

Guinness Overseas Limited

Financial statements 30 June 2010

Registered number 778398



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2010

Activities

The company is the holding company for companies engaged in brewing, marketing and distribution of beer, including Guinness Stout and Harp Lager in overseas countries (except Western Europe and the USA) and in the production, marketing and distribution of soft drinks in certain territories

The company's activities are primarily carried out through related companies (Guinness Overseas Limited's direct and indirect interests are shown in brackets), which are principally

Guinness Nigeria Plc (53.80%)

Brewing, packaging and marketing activities of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Harp Lager Beer, Gordon's Spark, Smirnoff Ice, Satzenbrau and Top Malt in Nigeria. Brewing and packaging operations are located at Benin, Ogbra and Aba

GAPL Pte Limited (49.99%)

Markets and distributes Foreign Extra Stout, Draught Guinness, Canned Draught Guinness and ABC Stout to the Singapore domestic market

Guinness Anchor Berhad (25.49%)

Operates a brewery in Kuala Lumpur and sells and distributes Guinness Foreign Extra Stout, Draught Guinness, Guinness Malta and Anglia Shandy in Malaysia and certain export territories

Going concern

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. 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. 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 2010 are shown on page 5

A dividend of £100,000,000 was approved and paid during the year (2009 - £nil)

The profit for the year transferred to reserves is £30,370,000 (2009 - £56,512,000)

Directors' report (continued)

Directors

The directors who held office during the year were as follows

A A Abigail (resigned 1 October 2009)
N B Blazquez
C D Coase
G P Crickmore
S R Fletcher
N Mákos
S C Moore
A M Smith
P D Tunnachiffe

S R Fletcher resigned as a director of the company on 1 December 2010

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2009- £nil)


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 2010

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

24 February 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 Guinness Overseas Limited

We have audited the financial statements of Guinness Overseas Limited for the year ended 30 June 2010, which comprise the profit and loss account, the balance sheet and the related notes. 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 directors' responsibilities statement 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 the financial statements in accordance with relevant 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/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of company's affairs as at 30 June 2010 and of the 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.

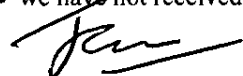
Opinion on other matters prescribed by the Companies Act 2006

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.



John Cain (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL

7 March 2011

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Operating costs	<i>1</i>	(656)	(416)
Operating loss		(656)	(416)
Dividends from shares in group undertakings	<i>2</i>	22,358	47,624
Dividends from shares in joint venture	<i>2</i>	9,748	7,971
Dividends from shares in associated undertaking	<i>2</i>	537	623
Dividends from other fixed asset investments	<i>2</i>	1,412	1,423
Amounts written off investments	<i>6</i>	(1,366)	-
Net interest receivable	<i>3</i>	208	2,523
Profit on ordinary activities before taxation		32,241	59,748
Taxation on profit on ordinary activities	<i>4</i>	(1,871)	(3,236)
Profit for the financial year		30,370	56,512

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

Balance sheet

		30 June 2010		30 June 2009	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5		3,465		3,562
Investments	6		18,763		18,153
			<u>22,228</u>		<u>21,715</u>
Current assets					
Debtors due within one year	7	39,170		114,019	
Cash at bank	8	302		540	
		<u>39,472</u>		<u>114,559</u>	
Creditors: due within one year	9	(932)		(5,876)	
Net current assets			<u>38,540</u>		<u>108,683</u>
Net assets			<u>60,768</u>		<u>130,398</u>
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		60,768		130,398
Shareholders' funds	12		<u>60,768</u>		<u>130,398</u>

These financial statements on pages 5 to 17 were approved by the board of directors on 24 February 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")

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.

Tangible fixed assets

Land and buildings are stated at cost less depreciation

Freehold land is not depreciated. 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
Fixtures and fittings	5 to 10 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.

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

Fixed asset investments

Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company. 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.

Accounting policies (continued)

Foreign currencies

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

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

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Other external charges (a)	(559)	(374)
Depreciation and other amounts written off fixed assets (b)	(97)	(42)
	<u>(656)</u>	<u>(416)</u>

(a) **Other external charges** include losses in respect of foreign exchange of £438,000 (2009 – £424,000)

(b) **Depreciation and other amounts written off fixed assets** comprise the depreciation charge for the financial year for buildings of £35,000 (2009 - £35,000), for fixtures and fittings of £7,000 (2009 - £7,000) and loss from impairment of property of £55,000 (2009 - £nil)

The auditor's remuneration of £1,826 (2009 - £1,531) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2009 - £nil)

Directors and employees

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 (2009 - £nil)

2. Income from fixed asset investments

	Year ended 30 June 2010 £ million	Year ended 30 June 2009 £ million
Dividend income from shares in group undertakings		
Guinness Nigeria Plc	20,062	38,942
Guinness Canada Limited	2,218	-
Atalantaf Limited	-	8,000
Diageo (Caribbean) Limited	78	682
	<u>22,358</u>	<u>47,624</u>
Dividends from shares in joint venture		
GAPL Pte Limited	9,748	7,971
	<u>9,748</u>	<u>7,971</u>

Notes to the financial statements (continued)

2. Income from fixed asset investments (continued)

	Year ended 30 June 2010 £ million	Year ended 30 June 2009 £ million
Dividends from shares in associated undertaking Seychelles Breweries Limited	537	623
Dividends from other fixed asset investments East African Breweries Limited	1,376	1,391
Other	36	32
	1,412	1,423

3. Net interest receivable

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Interest receivable on loans to fellow group undertakings	293	2,646
Other interest receivable	6	39
	299	2,685
Less		
Interest payable on loans from fellow group undertakings	(30)	(162)
Interest payable on loans from associate undertakings	(61)	-
	208	2,523

Notes to the financial statements (continued)

4. Taxation

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
(i) Analysis of taxation charge for the year		
Current tax		
UK corporation tax at 28% (2009 – 28%)	-	(14,790)
Double tax relief	-	14,790
Foreign tax suffered	(1,871)	(3,236)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(1,871)	(3,236)
	<hr/>	<hr/>
(ii) Factors affecting current tax charge for the year	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Profit on ordinary activities before taxation	32,241	59,748
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 28% (2009 – 28%)	(9,028)	(16,729)
Expenses not deductible for tax purposes	(409)	(12)
Income not taxable for tax purposes	9,535	-
Group relief (surrendered) / received for nil consideration	(98)	1,951
Higher tax rates on overseas earnings	(1,871)	-
Lower tax rates on overseas earnings	-	11,554
	<hr/>	<hr/>
Current ordinary tax charge for the year	(1,871)	(3,236)
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Notes to the financial statements (continued)

5. Fixed assets – tangible assets

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 30 June 2009 and at 30 June 2010	4,629	50	4,679
Depreciation			
At 30 June 2009	(1,074)	(43)	(1,117)
Provided during the year	(35)	(7)	(42)
Provision for impairment	(55)	-	(55)
At 30 June 2010	(1,164)	(50)	(1,214)
Net book value			
At 30 June 2010	3,465	-	3,465
At 30 June 2009	3,555	7	3,562

	30 June 2010 £'000	30 June 2009 £'000
Freehold land and buildings	3,465	3,555

Included within the net book value of freehold properties is £2.9 million (2009 – £2.9 million) in respect of land on which no depreciation is charged

Notes to the financial statements (continued)

6. Fixed assets – investments

	Subsidiary undertakings £'000	Associated undertakings £'000	Other investments £'000	Total £'000
Cost				
At 30 June 2009	16,013	1,843	1,748	19,604
Additions	11	1,369	789	2,169
Dissolution of subsidiary and associated undertakings	(427)	(1,374)	-	(1,801)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	15,597	1,838	2,537	19,972
	<hr/>	<hr/>	<hr/>	<hr/>
Provision				
At 30 June 2009	(242)	(1,209)	-	(1,451)
Dissolution of subsidiary undertakings	242	-	-	242
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	-	(1,209)	-	(1,209)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2010	15,597	629	2,537	18,763
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	15,771	634	1,748	18,153
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

6. Fixed assets – investments (continued)

The principal subsidiary and associated undertakings and joint ventures and the percentage of share capital owned are as follows

	Country of incorporation	Principal activity	Percentage of shares held
Direct holdings:			
Subsidiary undertakings			
Atalantaf Limited	Bermuda	Investment company	100 00%
Diageo Brands Nigeria Limited	Nigeria	Sales and marketing	100 00%
Guinness Canada Limited	Canada	Sales and marketing	51 00%
Guinness France S A R L	France	Marketing advisers	100 00%
Guinness Liberia Inc	Liberia	Marketing	100 00%
Guinness Nigeria Plc	Nigeria	Brewing, marketing and distribution	46 03%
Phenix C I S A R L	Ivory Coast	Marketing	99 90%
Phenix Gabon S A R L	Gabon	Marketing	99 75%
Joint ventures			
GAPL Pte Limited	Singapore	Marketing and distribution	49 99%
Associated undertakings			
Seychelles Breweries Limited	Seychelles	Brewing, marketing and distribution	26 00%
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing and distribution	11 58%
Other investments			
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales	7 50%
East African Breweries Limited	Kenya	Brewing, marketing and distribution	2 61%
Phoenix Beverages Limited	Mauritius	Brewing, sales and distribution	1 92%
Indirect holdings:			
Subsidiary undertakings			
Guinness Nigeria Plc	Nigeria	Brewing, marketing and distribution	7 77%
Associated undertakings			
Seychelles Breweries Limited	Seychelles	Brewing, marketing and distribution	4 00%
Joint ventures			
Guinness Anchor Berhad	Malaysia	Brewing, sales and distribution	25 49%

Notes to the financial statements (continued)

6. Fixed assets – investments (continued)

All holdings are of ordinary share capital or its equivalent

The investments in subsidiary, associated companies and joint ventures 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, associated companies and joint ventures are worth at least the amount at which they are stated in the financial statements

Certain undertakings have been omitted from the lists above as they are either dormant or not material. A full list of subsidiary and associated undertakings will be annexed to the company's annual return.

Included in fixed asset investments are listed investments amounting to £14 million (2009 - £13.1 million). At 30 June 2010 the market value of these investments was £511.7 million (2009 - £383.8 million).

Former subsidiary undertakings, Guinness South Africa (Pty) Limited and Diageo (Caribbean) Limited were liquidated during the financial year, distributed £185,000 in cash resulting in neither a gain nor a loss to the company.

Former subsidiary undertaking, Sapporo Guinness Company Limited was liquidated during the financial year distributed £8,000 in cash resulting in total loss of £1,366,000 to the company.

7. Debtors: due within one year

	30 June 2010 £'000	30 June 2009 £'000
Trade debtors	4	660
Other prepayments	-	61
Amounts owed by fellow group undertakings		
Diageo Finance plc	39,166	113,091
Other fellow group undertakings	-	207
	<hr/>	<hr/>
	39,170	114,019
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

8. Cash at bank

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.

Notes to the financial statements (continued)

9. Creditors: due within one year

	30 June 2010 £'000	30 June 2009 £'000
Amounts owed to fellow group undertakings		
Diageo Great Britain Limited	791	3,443
Diageo Ireland	-	2,077
Other fellow group undertakings	141	356
	<u>932</u>	<u>5,876</u>

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

10. Share capital

	30 June 2010 £	30 June 2009 £
<i>Allotted, called up and fully paid.</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. Reserves

	Profit and loss account £'000
At 30 June 2009	130,398
Profit for the financial year	30,370
Dividends paid	(100,000)
At 30 June 2010	<u>60,768</u>

12. Reconciliation of movement in shareholders' funds

	30 June 2010 £'000	30 June 2009 £'000
Profit for the financial year	30,370	56,512
Dividends paid	(100,000)	-
Net (reduction in)/addition to shareholders' funds	<u>(69,630)</u>	<u>56,512</u>
Shareholders' funds at the beginning of the year	130,398	73,886
Shareholders' funds at the end of the year	<u>60,768</u>	<u>130,398</u>

Notes to the financial statements (continued)

13. Immediate and ultimate parent undertaking

On 15 November 2010 the entire issued share capital of the company was acquired by Diageo Overseas Holdings Limited, from Guinness Overseas Holdings Limited

The immediate parent undertaking of the company is Diageo Overseas Holdings 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