

**Grandmet Foods (UK) Limited**  
**Financial statements**  
**30 June 2011**

Registered number 472217

THURSDAY



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## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2011

### **Activities**

The company did not trade during the financial year or the preceding financial year but sold its investment in Diageo CL3 Limited to a fellow group undertaking. The directors foresee no changes in the company's activities.

### **Going concern**

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo 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 with the support from the group undertakings. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Financial**

The results for the year ended 30 June 2011 are shown on page 5.

The directors do not recommend the payment of a dividend (2010 - £nil). The profit for the year transferred to reserves is £85,090,000 (2010 - £nil).

### **Directors**

The directors who held office during the year were as follows:

S J Bolton	(appointed 01 April 2011)
C D Coase	(appointed 23 September 2010, resigned 31 March 2011)
G P Crickmore	(appointed 23 September 2010)
Diageo Corporate Officer A Limited	(resigned 23 September 2010)
Diageo Corporate Officer B Limited	(resigned 23 September 2010)
D Heginbottom	(appointed 24 March 2011)
N Mákos	(appointed 23 September 2010)
S C Moore	(appointed 23 September 2010, resigned 24 March 2011)
J J Nicholls	(appointed 24 March 2011)
A M Smith	(appointed 23 September 2010)
P D Tunnacliffe	(appointed 23 September 2010)

**Directors' report (continued)**

**Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2010 - £nil)

**Post balance sheet events**

A wholly owned subsidiary of the company, Precis (1057) Limited was dissolved on 18 August 2011 resulting in a loss of £ 2 to the company

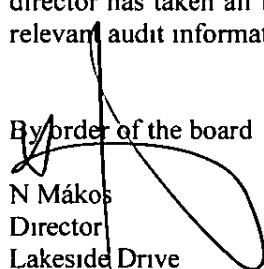
**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2011

**Disclosure of information to 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 auditor is 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 auditor is aware of that information

By order of the board



N Mákos  
Director  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

15 December 2011

**Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Grandmet Foods (UK) Limited**

We have audited the financial statements of Grandmet Foods (UK) Limited for the year ended 30 June 2011 set on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

*P Nichols*  
**P Nichols, Senior Statutory Auditor**

**For and on behalf of KPMG Audit Plc, Statutory Auditor**

**Chartered Accountants**

15 Canada Square

London

E14 5GL

*19* December 2011

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2011 £'000</b>	<b>Year ended 30 June 2010 £'000</b>
Disposal of fixed asset investment	2	85,090	
Dividend income from shares in group undertakings		-	230,203
Amounts written off investments		-	(230,203)
<b>Profit on ordinary activities before taxation</b>		<b>85,090</b>	<b>-</b>
Taxation on profit on ordinary activities	3	-	-
<b>Profit for the financial year</b>	8	<b>85,090</b>	<b>-</b>

There are no recognised gains and losses other than the result for the year and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements

There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on a historical cost basis

All results arise from continuing operations

**Balance sheet**

	<i>Notes</i>	<b>30 June 2011</b>		<b>30 June 2010</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Investments	4		-		34,250
<b>Current asset</b>					
Debtors due within one year	5	79,768		1,368	
<b>Creditors: due within one year</b>	6	(117,355)		(158,295)	
<b>Net current liabilities</b>			(37,587)		(156,927)
<b>Total assets less current liabilities</b>			(37,587)		(122,677)
<b>Net liabilities</b>			(37,587)		(122,677)
<b>Capital and reserves</b>					
Called up share capital	7		43,000		43,000
Share premium account		105		105	
Other reserves		1,900		1,900	
Profit and loss account		(82,592)		(167,682)	
			(80,587)		(165,677)
<b>Shareholders' deficit</b>	8		(37,587)		(122,677)

These financial statements on pages 5 to 11 were approved by the board of directors on 15 December 2011 and were signed on its behalf by

  
N Mákos  
Director

## **Accounting policies**

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements

### **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards

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. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996)

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not balances) with entities that are wholly owned by a member of the Diageo plc group ("group undertakings") or investees of the Diageo plc group

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group

### **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. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings

### **Fixed asset investments**

Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent. Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company

### **Taxation**

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Except as otherwise required by FRS 19, deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Any interest or penalties on tax liabilities are provided in the tax charge



## **Notes to the financial statements**

### **1. Operating costs**

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 (2010 - £nil)

The auditor's remuneration of £1,758 (2010 - £1,826) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2010 - £nil)

### **2. Disposal of fixed asset investment**

	<b>Year ended 30 June 2011 £'000</b>	<b>Year ended 30 June 2010 £'000</b>
Profit on the sale of fixed asset investment	85,090	-

On 22 November 2010 the company sold its entire investment in Diageo CL3 Limited to Grand Metropolitan Limited for a consideration of £119,340,000 resulting in a gain to the company

The tax charge on the sale amounted to £nil

### **3. Taxation**

	<b>Year ended 30 June 2011 £'000</b>	<b>Year ended 30 June 2010 £'000</b>
<b>Factors affecting current tax charge for the year</b>		
Profit on ordinary activities before taxation	85,090	-
Taxation on profit on ordinary activities at UK corporation tax rate of 27.5% (2010 - 28%)	(23,400)	-
Items not chargeable for tax purposes	23,400	64,457
Expenses not deductible for tax purposes	-	(64,457)
Current ordinary tax charge for the year	-	-

The company has £3,142,269 capital losses carried forward (2010 - £3,142,269). The company has not recognised these losses as their recoverability is uncertain.

## Notes to the financial statements (continued)

### 4. Fixed assets – investments

	Subsidiary undertakings £'000
<b>Cost</b>	
At 30 June 2010	76,250
Sale of subsidiary undertaking	(34,250)
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At 30 June 2011	42,000
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<b>Provisions</b>	
At beginning and at the end of the year	(42,000)
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<b>Net book value</b>	
At 30 June 2010	34,250
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At 30 June 2011	-
	<hr/>

On 22 November 2010 the company sold its entire investment in Diageo CL3 Limited to Grand Metropolitan Limited for a consideration of £119,340,000 resulting in a gain to the company

The principal subsidiary undertakings of the company and the percentage of equity owned are as follows

Subsidiary undertakings	Principal activity	Percentage and class of shares held	
East Walls (1997) Limited (in liquidation)	Non-trading	100%	ordinary
Precis (1057) Limited (in liquidation)	Non-trading	100%	ordinary

The subsidiary undertakings are incorporated in the United Kingdom

The investments in subsidiary undertakings are held at cost less, where appropriate, provision for impairment in value

Former subsidiary undertaking Precis (8000) Limited was dissolved during the financial year

**Notes to the financial statements (continued)**

**5. Debtors: due within one year**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by fellow group undertakings		
Grand Metropolitan Limited	78,400	-
Grand Metropolitan Estates Limited	1,368	1,368
	<u>79,768</u>	<u>1,368</u>

The amount owed by fellow group undertaking is unsecured, interest free and is repayable on demand

**6. Creditors: due within one year**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to fellow group undertakings		
Diageo CL3 Limited	117,355	117,355
Grand Metropolitan Limited	-	40,940
	<u>117,355</u>	<u>158,295</u>

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand

**7. Share capital**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
<i>Allotted, called up and fully paid:</i>		
4,000,000 ordinary shares of 25p each	1,000	1,000
840,000 5 75% fixed rate non-redeemable preference shares of £50 each	42,000	42,000
	<u>43,000</u>	<u>43,000</u>

The preference shareholder waived its rights to both unpaid preference dividends and also any future preference dividends payable by the company

The preference shares of the company formerly held by Pet (UK) Limited were transferred to Grand Metropolitan Limited on 14 September 2010

**Notes to the financial statements (continued)**

**8. Reconciliation of movement in shareholders' deficit**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	85,090	-
<b>Net reduction in shareholders' deficit</b>	<b>85,090</b>	<b>-</b>
Shareholders' deficit at the beginning of the year	(122,677)	(122,677)
<b>Shareholders' deficit at the end of the year</b>	<b>(37,587)</b>	<b>(122,677)</b>

**9 Post balance sheet events**

A wholly owned subsidiary of the company, Precis (1057) Limited was dissolved on 18 August 2011 resulting in a loss of £ 2 to the company

**10. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the company is Grand Metropolitan Limited, a company incorporated and registered in England

The ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England The consolidated financial statements of Diageo plc can be obtained from the registered office at Lakeside Drive, Park Royal, London, NW10 7HQ