Diageo Great Britain Limited

Financial statements
30 June 2012

Registered number 507652

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2012

Activities

The principal activities of the company are the packaging of beer and the distribution, marketing, importing and selling of beer, spirits and wines
The company is also the brand owner of Guinness in the United Kingdom and was granted exclusive rights to manufacture, bottle, package, distribute, market and sell Blossom Hill (worldwide excluding the United States of America), Smirnoff, Red Stripe and Jeremiah Weed Brews in the United Kingdom

The directors foresee no material change to the activities of the company

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2012

The consumer environment in the United Kingdom remained challenging but despite the difficulties of the current trading environment, the company continued to maintain its strong market share in spirits The company has adopted the strategy of driving value by improving margins through a reduction of promotional investment The slight reduction in turnover was mainly due to a reduction in volume sold partly offset by price rise on beer and wine

In the year ended 30 June 2012, dividends of £590 million (2011 - £852 million) were received from fellow subsidiary and associated undertakings The dividend received was used to partly repay the intercompany loan payable to the immediate parent undertaking of the company, Grand Metropolitan Limited

In June 2010, the company as general partner, together with the UK Diageo Pension Scheme and another fellow group undertaking (limited partners), agreed to form Lochside MWS Limited Partnership ('Lochside') registered in Scotland The address of the undertaking's registered office is Edinburgh Park, 5 Lochside Way, Edinburgh, EH12 9DT Scotland Lochside is controlled by the group and included in the consolidated financial statements of Diageo plc which are publicly available

Directors' report (continued)

During the year the company entered into a licence agreement with Desnoes & Geddes Limited, a fellow group undertaking, in which the company was granted exclusive rights to manufacture, bottle, package, distribute, market and sell Red Stripe beer in the United Kingdom

During the year the company entered into a licence agreement with Diageo North America, Inc, a fellow group undertaking in which the company was granted exclusive rights to manufacture, bottle, package, distribute, market and sell Jeremiah Weed Brews in Great Britain

The Responsible Drinking campaign continued to play an important role in the company's performance agenda throughout the year

Financial and other key performance indicators

The principal key performance indicators used by the company's management to analyse the development, performance and position of the company's business are turnover and operating profit

Turnover decreased by £7 million from £1,653 million in the year ended 30 June 2011 to £1,646 million in the year ended 30 June 2012 In Great Britain, the increase in VAT and duty rates and the reduction in promotional investments were the main drivers in the beverage alcohol market Within this market the company's spirits portfolio performed well and maintaned its market share, while price increases on beer and wine resulted in slight market share loss Net sales (turnover less excise duties) of spirits grew by 1%, mainly driven by increases in Smirnoff and Gordon's partly offset by decreases in Baileys and Pimms Operating costs decreased by £97 million from £1,658 million in the year ended 30 June 2011 to £1,561 million in the year ended 30 June 2012 Included in operating costs in the year ended 30 June 2011 was an exceptional pension contribution of £61 million that was paid to the UK pension scheme to partly fund the UK Diageo Pension Scheme's deficit Operating profit increased by £90 million from an operating loss of £5 million in the year ended 30 June 2011 to an operating profit of £85 million in the year ended 30 June 2012

Principal risks and uncertainties facing the company as at 30 June 2012

The company believes the following to be the principal risks and uncertainties it has to face If any of these risks occur, the company's business, financial condition and results of operations could suffer

In the ongoing uncertain economic environment, certain risks may gain more prominence either individually or when taken together

<u>The company's business may be adversely impacted by unfavourable economic conditions</u>

The company's business is dependent on general economic conditions in Great Britain A significant deterioration in the conditions, including a reduction in consumer spending levels, customer destocking or a failure of a customer, could have a material adverse effect on the company's business and results of operations

<u>The company faces competition that may reduce its market share and margins</u>

The company faces substantial competition from several international companies as well as local and regional companies in the United Kingdom The company competes with drinks companies across a wide range of consumer drinking occasions Within a number of categories, consolidation or realignment is still possible Increased competition and unanticipated actions by competitors or customers could lead to

Directors' report (continued)

downward pressure on prices and/or a decline in the company's market share in any of these categories, which would adversely affect the company's results and hinder its growth potential

Demand for the company's products may be adversely affected by changes in consumer preferences and tastes and adverse impacts of a declining economy

The brands which the company distributes include some of the world's leading beverage alcohol brands Maintaining the company's competitive position depends on its continued ability to offer products that have a strong appeal to consumers Consumer preferences may shift due to a variety of factors including changes in demographic and social trends, public health regulations, vacation or leisure activity patterns, weather effects and a downturn in economic conditions, which may reduce consumers' willingness to purchase premium branded products In addition, concerns about health effects due to negative publicity regarding alcohol consumption, negative dietary effects, regulatory action or any litigation or customer complaints against companies in the industry may have an adverse effect on the company's profitability Any significant changes in consumer preferences and failure to anticipate and react to such changes could result in reduced demand for the company's products and erosion of its competitive and financial position

Continued economic pressures could lead to consumer selection of products at lower price points, whether the company's or those of competitors, which may have an adverse effect on the company's profitability

The company's operations and financial results may be adversely affected by movements in the value of the pension funds

Many of the current and former employees of the company are members of the Diageo UK pension funds These funds may be affected by, among other things, the performance of assets owned by these plans, the underlying actuarial assumptions used to calculate the surplus or deficit in the plans, in particular the discount rate and long term inflation rates used to calculate the liabilities of the pension funds, and any changes in applicable laws and regulations If there are significant declines in financial markets and/or deterioration in the value of fund assets or changes in discount rates or inflation rates, the company may need to make additional significant contributions to the pension funds in the future As these pension plans are treated as defined contribution schemes, these contributions are accounted for as a cost to the profit and loss account and may adversely affect the company's financial results

Regulatory decisions and changes in the legal and regulatory environment could increase the company's costs and liabilities or limit its business activities

The company's operations are subject to extensive regulatory requirements, which include those in respect of production, product liability, distribution, marketing, promotion, labelling, advertising, labour, pensions, excise tax and environmental issues Changes in laws, regulations or governmental policy could cause the company to incur material additional costs or liabilities that could adversely affect its business Changes in tax law (including tax rates), accounting policies and accounting standards could materially reduce the company's reported after tax income

Financial risk management

Currency risk

The company publishes its financial statements in sterling and conducts some of its business in foreign currencies As a result, it is subject to foreign currency exchange rate risk due to exchange rate movements, which will affect the company's transactions

Directors' report (continued)

Currency risk (continued)

The group's policy is to hedge up to 24 months forecasted transactional foreign currency risk in the three major currency pairs (US dollar/sterling, euro/sterling and euro/US dollar) targeting 75% coverage of the current financial year when the annual plan is approved, and up to 18 months for other currency pairs

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operation and future developments, the company has access to group funding

Credit risk

The company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables The company sets credit limits for, and monitors its credit exposure to its counterparties via their credit ratings (where applicable)

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 directors' report on pages 1 to 3 The company is expected to continue to generate profit for its own account and to remain in positive net asset position for the foreseeable future The company participates in the group's centralised treasury arrangements and so the parent and fellow group undertakings are expected to provide financial support for the foreseeable future and so the company is not reliant on external third party financing 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 2012 are shown on page 10

The profit for the year transferred to reserves is £674 million (2011 - £494 million)

A dividend of £nil (2011 - £286 million) was paid during the year

Directors' report (continued)

Directors

The directors who held office during the year were as follows

G Andrews	(resigned 28 November 2011)
P B Armstrong	
S J Bolton	
G P Crickmore	
J A I Franco	(appointed 16 December 2011)
D Heginbottom	
G D Kryder	(resigned 29 November 2011)
N Makos	
J J Nicholls	
A M Smith	(resigned 20 June 2012)
P D Tunnacliffe	

Directors' remuneration

Details of the directors' remunerations are shown in note 4 of these financial statements

Employee involvement

It is an important goal to the company to offer a fulfilling work environment, personal growth and recognition and attractive rewards for the performance contribution its people make to the company Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees These policies take account of external legislation, internal codes of conduct, as well as the company's values as an organisation

Employee engagement is a key element of the company's people strategy The company's values are embedded in the business and guide how all employees operate and behave A values survey, which includes a measure of employee engagement, is conducted with employees every year This survey provides an annual insight into what employees are thinking and feeling about the business The employee values survey allows the company to assess how the business is tracking against the long term goals of engaging employees and consistently bringing the company's values to life

The company is a multi-cultural business operating in an increasingly diverse business world and is committed to active equality and diversity practices The company offers people with disability the same opportunities for employment, training and career progression as other employees Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment It is also committed to attracting and retaining talented people The company invests in the growth and development of its people, which contributes directly to the performance and results of the business Where practical, the company encourages flexible ways of working to enable employees to take some control over the balance between work and home life The company's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing

Directors' report (continued)

Employee involvement (continued)

The company is committed to the safety and wellbeing of employees at work It promotes responsible drinking behaviours among all its people, providing information, training and support to employees The company is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance

Each senior manager is responsible for supporting the Diageo Executive and senior leadership community in delivering against these communication and employee engagement goals The company has invested in an intranet technology platform for all employees with access to a computer and this offers a wide range of timely and accurate news and information, as well as opportunities for dialogue and feedback

The company has entered into numerous collective bargaining agreements and believes that its employee relations are satisfactory

Supplier payment policy

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier

The number of days' purchases included in creditors as at 30 June 2012, in respect of the company, is 59 days (2011 - 59 days) Some of the company's invoices for goods and services are settled by a fellow group undertaking acting as an agent for the company

Post balance sheet events

In November 2012, the triennial valuation of the UK Scheme was completed by the trustees On 31 January 2013, the group announced its intention of making a cash contribution of £400 million to the UK Pension Scheme to fund the deficit The contribution was paid on 28 February 2013 Part of this payment is expected to be allocated to the company, based on the number of members of the UK Pension Scheme, employed, or formerly employed by the company The contribution will be charged to the profit and loss account of the company

Secretary

On 2 February 2012, J J Nicholls resigned as secretary of the company and C E Kynaston was appointed in his place

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is deemed to be reappointed and will continue in office

Directors' report (continued)

Disclosure of information to auditor

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

14 March 2013

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 Diageo Great Britain Limited

We have audited the financial statements of Diageo Great Britain Limited for the year ended 30 June 2012 set out on page 10 to 35 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 8, 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

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 2012 and of its result 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

Paul Nichols 15/7/13

Paul Nichols, Senior Statutory Auditor
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Profit and loss account

	Notes	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Turnover	*1*	**1,646**	1,653
Operating costs (including exceptional costs of £nil (2011 - £70 million))	*2-4*	**(1,561)**	(1,658)
Operating profit/(loss)		**85**	(5)
Income from shares in group and associated undertakings	*5*	**590**	852
Amounts written off investments		**-**	(350)
Net interest payable	*6*	**(2)**	(5)
Profit on ordinary activities before taxation		**673**	492
Taxation on profit on ordinary activities	*7*	**1**	2
Profit for the financial year	*18*	**674**	494

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 an historical cost basis

All results arise from continuing operations

The accounting policies and other notes on pages 12 to 35 form part of the financial statements

Balance sheet

	Notes	30 June 2012	30 June 2012	30 June 2011 (restated)	30 June 2011 (restated)
		£ million	£ million	£ million	£ million
Fixed assets					
Intangible assets	*8*		**-**		-
Tangible assets	*9*		**229**		194
Investments	*10*		**2,776**		2,776
			3,005		2,970
Current assets					
Stocks	*11*	**44**		37	
Debtors	*12*	**303**		327	
Cash at bank and in hand	*14*	**14**		28	
		361		392	
Creditors due within one year	*15*	**(1,489)**		(2,153)	
Net current liabilities			**(1,128)**		(1,761)
Total assets less current liabilities			**1,877**		1,209
Creditors due after one year	*15*		**(8)**		(3)
Provisions for liabilities and charges	*16*		**(9)**		(24)
Net assets			**1,860**		1,182
Capital and reserves					
Called up share capital	*17*		**278**		278
Share premium account	*18*	**73**		73	
Profit and loss account	*18*	**1,509**		831	
			1,582		904
Shareholders' funds	*19*		**1,860**		1,182

Comparatives have been restated following a change in the presentation format in respect of factored debts and the related note disclosures For an explanation of the effect of the restatement see the accounting policies

The accounting policies and other notes on pages 12 to 35 form part of the financial statements

These financial statements on pages 10 to 35 were approved by the board of directors on 14 March 2013 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")

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 the parent group undertaking has agreed to provide financial support for the foreseeable future

Turnover

Turnover comprises revenue from the sale of goods and royalties receivable Revenue from the sale of goods includes excise and other duties which the company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax Turnover is recognised depending upon individual customer terms at the time of dispatch, delivery or some other specific point when the risk of loss transfers Provision is made for returns where appropriate Turnover is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items Royalties are accrued as earned

The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice No 25 as the company is a wholly owned subsidiary Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc

Advertising

Advertising costs, points of sale materials and sponsorship payments are charged to the profit and loss account, when the company has a right of access to the goods or services acquired

Research and development

Research and development expenditure is written off in the year in which it is incurred

Accounting policies (continued)

Share based payments

The ultimate parent, Diageo plc, operates a number of share-based incentive schemes (awards of shares and options) Where the ultimate parent's shares or options over that company's shares are granted to a subsidiary undertaking's employees, an expense is recorded in the profit and loss account, with a corresponding credit to reserves This charge is measured at the fair value of the share or share option at the date of grant, and is recognised on a straight-line basis over the vesting period of the award The fair value is measured on the binomial or Monte Carlo models, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

Pensions and other post employment benefits

Many of the current and former employees of the company are members of the Diageo UK pension plans, which are defined benefit schemes

It is not possible to allocate the assets and liabilities of the pension plans on a consistent and reasonable basis between individual companies and therefore the company accounts for them as defined contribution schemes The assets and liabilities of the Diageo UK pension plans are recognised in the Diageo plc consolidated financial statements

Exceptional items

Exceptional items are those that, in management's judgement, need to be disclosed by virtue of their size or incidence Such items are included within the profit and loss account caption to which they relate and are separately disclosed either on the face of the profit and loss account or in the notes to the financial statements

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or if hedged forward, at the rate of exchange under the related foreign currency contract Assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates Exchange gains and losses are taken to the profit and loss account

Intangible assets

Distribution rights regarded as having limited useful economic lives are amortised on a straight-line basis over their lives (20 years) Amortisation and any impairment write-downs are charged to the profit and loss account

Accounting policies (continued)

Tangible fixed assets

Buildings are stated at cost less depreciation
Leaseholds are depreciated over the unexpired period of the lease Other tangible fixed assets are depreciated on a straight-line basis to estimated residual values over their expected useful lives within the following ranges

Industrial and other buildings	10 to 50 years
Plant and machinery	5 to 25 years
Fixtures and fittings	5 to 10 years
Computer software	up to 5 years
Casks and kegs	5 to 20 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts

Computer software is amortised on a straight-line basis to estimated residual values over their expected useful lives Residual values and useful lives are reviewed each year Subject to these reviews, the estimated useful lives are up to five years

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value

Capitalisation of interest costs

Interest costs attributable to the acquisition or construction of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of that asset All other interest costs are recognised as charges in the profit and loss account for the period in which they are incurred

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

Leases

Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease The corresponding liability to the lessor is included in creditors Lease payments are apportioned between interest expense and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability Other leases are treated as operating leases, with payments and receipts taken to the profit and loss account on a straight-line basis over the life of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads

Accounting policies (continued)

Provisions

Provisions are liabilities of uncertain timing or amount A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation Provisions are calculated on a discounted basis, where the effect is material to the original undiscounted provision The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate

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

Change in the presentation format

During the year the company changed the presentation format adopted in the balance sheet in respect of factored debts and the related note disclosure Accordingly, the company has changed the presentation of prior year comparative information for consistency with the current year presentation The change in presentation adopted by the company has no impact on the profit and loss and the net assets balance in the current or preceding financial year.The change in presentation adopted by the company has resulted in the restatement of Debtors and Creditors as at 30 June 2011 The effect of the restatement is to decrease Amounts owed by fellow group undertakings and Amounts owed to fellow group undertakings as at 30 June 2011 by £26 million

Notes to the financial statements

1. Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the packaging of beer, distribution, marketing, importing and selling of beer, spirits and wines, and their onward sale to third parties and fellow group undertakings

Geographical analysis of turnover

Turnover originated from the United Kingdom and the geographical analysis of turnover by destination is given below

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
United Kingdom	**1,574**	1,586
Rest of Europe	**70**	65
Africa	**2**	2
	1,646	1,653

Analysis of turnover by class of business

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Distribution, marketing, importing and selling of beer, spirits and wines	**1,573**	1,580
Packaging of beer	**71**	65
Royalties	**2**	8
	1,646	1,653

Sales to fellow group undertakings included in turnover amounted to £81 million (2011 - £80 million)

Notes to the financial statements (continued)

2. Operating costs

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Increase in stocks of finished goods and work in progress	**(7)**	(3)
Raw materials and consumables	**489**	516
Excise duties	**850**	826
Advertising, marketing and promotion costs	**75**	77
Other external charges (b)	**85**	94
Staff costs (note 3) (d)	**64**	77
Depreciation and other amounts written off fixed assets	**40**	36
Other operating income (a)	**(35)**	(26)
Exceptional pension contribution (c)	**-**	61
	1,561	1,658

(a) **Other operating income** includes intercompany management income of £30 million (2011 - £22 million) and a gain in respect of foreign exchange of £ 4 million (2011 - £nil)

(b) **Other external charges** include intercompany royalty charges of £34 million (2011 - £25 million), intercompany factoring charges of £1 million (2011 - £4 million), losses in respect of foreign exchange of £nil (2011 - £9 million), operating lease rentals for plant and machinery of £2 million (2011 - £2 million) and for land and buildings of £7 million (2011 - £6 million)

Fees in respect of audit services provided by the auditor are £184,588 (2011 - £ 167,324) Amounts receivable by the auditor in respect of other (non-audit) services have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of Diageo plc Additional auditor's remuneration was settled on behalf of the company by a fellow group undertaking

(c) **Exceptional pension contribution** comprised a cost of £61 million in the year ended 30 June 2011 that was paid to the UK Diageo Pension Scheme ('UK Scheme') as part of the Diageo group deficit funding arrangement

(d) **Staff costs** include exceptional costs of £nil (2011 - £9 million) in respect of restructuring expenses

Notes to the financial statements (continued)

3. Staff costs

The average number of employees, including directors, during the year was

	Year ended 30 June 2012	Year ended 30 June 2011
Production	**173**	177
Selling and distribution	**639**	645
Corporate and administration	**812**	887
	1,624	1,709

The aggregate remuneration of all employees comprised

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Wages and salaries	**37**	40
Employer's social security costs	**5**	5
Employer's pension costs	**18**	17
Other employment costs	**-**	9
Share based payments	**4**	6
	64	77

The staff costs disclosed is net of reimbursements received from other group undertakings for work carried out by the company's employees in respect of these other group undertakings The staff number represents the total headcount employed by the company As a consequence the cost per employee is not directly comparable with the staff numbers disclosed

Retirement benefits

The majority of the employees of the company are members of the Diageo UK pension plans, which are defined benefit schemes

It is not possible to allocate the assets and liabilities of the pension plans on a consistent and reasonable basis between individual companies in the Diageo group and therefore the company accounts for its obligations as if they were defined contribution schemes The company made cash contributions of £18 million to the schemes in respect of its employees in the year ended 30 June 2012 (2011 - £17 million)

Notes to the financial statements (continued)

3. Staff costs (continued)

In the year ended 30 June 2011, an additional contribution of £61 million was made to fund the deficit of the pension funds

The assets and liabilities of the Diageo UK pension plans and related disclosures are contained in Diageo plc's annual report for the year ended 30 June 2012 The amounts referred to in Diageo plc's annual report are not all attributable to the company

Share based payments

For the year ended 30 June 2012, the charge to the company for share based payments is based on the actual fair value charge attributable to the benefit of the company's employees and the assumptions used by the Diageo group to calculate the fair value charge The assumptions used for the options and awards made during the years ended 30 June 2012 and 30 June 2011 were as follows

2012	**Executive share option plans**	**Savings plans**	**Executive share award plans**
Weighted average assumptions			
Risk free interest rate	1 4 %	1 1 %	0 8 %
Expected life of the options	60 months	47 months	36 months
Expected volatility	15 %	15 %	-%
Dividend yield	3 3 %	3 3 %	3 3 %
Weighted average exercise price	1236 p	960 p	-
Weighted average share price	1208 p	1273 p	1214 p
Weighted average fair value of options/awards granted in the year	85 p	158 p	770 p

2011	**Executive share option plans**	**Savings plans**	**Executive share award plans**
Weighted average assumptions			
Risk free interest rate	2 0%	1 4 %	1 3%
Expected life of the options	60 months	47 months	36 months
Expected volatility	23 %	20 %	-%
Dividend yield	3 3 %	3 3 %	3 3 %
Weighted average exercise price	1082 p	941 p	-
Weighted average share price	1095 p	1143 p	1096 p
Weighted average fair value of options/awards granted in the year	171 p	216 p	585 p

The calculation of the fair value of each option and share award used the binomial (share option and savings plans) and Monte Carlo (share award plans) option pricing models

Notes to the financial statements (continued)

3. Staff costs (continued)

The risk free interest rate is based on the UK treasury coupon strips in effect at the time of the grant, for the expected life of the option The expected life of the options represents the period of time that options granted are outstanding The group uses historical data to estimate option exercise and employee termination within the valuation model Expected volatility is based on implied volatilities from traded options on the group's shares, historical volatility of the group's shares and other factors

Further details of the valuation and accounting for share options schemes and policies are contained in Diageo plc's annual report for the year ended 30 June 2012 (see note 34 of Diageo plc's 2012 annual report)

4. Director's remuneration

	Year ended 30 June 2012 £000	**Year ended 30 June 2011 £000**
Directors' remuneration (excluding pension contributions)	**773**	725

The aggregate remuneration of the highest paid director was £341,000 (2011 - £479,000) The highest paid director is a member of a defined benefit scheme under which his accrued annual pension at 30 June 2012 was £37,561 (2011 - £54,748) The lump sum equivalent of the highest paid director's pension entitlement at 30 June 2012 was £360,480 (2011 - £320,889)

Some of the directors are paid by fellow group undertakings The majority of the directors paid by the company are members of the Diageo UK pension plans

The highest paid director made gains during the year of £99,367 (2011 - £nil) on the exercise of share options in Diageo plc

Notes to the financial statements (continued)

5. Income from shares in group and associated undertakings

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Dividend income from shares in group undertakings		
Diageo Scotland Limited	**500**	300
Justerini & Brooks Limited	**80**	165
UDV Kenya Limited	**8**	-
Gilbeys Limited	**-**	321
Diageo United Kingdom Limited	**-**	51
W & A Gilbey Limited	**-**	12
	588	849
Dividend income from associated undertaking		
Lothian Distillers Limited	**2**	3
	590	852

6. Net interest payable

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Interest payable on		
Factoring of receivables	**(2)**	-
Interest payable to fellow group undertakings	**(2)**	(8)
	(4)	(8)
Less		
Interest receivable on loans to fellow group undertakings	**1**	1
Interest capitalised as part of fixed assets additions (note 9)	**1**	2
	2	3
	(2)	(5)

The capitalisation rate used to determine the amount of interest costs capitalized during the period was 4 7% (2011 – 4 9%)

Notes to the financial statements (continued)

7. Taxation

(i) Analysis of taxation credit for the year	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Current tax		
Foreign withholding tax paid	**(3)**	(3)
Adjustment in respect of prior years	-	(1)
Total current tax	**(3)**	(4)
Deferred tax		
Current year	**8**	9
Adjustment for change in rate of corporation tax	**(4)**	(3)
Total deferred tax	**4**	6
Taxation on profit on ordinary activities	**1**	2

(ii) Factors affecting current tax charge for the year	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Profit on ordinary activities before taxation	**673**	492
Taxation on profit on ordinary activities at UK corporation tax rate of 25 5% (2011 - 27 5%)	**(172)**	(135)
Accelerated capital allowances and other timing differences	**(8)**	(8)
Expenses not deductible for tax purposes	**(1)**	(98)
Items not chargeable for tax purposes	**150**	236
Group relief receivable for nil consideration	**30**	5
Adjustment to tax charge in respect of prior years	-	(1)
Overseas tax paid	**(2)**	(3)
Current tax charge for the year	**(3)**	(4)

Notes to the financial statements (continued)

7. Taxation (continued)

(iii) Factors which may affect future tax charges

Following the 2011 Budget Statement and amendments subsequently proposed by the 2012 Budget and the 2012 Autumn Statement, the main rate of UK corporation tax was reduced from 28% to 26% with effect from 1 April 2011 and to 24% with effect from 1 April 2012 Thereafter, the main rate of UK corporation tax will continue to reduce by 1%, by 1 April 2013 and a further 2%, to 21% by 1 April 2014 It is expected that this gradual fall in the main corporation tax rate will result in a reduction of the company's deferred tax asset/liability and also a reduction of the company's future current tax charge

8. Fixed assets – intangible assets

	Distribution rights £ million
Cost	
At the beginning and at the end of the year	12
Amortisation	
At the beginning and at the end of the year	(12)
Net book value	
At the beginning and at the end of the year	-

Notes to the financial statements (continued)

9. Fixed assets – tangible assets

	Buildings £ million	Plant and machinery £ million	Fixtures and fittings £ million	Casks and kegs £ million	Assets in course of construction £ million	Total £ million
Cost						
At 30 June 2011	24	84	184	43	72	407
Additions	1	5	16	-	57	79
Disposals	-	(7)	(16)	-	-	(23)
Transfers	3	2	63	-	(68)	-
At 30 June 2012	**28**	**84**	**247**	**43**	**61**	**463**
Depreciation						
At 30 June 2011	(10)	(65)	(103)	(35)	-	(213)
Provided during the year	(2)	(7)	(30)	(1)	-	(40)
Disposals	-	7	12	-	-	19
At 30 June 2012	**(12)**	**(65)**	**(121)**	**(36)**	**-**	**(234)**
Net book value						
At 30 June 2012	**16**	**19**	**126**	**7**	**61**	**229**
At 30 June 2011	14	19	81	8	72	194

Included in the net book value of fixtures and fittings is £12 million in respect of assets held under finance leases (2011 - £5 million), depreciation for the year on these assets was £1 million (2011 - £1 million)

The amount of interest cost capitalised during the year included in the cost of tangible assets is £1 million (2011 - £2 million)

Notes to the financial statements (continued)

10. Fixed assets – investments

	June 30 2012 £ million	June 30 2011 £ million
Shares in group undertakings and other investments (i)	**2,713**	2,713
Loan to fellow group undertaking (ii)	**63**	63
	2,776	2,776

(i) Shares in group undertakings and other investments

	Subsidiary undertakings £ million	Associated undertaking £ million	Total £ million
Cost			
At 30 June 2011	4,206	26	4,232
Dissolution of subsidiary undertakings	(9)	-	(9)
At 30 June 2012	**4,197**	**26**	**4,223**
Provisions			
At 30 June 2011	(1,519)	-	(1,519)
Dissolution of subsidiary undertakings	9	-	9
At 30 June 2012	**(1,510)**	-	**(1,510)**
Net book value			
At 30 June 2012	**2,687**	**26**	**2,713**
At 30 June 2011	2,687	26	2,713

Notes to the financial statements (continued)

10. Fixed assets – investments (continued)

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

	Country of incorporation	Principal activity	Percentage of shares held*
Direct holdings:			
Subsidiary undertakings			
Cellarers (Wines) Limited	England	Agency company	100%
Diageo Balkans Limited	England	Marketing and brand management services in Romania	100%
Diageo Global Supply N I Logistics Limited (in liquidation)	Northern Ireland	n/a	100%
Diageo Scotland Limited	Scotland	Production, marketing and distribution of premium drinks	100%
Diageo South Africa (Pty) Limited	South Africa	Production, marketing and distribution of premium drinks	51%
Diageo Spare Company No 5 Limited	England	Dormant	100%
Diageo United Kingdom Limited	England	Dormant	100%
Horizon Developments Limited	Cyprus	Dormant	100%
Justerini & Brooks, Limited	England	Marketing and distribution of fine wines	100%
Lochside MWS Limited Partnership	Scotland	Holding company	
Otford Estates Limited	England	Dormant	100%
S & B Production Limited	Northern Ireland	Production and distribution of beer	100%
The Old Bushmills Distillery Company Limited	Northern Ireland	Production and distribution of Irish whiskey	100%
The Pierre Smirnoff Company Limited	USA	Trademark owner	100% of class A shares
UDV Kenya Limited	Kenya	Production and distribution of premium dirnks	53 68%
W & A Gilbey, Limited	England	Dormant	100%
Joint venture			
Lothian Distillers Limited	Scotland	Holding company	50%
Indirect holdings:			
Subsidiary undertakings			
Arthur Bell & Sons Limited	Scotland	Holding company	100%
Diageo (IH) Limited	England	Holding company	100%
Myers Rum Company (Jamaica) Limited	Jamaica	Dormant	99 95%
Trelawny Estates Limited	Jamaica	Holding company	100%

Notes to the financial statements (continued)

10. Fixed assets – investments (continued)

	Country of incorporation	Principal activity	Percentage of shares held*
Indirect holdings:			
Subsidiary undertakings			
DCL (Holdings) Australia Pty Limited	Australia	Dormant	100%
Diageo Business Services Limited (Diageo Uzletviteli Szolgaltatasok Korlatolt Felelossegu Tarsasag)	Hungary	Financial and business support services	100%
Diageo Distilling Limited	Scotland	Dormant	100%
Diageo Hungary Marketing Services Limited Liability Company(Diageo Magyarorszag Marketing Szolgaltato Kft)	Hungary	Marketing and brand management services in Hungary	100%
Diageo New Zealand Limited	New Zealand	Dormant	100%
Diageo Spare Company No 6 Limited	England	Dormant	100%
Gilbeys East Africa Limited (in liquidation)	Kenya	n/a	76 85%
Harp Distributors Limited (in liquidation)	Kenya	n/a	76 85%
International Distillers Kenya Limited (in liquidation)	Kenya	n/a	76 85%
James Buchanan & Company Limited	England	Holds armorial bearings for Buchanans and Black & White Whisky	100%
John Haig & Company Limited	England	Holds amorial bearings for Dimple and Haig Whisky	100%
John Walker & Sons Limited	England	Royal warrant holder of Johnnie Walker Whisky	100%
Kenya Distillers Limited (in liquidation)	Kenya	n/a	76 85%
Kenya Liquor Distributors Limited (in liquidation)	Kenya	n/a	76 85%
Quintessentially Wine Limited	England	Wine club support services	51%
The Distillers Company (Biochemicals) Limited	England	Dormant	100%
U D Imports (Proprietary) Limited	South Africa	Dormant	100%
United Distillers & Vintners Philippines Inc	Philippines	Distribution of premium drinks	100%
United Distillers France Limited	England	Dormant	100%
United Distillers France SAS	France	Holding company	100%
United Distillers Investments Limited	England	Dormant	100%
United Distillers UK plc	Scotland	Dormant	100%

Notes to the financial statements (continued)

10. Fixed assets – investments (continued)

	Country of incorporation	Principal activity	Percentage of shares held*
Indirect holdings:			
Subsidiary undertakings (continued)			
William Sanderson & Son Limited	Scotland	Dormant	100%
Winchester House Property Company Limited	England	Property owning company	100%
Zepf Technologies UK Limited	Scotland	Dormant	100%
Associated undertakings			
Claredon Distillers Limited	Jamaica	Production and distribution of Jamaican rum	27%
The Scotch Whisky Heritage Centre Limited	Scotland	Operation of hospitality venue	22 38%
Joint venture			
Brandhouse Beverages (Pty) Limited	South Africa	Distribution and marketing of premium drinks	50%
North British Distillery Company Limited	Scotland	Distribution of premium drinks	50%
Other investment			
Moet Hennessy Diageo SAS	France	Distribution of premium drinks	0.05%

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

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

The aggregate net book value of the investment in associated undertakings on an equity accounting basis is £18 million (2011 - £23 million)

Treat (UK) Venture Limited, Glen Spey Limited and Ruchill & Ross Limited, wholly owned subsidiaries of the company, were dissolved during the financial year resulting in neither a gain nor a loss to the company

* Unless otherwise stated the percentage of shares held relates to ordinary share capital

Notes to the financial statements (continued)

10. Fixed assets – investments (continued)

(ii) Loan to fellow group undertaking

	30 June 2012 £ million	30 June 2011 £ million
Amount owed by fellow group undertaking	**63**	63

In June 2010, the company, as a sole general partner, established Lochside MWS Limited Partnership ('Lochside') together with the UK Diageo Pension Scheme ('UK Scheme') and another fellow group undertaking (limited partners) The company made a capital contribution to Lochside of £63 million and is entitled to a profit distribution from Lochside each year allocated in line with the Partnership Agreement of Lochside As the distributions represent a contractual right for the company to receive cash from Lochside, the capital contribution is shown as a loan to fellow group undertaking and the profit distribution received is presented as an interest receivable (note 21)

Under this structure, the company entered into an agreement with the fellow partners of the arrangement to grant the UK Scheme a put option to require the company to acquire all of the UK Scheme's interest in Lochside The UK Scheme granted the company a call option to require the UK Scheme to transfer all of the interests in Lochside to the company The company together with the other fellow group undertaking granted the UK scheme a call option to require the company and the other fellow group undertaking to transfer all of their respective interests to the UK Scheme

11. Stocks

	30 June 2012 £ million	30 June 2011 £ million
Raw materials and consumables	**2**	2
Finished goods and goods for resale	**42**	35
	44	37

Stocks are disclosed net of provisions of £4 million (2011 - £2 million) for obsolescence

Notes to the financial statements (continued)

12. Debtors

	30 June 2012 £ million	30 June 2011 (restated) £ million
Trade debtors	**32**	80
Amounts owed by fellow group undertakings	**202**	177
Other prepayments and accrued income	**21**	26
Deferred taxation (note 13)	**48**	44
	303	327

Debtors are disclosed net of provisions of £nil (2011 - £1 million) for bad and doubtful debts

Amounts owed by fellow group undertakings are unsecured and repayable on demand

Amounts owed by Diageo Finance plc of £88 million (2011 - £nil) are interest bearing, other amounts owed by fellow group undertakings are interest free

Comparatives have been restated following a change in the presentation format in respect of factored debts and the related note disclosures For an explanation of the effect of the restatement see the accounting policies

Included in deferred taxation is an asset of £44 million (2011 - £40 million), which falls due after one year All other amounts fall due within one year

13. Deferred taxation

	30 June 2012 £ million	30 June 2011 £ million
Accelerated capital allowances	**44**	38
Other timing differences	**4**	6
Deferred tax asset	**48**	44

Deferred taxation assets have been recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

The company has £36 million of losses carried forward (2011 - £44 million) The company has not recognised these losses as timing and extent of their recoverability is uncertain

Notes to the financial statements (continued)

14. Cash

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool

15. Creditors

	30 June 2012	30 June 2011 (restated)
	£ million	£ million
Trade creditors	**98**	93
Amounts owed to fellow group undertakings	**1,135**	1,796
Amounts owed to associated undertaking	**9**	8
Other taxation including social security	**100**	103
Other creditors	**6**	3
Accruals and deferred income	**137**	148
Corporate taxation	**-**	1
Net obligations under finance lease	**4**	1
	1,489	2,153

Amounts owed to fellow group undertakings and associated undertaking are unsecured and repayable on demand

Amounts owed to Diageo Finance plc of £nil (2011 - £93 million) are interest bearing, other amounts owed to fellow group undertakings and to the associated undertaking are interest free

Comparatives have been restated following a change in the presentation format in respect of factored debts and the related note disclosures For an explanation of the effect of the restatement see the accounting policies

Notes to the financial statements (continued)

15. Creditors (continued)

	30 June 2012 £ million	30 June 2011 £ million
Gross obligations due:		
From one to five years	**8**	3
Within one year	**4**	1
	12	4
Less future finance charges	-	-
	12	4

16. Provisions for liabilities and charges

	Restructuring provisions £ million
At 30 June 2011	24
Utilised during the year	(17)
Released	(1)
Provided during the year	3
At 30 June 2012	**9**

In the year ended 30 June 2011 the Diageo group undertook a number of restructuring programs, which involved the rationalization of operations around the world Employee charges, incremental costs in respect of service contract and information systems infrastructure charges in connection with the programs were recognized in the restructuring provision The closing provision is expected to be utilised in the year ending 30 June 2013

Notes to the financial statements (continued)

17. Share capital

	30 June 2012 £ million	30 June 2011 £ million
Allotted, called up and fully paid:		
1,113,082,750 ordinary shares of 25p each	**278**	278

18. Reserves

	Share premium account £ million	Profit and loss account £ million	Total £ million
At 30 June 2011	73	831	904
Profit for the financial year	-	674	674
Share based payments	-	4	4
At 30 June 2012	**73**	**1,509**	**1,582**

19. Reconciliation of movement in shareholders' funds

	30 June 2012 £ million	30 June 2011 £ million
Profit for the financial year	**674**	494
Dividends paid	-	(286)
Share based payments	**4**	6
Net addition to shareholders' funds	**678**	214
Shareholders' funds at the beginning of the year	**1,182**	968
Shareholders' funds at the end of the year	**1,860**	1,182

Notes to the financial statements (continued)

20. Commitments

At 30 June 2012 the company had minimum annual commitments under non-cancellable operating leases as follows

		30 June 2012			30 June 2011	
	Land and buildings £ million	Other £ million	Total £ million	Land and buildings £ million	Other £ million	Total £ million
Annual payments under leases expiring:						
After five years	6	1	7	6	1	7
From one to five years	-	3	3	-	3	3
Within one year	-	1	1	-	-	-
	6	5	11	6	4	10

Capital expenditure commitments not provided for in these financial statements are estimated at £37 million (2011 - £33 million)

At 30 June 2012 the company had purchase commitments totalling £199 million (2011 - £185 million)

21. Related party transactions

Transactions between the company and its related parties (group undertakings not wholly owned by the Diageo group) are made on terms equivalent to those that prevail for arm's length transactions

Transactions between the company and other group undertakings not wholly owned by the Diageo group were as follows

(a) Profit includes dividend income from associated undertaking of £2 million (2011 - £3 million)

(b) At 30 June 2012, long term loan to a fellow group undertaking comprises £63 million (2011 - £63 million) in respect of loan provided to group undertaking not wholly owned by the Diageo group In the year ended 30 June 2012, the company was entitled to a profit distribution of £444,000 (2011 - £440,000)

(c) At 30 June 2012, amounts owed by fellow group undertakings include £29 million (2011 - £34 million) in respect of amounts owed by group undertakings not wholly owned by the Diageo group

(d) At 30 June 2012, amounts owed to fellow group undertakings include £1 million (2011 - £nil) in respect of amounts owed to group undertakings not wholly owned by the Diageo group

(e) At 30 June 2012, creditors include £9 million (2011 - £8 million) in respect of amounts owed to associated undertaking

Notes to the financial statements (continued)

21. Related party transactions (continued)

The company provides services to and act as an agent for a number of not wholly owned fellow group undertakings The costs and income (excluding agent fee) in respect of agency activity are not disclosed separately in the company's profit and loss account

22. Post balance sheet events

In November 2012, the triennial valuation of the UK Scheme was completed by the trustees On 31 January 2013, the group announced its intention of making a cash contribution of £400 million to the UK Pension Scheme to fund the deficit The contribution was paid on 28 February 2013 Part of this payment is expected to be allocated to the company, based on the number of members of the UK Pension Scheme, employed, or formerly employed by the company The contribution will be charged to the profit and loss account of the company

23. 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