

Company Registration No. SC035148 (Scotland)

COMPANIES HOUSE
24 MAR 2023
EDINBURGH MAILBOX

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION**

Council	Mr I Menezes (Chairman) Mr J-E Gourgues (Vice Chairman) Mr P A Hyde (Treasurer) Mr E Andrew Mr S Bremner Mr B H Donaghey Mr P G Gordon Mrs R M Greenwood Mr E C Mackintosh Mr S McCroskie Mr D Mobley Mr A B C Ricard Mr C Vandini	Diageo plc Chivas Brothers Ltd The Edrington Group Diageo plc Tomatin Distillery Company Ltd Whyte & Mackay Ltd William Grant & Sons Ltd William Grant & Sons Ltd Gordon & MacPhail The Edrington Group Diageo plc Chivas Brothers Ltd Glen Grant Ltd
Secretary	Ms Sara Jackson	
Company number	SC035148	
Registered office	1st Floor Quartermile Two 2 Lister Square Edinburgh United Kingdom EH3 9GL	
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
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**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
COUNCIL'S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2022

The Council has pleasure in submitting to the Members the report by Council, the independent auditor's report and the audited financial statements for the year ended 31 December 2022. The report and financial statements will be submitted to the Council for approval at their meeting on 28 February 2023.

Principal activities

The principal activity of the Association remained that of supporting the continued success of The Scotch Whisky industry generally, in the UK and globally.

Status

The Association is a company (Registered number: SC035148) limited by guarantee and therefore does not have any issued share capital.

Future Outlook

The Scotch Whisky Association and its members remain confident about the long term prospects for the Scotch Whisky Industry. The Association will continue to provide support to its members on matters important to the industry into the future.

Council

Members of Council, who are directors under the Companies Act 2006, during the year ended 31 December 2022 and up to the date of signing the financial statements, were as follows:

Mr I Menezes (Chairman)	Diageo plc
Mr J-E Gourgues (Vice Chairman)	Chivas Brothers Ltd
Mr F J Thornton (Treasurer) (resigned 31 December 2022)	Distell International Ltd
Mr P A Hyde (Treasurer)	The Edrington Group
Mr E Andrew	Diageo plc
Mr S Bremner	Tomatin Distillery Company Ltd
Mrs P Dillon (resigned 31 December 2022)	Speyside Distillers Company Ltd
Mr B H Donaghey (appointed 1 January 2022)	Whyte & Mackay Ltd
Mr P G Gordon	William Grant & Sons Ltd
Mr P W D Greenow (resigned 31 December 2022)	Beam Suntory Inc
Mrs R M Greenwood	William Grant & Sons Ltd
Mr E C Mackintosh (appointed 1 January 2022)	Gordon & MacPhail
Mr S McCroskie	The Edrington Group
Mr D Mobley	Diageo plc
Mr A B C Ricard	Chivas Brothers Ltd
Mr D Ridley (appointed 1 January 2023 and resigned 24 January 2023)	The Artisanal Spirits Company PLC
Mr C Vandini	Glen Grant Ltd

Members of the Council receive no remuneration and have no financial stake in the Association.

Mr Menezes and Mr Gourgues were appointed Chairman and Vice Chairman respectively on 1 January 2022. Mr P A Hyde was appointed as Treasurer on 1 Jan 2023.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
COUNCIL'S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2022

Results

The surplus for the financial year after taxation was £478,807 (2021: £608,332).

The Association operates a defined benefit pension scheme, which is closed to new members and ceased future accrual to all remaining active members on 31 August 2018.

In June 2022 the Association entered into an agreement to insure the members pension benefits with Legal & General Assurance Society Limited through the purchase of a bulk annuity policy.

Going concern

The Council have considered the appropriateness of the going concern basis of accounting and are satisfied that it is correct to continue to prepare the financial statements on this basis.

Directors' liability insurance

The Association maintains liability insurance for its directors and officers.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as Members of Council at the date of approving this report are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Members of Council have taken all the necessary steps that they ought to have taken as Members of Council in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption within Part 15 of the Companies Act 2006.

On behalf of the Council



.....
Sara Jackson
Company Secretary

Date: 17/3/23

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Members of Council are responsible for preparing the Council Report in accordance with applicable law and regulations.

Company law requires Members of the Council to prepare financial statements for each financial year. Under that law the Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Members of Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit of the company for that period. In preparing these financial statements, the Members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Members of Council are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF THE SCOTCH WHISKY ASSOCIATION

Opinion

We have audited the financial statements of The Scotch Whisky Association (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Council's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Council's Report has been prepared in accordance with applicable legal requirements.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE SCOTCH WHISKY ASSOCIATION**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Council Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the statement of responsibilities of Members of Council, set out on page 3, the Members 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 directors 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 Members of Council are responsible for assessing the company'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 Members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit is 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 assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE SCOTCH WHISKY ASSOCIATION**

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to breaches or laws and regulations or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE SCOTCH WHISKY ASSOCIATION**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

**Grant Roger (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP**

Date: 17 March 2023

**Chartered Accountants
Statutory Auditor**

7-11 Melville Street
Edinburgh
EH3 7PE

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover	3	7,218,233	6,945,303
Administrative expenses		(6,627,409)	(6,129,717)
Pension settlement and amendments	14	-	(155,000)
Operating surplus	4	590,824	660,586
Interest receivable and similar income	6	7,535	433
Surplus before taxation		598,359	661,019
Tax on surplus	7	(119,552)	(52,687)
Surplus for the financial year		478,807	608,332
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension schemes		-	(343,000)
Total comprehensive income for the year		478,807	265,332

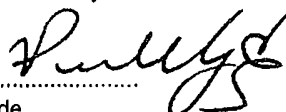
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET**

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	8		85,845		51,871
Tangible assets	9		344,066		402,108
			<u>429,911</u>		<u>453,979</u>
Current assets					
Debtors	10	401,138		377,045	
Cash at bank and in hand		2,393,976		2,090,107	
		<u>2,795,114</u>		<u>2,467,152</u>	
Creditors: amounts falling due within one year	11	(731,150)		(797,522)	
Net current assets			<u>2,063,964</u>		<u>1,669,630</u>
Total assets less current liabilities			<u>2,493,875</u>		<u>2,123,609</u>
Creditors: amounts falling due after more than one year	12		(486,663)		(595,204)
Net assets excluding pension liability			<u>2,007,212</u>		<u>1,528,405</u>
Defined benefit pension liability	14		-		-
Net assets			<u><u>2,007,212</u></u>		<u><u>1,528,405</u></u>
Reserves					
Retained earnings	16		<u><u>2,007,212</u></u>		<u><u>1,528,405</u></u>

The financial statements were approved by the Council and authorised for issue on 17 March 2023 and are signed on its behalf by:



 P Hyde
 Treasurer

Company Registration No. SC035148

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Retained earnings £
Balance at 1 January 2021	1,263,073
Year ended 31 December 2021:	
Surplus for the year	608,332
Other comprehensive income:	
Actuarial loss on defined benefit plans	(343,000)
Total comprehensive income for the year	265,332
Balance at 31 December 2021	1,528,405
Year ended 31 December 2022:	
Surplus for the year	478,807
Balance at 31 December 2022	2,007,212

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	19	502,249		74,326	
Income taxes paid		(54,558)		(8,659)	
Net cash inflow from operating activities		447,691		65,667	
Investing activities					
Purchase of intangible assets		(54,117)		(77,806)	
Purchase of tangible fixed assets		(105,672)		(68,956)	
Proceeds on disposal of tangible fixed assets		1,071		-	
Interest received		7,535		433	
Net cash used in investing activities		(151,183)		(146,329)	
Financing activities					
Movement in finance leases obligations		7,361		(4,122)	
Net cash generated from/(used in) financing activities		7,361		(4,122)	
Net increase/(decrease) in cash and cash equivalents		303,869		(84,784)	
Cash and cash equivalents at beginning of year		2,090,107		2,174,891	
Cash and cash equivalents at end of year		2,393,976		2,090,107	

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Accounting policies

Company information

The Scotch Whisky Association is a private company limited by guarantee incorporated in Scotland. The registered office is 1st Floor, Quartermile Two, 2 Lister Square, Edinburgh, United Kingdom, EH3 9GL.

The Association supports the continued success of the Scotch Whisky Industry generally, in the UK and globally.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The Council has considered the appropriateness of the going concern basis of accounting and are satisfied that it is correct to continue to prepare the financial statements on this basis.

1.3 Turnover

Legal recoveries

Legal recoveries have been included in turnover. Generally they are recognised in the accounting year that they are received, however amounts received post-year end before the accounts are signed, will also be recognised if it is considered appropriate to do so.

Subscriptions

Membership subscriptions are charged to cover the services provided in the calendar year, which matches the accounting year. Subscriptions are calculated to cover estimated expenditure for the year and if appropriate, to reduce any deficit from previous years.

Sundry sales

Sundry sales include recharges to members and non-member companies for services provided, and sales of publications, attendance at seminars and Association events. They are charged in the calendar year that the service is provided.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 - 5 years
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1.5 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	3 - 5 years
Furniture and fittings	10 - 15 years
Computer equipment	3 - 5 years

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the Statement of Comprehensive Income.

1.6 Impairment of fixed assets

At each reporting period end date, the Association reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Association's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as long-term liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle to liability simultaneously.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**THE SCOTCH WHISKY ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

(i) Short term benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(ii) Defined benefit pension plans

The Association provided pensions to some employees through a defined benefit scheme, which was closed to new members on 2 January 2003 and ceased future accrual to all remaining active members on the 31 August 2018. The assets of the scheme are held independently by trustees. A charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the Association's long-term expected return on assets are included in the statement of comprehensive income.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the expected return on assets and that actually achieved is included in the other comprehensive income along with differences which arise from experience or assumptions changes.

The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The Association does not recognise a surplus when the present value of plan assets exceeds the present value of defined benefit obligations.

(iii) Defined contribution pension plans

Since the defined benefit scheme has been closed to new members, the Association also operates a defined contribution scheme. The pensions costs charged to the statement of comprehensive income for the defined contribution scheme are the contributions payable by the Association during the year.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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1 Accounting policies

(Continued)

1.12 Leases

(i) Finance leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to the statement of comprehensive income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

(iii) Lease incentives

Incentives received by the Association are spread over the period of the lease. Incentives received to enter into an operating lease for the new Edinburgh office are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the 15 year period of the lease.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

**THE SCOTCH WHISKY ASSOCIATION
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2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Council are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

(i) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligations in the balance sheet. The assumptions reflect historical experience and current trends. The scheme was closed to future accrual on 31 August 2018 and the link of benefit to future salaries was severed at that date. In June 2022 the Trustees of the scheme entered into an agreement to insure the members pension benefits with Legal & General Assurance Society Limited through the purchase of a bulk annuity policy. See note 14 for the disclosures relating to the defined benefit pension scheme.

(ii) Legal Matters

The Association has a number of legal cases ongoing as part of its normal course of business. Legal accruals and provisions are made, where appropriate, based on the legal advice and the best estimates of likely outcomes for each case. There is a risk that future legal ruling could impact these estimates leading to further financial obligations.

(iii) Estimated useful lives and residual values of tangible fixed assets

The assessment of the estimated useful lives and residual values of tangible fixed assets involves judgements and estimates regarding the anticipated purpose and use of the asset and the period of time in which the asset can adequately perform its anticipated role before it becomes ineffective or obsolete. These judgements and estimates have a direct impact on the depreciation charge and the carrying value of tangible fixed assets. Management review these judgements and estimates as required at least on an annual basis. The carrying value of tangible fixed assets at the year end is £344,066 and the depreciation charged during the year was £119,635.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Subscriptions	7,140,509	6,863,827
Sundry sales and other income	39,300	29,700
Legal recoveries	38,424	51,776
	<u>7,218,233</u>	<u>6,945,303</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	<u>7,218,233</u>	<u>6,945,303</u>

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Other significant revenue		
	Interest income	7,535	433
		<u> </u>	<u> </u>

4	Operating surplus	2022	2021
		£	£
	Operating surplus for the year is stated after charging:		
	Exchange losses	31,968	21,737
	Fees payable to the company's auditor for the audit of the company's financial statements	15,250	10,750
	Auditors remuneration for other services	4,205	6,150
	Depreciation of owned tangible fixed assets	119,635	141,022
	Loss on disposal of tangible fixed assets	3,041	-
	Amortisation of intangible assets	60,110	25,935
	Operating lease charges	263,945	183,075
		<u> </u>	<u> </u>

5 Employees

The average monthly number of persons employed by the company during the year was:

2022	2021
Number	Number
40	39
<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,187,104	2,155,692
Social security costs	247,539	212,397
Pension costs	284,777	298,738
	<u> </u>	<u> </u>
	2,719,420	2,666,827
	<u> </u>	<u> </u>

No remuneration was paid to any member of the Council. The members of Council are the Association's directors.

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

6	Interest receivable and similar income	2022	2021
		£	£
	Interest income		
	Interest on bank deposits	7,535	433
		<u> </u>	<u> </u>
7	Taxation	2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	107,147	53,508
	Adjustments in respect of prior periods	1,050	(1,454)
		<u> </u>	<u> </u>
	Total current tax	108,197	52,054
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	11,355	633
		<u> </u>	<u> </u>
	Total tax charge	119,552	52,687
		<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	598,359	661,019
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	113,688	125,594
Tax effect of expenses that are not deductible in determining taxable profit	9,136	4,439
Adjustments in respect of prior years	1,051	-
Effect of change in corporation tax rate	-	(1,454)
Permanent capital allowances in excess of depreciation	(7,047)	(6,894)
Amounts relating to other comprehensive income	-	(65,170)
Effect of change in deferred tax rate	2,724	(3,828)
	<u> </u>	<u> </u>
Taxation charge for the year	119,552	52,687
	<u> </u>	<u> </u>

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will result in an increase in the company's tax charge in future years.

Deferred tax has been calculated using the rate effective in the period it is expected to reverse.

THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Intangible fixed assets

	Software £
Cost	
At 1 January 2022	77,806
Additions	54,117
Transfers	102,496
At 31 December 2022	<u>234,419</u>
Amortisation and impairment	
At 1 January 2022	25,935
Amortisation charged for the year	60,110
Transfers	62,529
At 31 December 2022	<u>148,574</u>
Carrying amount	
At 31 December 2022	<u>85,845</u>
At 31 December 2021	<u>51,871</u>

9 Tangible fixed assets

	Office equipment £	Furniture and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	131,887	530,479	690,399	1,352,765
Additions	11,512	4,046	90,114	105,672
Disposals	(20,560)	-	(35,773)	(56,333)
Transfers	-	-	(102,496)	(102,496)
At 31 December 2022	<u>122,839</u>	<u>534,525</u>	<u>642,244</u>	<u>1,299,608</u>
Depreciation and impairment				
At 1 January 2022	104,713	247,227	598,717	950,657
Depreciation charged in the year	13,834	35,993	69,808	119,635
Eliminated in respect of disposals	(16,448)	-	(35,773)	(52,221)
Transfers	-	-	(62,529)	(62,529)
At 31 December 2022	<u>102,099</u>	<u>283,220</u>	<u>570,223</u>	<u>955,542</u>
Carrying amount				
At 31 December 2022	<u>20,740</u>	<u>251,305</u>	<u>72,021</u>	<u>344,066</u>
At 31 December 2021	<u>27,174</u>	<u>283,252</u>	<u>91,682</u>	<u>402,108</u>

Office equipment includes £6,061 (2021: £20,560) of cost and £1,212 (2021: £16,448) aggregate depreciation relating to assets held under finance lease.

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10 Debtors	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	4,332	226
Other debtors	161,530	166,471
Prepayments and accrued income	230,683	194,400
	<u>396,545</u>	<u>361,097</u>
Deferred tax asset (note 13)	4,593	15,948
	<u>401,138</u>	<u>377,045</u>

11 Creditors: amounts falling due within one year	2022	2021
	£	£
Trade creditors	120,732	192,778
Corporation tax	107,147	53,508
Other taxation and social security	97,311	69,339
Deferred income	35,120	82,248
Provision for post-retirement benefits	27,284	25,984
Other creditors	39,868	40,808
Accruals and deferred income	303,688	332,857
	<u>731,150</u>	<u>797,522</u>

Included in other creditors are obligations under finance leases are secured over the assets to which the agreements relate of £2,552 (2021 - £4,122).

12 Creditors: amounts falling due after more than one year	2022	2021
	£	£
Obligations under finance leases	8,932	4,123
Deferred rent	225,354	260,474
Provision for post-retirement benefits	252,377	330,607
	<u>486,663</u>	<u>595,204</u>

The provision for retirement benefits in notes 11 and 12 represents an amount in addition to the company's defined benefit and defined contribution pension scheme liabilities and is in respect of individuals who were not included in either of these schemes, for whom the company considers itself to have a defined benefit type obligation. The quantum and movements in this liability are advised by an independent actuary.

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2022 £	Assets 2021 £
Balances:		
Accelerated capital allowances	(74,668)	(79,091)
Other timing differences	79,261	95,039
	<u>4,593</u>	<u>15,948</u>
Movements in the year:		2022 £
Asset at 1 January 2022		(15,948)
Charge to profit or loss		11,355
Asset at 31 December 2022		<u>(4,593)</u>

Deferred tax has been calculated using the rate effective in the period it is expected to reverse.

14 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>284,777</u>	<u>298,738</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

14 Retirement benefit schemes

(Continued)

Defined benefit schemes

The Association operates a funded defined benefit pension scheme in the UK providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Association.

The defined benefit pension scheme was closed to new members on 2 January 2003 and ceased future accrual to all remaining active members on the 31 August 2018. All employees are now invited to participate in the Association's Defined Contribution Scheme.

The pension contribution for the year was £nil (2021: £498,000).

In June 2022 the Association entered into an agreement to insure the members pension benefits with Legal & General Assurance Society Limited through the purchase of a bulk annuity policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2021 and updated to 31 December 2022 by a qualified independent actuary. The present value of the defined benefit obligation was measured using the projected unit credit method.

The trustees of the pension scheme have engaged Mercer to carry out the necessary data cleansing and other activities with the intention to move to a buy-out and ultimate wind-up of the scheme.

<i>Key assumptions</i>	2022	2021
	%	%
Discount rate	5	1.8
Expected rate of increase of pensions in payment	3.65	3.75
Expected rate of salary increases	2.75	2.9
Inflation rate (RPI)	3.25	3.45
Cash commutation allowance	10	10
Mortality	S3PMA	S3PMA

There is no withdrawal allowance.

The scheme was closed to future accrual on 31 August 2018 and the link of benefit to future salaries was severed at that date.

<i>Amounts recognised in the profit and loss account</i>	2022	2021
	£	£
Net interest on net defined benefit liability/(asset)	-	2,000
The effect of any curtailment or settlement	-	153,000
Total costs	-	155,000

The result of an exercise to de-risk the pension scheme was a settlement charge of £nil in the year (2021: £153,000).

THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Retirement benefit schemes	(Continued)	
	2022	2021
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(13,920,000)	1,905,000
Less: calculated interest element	(517,000)	(391,000)
Return on scheme assets excluding interest income	(14,437,000)	1,514,000
Actuarial changes related to obligations	8,006,000	1,221,000
Experience (gains)/losses arising on the scheme liabilities	(969,000)	143,000
Effect of changes in the amount of surplus that is not recoverable	7,400,000	(3,221,000)
Total costs/(income)	-	(343,000)
<p>The amounts included in the balance sheet arising from the company's liability in respect of defined benefit plans are as follows:</p>		
	2022	2021
	£	£
Present value of defined benefit obligations	14,322,000	21,829,000
Fair value of plan assets	(14,370,000)	(29,145,000)
Surplus in scheme	(48,000)	(7,316,000)
Restriction on scheme assets	48,000	7,316,000
Total liability recognised	-	-
<p><i>Movements in the present value of defined benefit obligations</i></p>		
		2022
		£
Liabilities at 1 January 2022		21,829,000
Plan introductions, changes, curtailments and settlements		(7,037,000)
Benefits paid		(855,000)
Interest cost		385,000
At 31 December 2022		14,322,000
<p><i>Movements in the fair value of plan assets</i></p>		
		2022
		£
Fair value of assets at 1 January 2022		29,145,000
Interest income		517,000
Return on plan assets (excluding amounts included in net interest)		(14,437,000)
Benefits paid		(855,000)
At 31 December 2022		14,370,000

**THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

14 Retirement benefit schemes **(Continued)**

The actual return on plan assets was £13,920,000 (2021 - £1,905,000).

<i>Fair value of plan assets at the reporting period end</i>	2022 £	2021 £
Bonds/Gilts	-	28,627,000
Cash	105,000	518,000
Other insured assets	14,265,000	-
	<u>14,370,000</u>	<u>29,145,000</u>

The liability driven investment allocation is designed to hedge changes placed on the Scheme's liabilities following changes in interest and expected inflation rates as these variables change with market conditions and represents holdings in investment funds which are structured to provide these characteristics.

15 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £5.25.

16 Retained earnings

The profit and loss records the company's retained earnings.

17 Operating lease commitments

Lessee

Operating leases relate to new offices in Edinburgh taken on in 2015 and in London taken on in 2021. The Edinburgh office is leased over 15 years. Rental payments are expected to increase after a 5 yearly rent review in 2025.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	271,937	270,017
Between two and five years	745,266	745,266
In over five years	450,265	636,581
	<u>1,467,468</u>	<u>1,651,864</u>

THE SCOTCH WHISKY ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Related party transactions

Each of those Members who have a representative on the Council of the Association (Board of Directors) are deemed to be related parties and for the year to 31 December 2022 subscriptions received from those Members totalled £6,109,606 (2021: £6,128,853). Individual member subscriptions are confidential for competition law reasons and hence could not be disclosed. The Members of Council who served during the year and the companies that they represent are listed in the Council report on page 1.

The total number of Association members is 92 (2021: 84).

The Spirits Energy Efficiency Company (SEEC), jointly controlled by the Scotch Whisky Association and the Wine and Spirits Trade Association, is a further related party. During the year £25,500 (2021: £27,700) was charged by the Scotch Whisky Association for administration and personnel services. At 31 December 2022 the balance due to the Scotch Whisky Association by SEEC was £49,338 (2021: £33,273). The amount due is unsecured and there was no provision for bad or doubtful debts.

19 Cash generated from operations

	2022	2021
	£	£
Surplus for the year after tax	478,807	608,332
Adjustments for:		
Taxation charged	119,552	52,687
Investment income	(7,535)	(433)
Loss on disposal of tangible fixed assets	3,041	-
Amortisation and impairment of intangible assets	60,110	25,935
Depreciation and impairment of tangible fixed assets	119,635	141,022
Pension scheme non-cash movement	-	(343,000)
Movements in working capital:		
Increase in debtors	(35,448)	(73,909)
Decrease in creditors	(188,785)	(232,136)
Decrease in deferred income	(47,128)	(104,172)
Cash generated from operations	<u>502,249</u>	<u>74,326</u>

20 Analysis of changes in net funds

	1 January 2022	Cash flows	New finance leases	31 December 2022
	£	£	£	£
Cash at bank and in hand	2,090,107	303,869	-	2,393,976
Obligations under finance leases	(4,123)	4,809	(12,170)	(11,484)
	<u>2,085,984</u>	<u>308,678</u>	<u>(12,170)</u>	<u>2,382,492</u>