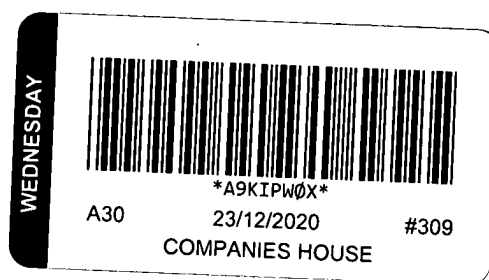


Tanqueray Gordon and Company Limited
Annual report and financial statements
30 June 2020

Registered number: 00055603



Tanqueray Gordon and Company Limited

Registered number: 00055603

Year ended 30 June 2020

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Tanqueray Gordon and Company Limited

Registered number: 00055603

Year ended 30 June 2020

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2020.

Activities

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address is Lakeside Drive, Park Royal, London, NW10 7HQ.

The principal activity of the company is to act as an investment holding company of the Diageo group ("the group"). The directors foresee no changes in the company's activities.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2020

The company's net assets increased by £42,630,257,000 to £42,657,846,000 in the year ended 30 June 2020 from £27,589,000 in the year ended 30 June 2019 primarily as a result of a share capital increase in the company, the subsequent acquisitions of new investments and additional subscriptions for new shares in the company investments.

On 12 December 2019 Diageo plc, the immediate shareholder of the company, increased the share capital of the company by £45,062,162,000 through the issuance of 181,867,487 new ordinary shares of £100 at a premium of £26,875,413,000. The company used this capital injection to increase its investment in its subsidiary, Relay B.V. by £41,020,000,000 (INR 3,838,528,540,000) through the subscription of 575,675,552 new ordinary B shares of INR 1,000, and to acquire 100% of the share capital of Diageo Hungary Finance LLC from Diageo US Investments, both fellow group companies, for a consideration of £4,042,162,000 representing market value.

On 12 December 2019 the company issued a promissory note in the amount of \$2,262,266,000 (£1,720,747,000) to Diageo Finance plc and in return, settled the loan payable to Diageo Finance plc in the amount of £1,720,747,000.

On 27 February 2020 the company subscribed for an additional 728,000 ordinary B shares of INR 1,000 each in Relay B.V. in the amount of £39,863,000 (\$51,500,000).

On 9 April 2020 the company acquired 1 ordinary A share of \$1, and 1 ordinary B share of €1 each in Diageo US Holdings for a consideration of £2, receiving 100% of the share capital of Diageo US Holdings from Diageo US Investments. On 9 April 2020 Diageo US Holdings issued, and the company subscribed to, 1,000,000 ordinary C shares of £0.0001 each in the amount of £100 and a premium of £793,596,000 (in total \$978,663,000).

On 30 April 2020 the company subscribed for an additional 1,317,507 ordinary C shares of £0.0001 each in Diageo US Holdings in the amount of £131.75 and a premium of £1,046,193,000 (in total \$1,300,000,000).

On 4 May 2020 the company subscribed for additional 1,299,769 ordinary C shares of £0.0001 each in Diageo US Holdings in the amount of £129.98 and a premium of £1,032,238,000 (in total \$1,300,000,000).

The recoverable amount of the investments was assessed at year end by estimating the present value of the expected cash flows of the group of investments held by the direct subsidiary undertakings. The review revealed that the recoverable amount of the group of investments held by Relay B.V. was lower than the carrying amount by £2,215,275,000. Therefore a provision for impairment was recognised in the same amount which decreased the value of the investment in Relay B.V. to £40,555,785,000. No impairment was required in respect of other subsidiary undertakings.

Tanqueray Gordon and Company Limited

Registered number: 00055603

Year ended 30 June 2020

STRATEGIC REPORT (continued)

Business review (continued)

Financial and other key performance indicators

As the company is an intermediary holding company within the group, the principal key performance indicator used by management to analyse the development, performance and position of the company's business is adherence to the group dividend policy.

Principal risks and uncertainties facing the company as at 30 June 2020

The company believes the following to be the principal risks and uncertainties it faces. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole and are managed by the group's treasury department.

Covid-19

At the beginning of calendar year 2020 a new coronavirus, referred to as 'Covid-19', emerged and has been classified as a pandemic due to its spread across the world. Given the global nature of the Covid-19 pandemic, and the uncertainty as to the severity and duration of the impact across multiple markets, it is difficult to accurately assess the impact the virus will have on the future financial performance of the group and the company. The directors have assessed that the key impacts on the company would be in respect of Covid 19 on remote working and ability to access IT systems, along with a potentially heightened cyber risk. The global economic outlook remains uncertain currently, as the pandemic has created volatility in the short term as a result of the social restrictions implemented across the world. The impact of the virus on economic conditions over the medium-term (one to three years) is highly uncertain, in sharp contrast to the stable and growing GDP performance across most markets experienced in recent years. As a result, significant volatility is likely to continue or increase as markets face challenging economic conditions and higher levels of unemployment leading to reduced consumer spending.

To mitigate these challenges the group regularly gathers data and obtains insights which enable management to assess conditions in the markets where the group operates and to amend forecasts and investment decisions appropriately. The directors believe that the risk mitigation actions taken in relation to the pandemic have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for a recovery in consumer demand. Further information on the group's risk management measures in relation to Covid-19 are disclosed on pages 38-40 of Diageo plc's 2020 Annual Report ("Annual Report").

Brexit

The negotiation process surrounding the United Kingdom's future financial and trading relationship with the European Union continues. We remain of the view that, the direct financial impact to the group or the company will not be material. The full implications of Brexit will not be understood until future trade, regulatory and tax arrangements to be entered into by the United Kingdom are established.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2020 (continued)

Brexit (continued)

A cross-functional working group is in place that meets on a regular basis to identify and assess the consequences of Brexit, with all major functions within our business represented, including the function of raising external funding. The group continues to monitor this risk area very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate these risks wherever practical. Further information on the group's risk management measures in relation to Brexit are disclosed on pages 38-40 of the Annual Report.

Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making. In making decisions, the directors consider what is most likely to promote the success of the company for its shareholders in the long term, as well as the interests of the group's stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the company's activities on local communities, the environment, including climate change, and the group's reputation.

The company is a member of the group of companies whose ultimate holding company is Diageo plc. In accordance with the requirements of UK company law, Diageo plc has included in its Annual Report on page 5 a statement as to how the directors of Diageo plc have had regard to the matters set out in Section 172 of the Companies Act 2006.

In order to ensure consistency in how the group operates with regard to its wider stakeholders, the group has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders in a consistent manner.

The company has therefore had regard to the matters set out in Section 172 of the Companies Act 2006 in a manner that is consistent with the approach adopted by Diageo plc, while at the same time ensuring the directors of the company are fulfilling their duties.

Main activities of the Board

The main activities of the Board during the year include:

- approval of various transactions relating to an intragroup reorganisation, including issuing shares to its parent company, subscribing for additional shares in its subsidiary, and acquiring shares in another member of the Group; and
- approval of the financial statements for the financial year ended 30 June 2019.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

STRATEGIC REPORT (continued)

On behalf of the board

DocuSigned by:
Keresztes Dora
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.....
D Keresztesi
Director

Lakeside Drive
Park Royal
London
NW10 7HQ

3 December 2020

Tanqueray Gordon and Company Limited

Registered number: 00055603

Year ended 30 June 2020

DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2020.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report on pages 2 to 4. The company participates in the group's centralised treasury arrangements and the parent and fellow group undertakings are expected to provide financial support for the foreseeable future. The company is not reliant on external third party financing. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future as a fellow group undertaking has agreed to provide financial support for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In arriving at this conclusion, the directors have also considered the potential impact that the Covid-19 outbreak may have on the company and believe that any impact would be minimal.

Financial

The result for the year ended 30 June 2020 is shown on page 12.

The loss for the year transferred from reserves was £2,431,905,000 (2019 - £46,038,000).

No dividend was paid during the year (2019 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2019 - £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

E W Pilkington

D Keresztesi (appointed 11 September 2020)

J M C Edmunds

K E Major

G Kovacs (resigned 1 September 2020)

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2019 - £nil).

Directors' indemnity

The Articles of Association permit qualifying third-party indemnities for the directors as defined by Section 234 of the Companies Act 2006. No such indemnity was in force during the last financial year, nor is any currently in force.

Tanqueray Gordon and Company Limited

Registered number: 00055603

Year ended 30 June 2020

DIRECTORS' REPORT (continued)

Post balance sheet events

On 16 July 2020 Diageo US Holdings paid an interim dividend to the company in the amount of £549,672,000 (\$696,000,000).

On 7 August 2020 Diageo US Holdings paid an interim dividend to the company in the amount of £250,548,000. On the same day the company increased its investment in its wholly owned subsidiary, Relay B.V. by issuing of 3,743,344 new ordinary B shares of INR 1,000 in the amount of £38,255,000 (INR 3,743,344,000) and a premium of £212,293,000 (INR 20,773,305,000), in total £250,548,000 (INR 24,516,649,000).

On 2 November 2020, an amount equal to £22,000,000,000 in the company's share premium account was cancelled and extinguished. The equivalent amount was credited to retained earnings of the company.

On 27 November 2020 Diageo Hungary Finance LLC declared dividend to the company in the amount of \$157,757,000.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the group. Diageo plc's internal control and risk management systems including its financial reporting process of Diageo plc, which include those of the company, are discussed in the Annual Report 2020 on page 79 at www.diageo.com, which does not form part of this report.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, have been reappointed and will continue in office as independent auditors of the company.

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Business relationship statement

The business of the company is that of an intermediate holding company and as such it has a more limited number of third-party business relationships than other companies within the group. However, in order to ensure consistency in how the group operates, the company has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders, including those in a business relationship with the company, in a consistent manner. Decisions taken by directors are informed by the interests of its wider stakeholders, including those in a business relationship with the company, as guided by, amongst other things, the Code of Business Conduct and framework of policies and standards.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

DIRECTORS' REPORT (continued)

On behalf of the board

DocuSigned by:
Keresztesi Dóra
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D Keresztesi
Director

Lakeside Drive
Park Royal
London
NW10 7HQ

3 December 2020

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Tanqueray Gordon and Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tanqueray Gordon and Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the strategic report and the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

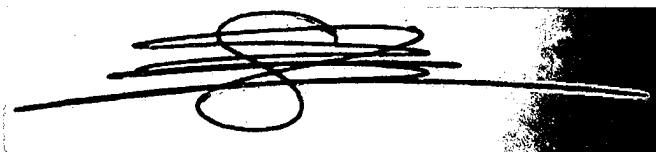
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Steve Reid (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 December 2020

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2020 £ 000	Year ended 30 June 2019 £ 000
Other operating expense	2	(159,420)	—
Income from shares in group undertakings	3	—	242
Provision against subsidiary undertakings	6	(2,215,275)	—
Operating (loss)/profit		(2,374,695)	242
Finance charges	4	(54,143)	(57,132)
Loss before taxation on ordinary activities		(2,428,838)	(56,890)
Taxation on loss on ordinary activities	5	(3,067)	10,852
Loss for the financial year and total comprehensive expense for the year		(2,431,905)	(46,038)

The accompanying notes are an integral part of these financial statements.

The company had no other comprehensive income or expense during the current and previous year.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

BALANCE SHEET

	Notes	30 June 2020 £ 000	30 June 2019 £ 000
Non-current assets			
Investments in subsidiaries	6	47,469,976	1,711,198
Current assets			
Trade and other receivables	7	—	10,855
Total assets		47,469,976	1,722,053
Current liabilities			
Trade and other payables	8	(4,812,130)	(1,694,464)
		(4,812,130)	(1,694,464)
Net assets		42,657,846	27,589
Equity			
Called up share capital	9	18,436,749	250,000
Share premium		26,875,413	—
Accumulated deficit		(2,654,316)	(222,411)
Total equity		42,657,846	27,589

The accounting policies and other notes on pages 15 to 37 form part of the financial statements.

These financial statements on pages 12 to 37 were approved by the Board on 3 December 2020 and were signed on its behalf by:

DocuSigned by:
Keresztesi Dóra
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.....
 D Keresztesi
 Director

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Share premium £ 000	Accumulated deficit £ 000	Total £ 000
Balance at 30 June 2018	250,000	—	(176,373)	73,627
Loss for the financial year and total comprehensive expense for the year	—	—	(46,038)	(46,038)
Balance at 30 June 2019	250,000	—	(222,411)	27,589
Loss for the financial year and total comprehensive expense for the year	—	—	(2,431,905)	(2,431,905)
Shares issued	18,186,749	26,875,413	—	45,062,162
Balance at 30 June 2020	18,436,749	26,875,413	(2,654,316)	42,657,846

The accompanying notes are an integral part of these financial statements.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are measured at their fair value.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).
- The following paragraphs of IAS 24 'Related party disclosures':
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB which have been endorsed by the EU, have been adopted by the group and therefore by the company from 1 July 2019 with no impact on the company's results, financial position or disclosures:

- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- Improvements to IFRS 3 and IFRS 11 – Business combinations and Joint arrangements – Accounting for previously held interests;
- Improvements to IAS 12 – Income taxes – Accounting for income tax consequences of payments on financial instruments that are classified as equity;
- Improvements to IAS 23 – Borrowing costs on completed qualifying assets.
- IFRS 16 – Leases.

The following amendment and standard, issued by the IASB have not been adopted by the company:

- IFRS 17 – Insurance contracts
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 1)

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future.

Functional and presentational currency

These financial statements are presented in sterling (£), which is the company's functional currency.

All financial information presented in sterling (£) has been rounded to the nearest thousand unless otherwise stated.

Finance charges

Finance charges are recognised in the statement of comprehensive income in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Tanqueray Gordon and Company Limited
Registered number: 00055603
Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into sterling (£) at the financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

Investments in subsidiaries

Initial recognition of investments in subsidiaries is at cost, equal to the consideration paid on acquisition. Subsequently investment in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the company does not apply the fair value option.

Trade and other receivables Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest-bearing trade receivables are stated at their nominal value as they are due on demand. Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Trade and other payables Trade payables are non-interest bearing and are stated at their nominal value as they are due on demand. Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost.

Taxation

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, tax benefits are reviewed each year to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Tax provisions are included in current liabilities. Penalties and interest on tax liabilities are included in profit before taxation.

Tanqueray Gordon and Company Limited
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Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount.

Impairment reviews are carried out to ensure that the value of the investments in subsidiaries are not carried at above their recoverable amounts. The tests are dependent on management's estimates in respect of the forecasting of future cash flows, the discount rates applicable to the future cash flows and expected 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. Impairment testing for the year ended 30 June 2020 has identified some investments as being sensitive to reasonably possible changes in assumptions. Additional estimates have been applied by management regarding the potential financial impact of the Covid-19 pandemic in respect of the anticipated future cash flows of the indirect operating subsidiaries of the company. The Covid-19 assessment performed by the group is set out in note 9 to the Annual Report.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

The other operating expense includes net foreign exchange losses in the amount of £159,420,000 (2019 - £nil).

The auditors' remuneration of £2,500 (2019 - £2,500) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditors in respect of non-audit services (2019 - £nil).

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2019 - £nil).

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2020 £ 000	Year ended 30 June 2019 £ 000
Dividend income from shares in group undertakings		
United Distillers Southern Africa (Proprietary) Limited	—	242
	<u>—</u>	<u>242</u>

During the year-ended 30 June 2019 United Distillers Southern Africa (Proprietary) Limited paid a dividend in the amount of £242,000 including withholding tax suffered in the amount of £12,000.

4. FINANCE CHARGES

	Year ended 30 June 2020 £ 000	Year ended 30 June 2019 £ 000
Finance charges		
Interest charge from fellow group undertakings		
Diageo Finance plc	(54,143)	(57,132)
Finance charges	<u>(54,143)</u>	<u>(57,132)</u>

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 June 2020 £ 000	Year ended 30 June 2019 £ 000
(a) Analysis of taxation credit for the year		
Current tax		
UK corporation tax	(3,054)	10,855
Overseas corporation tax	—	(12)
Adjustments in respect of prior years	(13)	9
Taxation on loss on ordinary activities	<u><u>(3,067)</u></u>	<u><u>10,852</u></u>
 (b) Factors affecting total tax (charge)/credit for the year		
Loss on ordinary activities before taxation	<u><u>(2,428,838)</u></u>	<u><u>(56,890)</u></u>
Taxation on loss on ordinary activities at UK corporation tax rate of 19% (2019 - 19%)	461,479	10,809
Income not taxable	—	46
Items not deductible for tax purposes	(420,902)	—
Group relief surrendered for nil consideration	(10,287)	—
Overseas corporation tax	—	(12)
Adjustments in respect of prior years	(13)	9
Items not chargeable for tax purposes	(30,290)	—
Other tax effects for reconciliation between accounting profit and tax income	<u><u>(3,054)</u></u>	<u><u>—</u></u>
Total tax (charge)/credit for the year	<u><u>(3,067)</u></u>	<u><u>10,852</u></u>

The UK tax rate is 19% effective from 1 April 2017 which is applied for the year ended 30 June 2020. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES

(i) Shares in group undertakings and other investments

	Subsidiaries
	£ 000
Cost	
At 30 June 2019	1,711,198
Additions	47,974,053
At 30 June 2020	<u>49,685,251</u>
Provision	
At 30 June 2019	—
Provision for impairment	(2,215,275)
At 30 June 2020	<u>(2,215,275)</u>
Carrying amount	
At 30 June 2019	1,711,198
At 30 June 2020	<u>47,469,976</u>

Additions

On 12 December 2019 Diageo plc, the immediate shareholder of the company, increased the share capital of the company by £45,062,162,000 through the issuance of 181,867,487 new ordinary shares of £100 at a premium of £26,875,413,000. The company used this capital injection to increase its investment in its subsidiary, Relay B.V. by £41,020,000,000 through the subscription of 575,675,552 new ordinary B shares of INR 1,000, and to acquire 100% of the share capital of Diageo Hungary Finance LLC from Diageo US Investments, both fellow group companies, for a consideration of £4,042,162,000 representing market value.

On 27 February 2020 the company subscribed for an additional 728,000 ordinary B shares of INR 1,000 each in Relay B.V. in the amount of £39,863,000 (\$51,500,000).

On 9 April 2020 the company acquired 1 ordinary A share of \$1, and 1 ordinary B share of €1 each in Diageo US Holdings for a consideration of £2, receiving 100% of the share capital of Diageo US Holdings from Diageo US Investments. On 9 April 2020 Diageo US Holdings issued, and the company subscribed to, 1,000,000 ordinary C shares of £0.0001 each in the amount of £100 and a premium of £793,596,000 (in total \$978,663,000).

On 30 April 2020 the company subscribed for an additional 1,317,507 ordinary C shares of £0.0001 each in Diageo US Holdings in the amount of £131.75 and a premium of £1,046,193,000 (in total \$1,300,000,000).

On 4 May 2020 the company subscribed for additional 1,299,769 ordinary C shares of £0.0001 each in Diageo US Holdings in the amount of £129.98 and a premium of £1,032,238,000 (in total \$1,300,000,000).

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Provisions for impairment

The recoverable amount of the investments was assessed at year end by estimating the present value of the expected cash flows of the group of investments held by the direct subsidiary undertakings. The review revealed that the recoverable amount of the group of investments held by Relay B.V. was lower than the carrying amount by £2,215,275,000. Therefore a provision for impairment was recognised in the same amount which decreased the value of the investment in Relay B.V. to £40,555,785,000. No impairment was required in respect of other subsidiary undertakings.

Impairment testing for the year ended 30 June 2020 has identified that the recoverable amount of Relay B.V. is sensitive to reasonably possible changes in assumptions due to the fact that current investment book value is equal to current fair value of the underlying indirect operating subsidiaries. We refer to the sensitivities reported in the Annual Report in note 9e. Any impairments in the sensitive cash-generating units as disclosed in the Annual Report note 9e have the potential to impact the carrying value of the company's investment in Relay B.V. by a similar amount. The impact may however be less as any such impairments could be compensated through better than expected performances in other business units that the company's subsidiaries are also invested in.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Direct holdings				
<i>Subsidiary undertakings</i>				
Diageo Hungary Finance Limited Liability Company		1132 Budapest, Vaci ut 20-26, Hungary	100 %	100 %
Diageo US Holdings	(iv)	Lakeside Drive, Park Royal, NW10 7HQ, London, United Kingdom	100 %	100 %
Relay B.V.		Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	99.52 %	99.52 %
United Distillers Southern Africa (Proprietary) Limited		Building 3, Maxwell Office Park, Magwa Crescent West, Waterfall City, Midrand, 20900, South Africa	100 %	100 %
Indirect holdings				
<i>Subsidiary undertakings</i>				
Anyslam Investments		Lakeside Drive, Park Royal, NW10 7HQ, London	100 %	99.52 %
Asian Opportunities and Investment Limited	(x), (xiii)	IFS Court, Twenty Eight, Cybercity, Ebene	100 %	55.67 %
Ballroom Acquisition, Inc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
California Simulcast Inc	(x)	175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	80 %	79.61 %
Casamigos Spirits Company LLC		3411 Silverside Road, Tatnall Building - Ste 104, Wilmington, DE 19810 United States	100 %	99.52 %
Casamigos Tequila LLC		3411 Silverside Road, Tatnall Building - Ste 104, Wilmington, DE 19810 United States	100 %	99.52 %
D Distribution Joint-Stock Company		Kaspiyskaya Street, 22, main bld. 1, bld. 5, floor 3, apartment VII, room 31a, 115304, Moscow, Russia	89.5 %	89.07 %

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**Effective percentage of shares held owned by the company directly and indirectly

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Diageo (Shanghai) Limited		No.28 Jiafeng Road, 2502, 5, Pudong District, 200137, Shanghai, China	100 %	99.52 %
Diageo Americas Supply Quebec Distribution Inc.		Boul Henri-Bourassa E., 9225, Local A, Quebec, H1E 1P6, Montreal, Canada	100 %	99.52 %
Diageo Americas Supply, Inc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Americas, Inc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Asia Pacific Shared Services Centre Limited, Inc.		Lower G/F, Unit A Eight West Campus Le Grand Avenue, Mckinley West Fort Bonifacio, Taguig City, NCR Fourth District, 1630, Philippines	100 %	99.52 %
Diageo Austria GmbH		Teinfaltstrasse 8, 1010, Wien, Austria	100 %	99.52 %
Diageo Balkans S.R.L.	(xv)	Expo Business Park, Street Aviator Popisteanu 54A, Cladirea 2, et 1-3, Sector 1, Bucurest, 012244 Romania	100 %	99.52 %
Diageo Beer Company USA		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Belgium N.V.		Z.3 Doornveld 150, 1731, Zellik, Belgium	89.14 %	88.71 %
Diageo Brands B.V.		Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	100 %	99.52 %

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**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited**Registered number: 00055603****Year ended 30 June 2020****NOTES TO THE FINANCIAL STATEMENTS (continued)****6. INVESTMENTS IN SUBSIDIARIES (continued)**

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Diageo Brands Distributors LLC		Kaspiyskaya Street, 22, main bld. 1, bld. 5, floor 3, apartment VII, room 31a, 115304, Moscow, Russia	85 %	84.59 %
Diageo Brasil Ltda		Rua Olimpiadas, 205, floor 14-15, 04551-000, Sao Paulo, Brazil	99.99 %	99.52 %
Diageo Bulgaria Ltd		7 Iskarsko Shose Blvd., Trade Center Europe, building 12, floor 2, 1528, Sofia, Bulgaria	100 %	99.52 %
Diageo Canada Holdings Inc.		134 Peter Street, Suite 1501, Ontario, M5V 2H2, Toronto, Canada	100 %	99.52 %
Diageo Canada Inc.	(v)	134 Peter Street, Suite 1501, Ontario, M5V 2H2, Toronto, Canada	100 %	99.52 %
Diageo Chile Limitada		Cerro El Plomo 5630, Piso 13, Las Condes, Chile	82.80 %	82.40 %
Diageo China Limited		No.209 Gonghe Road, Tower 2, Enterprise Centre, 2101, 21, Jing'an District, 200070, Shanghai, China	100 %	99.52 %
Diageo Colombia S.A.		100 street No.13 21 Office 502, Bogota, Colombia	74.67 %	74.31 %
Diageo Costa Rica S.A.		1 km Este Periodico La Nacion, Llorente de Tibas, Edificio Vinum Store, San Jose, Costa Rica	100 %	99.52 %
Diageo Czech Marketing Services LLC		Na Pankráci 1724/129, 140 00, Prague, Czech Republic	99 %	98.52 %
Diageo de Argentina S.A.		Bernardo de Irigoyen 972, floor 7, office A, CABA, Argentina	90 %	89.57 %

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Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Diageo Denmark AS		Sundkrogsgade 19, 2., 2100 Copenhagen, Denmark	100 %	99.52 %
Diageo Espana S.A.		Avda de la Victoria 32, Edificio Spirit, 28023, Madrid, Spain	100 %	99.52 %
Diageo Export SR Inc.	(x), (xi)	Unit 1, 17th Floor, Ore Central 9th Avenue corner 31st Street Bonifacio Global City, Taguig City, 1634, Philippines	99.80 %	99.32 %
Diageo France Investments S.A.S.		73, Rue de Provence, 75009, Paris, France	100 %	99.52 %
Diageo France S.A.S.		73, Rue de Provence, 75009, Paris, France	100 %	99.52 %
Diageo GTME Pte Ltd	(ix)	112 Robinson Road, 1, 5th Floor, 1, 68902, Singapore	100 %	99.52 %
Diageo Hellas S.A.		27, Agiou Thoma street, Marousi, 151 24, Athens, Greece	99.99 %	99.51 %
Diageo Inc.	(ii)	175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo India Private Limited	(vi)	Ganpatrao Kadam Marg. Piramal towers 4, Maharashtra 400013, Mumbai, India	99.99 %	99.51 %
Diageo Investment Corporation		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Ireland Finance Unlimited Company		St. James's Gate, Dublin 8, Republic of Ireland	100 %	100 %
Diageo Italia S.p.A.		Via Ernesto Lugaro 15, 10126, Torino, Italy	100 %	99.52 %

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**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Diageo Latin America & Caribbean LLC		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Lebanon Holding SAL		Verdun Street, Ibiza Building, Beirut, PO Box 113-5631, Lebanon	99.98 %	99.50 %
Diageo Lebanon SAL		Beirut Symposium Bldg, 10th floor, Beirut, POBox 113-5250, Beirut, Lebanon	84.99 %	84.57 %
Diageo LENA Offshore SAL		Verdun Street, Ibiza Building, Beirut, PO Box 113-5631, Lebanon	99.90 %	99.40 %
Diageo Molenwerf BV		Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	100 %	99.52 %
Diageo Nederland B.V.		Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	100 %	99.52 %
Diageo North America Foundation, Inc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo North America, Inc.	(iii)	175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Diageo Norway AS		Apotekergata 10, 0180 Oslo, Norway	100 %	99.52 %
Diageo Operations Italy S.p.A.		Strada Statale 63, 12069, Santa Vittoria d'Alba (CN), Italy	100 %	99.52 %
Diageo Panama S.A.		Costa del Este, Ave La Rotonda, Business Park, Torre V. piso 15 Panama City, Panama	100 %	99.52 %
Diageo Paraguay S.R.L.		Avda Aviadores del Chaco 2050, Edificio World trade center, Torre 3 piso 11, Paraguay	99.96 %	99.48 %

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**Effective percentage of shares held owned by the company directly and indirectly

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)			
<i>Subsidiary undertakings (continued)</i>			
Diageo Philippines, Inc	Unit 1, 17th Floor, Ore Central 9th Avenue corner 31st Street Bonifacio Global City, Taguig City, 1634, Philippines	99.99 %	99.52 %
Diageo Polska Sp. z o.o.	Warsaw, Przyokopowa Str. 31, PL 01 – 208 Warsaw, Poland	100 %	99.52 %
Diageo Portugal - Distribuidora de Bebidas, Unipessoal, Lda	Avenida D. Joao II, No 49, Edificio Arts Torre A, 10, 1990-085, Lisboa, Portugal	100 %	99.52 %
Diageo Reunion SA	14, rue Jules Thirel A30 97460 Saint Paul, Reunion Island	53.21 %	52.95 %
Diageo RTD Hong Kong Limited	11 Hoi Shing Road, Room 7, 18, Tsuen Wan, New Territories, 999077, Hong Kong	100 %	99.52 %
Diageo Singapore Pte Ltd.	112 Robinson Road, 1, 5th Floor, 1, 68902, Singapore	100 %	99.52 %
Diageo Suisse S.A.	Rue du Grand-Pre 2b, 1007, Lausanne, Suisse	54.87 %	54.60 %
Diageo Sweden AB	Gavlegatan street 22/C, 11330, Stockholm, Sweden	100 %	99.52 %
Diageo Taiwan Inc.	Panama city, West Boulevard, PH ARIFA, 9th and 10th, Santa Maria Business, Taiwan	100 %	99.52 %
Diageo Turkey Holdings Limited	St. James's Gate, Dublin 8, Republic of Ireland	100 %	99.52 %
Diageo Ukraine LLC	1v Pavla Tychyny avenue , 2152, Kyiv, Ukraine	99 %	98.52 %
Diageo Uruguay SA	Pasaje Paseo De Las Carretas, 2580, oficina 1301, Montevideo, Uruguay	100 %	99.52 %

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**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Diageo USVI Inc		1 Estate Annaberg & Shannon Grove, RR1 Box 9400, Kingshill, VI 00850-9703, United States	100 %	99.52 %
Gilbeys New Zealand Limited	(i), (xi)	80 Queen Street, 1010, Auckland, New Zealand	99.99 %	99.52 %
Guinness France Holdings S.A.S		73, Rue de Provence, 75009, Paris, France	100 %	99.52 %
International Distillers - Zimbabwe (Private) Limited	(x)	48 Midlothian Avenue, Eastlea, Harare, Zimbabwe	100 %	99.52 %
Irish Ale Breweries Holdings Unlimited Company	(i)	St. James's Gate, Dublin 8, Republic of Ireland	100 %	99.52 %
Irish Ale Breweries Limited	(x)	St. James's Gate, Dublin 8, Republic of Ireland	100 %	99.52 %
Liquidity Inc.	(x), (xiii)	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	51 %	28.32 %
Liquor Investment Llc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
McDowell & Co. (Scotland) Ltd		Edinburgh Park, 5 Lochside Way, Edinburgh, EH12 9DT, United Kingdom	100 %	55.67 %
Mey Alkollu Ickiler Sanayi ve Ticaret A.S		Büyükdere Caddesi, Bahar Sokak, River Plaza, N0:13, 25-29, Beşikli, 34394, Istanbul, Turkey	100 %	99.52 %
Mey Icki Sanayi ve Ticaret A.S.		Büyükdere Caddesi, Bahar Sokak, River Plaza, N0:13, 25-29, Beşikli, 34394, Istanbul, Turkey	100 %	99.52 %
Montrose International SA	(x), (xiii)	Edificio Vallarino, Penthouse Calle 52 y Elvira Mendez, Panama City, Panama	100 %	55.67 %

* The percentage of shares held owned by the immediate shareholder(s) of the subsidiary

**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited**Registered number: 00055603****Year ended 30 June 2020****NOTES TO THE FINANCIAL STATEMENTS (continued)****6. INVESTMENTS IN SUBSIDIARIES (continued)**

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
North Island United Enterprise Holdings Inc	(x), (xi)	Unit 1, 17th Floor, Ore Central 9th Avenue corner 31st Street Bonifacio Global City, Taguig City, 1634, Philippines	100 %	99.52 %
Palmer Investment Group Limited	(x), (xiii)	Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands	100 %	55.67 %
Royal Challengers Sports Private Limited	(xiii)	UB Tower, #24, Vittal Mallya Road, Bangalore-560001, India	100 %	55.67 %
Selviac Nederland B.V.		Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	100 %	99.52 %
Shaw Wallace Overseas Limited	(x), (xiii)	Lakeside Drive, Park Royal, NW10 7HQ, London	100 %	55.67 %
Soh Spirits Llc		222 Cliffwood Avenue, Los Angeles, CA 90049, United States	100 %	99.52 %
Sovereign Distilleries Limited	(xiii)	Roxana Towers, Ground Floor, M.No.7-1-24/1/ RT/G1&G2, Greenlands, Begumpet, Hyderabad 500 016, India	100 %	55.67 %
Stirrings, LLC		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %
Tern Distilleries Private Limited	(xiii)	Roxana Towers, Ground Floor, M.No.7-1-24/1/ RT/G1&G2, Greenlands, Begumpet, Hyderabad 500 016, India	100 %	55.67 %
The Bulleit Distillery, Inc.		175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	100 %	99.52 %

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Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Turk Alkollu Icki ve Sarap Endustri Ltd.		Sehit Mehmet Cetin Sokak, Kucuk Sanayi Bölgesi, 48, 99450, Gazi Magusa, Turkish Republic of North Cyprus	66 %	65.68 %
UB Sports Management Overseas Ltd	(x), (xiii)	Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW0, Jersey	100 %	55.67 %
United Spirit Singapore Pte. Ltd.	(xiii)	120, Robinson Road, #08-01, Singapore 068913, Singapore	100 %	55.67 %
United Spirits (Great Britain) Limited	(x), (xiii)	Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom	100 %	55.67 %
United Spirits (Shanghai) Trading Company Ltd	(x), (xiii)	Unit 215, Xinxing Building, No. 8, Jia Feng Road, Wai Gao Qiao Free Trade Zone, Shanghai, China	100 %	55.67 %
United Spirits (UK) Limited	(x), (xiii)	Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom	100 %	55.67 %
United Spirits Limited	(xiii)	UB Tower, #24, Vittal Mallya Road, Bangalore-5600010, India	55.94 %	55.67 %
USL Holdings (UK) Limited	(x), (xiii)	Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom	100 %	55.67 %
USL Holdings Limited	(x), (xiii)	Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands	100 %	55.67 %
Whisky Archive Inc		1105 Bale Lane, Calistoga CA 94515, United States	100 %	99.52 %
Ypioca Agricola LTDA		Fazenda Santa Eliza, s/n, Zona Rural, Paraipaba, Ceara, 62.685-000, Brazil	99.99 %	99.52 %

* The percentage of shares held owned by the immediate shareholder(s) of the subsidiary

**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited
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Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Subsidiary undertakings (continued)</i>				
Ypioca industrial de Bebidas S.A.		Av. Washington Soares, 1280, Messejana, Fortaleza, Ceara, 60.810-350, Brazil	99.99 %	99.52 %
Indirect holdings				
<i>Joint operations</i>				
Diageo Kirin Company Limited	(xiv)	Nakano-ku 4-10-2, Nakano Central Park South, 17, Tokyo, 164-0001, Japan	51 %	50.75 %
Diageo Moet Hennessy (Thailand) Limited	(vii)	No. 944, Mitrtown Office Tower, 12th Floor, Rama 4 Road, Wangmai, Pathumwan, Bangkok, 10330, Thailand	94.06 %	62.72 %
Diageo-Moet Hennessy B.V.	(iii)	Molenwerf 12, 1014 BG, Amsterdam, The Netherlands	100 %	66.68 %
Gist Dominicana S.A.	(ix)	Independencia Street, No. 129, Santiago, Dominican Republic	60.25 %	59.96 %
HA&COM Bebidas del Mundo, SA		Llorente de Tibás, 1Km este del Periódico La Nación, Costa Rica	50 %	49.76 %
MHD Moet Hennessy Diageo K.K.	(viii)	Jinbocho Mitsui Bldg, Chiyodaku, Kandajinbocho, Tokyo, Japan	100 %	66.68 %
MHD Moet Hennessy Diageo SAS		105 Boulevard de la Mission Marchand, Courbevoie, 92400, France	0.02 %	0.02 %
Moet Hennessy Diageo (China) Co Ltd	(viii)	804A, 488 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone	100 %	66.68 %
Moet Hennessy Diageo Hong Kong Limited	(viii)	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	100 %	66.68 %

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**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings (continued)				
<i>Joint operations (continued)</i>	(xiv)			
Moet Hennessy Diageo Macau Limited	(viii)	Unit 43 & 45, Level 20, AIA Tower, Nos 251A - 301 Avenida Comercial de Macau, Macau	100 %	66.68 %
Moet Hennessy Diageo Malaysia Sdn Bhd.	(viii)	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	100 %	66.68 %
Moet Hennessy Diageo Singapore Pte. Ltd	(viii)	83 Clemenceau Ave, #09-01 UE Square, 239920, Singapore	100 %	66.68 %
Seagram Dominicana S.A.	(ix)	Salvador Sturla Street, Ensanche Naco, Santo Domingo, Dominican Republic	60.83 %	60.54 %
Seagram Ukraine Limited	(x)	Chervonoarmiyska Street, bld. 9/2, apt. 70, Kyiv, Ukraine	60.90 %	60.61 %
Indirect holdings (continued)				
<i>Associates</i>				
Analog Liquid LLC		545 Johnson Avenue, Brooklyn, NY 11237, United States	27.78 %	27.65 %
Diageo South Africa (Pty) Limited	(xii)	Building 3, Maxwell Office Park, Magwa Crescent West, Waterfall City, Midrand, 2090, South Africa	49 %	48.76 %
Diageo South Africa Empowerment Trust	(xii)	Building 3, Maxwell Office Park, Magwa Crescent West, Waterfall City, Midrand, 2090, South Africa	100 %	48.76 %
D/CE Holdings LLC	(xii)	175 Greenwich Street - Three World Trade Center, New York, NY 10007, United States	50 %	49.76 %
Gourmet Grade LLC		517 West 39th Street, Austin, TX 78751, United States	20.23 %	20.13 %

* The percentage of shares held owned by the immediate shareholder(s) of the subsidiary

**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited**Registered number: 00055603****Year ended 30 June 2020****NOTES TO THE FINANCIAL STATEMENTS (continued)****6. INVESTMENTS IN SUBSIDIARIES (continued)**

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Indirect holdings				
<i>Associates (continued)</i>				
Grand Street Beverages LLC		575 Grand Street, #E1507, New York, NY 10002, United States	38.89 %	38.70 %
Hip Bar Private Limited		No.34, 1st Floor, B.Ramachandra Adithanar Road (4th Main Road), Gandhi Nagar, Adyar Chennai Chennai Tn 600020, India	26 %	14.47 %
House Spirits Distillery LLC		65 SE Washington Street, Portland, OR 97214, United States	30.15 %	30 %
International Brand Developers N.V.	(i)	Citco Curacao, Schottegatweg Oost 44, Willemstad, Curacao	25 %	24.88 %
Modern Spirits, Llc		2459 E 8th Street, Los Angeles, California 90021, United States	20 %	19.90 %
Moet Hennessy International		24/32 rue Jean Goujon – 75008 Paris, France	34 %	33.84 %
Moet Hennessy, SAS		24/32 rue Jean Goujon – 75008 Paris, France	34 %	33.84 %
Naam Som LLC		1222 SE Gideon Street, Portland, OR 97202, United States	30 %	29.86 %
Nevada Spirits DE, LLC		1045 Dodge Lane, Fallon, NV 89406, United States	25 %	24.88 %
Pioneer Distilleries Limited	(xii), (xiii)	Roxana Towers, Ground Floor, M.No.7-1-24/1/ RT/G1&G2, Greenlands, Begumpet, Hyderabad 500 016, India	75 %	41.75 %
Redwood Spirits, Inc		735 10th Street, Fortuna, CA 95540, United States	20 %	19.90 %
Ritual Beverage Company, LLC		1935 W. Irving Park, Chicago, IL 606137, United States	31.58 %	31.43 %
Wilderton, LLC		1524 Sherman Avenue, Hood River, OR 97031, United States	30.56 %	30.41 %

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**Effective percentage of shares held owned by the company directly and indirectly

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES (continued)

- (i) Ownership held in class of A shares.
- (ii) Ownership held in class of B shares.
- (iii) Ownership held in class of A, B shares.
- (iv) Ownership held in class of A, B, C shares.
- (v) Ownership held in class of D shares.
- (vi) Ownership held in class of equity shares.
- (vii) Operations is managed by Diageo.
- (viii) Operation is managed by Diageo-Moët Hennessy B.V.
- (ix) In liquidation.
- (x) Dormant.
- (xi) Dissolved.
- (xii) Subsidiary at group level but an associate based on the effective percentage of shares held by the company.
- (xiii) Based on 55.94% equity investment in USL that excludes 2.38% owned by the USL Benefit Trust.
- (xiv) Diageo shares joint control over these entities under shareholder's agreements, and Diageo's rights to profit, assets and liabilities of the companies are dependent on the performance of the group's brands rather the effective equity ownership of the companies.
- (xv) Incorporated on 12 August 2020.

The investments in subsidiaries are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investment in the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Tanqueray Gordon and Company Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES

	30 June 2020	30 June 2019
	£ 000	£ 000
Amounts owed by fellow group undertakings		
Diageo Scotland Limited	—	10,855
	<u>—</u>	<u>10,855</u>

In the previous year, amounts owed by fellow group undertakings were unsecured, interest free and repayable on demand.

8. TRADE AND OTHER PAYABLES

	30 June 2020	30 June 2019
	£ 000	£ 000
Amounts owed to fellow group undertakings		
Diageo Finance plc	4,809,063	1,694,464
Diageo Scotland Limited	3,067	—
	<u>4,812,130</u>	<u>1,694,464</u>

Amounts owed to Diageo Finance plc are unsecured, bears interest at a floating rate and repayable on demand.

The acquisition and capital contributions in Diageo US Holdings, a subsidiary undertaking of the company, has been financed through an intercompany loan, received from Diageo Finance plc.

Amount owed to Diageo Scotland Limited is in respect of corporate tax paid on behalf of the company during the year, and is expected to be settled in the following financial year.

9. CALLED UP SHARE CAPITAL

<i>Issued and fully paid:</i>	30 June 2020
	£ 000
184,367,489 (2019 - 2,500,002) ordinary shares of £100 each	<u>18,436,749</u>

On 12 December 2019 Diageo plc, the immediate shareholder of the company, increased the share capital of the company by £45,062,162,000 through the issuance of 181,867,487 new ordinary shares of £100 at a premium of £26,875,413,000.

Tanqueray Gordon and Company Limited
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Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. POST BALANCE SHEET EVENTS

On 16 July 2020 Diageo US Holdings paid an interim dividend to the company in the amount of £549,672,000 (\$696,000,000).

On 7 August 2020 Diageo US Holdings paid an interim dividend to the company in the amount of £250,548,000. On the same day the company increased its investment in its wholly owned subsidiary, Relay B.V. by issuing of 3,743,344 new ordinary B shares of INR 1,000 in the amount of £38,255,000 (INR 3,743,344,000) and a premium of £212,293,000 (INR 20,773,305,000), in total £250,548,000 (INR 24,516,649,000).

On 2 November 2020, an amount equal to £22,000,000,000 in the company's share premium account was cancelled and extinguished. The equivalent amount was credited to retained earnings of the company.

On 27 November 2020 Diageo Hungary Finance LLC declared dividend to the company in the amount of \$157,757,000.

11. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England, United Kingdom. Diageo plc is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. The consolidated financial statements of Diageo plc can be obtained from the registered office at Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom.