement of Financial Activities until the relevant stock is sold. The current year cashflow depreciation charge excludes lease costs which are included within cash flows from financing activities.

30. Income for donations and legacies

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|------------------------|---|---|
| Matched funding income | - | 0.1 |

31. Income for charitable activities

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--------------------------|---|---|
| Charity hub: | | |
| Rent and service charges | 0.3 | 0.2 |
| Hospitality income | 0.1 | - |
| | 0.4 | 0.2 |

32. Trading activities

The income and expenditure arising from trading activities relates to the activities of the Trust's trading subsidiaries consolidated into Edrington. A list of Trust's trading subsidiaries is provided in note 14. The results of the trading subsidiaries are included in unrestricted funds in the Consolidated Statement of Financial Activities.

The income from trading activities includes turnover generated from the sale of goods, distribution of third-party products and other income from the storage of goods.

Analysis of turnover from trading activities is set out below:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Core turnover | 1,082.4 | 821.5 |
| Turnover from the distribution of 3 rd party products | 145.1 | 133.7 |
| Sale of non-cased goods | 44.8 | 23.3 |
| Other income | 24.0 | 12.5 |
| Total Turnover | 1,296.3 | 991.0 |

The analysis of turnover by class of business or geographical market has not been disclosed as the Corporate Trustee considers that this could be seriously prejudicial to the Group's interest.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

32. Trading activities *(continued)*

The consolidated results of Edrington are set out below:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Profit and Loss Account: | | |
| Turnover | 1,296.3 | 991.0 |
| Cost of sales | (841.2) | (680.4) |
| Gross profit | 455.1 | 310.6 |
| Impairment of share in joint ventures | 2.2 | (17.0) |
| Impairment of investment in associates | 3.5 | - |
| Gain on investments | - | 2.3 |
| Administrative costs | (34.4) | (23.9) |
| Other expenditure | (28.7) | (38.6) |
| Interest expense | (25.2) | (15.0) |
| Other finance costs | (1.4) | (7.4) |
| Profit before taxation | 399.8 | 249.6 |
| Taxation | (72.9) | (96.4) |
| Profit for the year | 326.9 | 153.2 |
| Other comprehensive income | (17.6) | 5.2 |
| Total comprehensive income | 309.3 | 158.4 |
| Balance Sheet: | | |
| Total assets | 2,525.2 | 2,357.5 |
| Equity | (1,241.2) | (1,260.9) |
| Liabilities | (1,284.0) | (1,096.6) |
| Total equity and liabilities | (2,525.2) | (2,357.5) |
| <i>Exceptional items:</i> | | |
| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
| (a) Gain/(impairment) of investment in joint venture | 2.2 | (17.0) |
| (b) Income from investment in joint venture | 9.7 | - |
| (c) Reversal of impairment of investment in associate | 3.5 | - |
| (d) Gain on sale of investment | - | 1.1 |
| Total exceptional items before taxation and minority interest | 15.4 | (15.9) |
| Taxation | 0.3 | 3.3 |
| Total exceptional items after taxation | 15.7 | (12.6) |
| Minority interest | (4.0) | 4.9 |
| Net impact on retained earnings | 11.7 | (7.7) |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

32. Trading activities *(continued)*

- (a) The impairment of investment in joint venture in the prior year, reflects the decision to review the position of the investment in Maxxium Cyprus Limited, including Maxxium Rus and Denview Limited, following the decision to stop shipping to Russia as a result of the Russia/Ukraine conflict. This resulted in a non-cash write-down of the carrying value of the investment of £17.0m. In the current year, Edrington recorded a partial reversal of this impairment of £2.2m as the costs of exiting the joint venture were lower than anticipated.
- (b) During the current year, the Group sold its investment in Maxxium Cyprus Limited to local management for €1. Prior to the sale, we received dividend income of £9.7m. This is recorded as income from investment in joint venture and is exceptional in nature.
- (c) The reversal of impairment of investment in associate of £3.5m relates to an impairment previously taken on Wyoming Whiskey which has been reversed as a result of the increase in investment, further details are disclosed in note 41 and 56.
- (d) In the prior year the gain on disposal of investment of £1.1m related to the disposal of 50% of the share capital of Maxxium España SL on the 2 August 2021, further details of the disposals are disclosed in note 56.

33. Expenditure on charitable activities

| | 2023 | 2023 | Year ended |
|-----------------------------------|----------------|---------------|-------------------|
| | Charity | Grant | 31 March |
| | hub | making | 2023 |
| | £'m | £'m | Total |
| | | | £'m |
| Staff costs | 0.2 | 1.8 | 2.0 |
| Project recharges | - | (0.1) | (0.1) |
| Charitable donations (note 9) | - | 19.1 | 19.1 |
| Programme support costs | - | 0.3 | 0.3 |
| Professional fees | - | - | - |
| Allocated support costs (note 10) | 1.1 | 3.2 | 4.3 |
| | 1.3 | 24.3 | 25.6 |

| | 2022 | 2022 | Year ended |
|-----------------------------------|----------------|---------------|-------------------|
| | Charity | Grant | 31 March |
| | hub | making | 2022 |
| | £'m | £'m | Total |
| | | | £'m |
| Staff costs | 0.2 | 1.6 | 1.8 |
| Project recharges | - | (0.1) | (0.1) |
| Charitable donations (note 9) | - | 23.6 | 23.6 |
| Programme support cost | - | - | - |
| Professional fees | - | 0.1 | 0.1 |
| Allocated support costs (note 10) | 0.7 | 1.3 | 2.0 |
| | 0.9 | 26.5 | 27.4 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. Employees

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|-----------------------------------|---|---|
| Wages and salaries | 145.4 | 111.9 |
| Social security costs | 14.6 | 11.5 |
| Pension costs | 13.6 | 10.6 |
| Employee share schemes | 5.6 | 4.4 |
| Long term incentive plans | 10.0 | 14.9 |
| Annual employee incentive schemes | 28.4 | 22.3 |
| | 217.6 | 175.6 |

The monthly average number of employees in the year was 2.9k *(2022: 2.7k)*.

The key management personnel of the Group comprise of the Charity Trustees, the CEO, the Director of Finance & Company Secretary and Heads of Department of the Trust. The total employment benefits including employer national insurance contributions and employer pension contributions of the key management personnel were £0.6m *(2022: £0.4m)*.

Expenses of £3k *(2022: £2k)* were paid to 7 *(2022: 5)* of the Charity Trustees for travel and subsistence.

No Charity Trustee or person related or connected by business to them has received any remuneration from the Trust *(2022: nil)*.

The SORP's requirement to disclose the number of employees who received emoluments over £60k is considered commercially sensitive to the trading activities of the Group and with the agreement of the Charity Trustees, is not made in these consolidated financial statements. However, full disclosure for the Charity's staff is made in note 12.

35. Taxation

For the trading subsidiaries, corporation tax is calculated at 19% *(2022: 19%)* of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| The tax charge represents: | | |
| Current tax: | | |
| UK Corporation tax at 19% <i>(2022: 19%)</i> | 40.4 | 19.1 |
| Adjustment in respect of prior periods | (5.1) | - |
| Foreign tax | 41.5 | 30.8 |
| Tax on buybacks of shares | 7.6 | - |
| Tax on exceptional items | 0.3 | - |
| Total current tax | 84.7 | 49.9 |
| Deferred tax: | | |
| Deferred tax (credit)/charge for the year | (5.7) | 5.1 |
| Adjustment to deferred tax attributable to changes in tax rates and laws | (6.9) | 44.9 |
| Tax on exceptional items | - | (3.3) |
| Adjustment in respect of prior periods | 0.8 | (0.2) |
| Total deferred tax | (11.8) | 46.5 |
| Total tax | 72.9 | 96.4 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

35. Taxation *(continued)*

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%).

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Profit before tax (note 32) | 399.8 | 249.6 |
| Income tax expense calculated at 19% (2022: 19%) | 76.0 | 47.4 |
| Effect of expenses that are not deductible in determining taxable profit | 2.5 | 11.2 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 1.5 | 2.9 |
| Non-taxable income | (4.3) | (6.1) |
| Other differences | 4.9 | (3.6) |
| Adjustment in respect of prior periods | (4.3) | (0.2) |
| Effect on deferred tax balances due to changes in future tax rates | (6.5) | 44.9 |
| Effect of deferred tax assets no longer recognised | 2.1 | 0.1 |
| Share of results of associates and joint ventures | (0.4) | (1.3) |
| Deferred tax on distributable reserves | 1.4 | 1.1 |
| Taxation (note 32) | 72.9 | 96.4 |

The OECD and EU continue to develop new policies which will not only lead to a substantially increased tax compliance burden but will set a new minimum global corporate tax rate of 15%. On 23 March 2023, HM Treasury published draft legislation and an explanatory note in respect of the UK's domestic implementation of an income inclusion rule ('multinational top-up tax') and a qualified domestic minimum top-up tax, in line with the G20/OECD Inclusive Framework's global minimum tax ('Pillar Two') rules. The new rules will be effective for the Group for the accounting period ended 31 March 2025. The Group is closely monitoring the rules to assess the future tax and compliance obligations.

36. Intangible assets

| | Brands £'m | Software £'m | Goodwill £'m | Total £'m |
|--|-----------------------|-------------------------|-------------------------|----------------------|
| Cost at 1 April 2022 | 902.4 | 34.7 | (20.9) | 916.2 |
| Additions | 1.8 | 2.2 | 2.6 | 6.6 |
| Disposals | - | (0.9) | - | (0.9) |
| Exchange adjustment | - | 0.3 | - | 0.3 |
| Cost at 31 March 2023 | 904.2 | 36.3 | (18.3) | 922.2 |
| Amortisation at 1 April 2022 | 521.2 | 18.0 | (2.8) | 536.4 |
| Charge for the year | 7.8 | 3.5 | (4.2) | 7.1 |
| Disposals | - | (0.7) | - | (0.7) |
| Amortisation at 31 March 2023 | 529.0 | 20.8 | (7.0) | 542.8 |
| Net book value at 31 March 2023 | 375.2 | 15.5 | (11.3) | 379.4 |
| Net book value at 31 March 2022 | 381.2 | 16.7 | (18.1) | 379.8 |

The amortisation expense of the intangible assets is included within cost of goods sold and other administrative expenses with the trading activities in the statement of financial activity.

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36. Intangible assets *(continued)*

At 31 March 2023, the carrying amount of the principal brands acquired by Edrington are as follows:-

| | Year ended 31 March 2023 £'m |
|-------------------|---|
| The Macallan | 311.2 |
| The Famous Grouse | 30.7 |
| Highland Park | 13.3 |
| The Glenrothes | 18.2 |
| Wyoming Whiskey | 1.8 |
| | 375.2 |

The brands are protected by trademarks, which are renewable indefinitely, in all the major markets they are sold. There are not believed to be any legal, regulatory, or contractual provisions that limit the useful lives of these brands, and the nature of the premium drinks industry is that obsolescence is not a common issue. Indefinite useful lives of intangible assets are not permitted under FRS 102 and as such a useful life of 50 years has been deemed reasonable to apply across all brands.

The current year brand valuation includes the Wyoming Whiskey brand, of which Edrington obtained full ownership during the year. The brand valuation was determined using the royalty rate method, with a rate of 2% deemed reasonable based on industry average, this brand valuation will be reassessed within the 12 months from acquisition as allowed under accounting standards.

The negative goodwill at 31 March 2022 was created as a result of the acquisition of Edrington UK Distribution Limited on the 2 August 2021. Further detail of the acquisition is given in note 55.

The addition of goodwill is resulting from the acquisition of Wyoming Whiskey, Inc as detailed in note 55.

37. Tangible assets

| | Land, buildings & heritable property £'m | Fixtures, fittings and equipment £'m | Casks £'m | Assets under construction £'m | Total £'m |
|--|---|---|----------------------|--|----------------------|
| Cost at 1 April 2022 | 260.2 | 247.4 | 408.3 | 15.3 | 931.2 |
| Additions | 7.4 | 9.2 | 38.2 | 17.1 | 71.9 |
| Acquisition of subsidiary | 3.6 | 0.1 | 0.1 | - | 3.8 |
| Disposals | (0.4) | (6.9) | (8.7) | - | (16.0) |
| Transfers | 1.8 | 4.5 | 1.3 | (7.6) | - |
| Exchange adjustment | 0.9 | 3.0 | 1.0 | 0.2 | 5.1 |
| Cost at 31 March 2023 | 273.5 | 257.3 | 440.2 | 25.0 | 996.0 |
| Amortisation at 1 April 2022 | 61.7 | 143.9 | 127.4 | - | 333.0 |
| Charge for the year | 6.3 | 13.9 | 18.6 | - | 38.8 |
| Disposals | (0.4) | (6.3) | (8.4) | - | (15.1) |
| Transfers | 0.4 | 2.3 | 0.5 | - | 3.2 |
| Amortisation at 31 March 2023 | 68.0 | 153.8 | 138.1 | - | 359.9 |
| Net book value at 31 March 2023 | 205.5 | 103.5 | 302.1 | 25.0 | 636.1 |
| Net book value at 31 March 2022 | 198.5 | 103.5 | 280.9 | 15.3 | 598.2 |

Included in the cost of heritable property is £2.4m (2022: £2.4m) of freehold land and buildings and £2.3m (2022: £2.3m) in relation to long leasehold property, and £2.2m (2022: £1.5m) in respect of freehold land which is not depreciated.

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38. Quoted investments

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---------------------------------|---|---|
| Market value at 1 April | 288.1 | 148.9 |
| Additions | 203.1 | 220.7 |
| Disposals | (17.1) | (93.1) |
| Net (loss)/gain on investment | (16.2) | 11.6 |
| Market value at 31 March | <u>457.9</u> | <u>288.1</u> |
| Historical cost at 31 March | <u>463.7</u> | <u>213.2</u> |

In the year to 31 March 2023, £0.5m of the net loss on the quoted investments was realised with £15.7m remaining unrealised. (2022: £2.8m realised loss, £14.4m unrealised gain)

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---------------------------------|---|---|
| UK Listed Equities | 68.3 | 53.1 |
| Foreign Listed Equities | 231.7 | 204.2 |
| Fixed Income Bonds | 35.5 | 17.7 |
| Alternatives | 10.6 | 6.7 |
| UK Cash held for investment | 111.8 | 6.4 |
| Market value at 31 March | <u>457.9</u> | <u>288.1</u> |

39. Social investments

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--------------------------------------|---|---|
| Bonds in Fair for You Enterprise CIC | <u>0.3</u> | <u>0.3</u> |
| | <u>0.3</u> | <u>0.3</u> |

Fair For You was set up in 2015 to alleviate poverty through better credit solutions for lower income family households and to influence how we lend as a society to lower-income families. The Trust is the sole owner of Fair for You Enterprise CIC, which lends customers the money to buy household items from suppliers on its 'digital high street'. The £250k (2022: £250k) loan was secured on the existing loan book with a fixed interest rate of 6% per annum. In 2021, the loan was converted to a perpetual bond. The bond will yield 3% with the entire £250k being converted. Note that social investments also include a small remaining loan of £32k (2022: £64k) to Haven Products Limited to help extend its production line activities.

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40. Other investments

| | Joint ventures £'m | Associates and other investments £'m | Total £'m |
|---|-----------------------------------|---|----------------------|
| Cost at 1 April 2022 | 30.1 | 6.7 | 36.8 |
| Share of retained profits less dividends received | 0.8 | 1.3 | 2.1 |
| Movement in intercompany profit | 0.2 | - | 0.2 |
| Actuarial loss on pension scheme | (1.5) | - | (1.5) |
| Movement on deferred tax relating to pension scheme | 0.4 | - | 0.4 |
| Transfer from associate to subsidiary | - | (11.1) | (11.1) |
| Reversal of impairment* | - | 3.5 | 3.5 |
| Additional investment | 35.4 | - | 35.4 |
| Cost at 31 March 2023 | 65.4 | 0.4 | 65.8 |

*In the year to 31 March 2020, the Group impaired its investment in Wyoming Whiskey, Inc which reflected the economic environment and outlook for the brand at the time. Subsequent to this, as a result of revised outlook and additional investment in the business the impairment has been reversed in the current year.

| | Joint ventures £'m | Associates and other investments £'m | Total £'m |
|---|-----------------------------------|---|----------------------|
| Cost at 1 April 2021 | 63.7 | 5.6 | 69.3 |
| Share of retained profits less dividends received | 5.1 | 2.1 | 7.2 |
| Actuarial loss on pension scheme | (7.0) | - | (7.0) |
| Movement on deferred tax relating to pension scheme | 1.4 | - | 1.4 |
| Transfer from JV to subsidiary* | (17.5) | - | (17.5) |
| Disposal of investment** | (3.7) | (1.1) | (4.8) |
| Exchange adjustments | (0.6) | 0.1 | (0.5) |
| Impairment of investment*** | (12.3) | - | (12.3) |
| Additional investment | 0.2 | - | 0.2 |
| Other movements | 0.8 | - | 0.8 |
| Cost at 31 March 2022 | 30.1 | 6.7 | 36.8 |

*In the year to 31 March 2022, the Group purchased the remaining 50% of the share capital of Edrington UK Distribution Limited obtaining full ownership.

**In the year to 31 March 2022, the Group disposed of its investment in the joint venture partnership Maxxium España SL and its investment in Tequila Partida LLC.

***We have recorded a full impairment of our investments in Maxxium Cyprus Limited, Maxxium Rus and Denview as a result of the Russia/Ukraine conflict.

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40. Other investments *(continued)*

As at 31 March 2023, the Group held more than 20% of the equity, and no other share or loan capital of the following companies:

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|--|---|--|
| Subsidiary undertakings: | | | |
| The Edrington Group Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | 'A' Ordinary shares 'B' Ordinary shares | 100%* 76.82%* | Management of Scotch whisky companies |
| Edrington Distillers Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Blending, bottling, sales and marketing of Scotch whisky |
| The 1887 Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 75% ** | Management of Scotch whisky companies |
| Brugal & Co., S.A. (Avenue J.F. Kennedy, Edificio Brugal, Santo Domingo, R.D.) | Ordinary shares | 61% | Distilling, bottling, sales and marketing of Dominican rum |
| Casa Brugal RD., S.A. (Avenue J.F. Kennedy, Edificio Brugal, Santo Domingo, R.D.) | Ordinary shares | 61% | Distilling, bottling, sales and marketing of Dominican rum |
| Brugal Subsidiaria España, SLU (Calle Mahonia No.2, Edificio Portico, 1ra planta, Campo de las Naciones, 28043, Madrid, España) | Ordinary shares | 61% | Sales and marketing of Dominican rum |
| SLV (Edrington) Limited (One Fleet Place, London, England, EC4M 7WS) | Ordinary shares | 100% | Sale and distribution of vodka |
| Clyde Bonding Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Marshall McGregor Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Marketing of Scotch whisky |
| The Clyde Cooperage Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Africa Pty Ltd (Block A, Ground Floor, 3021 William Nicol Drive, Bryanston, 2191, Johannesburg) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Hepburn & Ross Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| R & B (West Nile Street) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Robertson & Baxter Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Brands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington International Brands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of holding companies |
| Edrington USA Inc (18 West 24th Street 4th Floor, New York, NY10010, USA) | Ordinary shares | 100% | Activities of holding companies |
| Edrington (Trustees) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |

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40. Other investments *(continued)*

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|---|-----------------|---|---|
| Subsidiary undertakings <i>(continued)</i> : | | | |
| Edrington Trustees (2017) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Row & Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Sale and marketing of Scotch whisky |
| Wyoming Whiskey, Inc. (100 South Nelson Street, Kirby, Wyoming 82430) | Ordinary shares | 80%*** | Distilling, bottling, sales and marketing of American craft whiskey |
| Joint venture and associated undertakings: | | | |
| Lothian Distillers Limited (9 Wheatfield Rd, Edinburgh, EH11 2PX) | Ordinary shares | 50% | Distillation and maturation of Scotch grain whisky |
| Edrington Kyndal India Private Ltd (304 Navkriti Arcade, Sector 55, Gurgaon, 122003, Haryana, India) | Ordinary shares | 50% | Sale and distribution of alcoholic beverages |
| No.3 London Dry Gin Limited (3 St.James's Street, London, SW1A 1EG) | Ordinary shares | 25% | Sale and distribution of alcoholic beverages |

* Investment is held directly by The Robertson Trust.

** Edrington has 70% of the voting and economic rights in respect of The 1887 Company Limited.

***During the year, Edrington purchased an additional 30% of the share capital of Wyoming Whiskey Inc, obtaining 80% ownership.

The 1887 Company Limited holds the following investments either directly or indirectly:

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|--------------------------------------|---|--|
| Subsidiary undertakings: | | | |
| Highland Distillers Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Distilling, blending, bottling, sales and marketing of Scotch whisky |
| The Macallan Distillers Limited (The Macallan Distillery, Craigellachie, Banffshire, AB38 9RX) | Ordinary shares Preference shares | 75% 100% | Distilling, sales and marketing of Scotch whisky |
| Edrington Sweden AB (Luntmakargatan 46, 111, 37 Stockholm, Sweden) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| BB&R Spirits Limited (One, Fleet Place, London, England, EC4M 7WS) | Ordinary shares | 100% | Dormant |
| Edrington Danmark A/S (Dronningens Tvaergade 9, 2 Copenhagen, 1302 Denmark) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Finland OY (Firdonkatu T2 144 005200, Helsinki, Finland) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Norge AS (Radhusgata 30B NO-0151, Oslo, Norway) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Taiwan Limited (9F, No. 9 Songgao Road, Xinyi Dist., Taipei City, 11073 Taiwan) | Ordinary shares | 87.5% | Sale and distribution of alcoholic beverages |
| Edrington Shanghai Limited (03, 10/F, Tower 2, Grand Gateway, No.1 Hong Qiao Road, Xuihui, Shanghai, China) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |

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40. Other investments *(continued)*

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|--|--------------------------------------|---|--|
| Subsidiary undertakings <i>(continued)</i> : | | | |
| Edrington Hong Kong Limited (Room 1020, 1209 A, 12F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Singapore Pte Limited (12 Marina View Asia Square, Tower 2 Level 24-01, Singapore 018961) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| The Edrington Group USA, LLC (18 West 24th Street 4th Floor, New York, NY10010, USA) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington European Travel Retail (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington Middle East and Africa (Magalou Alexandrou 4 Street, Aglantzia, 2121 Nicosia, Cyprus) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Highland Distribution Company Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distribution Holdings Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distribution Ventures Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| HS (Distillers) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares Preference shares | 75% 100% | Activities of holding companies |
| Highland Distribution Netherlands Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of distribution holding companies |
| Highland Distillers Group Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Activities of holding companies |
| Macallan Property Development Company Limited (The Macallan Distillery Easter Elchies House, Craigellachie, Aberlour, Banffshire, AB38 9RX) | Ordinary shares | 75% | Development of building projects |
| James Grant & Company (Highland Park Distillery) Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Macallan Property Company Limited (The Macallan Distillery Easter Elchies House, Craigellachie, Aberlour, Banffshire, AB38 9RX) | Ordinary shares | 75% | Letting and operating of real estate |
| Matthew Gloag & Son Limited (100 Queen Street, Glasgow, Scotland, G1 3DN) | Ordinary shares | 100% | Dormant |
| Edrington Mexico Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Importadora EMEX Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Importer of alcoholic beverages |
| Servicios EMEX Ltd (Paseo de los Tamarindos 90, Piso 18, 05120, Cuajimalpa de Morelos, Ciudad de Mexico) | Ordinary shares | 100% | Provision of employment services |
| Edrington (Malaysia) SDN BHD (Unit 30-01, Tower A, Vertical Business Suite, Ave 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |

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40. Other investments *(continued)*

| Name of Company/ (registered address) | Holding | Proportion held at 31 March 2023 | Nature of business |
|---|-----------------|---|--|
| Subsidiary undertakings <i>(continued)</i> : | | | |
| Edrington Distribution UK Limited (191 West George Street, Glasgow, Scotland, G2 2LD) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Edrington France SAS (37 Rue Des Mathurins, 75008, Paris) | Ordinary shares | 100% | Sale and distribution of alcoholic beverages |
| Joint venture and associated undertakings: | | | |
| Maxxium Nederland BV (Koivostokade 62,1013 BB Amsterdam) | Ordinary shares | 50% | Sale and distribution of alcoholic beverages |
| Maxxium Belux NV (NV Leuvensesteenweg 643-16, 1930, Zaventem) | Ordinary shares | 50% | Sale and distribution of alcoholic beverages |
| Maxxium Worldwide BV (Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands) | Ordinary shares | 50% | Activities of holding companies |
| Gesa Grupo Estevez De Inversiones Empresariales, S.L (Grupo Estevez) (Carretera Nacional IV, Km 640, 11408 Jerez, Spain) | Ordinary shares | 50%* | Manufacture, sale and distribution of alcoholic beverages. |
| Denviev Limited (t/a Maxxium Russia) (Timur Frunze 11, Building 1, Business Center "Demidov," Moscow, 119021) | Ordinary shares | 0%** | Sale and distribution of alcoholic beverages |
| Maxxium Rus (Timur Frunze 11, Building 1, Business Center "Demidov," Moscow, 119021) | Ordinary shares | 0%** | Sale and distribution of alcoholic beverages |
| Maxxium Cyprus Limited (Diomidous 10, Alphamega Akropolis Building, 3rd Floor, Office 401, 2024, Nicosia, Cyprus) | Ordinary shares | 0%** | Sale and distribution of alcoholic beverages |

*On the 9 March 2023, the Group purchased 50% of the share capital of Grupo Estevez for £35.4m. The purchase resulted in goodwill of £8.5m due to the purchase price being greater than the share of net assets at date of purchase. The Group have concluded there is no impairment of the goodwill in the current year due to the market valuation of the non-current assets of Grupo Estevez being greater than the carrying amount within the statement of financial position.

**In the year to 31 March 2022, the Group disposed of its investment Maxxium Cyprus Limited inclusive of its investments in Russia. Refer to note 56 for further details on the Group's disposal of its investments.

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40. Other investments *(continued)*

The following information is given in respect of the Group's share of its joint ventures on an aggregate basis:

| | 31 March 2023 £'m | 31 March 2022 £'m |
|--|----------------------------------|----------------------------------|
| Statement of Financial Activities | | |
| Revenue (before elimination of group transactions with joint ventures) | 79.4 | 182.1 |
| Profit before interest and taxation | 3.3 | 10.5 |
| Interest and other finance costs | (0.4) | (1.0) |
| Taxation | (0.6) | (2.3) |
| Group's share of profit for the year | 2.3 | 7.2 |
| Dividends paid | (1.5) | (2.1) |
| | 0.8 | 5.1 |
| Balance Sheet | | |
| Non-current assets | 36.6 | 16.3 |
| Current assets | 52.6 | 74.6 |
| | 89.2 | 90.9 |
| Current liabilities | (23.3) | (41.7) |
| Non-current liabilities | (9.0) | (19.1) |
| | (32.3) | (60.8) |
| Group's share of net assets | 56.9 | 30.1 |
| Proportion of the Group's ownership interest in the joint venture | | |
| Net assets of joint venture | 56.9 | 30.1 |
| Goodwill | 8.5 | - |
| Total joint venture investment | 65.4 | 30.1 |

The following joint venture held for sale during the year:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|----------------------|---|---|
| Maxxium Worldwide BV | 0.5 | 0.6 |

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40. Other investments *(continued)*

Non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

| | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by non-controlling interest | Profit allocation to non-controlling interests | | Accumulated non-controlling interests | |
|---------------------------------|--|---|--|--------------------------|---------------------------------------|--------------------------|
| | | | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2023 | Year ended 31 March 2022 |
| | | | £'m | £'m | £'m | £'m |
| The Edrington Group | UK | 23% | 52.4 | 23.1 | 220.6 | 233.8 |
| The Macallan Distillers Limited | UK | 25% | 62.7 | 35.2 | 246.7 | 238.0 |
| 1887 Company Limited | UK | 30% | 68.9 | 26.6 | 192.7 | 185.4 |
| Brugal & Co., S.A. | Dominican Republic | 39% | 14.7 | 11.7 | 36.0 | 31.8 |
| Edrington Taiwan Limited | Taiwan | 12.5% | - | 0.1 | 0.7 | 0.7 |
| Wyoming Whiskey, Inc. | US | 20% | - | - | 5.7 | - |
| | | | 198.7 | 96.7 | 702.4 | 689.7 |

41. Stocks

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------------|--------------------------|--------------------------|
| | £'m | £'m |
| Raw materials | 7.5 | 7.2 |
| Scotch whisky and bourbon | 757.7 | 694.0 |
| Rum | 38.2 | 14.2 |
| Packaging materials | 36.8 | 30.4 |
| Other inventory | 4.2 | 1.8 |
| | 844.4 | 747.6 |

Within total inventory, £583.6m relates to inventory which will be realised in greater than one year (2022: £549.7m).

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42. Debtors

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| Trade debtors | 221.6 | 181.8 |
| Less: Expected credit loss | (2.0) | (2.4) |
| Trade debtors – net | <u>219.6</u> | <u>179.4</u> |
| Amounts due from joint ventures | 0.9 | 2.6 |
| Amounts due from associates | - | 0.2 |
| Prepayments and accrued income | 45.2 | 41.0 |
| Other debtors | <u>18.0</u> | <u>12.9</u> |
| | 283.7 | 236.1 |
| Corporation tax and group relief receivable | - | 2.8 |
| | <u>283.7</u> | <u>238.9</u> |

Credit terms vary across markets from cash in advance to 180 days and reflect customary practice within markets. In certain markets credit insurance reduces or eliminates the risk and this has been reflected within the expected credit loss calculation.

No interest is charged on outstanding debtors.

The Group measures the loss allowance for trade receivables at an amount equal to a lifetime ECL. The ECL on trade debtors is estimated using a provision matrix by reference to past default experience on the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised an aggregate loss allowance of 0.9% in the year and 1.3% in the prior year.

The Group only writes off-trade receivables when there is information that the debtor is in financial distress (liquidation or bankruptcy) and there is no prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix:

| | Trade receivables – days past due | | | | | |
|---|--|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| | Not past due £'m | <30 £'m | 31-60 £'m | 61-90 £'m | >90 £'m | Total £'m |
| At 31 March 2023 | | | | | | |
| Expected credit loss rate | 0.2% | 0.5% | 3.9% | 11.9% | 30.8% | 0.9% |
| Expected total gross carrying amount at default | 203.0 | 8.2 | 4.0 | 2.7 | 3.7 | 221.6 |
| Lifetime ECL | <u>0.4</u> | <u>-</u> | <u>0.2</u> | <u>0.3</u> | <u>1.1</u> | <u>2.0</u> |
| | | | | | | |
| | Trade receivables – days past due | | | | | |
| | Not past due £'m | <30 £'m | 31-60 £'m | 61-90 £'m | >90 £'m | Total £'m |
| At 31 March 2022 | | | | | | |
| Expected credit loss rate | 0.5% | 1.4% | 10.0% | 17.7% | 23.1% | 1.3% |
| Expected total gross carrying amount at default | 163.1 | 10.0 | 3.2 | 1.3 | 4.2 | 181.8 |
| Lifetime ECL | <u>0.8</u> | <u>0.1</u> | <u>0.3</u> | <u>0.2</u> | <u>1.0</u> | <u>2.4</u> |

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42. Debtors *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

| | Collectively assessed £'m |
|--|--|
| Balance as at 1 April 2021 | 3.8 |
| Net remeasurement of loss allowance | |
| Amount written off | (8.8) |
| Amounts recovered | 7.8 |
| Change in loss allowance due to the new trade and other receivables originated net of those derecognised due to settlement | (0.4) |
| Balance as at 31 March 2022 | 2.4 |
| Net remeasurement of loss allowance | |
| Amount written off | (12.2) |
| Amounts recovered | 12.3 |
| Change in loss allowance due to the new trade and other receivables originated net of those derecognised due to settlement | (0.5) |
| Balance as at 31 March 2023 | 2.0 |

43. Cash and cash equivalents

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|------------------|---|---|
| Current accounts | 262.0 | 339.8 |
| Deposit accounts | 10.1 | 10.1 |
| | 272.1 | 349.9 |

44. Creditors: amounts falling due within one year

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--------------------------------------|---|---|
| Charitable commitments | 16.7 | 16.4 |
| Bank overdrafts | 2.4 | 2.5 |
| Bank borrowings | 153.9 | 45.6 |
| Other external borrowings | 10.0 | 10.0 |
| Trade creditors | 65.3 | 71.7 |
| Amounts due to joint ventures | 6.3 | 6.7 |
| Accrued expenses | 213.1 | 214.4 |
| Provisions for liabilities (note 45) | 1.5 | 1.8 |
| Corporation tax payable | 22.3 | 10.2 |
| Taxation and social security | 37.2 | 38.1 |
| Other creditors | 0.1 | 0.1 |
| | 528.8 | 417.5 |

Bank overdrafts are on demand facilities or committed facilities with a maturity date to March 2023. Interest on bank overdrafts is linked to SONIA, the currency equivalent of SONIA or the issuing banks benchmark rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

45. Provisions for liabilities

| | Others | Total |
|--------------------------|---------------|--------------|
| | £'m | £'m |
| At 1 April 2022 | 1.8 | 1.8 |
| Increase during the year | 1.5 | 1.5 |
| Release during the year | (1.8) | (1.8) |
| At 31 March 2023 | <u>1.5</u> | <u>1.5</u> |

The other provision related to the closure of sites and locations within the Edrington business. There is uncertainty over the timing of the resulting payments.

46. Creditors: amounts falling due after more than one year

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|-----------------------------|---|---|
| Charitable commitments | 11.2 | 13.1 |
| Bank borrowings | 22.9 | 259.7 |
| Private placements | 638.6 | 338.7 |
| Deferred consideration | 2.4 | - |
| Accruals and other payables | 4.1 | 0.3 |
| | <u>679.2</u> | <u>611.8</u> |

Charitable commitments:

The charitable commitments will become due as follows:

| | Year ended 31 March 2023 £'000 | Year ended 31 March 2022 £'000 |
|------------------------------|---|---|
| Within one year | 16.7 | 16.4 |
| Between one and two years | 8.8 | 8.8 |
| Between two and three years | 2.2 | 3.5 |
| Between three and four years | 0.2 | 0.8 |
| Between four and five years | - | - |
| | <u>27.9</u> | <u>29.5</u> |

Borrowings and private placements:

UK bank borrowings are denominated in GBP and borrowings in overseas entities are generally drawn down in the local currency with the exception of a Euro loan in the Dominican Republic.

As at 31 March 2023, The 1887 Company Limited had six Sterling denominated private placements totalling £638.6m (2022: £338.7m) with maturities ranging from 2025 to 2034 at fixed interest rates of 2.84%, 2.91%, 2.96%, 3.21% and 6.17% respectively.

With the exception of the long-term fixed private placement debt, the book value of borrowings equates to the fair value as the outstanding bank debt is short-term in nature and at floating market rates. The fair value of the long-term fixed debt, calculated on a discounted cash flow basis, as at 31 March 2023 was £614.2m (2022: £380.8m).

Borrowings of the Group are secured by guarantees and floating charges over some of the assets of the Group. Certain of the borrowings include cross default provisions and negative pledges.

The Group has guaranteed bank borrowings for distribution companies totalling £12.9m (2022: £16.7m).

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46. Creditors: amounts falling due after more than one year *(continued)*

The Group has available undrawn committed bank facilities as follows:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|------------------------------------|---|---|
| Expiring between one and two years | 314.0 | - |
| Expiring after two years | - | 181.0 |
| | <u>314.0</u> | <u>181.0</u> |

The facilities can be used for general corporate purposes. There are no financial covenants on the Group's material short term borrowings. Certain of the borrowings include cross default provisions and negative pledges.

The following table shows the bank covenants applicable as at 31 March 2023.

| | Bank Debt | Private Placement Debt |
|----------------------|------------------|-----------------------------------|
| Net Debt: EBITDA | < 3.5 times | < 4.0 times |
| EBITDA: Net Interest | > 3.0 times | n/a |
| EBIT: Net Interest | n/a | > 3.0 times |

Any non-compliance with covenants could, if not waived, constitute an event of default with respect to any such arrangement, and may, in particular circumstances lead to an acceleration of the maturity on certain borrowings. Edrington was in full compliance with its financial covenants throughout each of the years presented. There have been no changes to the covenant arrangements as a result of changes to the financing arrangements in the year.

Borrowings and private placements will mature as follows:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|----------------------------|---|---|
| Within one year | 166.3 | 58.1 |
| Between one and two years | 15.0 | 247.3 |
| Between two and five years | 227.8 | 111.3 |
| Beyond five years | 418.7 | 239.8 |
| | <u>827.8</u> | <u>656.5</u> |

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47. Analysis of the Group's funds

| | At 1 April 2022 £'m | Income £'m | Expenditure £'m | Investment Gains/ (Losses) £'m | Other movements £'m | At 31 March 2023 £'m |
|---------------------------------|---------------------------|----------------|--------------------|---|---------------------------|-------------------------------|
| Restricted funds: | | | | | | |
| Endowment | 274.9 | - | (1.9) | (13.7) | 155.9 | 415.2 |
| TSI reserve | 0.2 | - | - | - | - | 0.2 |
| Matched funding reserve | - | - | - | - | - | - |
| Unrestricted funds: | | | | | | |
| Unrestricted income fund | 31.2 | 6.5 | (23.7) | (2.5) | 23.9 | 35.4 |
| Non-charity trading reserves | 515.3 | 1,296.3 | (896.6) | - | (426.7) | 488.3 |
| Non-charity other reserves | 0.9 | - | 0.1 | - | (0.5) | 0.5 |
| Designated funds: | | | | | | |
| Charitable activities | 2.0 | - | - | - | - | 2.0 |
| | 824.5 | 1,302.8 | (922.1) | (16.2) | (247.4) | 941.6 |

| | At 1 April 2021 £'m | Income £'m | Expenditure £'m | Investment Gains/ (Losses) £'m | Other movements £'m | At 31 March 2022 £'m |
|---------------------------------|---------------------------|---------------|--------------------|---|---------------------------|-------------------------------|
| Restricted funds: | | | | | | |
| Endowment | 269.5 | - | - | 9.3 | (3.9) | 274.9 |
| TSI Reserve | 0.2 | - | - | - | - | 0.2 |
| Matched Funding Reserve | - | 0.1 | (0.1) | - | - | - |
| Unrestricted funds: | | | | | | |
| Unrestricted income fund | 32.5 | 4.2 | (27.3) | 2.3 | 19.5 | 31.2 |
| Non-charity trading reserves | 464.4 | 987.1 | (741.4) | - | (194.8) | 515.3 |
| Non-charity other reserves | 0.1 | 3.9 | - | - | (3.1) | 0.9 |
| Designated funds: | | | | | | |
| Charitable activities | - | - | - | - | 2.0 | 2.0 |
| | 766.7 | 995.3 | (768.8) | 11.6 | (180.3) | 824.5 |

Other movements

Other movements include transfers, taxation, other recognised gains/(losses), reserves movements on consolidation and deductions for funds attributable to non-controlling interests. More details are included with the Consolidated Statement of Financial Activities for the relevant year.

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47. Analysis of the Group's funds *(continued)*

Restricted funds:

The endowment comprises the Trust's quoted investments (less any transfers to unrestricted funds), purchased from proceeds from the partial sale of the Edrington shares held by the Trust. The endowment was made on the condition that the income generated by the endowment would only be applied for charitable purposes.

The TSI reserve represents the £0.2m (2022: £0.2m) closing reserves of Voluntary Action Scotland which are to be used to support the work of the TSI network.

The matched funding reserve comprises of the funding received from other charitable organisations in order to assist with the Trust's Scholarship programme. The funding is provided by the Trust and then matched by a number of organisations. All matched funding received was awarded in the year.

The Each and Every Child initiative is a programme of work which aims to tell a compelling story about children and young people in the care system in order to improve their life chances.

Unrestricted funds:

The unrestricted income funds are available to be spent for any of the purposes of the Charity.

Non-charity other reserves represent Edrington's reserves which comprise of the following:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|-----------------------------|---|---|
| Share-based payment reserve | 0.5 | 1.6 |
| Cash flow hedge reserve | - | (0.7) |
| | <u>0.5</u> | <u>0.9</u> |

Designated funds:

During the year ended 31 March 2022, the Corporate Trustee approved the designation of £2.0m to support an increase in the total level of donations to support the charitable activities over the following 3 years and to match the level of ambition in our most recent business plan.

Net assets by the Group's funds

| | Unrestricted funds | | | | | Year ended 31 March 2023 £'m |
|---|------------------------------------|----------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|---|
| | Endowment Funds £'m | Charity Funds £'m | Non-Charity Funds* £'m | Designated Funds £'m | Restricted Funds £'m | |
| Fixed assets | 415.2 | 47.6 | 1,156.4 | - | - | 1,619.2 |
| Current assets | - | 16.4 | 1,392.6 | 2.0 | 0.2 | 1,411.2 |
| Creditors: amounts falling due within one year | - | (17.4) | (511.4) | - | - | (528.8) |
| Creditors: amounts falling due after more than one year | - | (11.2) | (668.0) | - | - | (679.2) |
| Deferred tax liability | - | - | (200.3) | - | - | (200.3) |
| Defined benefit pension scheme asset | - | - | 21.9 | - | - | 21.9 |
| | <u>415.2</u> | <u>35.4</u> | <u>1,191.2</u> | <u>2.0</u> | <u>0.2</u> | <u>1,644.0</u> |
| Net funds (excluding non-controlling interests) | | | | | | |
| Non-controlling interests | - | - | (702.4) | - | - | (702.4) |
| | <u>415.2</u> | <u>35.4</u> | <u>488.8</u> | <u>2.0</u> | <u>0.2</u> | <u>941.6</u> |

*Non-charity fund comprises of non-charity trading reserves and non-charity other reserves.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

47. Analysis of the Group's funds *(continued)*

Net assets by the Group's funds *(continued)*

Net assets by the Group's funds

| | Unrestricted funds | | | | | Year ended 31 March 2022 £'m |
|--|--------------------|------------------|-----------------------|---------------------|---------------------|---------------------------------------|
| | Endowment Funds | Charity Funds | Non-Charity Funds* | Designated Funds | Restricted Funds | |
| | £'m | £'m | £'m | £'m | £'m | |
| Fixed assets | 249.6 | 43.4 | 1,066.2 | - | - | 1,359.2 |
| Current assets | 25.3 | 17.8 | 1,293.5 | 2.0 | 0.2 | 1,338.8 |
| Creditors: amounts falling due within one year | - | (16.9) | (400.6) | - | - | (417.5) |
| Derivative financial instruments (current) | - | - | (0.6) | - | - | (0.6) |
| Creditors: amounts falling due after more than one year | - | (13.1) | (598.7) | - | - | (611.8) |
| Derivative financial instruments (non-current) | - | - | (0.1) | - | - | (0.1) |
| Deferred tax liability | - | - | (198.3) | - | - | (198.3) |
| Defined benefit pension scheme asset | - | - | 44.5 | - | - | 44.5 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net funds (excluding non- controlling interests) | 274.9 | 31.2 | 1,205.9 | 2.0 | 0.2 | 1,514.2 |
| Non-controlling interests | - | - | (689.7) | - | - | (689.7) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 274.9 | 31.2 | 516.2 | 2.0 | 0.2 | 824.5 |

*Non-charity fund comprises of non-charity trading reserves and non-charity other reserves.

48. Risk Management

Market risk

The Group's funding, liquidity and exposure to foreign currency and interest rate risks are managed by the Group's treasury department. The treasury department uses a range of financial instruments to manage the underlying risks. Treasury operations are conducted within a framework of Edrington's Board approved policies and guidelines, which are recommended and monitored by the Edrington's Treasury Committee, chaired by the Chief Financial Officer. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities. The Group does not use derivatives for speculative purposes.

Currency risk

Foreign exchange risk management

The Group undertakes transactions denominated in foreign currencies and is therefore exposed to foreign exchange risk.

Foreign exchange contracts

It is the Group's policy to enter into derivative contracts to manage the risk associated with anticipated sales and purchase transactions out to 24 months.

The Group implements a rolling policy which ensures that by the end of the current year, as a minimum, 50% of anticipated currency contribution (excluding GBP) will be hedged within the next 12 months and 20% in the following 12 months. Refer to note 49 for further details on derivatives outstanding as at 31 March 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

48. Risk Management *(continued)*

Interest rate risk

The 1887 Company has a substantial element of fixed debt issued through US Private Placement with maturities ranging from 2025 to 2034. The remainder of the Group's debt is bank debt at floating rates. The Group's interest rate policy is to fix between 30% and 90% of planned debt primarily through the issuance of fixed debt in the private placement market.

The following table shows the split of debt between fixed and floating at each reporting date:-

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--------------------|---|---|
| Fixed rate debt | 666.1 | 358.0 |
| Floating rate debt | 161.7 | 298.5 |
| | <u>827.8</u> | <u>656.5</u> |

The average interest rate across the portfolio of debt including the impact of derivatives is 4.48% (2022: 2.46%).

The following table details the Group's sensitivity to a 10% increase and decrease in currency rates and a 10bps increase and decrease in interest rates and the impact on profit and loss and equity. The 10% sensitivity rate applied to foreign currency and 10bps movement applied to interest represents management's assessment of the reasonably possible change on foreign exchange rates and interest rates within a 12-month period. The sensitivity analysis is based on outstanding foreign currency denominated monetary items and interest-bearing debt on the balance sheet at as 31 March 2023, adjusted for a 10% movement in foreign currency rates or 10bps movement in interest rates, to quantify the impact over a 12-month period. The sensitivity analysis to movement in foreign currency rates and interest rates takes account of the impact of financial derivatives.

The results of the sensitivity analysis should not be considered as projections of likely future events or gains or losses as actual results may differ materially as a result of developments in global financial markets impacting exchange rates and interest rates.

| | Impact on statement of financial activity gain/(loss) | | Impact on other recognised gains/(losses) | |
|----------------------------------|--|-------------|--|-------------|
| | 2023 £'m | 2022 £'m | 2023 £'m | 2022 £'m |
| 10% weakening of sterling | 11.5 | 8.3 | 4.8 | 13.6 |
| 10% strengthening of sterling | (9.4) | (6.8) | (3.9) | (11.1) |
| 10bps increase in interest rates | (0.2) | (0.3) | - | - |
| 10bps decrease in interest rates | 0.2 | 0.3 | - | - |

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The Group is not subject to any externally imposed capital requirements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises on cash balances, derivative financial instrument and credit exposures to customers.

The carrying amount of financial assets represents the Group's exposure to credit risk at the balance sheet date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

48. Risk Management *(continued)*

Credit risk is managed through application of risk management policies approved and monitored within the Group. Financial credit risk is managed by limiting counterparties to major banks and financial institutions primarily with a long-term credit rating within the A band. The Group's policy is to spread the risk by using a number of banks to avoid significant concentrations of credit risk.

Trade and other debtors' exposures are managed locally in the operating units where they arise, and credit limits are set as deemed appropriate for the customer. A small proportion of customers, including those 3rd parties shipped directly from the UK and the majority of European Travel Retail and EMEA customers are covered by credit insurance.

Financial assets and liabilities

| 31 March 2023 | FVTIE | Amortised Cost | Total | Current | Non- Current |
|-------------------------------------|--------------|---------------------------|------------------|----------------|-------------------------|
| | £'m | £'m | £'m | £'m | £'m |
| Financial assets | | | | | |
| Trade and other receivables | - | 283.7 | 283.7 | 283.7 | - |
| Cash and liquid resources | - | 272.1 | 272.1 | 272.1 | - |
| Derivative in a hedge relationship | 0.4 | - | 0.4 | 0.3 | 0.1 |
| Derivative not classified as hedges | 13.7 | - | 13.7 | 10.2 | 3.5 |
| | 14.1 | 555.8 | 569.9 | 566.3 | 3.6 |
| Financial liabilities | | | | | |
| Trade and other payables | - | (318.2) | (318.2) | (302.9) | (15.3) |
| Borrowings | - | (827.8) | (827.8) | (166.3) | (661.5) |
| Derivatives in a hedge relationship | - | - | - | - | - |
| | - | (1,146.0) | (1,146.0) | (469.2) | (676.8) |
| | 14.1 | (590.2) | (576.1) | 97.1 | (673.2) |
| 31 March 2022 | | | | | |
| | FVTIE | Amortised Cost | Total | Current | Non- Current |
| | £'m | £'m | £'m | £'m | £'m |
| Financial assets | | | | | |
| Trade and other receivables | - | 236.1 | 236.1 | 236.1 | - |
| Cash and liquid resources | - | 349.9 | 349.9 | 349.9 | - |
| Derivative in a hedge relationship | 0.1 | - | 0.1 | 0.1 | - |
| Derivative not classified as hedges | 4.9 | - | 4.9 | 1.7 | 3.2 |
| | 5.0 | 586.0 | 591.0 | 587.8 | 3.2 |
| Financial liabilities | | | | | |
| Trade and other payables | - | (324.5) | (324.5) | (311.1) | (13.4) |
| Borrowings | - | (656.5) | (656.5) | (58.1) | (598.4) |
| Derivatives in a hedge relationship | (0.7) | - | (0.7) | (0.6) | (0.1) |
| | (0.7) | (981.0) | (981.7) | (369.8) | (611.9) |
| | 4.3 | (395.0) | (390.7) | 218.0 | (608.7) |

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48. Risk Management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations associated with financial liabilities that are settled by delivering cash and other financial assets.

The following table provides an analysis of the anticipated contractual cash flows for the Group's financial liabilities including derivative instruments on an undiscounted basis.

Where interest rate payments are on a floating rate basis, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at 31 March 2023 and 31 March 2022.

The gross cash outflows in relation to derivative financial liabilities are presented for the purposes of this table, although in practice, the Group uses netting arrangements to reduce its liquidity requirements of these instruments. The Group has entered into master netting agreements with the following counterparties; Royal Bank of Scotland, NatWest, HSBC, Lloyds, SEB, Barclays and Clydesdale Bank. Derivatives subject to offsetting, master netting agreements and any collateral pledged or received are presented below.

Contractual cash flows

| 31 March 2023 | Note | 2024 £'m | 2025 £'m | 2026 £'m | 2027 £'m | 2028 £'m | 2029 and there after £'m | Total £'m |
|--|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|----------------------|
| Loans and other borrowings | (i) | (177.4) | (4.6) | (107.9) | - | (20.0) | (520.0) | (829.9) |
| Interest on borrowings | (ii) | (28.8) | (28.7) | (28.7) | (25.9) | (25.6) | (115.4) | (253.1) |
| Payables | | (302.9) | (12.9) | (2.2) | (0.2) | - | - | (318.2) |
| Non-derivative financial liabilities | | (509.1) | (46.2) | (138.8) | (26.1) | (45.6) | (635.4) | (1,401.2) |
| Amounts payable under foreign exchange contracts | | (32.5) | (15.6) | - | - | - | - | (48.1) |
| Derivative instruments | | (32.5) | (15.6) | - | - | - | - | (48.1) |
| 31 March 2022 | Note | 2023 £'m | 2024 £'m | 2025 £'m | 2026 £'m | 2027 £'m | 2028 and there after £'m | Total £'m |
| Loans and other borrowings | (i) | (58.9) | (103.6) | (147.6) | (108.5) | - | (240.0) | (658.6) |
| Interest on borrowings | (ii) | (18.6) | (16.4) | (10.7) | (10.4) | (7.3) | (29.9) | (93.3) |
| Payables | | (311.1) | (9.1) | (3.5) | (0.8) | - | - | (324.5) |
| Non-derivative financial liabilities | | (388.6) | (129.1) | (161.8) | (119.7) | (7.3) | (269.9) | (1,076.4) |
| Amounts payable under foreign exchange contracts | | (35.2) | (12.6) | - | - | - | - | (47.8) |
| Derivative instruments | | (35.2) | (12.6) | - | - | - | - | (47.8) |

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48. Risk Management *(continued)*

(i) For the purpose of these tables above, borrowings are defined as gross borrowings excluding fair value derivative instruments.

(ii) Interest on borrowings represents the gross interest payable on private placement denominated in GBP, in USD at prevailing spot rate and on fixed bank debt in DOP and EUR at prevailing spot rate.

49. Derivative financial instruments

Fair value hierarchy

Fair value measurements of financial instruments are presented through use of a three-level fair value hierarchy that prioritises the valuation technique used in fair value calculations.

Level 1 : quoted price (unadjusted) in active market for identical assets or liabilities.

Level 2 ; inputs other than quoted prices are included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : inputs for the asset or liability are not based on observable market data.

Cash flow hedges

Foreign exchange forward contracts

The Group uses foreign exchange forward contracts to manage the transactional foreign exchange risk associated with anticipated sales and purchase transactions out to 24 months. Consistent with prior periods, when a forward contract is designated in a cash flow hedge relationship, the Group has designated the change in fair value of the entire forward contract, i.e., including the forward element, as the hedging instrument.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed is £54.9m (2022: £63.4m). Changes in the fair value of derivatives that are designated as and are effective cash flow hedges amounting to a gain of £0.5m (2022: £1.3m loss) being recognised in the cash flow hedge reserve. A net gain of £0.5m (2022: £1.4m loss) has been transferred out of the cash flow hedge reserve to the Consolidated Statement of Financial Activities.

Financial instruments not qualifying for hedge accounting

The Group's policy does not permit the use of derivatives for trading purposes. However, some derivatives do not qualify for hedge accounting, or are specifically not designated as a hedge where gains and losses on the hedging instrument and the hedged item naturally offset in the other recognised gains and losses.

These instruments include foreign exchange forward contracts and average basket rate options to hedge transactional exposures denominated in foreign currencies. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Financial Activities. Changes in the fair value of derivatives not designated as hedges at 31 March 2023 had a net £4.9m loss (2022: £7.4m loss) impact on costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

49. Derivative financial instruments *(continued)*

Derivative financial instruments – carrying value

| | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| | Assets £'m | Liabilities £'m | Assets £'m | Liabilities £'m |
| Within one year: | | | | |
| Hedging derivatives - cash flow hedges | | | | |
| • Foreign exchange rates | 0.3 | - | 0.1 | (0.6) |
| Non-hedging derivatives | | | | |
| • Foreign exchange rate – at FVTIE | 10.2 | - | 1.7 | - |
| | 10.5 | - | 1.8 | (0.6) |
| After more than one year: | | | | |
| Hedging derivatives - cash flow hedges | | | | |
| • Foreign exchange rates | 0.1 | - | - | (0.1) |
| Non-hedging derivatives | | | | |
| • Foreign exchange rate – at FVTIE | 3.5 | - | 3.2 | - |
| | 3.6 | - | 3.2 | (0.1) |
| | 14.1 | - | 5.0 | (0.7) |

All fair values are level 2, based on discounted cashflow used quoted market prices for interest rates and exchange rates.

The flowing table sets out the maturity profile, average interest rates and foreign currency exchange rates of the hedging instruments used in the Group's cash flow hedging strategies.

31 March 2023

| | Up to one year | Maturity One to five years | More than five years |
|--|-------------------|----------------------------------|-------------------------|
| Cash flow hedges | | | |
| <i>Foreign exchange risk</i> | | | |
| Foreign exchange forward contracts (GBP:EUR) | | | |
| • Notional amount (£'m) | 37.39 | 17.54 | - |
| • Average exchange rate | 1.1403 | 1.1177 | - |

Hedge ineffectiveness resulting from cash flow hedging in the year was immaterial. The principal potential source of ineffectiveness has been identified as periodic (credit) valuation adjustments made to the hedging instruments when marked-to-market which are not reflected in the periodic repricing of the associated hedged items. A change in the timing of the cash flows of a designated hedged item and/or a reduction in the volume of hedged item occurring subsequent to having been designated in a cash flow hedging relationship have also been identified as potential sources of ineffectiveness. Historically, such adjustments have not resulted in significant hedge ineffectiveness and are similarly not expected to generate significant ineffectiveness in future reporting periods.

Since 100% of the notional amount of the hedging instruments are designated against the equivalent principal amount of the associated hedged items, the hedge ratio for all live hedges is 1:1.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

50. Deferred tax

| Group | Cash flow hedges | Accelerated tax depreciation | Intangible assets | Retirement benefit obligations | Withholding tax on distributable reserves | Other temporary differences | Property revaluation | Tax losses | Total |
|--|-----------------------------|---|------------------------------|---|--|--|---------------------------------|-------------------|----------------|
| | £'m | £'m | £'m | £'m | £'m | £'m | £'m | £'m | £'m |
| At 1 April 2021 | (0.6) | (50.9) | (71.5) | (2.1) | (2.2) | 25.4 | (1.2) | (0.1) | (103.2) |
| Acquisition | - | (0.1) | - | 0.6 | - | - | - | - | 0.5 |
| (Charge)/credit to the income and expenditure account | - | (22.6) | (21.2) | (7.5) | (0.8) | 6.9 | (0.2) | - | (45.4) |
| Credit to the other recognised gains/(losses) account | 0.8 | - | - | 0.6 | - | 1.1 | 0.1 | - | 2.6 |
| At 31 March 2022 | 0.2 | (73.6) | (92.7) | (8.4) | (3.0) | 33.4 | (1.3) | (0.1) | (145.5) |
| (Charge)/credit to the income and expenditure account | - | (7.2) | 3.6 | (3.2) | (1.4) | 21.2 | - | 0.1 | 13.1 |
| (Charge)/credit to the other recognised gains/(losses) account | (0.3) | - | - | 7.9 | - | 0.5 | 0.1 | - | 8.2 |
| At 31 March 2023 | (0.1) | (80.8) | (89.1) | (3.7) | (4.4) | 55.1 | (1.2) | - | (124.2) |

Deferred tax amounts relating to joint ventures are excluded from this note. They are not separated out but included within the overall movements for joint ventures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

50. Deferred tax *(continued)*

Deferred tax assets and liabilities are offset where the trading subsidiaries have a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|------------------------|---|---|
| Deferred tax asset | 76.1 | 52.8 |
| Deferred tax liability | <u>(200.3)</u> | <u>(198.3)</u> |
| | <u>(124.2)</u> | <u>(145.5)</u> |

Unrecognised deferred tax assets:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--------------------------------|---|---|
| Tax losses (capital in nature) | 3.2 | 3.2 |
| Tax losses (revenue in nature) | <u>3.4</u> | <u>1.6</u> |
| | <u>6.6</u> | <u>4.8</u> |

UK corporation tax rate changes

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the UK companies' future current tax charge accordingly. The deferred tax asset/liabilities at 31 March 2023 have been calculated based on these rates, reflecting the expected timing reversal of the related temporary difference.

51. Share-based payments

Equity-settled share option scheme

The Group operates two share schemes for certain Group employees – a ShareSave scheme and a ShareReward scheme. During the year, the Group recognised total expenses of £5.6m (2022: £4.4m) relating to equity-settled share-based payment transactions in the year to 31 March 2023.

The ShareSave scheme is a share option scheme for all employees of Edrington. Options are exercisable at the market price of Edrington's shares on the date of grant, less a discount of 20%, as estimated by an independent external valuation specialist. The vesting period is 3 years. If the options remain unexercised after a period of 3½ years from the date of grant, the options expire. Substantially all options are exercised upon vesting. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding in respect of the ShareSave scheme at the balance sheet date are as follows:

| | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---------------------------|--|--|--|--|
| | Number of share options | Weighted average exercise price (£) | Number of share options | Weighted average exercise price (£) |
| Outstanding at 1 April | 278,187 | £27.87 | 282,675 | £18.97 |
| Granted during the year | 98,547 | £39.80 | 134,255 | £36.56 |
| Exercised during the year | (143,932) | £19.76 | (137,838) | £18.14 |
| Forfeited during the year | (8,690) | £36.56 | (905) | £19.76 |
| Outstanding at 31 March | <u>224,112</u> | <u>£37.98</u> | <u>278,187</u> | <u>£27.87</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

51. Share-based payments *(continued)*

The weighted average share price at the date of exercise for share options exercised during the period was £19.76 (2022: £18.14). The options outstanding at 31 March 2023 had a weighted average exercise price of £37.98 (2022: £27.87), and a weighted average remaining contractual life of 2.4 years (2022: 2.0 years). The fair value of the options granted on 1 April 2022 was £1.0m (on 1 April 2021: £1.1m).

The range of exercise price in the year to March 2023 was between £36.56 and £39.80 (2022: £19.76 and £36.56).

The fair value of shares and options granted is calculated at grant date using the Black-Scholes model. The inputs into the Black-Scholes model are as follows:

| Grant date | 1 April 2022 | 1 April 2021 | 1 April 2020 |
|------------------------------|-----------------|-----------------|-----------------|
| Share price at grant date | £49.75 | £45.71 | N/a* |
| Exercise price at grant date | £39.80 | £36.56 | N/a* |
| Expected volatility | 11% | 12% | 13% |
| Expected life | 3 years | 3 years | 3 years |
| Risk free rate | 1.43% | 0.14% | 0.7% |
| Expected dividend yield | 0.95% | 0.82% | 0.0% |

* There was no new ShareSave Scheme in the 2021 financial year.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

ShareReward disclosure requirements

The ShareReward scheme allows eligible employees to be awarded shares to the value of a common percentage of their earnings, dependent on the performance of the Group up to a maximum of 10% of annual salary. The shares awarded are held in trust for five years. The ShareReward scheme operated in both the current and prior years.

52. Retirement benefits

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| Defined benefit surplus in principal subsidiaries | 24.1 | 47.9 |
| Other defined benefit liabilities | (0.4) | (0.6) |
| Other post-retirement benefits | (1.8) | (2.8) |
| | 21.9 | 44.5 |

Defined benefit schemes

The Group operates three defined benefit pension schemes in the UK providing benefits based on final salary. The Edrington Group Limited and Highland Distillers Limited pension schemes have been closed to future accrual since 2014 and the Edrington UK scheme closed since 2015. The benefit commitments are funded in advance and the assets of the schemes are held in separate trustee administered funds. The contributions are determined by a qualified actuary based on regular valuations using the projected unit method. In addition, for new employees, the Group also provides a defined contribution scheme.

The most recent actuarial valuations of The Edrington Group Limited and Highland Distillers Limited defined benefit pension schemes and other post-retirement benefits were undertaken at 6 April 2022, whilst the Edrington UK valuation was undertaken at 31 October 2020. All valuations were performed by independent, professionally qualified actuaries.

The notes below relate only to the principal defined benefit schemes in the Group based on their materiality.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

52. Retirement benefits *(continued)*

Defined benefit schemes *(continued)*

Defined benefit scheme amounts relating to associates and joint ventures, including any deferred tax implications are excluded from this note. These are not separated out but included within the overall movement for associates and joint ventures.

The major assumptions used by the actuary were as follows:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| Rate of increase of pensions in payment | 1.85%-3.80% | 2.30%-3.85% |
| Discount rate | 4.85% | 2.80% |
| Inflation assumption (RPI/CPI) | 3.35%/2.85% | 3.70%/3.10% |
| Medical benefits inflation | 7.00% | 7.00% |

The post retirement mortality assumptions used to value the benefit obligation at 31 March 2023 were those of the S3 series actuarial index, adjusted by 98% for males and 108% for females (2022: 94% for both males and females), plus an allowance for 'CMI 2021 with a long-term improvement rate of 1.5%'. In 2015, as permitted by scheme rules, the company has linked the deferred pension valuation in excess of Guaranteed Minimum Pension to CPI. Inflation-linked pension increases continue to be based on RPI.

| Mortality Assumptions: | 31 March 2023 | | 31 March 2022 | |
|--|----------------------|---------------|----------------------|---------------|
| | Males | Female | Male | Female |
| Edrington Distillers and Highland Distillers | | | | |
| Average future life expectancy (in years) for a member aged 65 | 21.8 | 23.8 | 22.8 | 24.6 |
| Average future life expectancy (in years) at age 65 for a member aged 45 | 23.4 | 25.6 | 24.5 | 26.4 |
| Edrington UK | | | | |
| Average future life expectancy (in years) for a member aged 65 | 22.7 | 24.9 | 23.0 | 25.0 |
| Average future life expectancy (in years) at age 65 for a member aged 45 | 24.3 | 26.6 | 24.6 | 26.8 |

The assets in the schemes were:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|-------------------------------------|---|---|
| Bonds | 174.8 | 224.6 |
| Cash | 20.5 | 19.2 |
| Insured pensions | 92.7 | 123.4 |
| Illiquid debt | 12.1 | 70.5 |
| Equities | 15.2 | 34.7 |
| Total market value of assets | 315.3 | 472.4 |
| Present value of scheme liabilities | (291.2) | (424.5) |
| Surplus in pension schemes | 24.1 | 47.9 |

Analysis of amount charged to the financial activities in respect of defined benefit schemes:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|------------------|---|---|
| GMP equalisation | - | 0.2 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

52. Retirement benefits *(continued)*

Defined benefit schemes *(continued)*

Analysis of amounts recognised in income/(expenses):

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Expected return on pension scheme assets | 13.0 | 10.2 |
| Interest on pension liabilities | (11.6) | (9.7) |
| | 1.4 | 0.5 |

Analysis of amounts recognised in other recognised gains/(losses):

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Actual return less expected return on assets | (158.3) | (25.6) |
| Experience losses on liabilities | (7.5) | (10.2) |
| Changes in assumptions | 133.1 | 48.5 |
| | (32.7) | 12.7 |

Reconciliation of fair value of scheme assets:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---|---|
| Opening fair value of scheme assets | 472.4 | 383.7 |
| Acquisition of subsidiary | - | 97.4 |
| Expected return on assets | 13.0 | 10.2 |
| Employers' contributions | 7.5 | 24.5 |
| Actuarial losses | (158.3) | (25.6) |
| Benefits paid | (19.3) | (17.8) |
| Closing fair value of scheme assets | 315.3 | 472.4 |

The actual return on plan assets was £13.0m (2022: £10.2m).

Reconciliation of defined benefit obligation:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| Opening defined benefit obligation | (424.5) | (370.3) |
| Acquisition of subsidiary | - | (100.5) |
| Past service cost including curtailment | - | 0.2 |
| Interest cost | (11.6) | (9.7) |
| Actuarial gains | 125.6 | 38.3 |
| Benefits paid | 19.3 | 17.5 |
| Closing defined benefit obligation | (291.2) | (424.5) |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

52. Retirement benefits *(continued)*

Defined benefit schemes *(continued)*

Movement in surplus during the year:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|---|---|---|
| Opening surplus in scheme | 47.9 | 13.4 |
| Acquisition of subsidiary | - | (3.1) |
| Past service cost including curtailment | - | 0.2 |
| Contributions | 7.5 | 24.5 |
| Net interest income | 1.4 | 0.5 |
| Actuarial (losses)/gains | (32.7) | 12.7 |
| Benefits paid | - | (0.3) |
| Closing surplus in scheme | 24.1 | 47.9 |

| | 2023 £'m | 2022 £'m | 2021 £'m | 2020 £'m | 2019 £'m |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Five-year history: | | | | | |
| Total market value of assets | 315.3 | 472.4 | 383.7 | 393.9 | 369.5 |
| Present value of scheme liabilities | (291.2) | (424.5) | (370.3) | (341.0) | (362.4) |
| Surplus in pension scheme | 24.1 | 47.9 | 13.4 | 52.9 | 7.1 |
| History of experience gains and losses: | | | | | |
| Difference between expected and actual return on schemes' assets (£'m) | (158.3) | (25.6) | (11.1) | (16.2) | (6.8) |
| Percentage of schemes' assets | 50.2% | 5.4% | 2.9% | 4.1% | 1.8% |
| Experience adjustments on schemes' liabilities (£'m) | (7.5) | (10.2) | (0.4) | (5.4) | 0.8 |
| Percentage of schemes' liabilities | 2.6% | 2.4% | 0.1% | 1.6% | 0.2% |
| Total amount recognised in the other recognised gains/(losses) account (£'m) | (32.7) | 12.7 | (46.2) | 31.4 | (25.2) |
| Percentage of schemes' liabilities | 11.2% | 3.0% | 12.5% | 9.2% | 7.0% |

Sensitivity analysis

The sensitivity of the present value of scheme liabilities to changes in the principal assumptions used at 31 March 2023 is set out below:

| Assumption | Sensitivity | Financial impact Year to 31 March 2023 | Financial impact Year to 31 March 2022 |
|------------------------------------|--------------------|---|---|
| The Edrington Group Schemes | | | |
| Discount rate | +/- 0.5% | Decrease/increase by £16.1m | Decrease/increase by £30.3m |
| Mortality – increase in life | +/- 1 year | Increase/decrease by £8.8m | Increase/decrease by £12.5m |
| Increase in inflation | +/- 0.5% | Decrease/increase by £5.1m | Decrease/increase by £11.0m |
| Edrington UK Scheme | | | |
| Discount rate | +/- 0.25% | Decrease/increase by £2.6m | Decrease/increase by £4.9m |
| Mortality – increase in life | +/- 1 year | Decrease/increase by £1.8m | Decrease/increase by £3.5m |
| Increase in inflation | +/- 0.25% | Increase/decrease by £1.5m | Increase/decrease by £3.0m |

Methods and assumptions used in preparing the sensitivity analysis:

During the year, there were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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52. Retirement benefits *(continued)*

Defined benefit schemes *(continued)*

The Group paid deficit reduction payments to all three schemes during 2023.

| | Deficit Reduction Payments | | Deficit Actuarial Valuation | |
|--|-------------------------------|-------------|--------------------------------|-------------|
| | 2023 £'m | 2022 £'m | 2023 £'m | 2022 £'m |
| Edrington Group Scheme | 2.3 | 14.0 | 14.0 | 15.8 |
| Highland Distillers Limited Scheme | 2.2 | 10.5 | 10.5 | 8.6 |
| Edrington UK Distribution Limited Scheme | 3.0 | 2.8 | 2.8 | 7.2 |

Defined contribution schemes

The Group operates a number of defined contribution schemes for employees in the UK and overseas. The pension cost for the year in respect of the Group's defined contribution schemes amounted to £6.9m *(2022: £7.6m)*. As at 31 March 2023, contributions of £0.9m *(2022: £0.6m)* due in respect of the current reporting period had not been paid over to the scheme.

Other post-retirement benefits

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|--|---------------------------------------|---------------------------------------|
| Liability for discretionary post-retirement benefits | <u>(1.8)</u> | <u>(2.8)</u> |

53. Other contractual obligations

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|----------------------------------|---------------------------------------|---------------------------------------|
| Contracted but not provided for: | | |
| Material purchase commitment | 109.4 | 64.8 |
| Capital commitments | <u>111.8</u> | <u>123.0</u> |
| | <u>221.2</u> | <u>187.8</u> |

Other contractual obligations comprise commitments for expenditure that has not been provided for in the financial statements.

Material purchase obligations include various long term purchase contracts entered into for the supply of certain materials, principally malt and barley. The contracts are used to guarantee supply of these materials over the long term and to enable more accurate management of future costs.

Capital commitments represent contracts entered into for the provision of buildings, plant and machinery and cask.

54. Transactions with related parties

Transactions between wholly owned members of the Group, which are related parties, have been eliminated on consolidated and are not disclosed in this note. Transactions between members of the Group and its joint ventures and associated are disclosed in the next page.

The Group made purchases of £12.3m *(2022: £10.3m)* and received services to the value of £4.0m *(2022: £4.6m)* from Lothian Distillers Limited a joint venture of the Group. The Group made sales to other joint ventures amounting to £10.6m *(2022: £84.0m)* and received services to the value of £10.6m *(2022: £84.0m)*. The balances due to/from joint ventures in respect of these transactions are as disclosed in the next page.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

54. Transactions with related parties *(continued)*

The Group made sales amounting to £34.4m (2022: £12.1m) to and made no purchases from Suntory Spirits Limited, a related party, in the current or prior year.

The Group has an interest-free loan from Lothian Distillers Limited for £6.0m (2022: £6.0m) included in note 46.

The Group has a loan from William Grants & Sons Limited repayable April 2024 for £10.0m (2022: £10.0m) included in note 46. The interest charged on the loan is 1.6%.

During the year £0.2m (2022: £0.2m) Giving More donations were paid on behalf of Edrington and recharged to the Trust.

The financial position with associates and joint ventures are set out in the table below:

| | Year ended 31 March 2023 £'m | Year ended 31 March 2022 £'m |
|-----------------------------------|---|---|
| Balance Sheet Items: | | |
| Group payables (Note 44) | (6.3) | (6.7) |
| Amounts payable to Clappers Trust | - | 0.1 |
| Group receivables (Note 42) | 0.9 | 2.6 |
| | <u>(5.4)</u> | <u>(4.0)</u> |

55. Acquisition of subsidiary

On 30 March 2023, Edrington exercised its option to purchase 30% of the issued share capital of Wyoming Whiskey, Inc. bringing the total shareholding of the entity by the group to 80%, obtaining control of the company. Wyoming Whiskey, Inc. is involved in distilling, bottling, sales and marketing of American craft whiskey.

The amount recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

| | |
|--|----------------------|
| | 2023 £'m |
| Tangible assets | 3.8 |
| Stocks | 15.8 |
| Fair value adjustment for stocks | 12.0 |
| Trade and other debtors | 0.2 |
| Cash and cash equivalents | 0.3 |
| Trade and other creditors | (4.7) |
| Total identifiable assets | <u>27.4</u> |
| Add goodwill on acquisition | 2.6 |
| Add brand intangible on acquisition | 1.8 |
| Less amounts already owned | (11.1) |
| Less related party gain | (5.7) |
| Total consideration | <u>15.0</u> |
| Satisfied by: | |
| Cash | 12.6 |
| Deferred consideration | 2.4 |
| Total consideration transferred | <u>15.0</u> |
| Net cash inflow arising on acquisition | |
| Cash acquired | 0.3 |
| Less cash consideration | (12.6) |
| | <u>(12.3)</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

55. Acquisition of subsidiary *(continued)*

On 2 August 2021, Edrington purchased the remaining 50% of the issued share capital of Edrington UK Distribution Limited (formerly Edrington Beam Suntory UK Distribution Limited) from the joint venture partner obtaining full control of the company. Edrington UK Distribution Limited is involved in the sale and distribution of alcoholic beverages.

The amount recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

| | 2022 |
|--|-------------|
| | £'m |
| Intangible assets | 0.1 |
| Tangible assets | 3.5 |
| Stocks | 35.7 |
| Trade and other debtors | 97.6 |
| Cash and cash equivalents | 3.2 |
| Trade and other creditors | (92.7) |
| Pension deficit | (2.4) |
| Total identifiable assets | 45.0 |
| Goodwill on acquisition | (20.9) |
| Less amounts already owned | (21.5) |
| Less related party gain | (2.4) |
| Total consideration | 0.2 |
| Satisfied by: | |
| Cash | 0.2 |
| Total consideration transferred | 0.2 |
| Net cash inflow arising on acquisition | |
| Cash acquired | 3.2 |
| Less cash consideration | (0.2) |
| | 3.0 |

56. Disposal of investment

On the 15 July 2022, Edrington entered into an agreement, alongside its joint venture partner Beam Suntory, to sell its 50% investment in Maxxium Cyprus Limited inclusive of its investment in Russia to the local management team for consideration of 1 Euro. As the investment had previously been fully impaired in the year to March 2022, no gain or loss on disposal has been recognised in the current year.

On the 2 August 2021, the Group disposed of its 50% share of the joint venture Maxxium España SL.

| | 2022 |
|------------------------|-------------|
| | £'m |
| Consideration received | 5.0 |
| Net assets transferred | (3.9) |
| | 1.1 |

57. Parent company

The Group is ultimately owned and controlled by Kintail Trustees Limited, which is a company limited by guarantee and is the Corporate Trustee of the Robertson Trust. It is registered in Scotland under the company number SC428674. The address of its registered office is Robertson House, 152 Bath Street, Glasgow G2 4TB.

Copies of the Parent's financial statements may be obtained from its registered office at Robertson House, 152 Bath Street, Glasgow, G2 4TB.

The principal purpose and activity of Kintail Trustees Limited is to improve quality of life and realise the potential of people and communities in Scotland.