

**UDV (SJ) Limited**  
**Annual Report and Financial Statements**  
**30 June 2016**

Registered number: 989164

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**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

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**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 30 June 2016.

### **Activities**

The principal activity of the company is to act as an investment holding company.  
The company is incorporated and its operations are based in the United Kingdom.

### **Business review**

*Development and performance of the business of the company during the financial year and position of the company as at 30 June 2016*

Profit for the year ended 30 June 2016 increased by 81% to £522,000,000, mainly as a result of an increase in dividend income partially offset by an increase in foreign exchange losses (US Dollar, Euro, Hungarian Forint) and a decrease in impairment charges. Dividends paid to shareholders increased by £6,070,000,000 to £6,190,000,000 in the year ended 30 June 2016, and net assets have decreased by £5,668,000,000 as a result of these movements.

### *Financial and other key performance indicators*

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

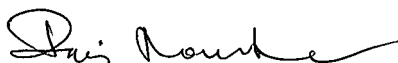
### *Principal risks and uncertainties facing the company as at 30 June 2016*

As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the Diageo group as a whole and are managed by the group's treasury department.  
A company specific risk identified, is the recoverability of the company's investment in subsidiaries.

### *Financial risk management*

As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the Diageo group as a whole and are managed by the group's treasury department.  
An identified company specific risk is the recoverability of the company's investments in subsidiaries and associates.

Approved by the Board on 7 March 2017 and signed on its behalf by:



M Pais  
Director

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2016.

### **Going concern**

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 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 as a fellow group undertaking has agreed to provide financial support for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Financial**

The results for the year ended 30 June 2016 are shown on page 8.

The profit for the year transferred to reserves is £522 million (2015 - £289 million).

Dividends paid during the year ended 30 June 2016 and 30 June 2015 were £6,190 million and £120 million respectively.

The transition to FRS 101 increased the profit for the financial year reported in the year ended 30 June 2015 from £241 million to £289 million (please see Appendix 3), decreased other comprehensive income reported in the year ended 30 June 2015 from £762 million to £nil (please see Appendix 3) and decreased net assets at 30 June 2015 from £50,099 million to £49,433 million (please see Appendix 2).

### **Directors**

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

D Harlock (appointed 26 May 2016)

E McShane

J J Nicholls

M Pais

P D Tunnacliffe (resigned 30 June 2016)

The following director was appointed after the year end:

V Rao (appointed 30 January 2017)

The following director resigned after the year end:

S L Fennessy (resigned 1 February 2017)

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2015 - £nil).

### **Secretary**

On 5 November 2015, V Cooper was appointed as joint company secretary.

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **DIRECTORS' REPORT (continued)**

### **Directors' indemnity**

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

### **Post balance sheet events**

On 14 December 2016, the company received an interim dividend of £116 million from Diageo Hungary Marketing Services Limited Liability Company.

### **Internal control and risk management over financial reporting**

The company operates under the financial reporting processes and controls of the Diageo group. The internal control and risk management systems over the financial reporting process of Diageo plc, which include those of the company, are discussed in the Group's Annual Report 2016 on pages 60 to 61 at [www.diageo.com](http://www.diageo.com), which does not form part of this report.

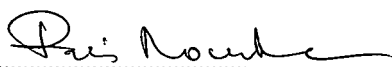
### **Auditors**

Following an audit tender conducted during last year, PricewaterhouseCoopers LLP were selected as auditors for the Diageo group. Accordingly, PricewaterhouseCoopers LLP were appointed to replace KPMG LLP as auditors for the year ended 30 June 2016.

### **Disclosure of information to the auditors**

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

By order of the board



M Pais  
Director

Lakeside Drive  
Park Royal  
London  
NW10 7HQ

7 March 2017

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholder in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 auditors' report to the members of UDV (SJ) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, UDV (SJ) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Richmond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 March 2017



**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

**STATEMENT OF COMPREHENSIVE INCOME**

		<b>Year ended</b>	<b>(As restated)</b>
		<b>30 June 2016</b>	<b>Year ended</b>
	<b>Notes</b>	<b>£ m</b>	<b>30 June 2015</b>
			<b>£ m</b>
Operating (costs)/income	2	(1,213)	61
Income from shares in group undertakings	3	<u>1,768</u>	<u>248</u>
<b>Operating profit</b>		<b>555</b>	<b>309</b>
Net finance charges	4	<u>(27)</u>	<u>(20)</u>
<b>Profit before taxation on ordinary activities</b>		<b>528</b>	<b>289</b>
Taxation on profit on ordinary activities	5	<u>(6)</u>	<u>-</u>
<b>Profit for the financial year and total comprehensive income for the year</b>		<b><u>522</u></b>	<b><u>289</u></b>

Figures for the year ended 30 June 2015 have been restated following the adoption of FRS 101. See note 1 and note 14 to the financial statements.

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

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

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**


## **BALANCE SHEET**

	Notes	30 June 2016 £ m	(As restated) 30 June 2015 £ m
<b>Fixed assets</b>			
Investments in subsidiaries	6	47,107	46,881
<b>Current assets: due after one year</b>			
Other financial assets	8	-	1
<b>Current assets: due within one year</b>			
Trade and other receivables	7	6,374	10,066
Other financial assets	8	10	1
Cash and cash equivalents		-	-
		<u>6,384</u>	<u>10,068</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other creditors	9	(9,724)	(7,516)
Other financial liabilities	8	<u>(2)</u>	<u>-</u>
		<u>(9,726)</u>	<u>(7,516)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,342)</u>	<u>2,552</u>
<b>Net assets</b>		<u>43,765</u>	<u>49,433</u>
<b>Equity</b>			
Called up share capital	10	2,309	2,309
Share premium		6,908	6,908
Other reserves		27,865	27,865
Retained earnings		<u>6,683</u>	<u>12,351</u>
<b>Total equity</b>		<u>43,765</u>	<u>49,433</u>

Figures for the year ended 30 June 2015 have been restated following the adoption of FRS 101. See note 1 and note 14 to the financial statements.

The accounting policies and other notes on pages 11 to 39 form part of the financial statements.

These financial statements on pages 8 to 39 were approved by the Board on 7 March 2017 and were signed on its behalf by:



M Pais  
 Director

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **STATEMENT OF CHANGES IN EQUITY**

### **ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

	<b>Called up share capital £ m</b>	<b>Share premium £ m</b>	<b>Other reserves £ m</b>	<b>Subtotal Other reserves £ m</b>	<b>Retained earnings £ m</b>	<b>Total £ m</b>
Balance at 30 June 2014 as previously reported	2,309	6,908	27,817	27,817	12,182	49,216
Adoption of FRS 101 (note 14)	-	-	48	48	-	48
Balance at 30 June 2014 as restated	<u>2,309</u>	<u>6,908</u>	<u>27,865</u>	<u>27,865</u>	<u>12,182</u>	<u>49,264</u>
Profit for the year	-	-	-	-	289	289
Dividends to shareholders	-	-	-	-	(120)	(120)
Balance at 30 June 2015 (restated)	<u>2,309</u>	<u>6,908</u>	<u>27,865</u>	<u>27,865</u>	<u>12,351</u>	<u>49,433</u>
Profit for the year	-	-	-	-	522	522
Dividends to shareholders	-	-	-	-	(6,190)	(6,190)
<b>Balance at 30 June 2016</b>	<u>2,309</u>	<u>6,908</u>	<u>27,865</u>	<u>27,865</u>	<u>6,683</u>	<u>43,765</u>

Other reserves relate to the historical revaluation reserve prior to transition to FRS 101.

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

Figures for the year ended 30 June 2015 have been restated following the adoption of FRS 101. See note 1 and note 14 to the financial statements.

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

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

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

#### **Transition to FRS 101**

The company has applied FRS 101 for the first time for the year ended 30 June 2016 with comparative information for the year ended 30 June 2015 also prepared under FRS 101. The accounting policies applicable to the company from 1 July 2014 are set out below. This involved preparation of an opening FRS 101 balance sheet as at 1 July 2014, which is the company's date of transition to FRS 101 reporting.

The FRS 101 figures have been prepared in accordance with IFRS standards and interpretations as in force at 30 June 2016. In preparing the comparative information and the opening FRS 101 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its former basis of accounting under UK GAAP.

An explanation of how the transition to FRS 101 has affected the company's financial position and financial performance is set out in note 14 to the financial statements.

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

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

The company has taken advantage of the following exemptions from the requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Diageo plc include equivalent disclosures, the company has also utilised exemptions available under FRS 101 in respect of the following disclosures:

- the disclosures required by *IFRS 7 Financial Instruments Disclosures*;
- the disclosures required by *IFRS 13 Fair Value Measurement*.

The company has taken advantage of the exemption under IAS 27, 'Consolidated and separate financial statements', from the requirement to prepare consolidated financial statements as it and its subsidiaries are included in the consolidated financial statements of its parent, Diageo plc.

**UDV (SJ) Limited**  
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**Year ended 30 June 2016**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Basis of preparation (continued)**

These financial statements are separate financial statements.

#### **Going concern**

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

#### **Functional and presentational currency**

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

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

#### **Finance costs**

Finance costs are recognised in the statement of comprehensive income in the year in which they are incurred.

#### **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 and these foreign exchange differences are recognised in the income statement.

#### **Investments in subsidiaries**

Investments in subsidiaries are recorded at cost including transaction costs less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

#### **Financial assets**

**Trade and other receivables** Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost.

**Cash and cash equivalents** Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less at acquisition, including money market deposits, commercial paper and investments.

#### **Financial liabilities**

**Trade creditors** Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade creditors are stated at their nominal value.

**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Derivative financial instruments**

Derivative financial instruments are carried at fair value using a discounted cash flow technique based on market data applied consistently for similar type of instruments. Gains and losses on derivatives that do not qualify for hedge accounting treatment are taken to the income statement as they arise.

#### **Taxation**

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

Full provision for deferred tax is made for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised where it is more likely than not that the asset will not be realised in the future.

#### **Dividends paid and received**

The interim dividend is included in the financial statements in the year in which it is approved by the directors, and the final dividend in the year in which it is approved by shareholders. Dividends received are included in the financial statements in the year in which they are receivable.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors make estimates and assumptions concerning the future of the company. The resulting accounting estimates will, by definition, seldom equate to actual results. The company's directors are of the opinion that there are no estimates and assumptions that have a significant risk of casting material adjustment to the carrying value of the assets and liabilities for the company within the next financial year due to the nature of the business.

The critical accounting policies, which the directors consider are of greater complexity and/or particularly subject to the exercise of judgements, are set out in detail in the relevant accounting policies:

- Investment in subsidiaries: The carrying value of the investments was assessed to ensure that the investments are worth at least the amount at which they are stated in the financial statements. The impairment review involves management judgement and estimates.

UDV (SJ) Limited  
Registered number: 989164  
Year ended 30 June 2016

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. OPERATING COSTS

	Year ended 30 June 2016 £ m	(As restated) Year ended 30 June 2015 £ m
Other operating expenses/(income)	1,213	(61)
	<u>1,213</u>	<u>(61)</u>
<b>Comprising:</b>		
Impairment	-	223
Reversal of past impairments	(223)	-
Net foreign exchange losses/(gains)	1,436	(272)
Other operating income	-	(12)
	<u>1,213</u>	<u>(61)</u>

In the year ended 30 June 2015, a total impairment charge of £223m was charged to provisions against subsidiary undertakings, mainly in respect of Diageo Ireland Finance 1 and DIAGEO Hungary Marketing Services Limited Liability Company. As a result of unfavourable foreign exchange movements, the recoverable amounts of these investments indicated an impairment and a provision for impairment was recognised. In the year ended 30 June 2016, the provision for impairment accounted for in the year ended 30 June 2015 was reversed as the recoverable amounts of the investments have improved due to favourable foreign exchange movements.

**Other operating income** in the year ended 30 June 2015 was in respect of a contingent consideration of £12 million which was not expected to be settled and was released to the profit and loss account.

Fees in respect of services provided by the auditors were: statutory audit £8,000 (2015 - £57,000); other non-audit work £nil (2015 - £nil).

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

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2015 - £nil).

### 3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2016 £ m	Year ended 30 June 2015 £ m
<b>Dividend income from shares in group undertakings</b>		
Diageo Financing Turkey Limited	2	3
Diageo Finance US Limited	88	75
Diageo Hungary Marketing Services Limited Liability Company	48	50
Diageo Investment Holdings Limited	1,630	120
	<u>1,768</u>	<u>248</u>

UDV (SJ) Limited  
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Year ended 30 June 2016

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. FINANCE INCOME AND CHARGES

	Year ended 30 June 2016 £ m	Year ended 30 June 2015 £ m
<b>Net interest</b>		
Interest income from fellow group undertakings		
Diageo Finance plc	42	49
Diageo Investment Holdings Limited	<u>30</u>	<u>15</u>
<b>Total interest income</b>	<u>72</u>	<u>64</u>
Interest charge from fellow group undertakings		
Diageo Finance plc	(97)	(81)
Discount and fee amortisation	<u>-</u>	<u>(2)</u>
<b>Total interest charges</b>	<u>(97)</u>	<u>(83)</u>
Other finance charges	<u>(2)</u>	<u>(1)</u>
<b>Net finance charges</b>	<u>(27)</u>	<u>(20)</u>

### 5. TAXATION

	Year ended 30 June 2016 £ m	Year ended 30 June 2015 £ m
<b>(a) Analysis of taxation charge for the year</b>		
<b>Current tax</b>		
UK corporation tax	<u>(6)</u>	<u>-</u>
<b>Current tax</b>	<u>(6)</u>	<u>-</u>
<b>Deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>(6)</u>	<u>-</u>



**UDV (SJ) Limited**  
**Registered number: 989164**  
**Year ended 30 June 2016**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. TAXATION (continued)**

	Year ended 30 June 2016 £ m	Year ended 30 June 2015 £ m
<b>(b) Factors affecting total tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>528</u>	<u>289</u>
Taxation on profit on ordinary activities at UK corporation tax rate of 20% (2015 - 20.75%)	(105)	(60)
Items not chargeable for tax purposes	398	127
Items not deductible for tax purposes	(293)	(57)
Group relief surrendered for nil consideration	<u>(6)</u>	<u>(10)</u>
<b>Total tax charge for the year</b>	<u>(6)</u>	<u>-</u>

The UK tax rate reduced from 21% to 20% on 1 April 2015. In November 2015 a reduction to 19% was substantively enacted (effective from 1 April 2017), whilst a further reduction to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

UDV (SJ) Limited  
Registered number: 989164  
Year ended 30 June 2016

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. INVESTMENTS

#### *Shares in group undertakings and other investments*

	Subsidiaries £ m
<b>Cost (as restated)</b>	
At 30 June 2014	46,781
Additions	<u>323</u>
At 30 June 2015	47,104
Additions	<u>3</u>
<b>At 30 June 2016</b>	<u><u>47,107</u></u>
<b>Provisions (as restated)</b>	
At 30 June 2014	-
Provided	<u>223</u>
At 30 June 2015	223
Reversal of past impairments (see Note 2)	<u>(223)</u>
<b>At 30 June 2016</b>	<u><u>-</u></u>
<b>Carrying amount (as restated)</b>	
<b>At 30 June 2016</b>	<u><u>47,107</u></u>
At 30 June 2015	<u><u>46,881</u></u>
At 30 June 2014	<u><u>46,781</u></u>

Figures for the years ended 30 June 2014 and 30 June 2015 have been restated following the adoption of FRS 101. See note 1 and note 14 to the financial statements.

During the year ended 30 June 2016, the company made a total cash equity injection of US\$5 million (£3 million) (2015 - US\$6 million (£4 million)) to Rum Creation and Products Inc., the brand owner of Zacapa.

On 23 June 2015, the company acquired an additional 2,588,063 ordinary shares of £1 each, at an aggregate premium of £317 million in the capital of Diageo Financing Turkey Limited for a total consideration of £319 million in the form of a loan assignment.

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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6. INVESTMENTS (continued)**

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

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
<b>Direct Holdings</b>				
<i><b>Subsidiaries</b></i>				
DIAGEO Hungary Marketing Services Limited Liability Company		Hungary	100%	
Diageo Ireland Finance 1		Republic of Ireland	100%	
Diageo Ireland Finance 2		Republic of Ireland	100%	
Diageo Financing Turkey Limited		England	100%	
Diageo Investment Holdings Limited		England	100%	
Diageo Finance US Limited		England	100%	
RUM CREATION & PRODUCTS, INC.		British Virgin Islands	50%	(iii)
<b>Indirect Holdings</b>				
<i><b>Subsidiaries</b></i>				
1759 Property Limited		Republic of Ireland	100%	
Agropecuarias Las Marias I, C.A.		Venezuela	100%	
AGS Employee Shares Nominees (Ireland) Designated Activity Company (formerly Limited)		Republic of Ireland	100%	(ix)
Alexander & James B.V.		Netherlands	100%	
Allegro GmbH & Co. KG		Germany	100%	
Allegro Verwaltungs GmbH		Germany	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
ANEJOS DE ALTURA, SOCIEDAD ANONIMA		Guatemala	50%	
Anyslam Investments		England	100%	
Arran Tradings, C.A.		Venezuela	100%	
Arthur Guinness Son & Company (Dublin)		Republic of Ireland	100%	
Atalantaf Limited		Bermuda	100%	
Ballroom Acquisition, Inc.		USA	100%	
Beijing Johnnie Walker House Ltd		China	100%	
Bundaberg Distilling Company Pty. Limited		Australia	100%	(iv)
Bundaberg Distilling Investments Pty Ltd		Australia	100%	(ii)
California Simulcast Inc.		USA	80%	
Carillon U.K. Limited		Scotland	100%	(i)
CJSC D Distribution		Russia	100%	
CJSC IDV Selviac		Russia	100%	(i)
Clyde Trading, C.A.		Venezuela	100%	(iv)
Crescendo Australia Pty Ltd		Australia	100%	(ii)
Cupar Trading, C.A.		Venezuela	100%	(iv)
DC Brands B.V.		Netherlands	50%	
D/CE Holdings LLC		USA	50%	
Deasy & Co. Limited		Republic of Ireland	100%	(i)
DEF Investments Limited		England	100%	
DIAGEO - Guinness USA Inc.		USA	100%	(viii)

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo (Shanghai) Limited		China	100%	
Diageo Africa B.V.		Netherlands	100%	
Diageo Americas Supply Quebec Distribution Inc.		Canada	100%	
Diageo Americas Supply, Inc.		USA	100%	
Diageo Americas, Inc.		USA	100%	
Diageo Angola Limitada		Angola	50%	
Diageo de Argentina S.A.		Argentina	100%	
Diageo Asia Pacific Shared Services Centre Limited, Inc.		Philippines	100%	
Diageo Atlantic B.V.		Netherlands	100%	
Diageo Australia Limited		Australia	100%	(ii)
Diageo Austria GmbH		Austria	100%	
Diageo Belgium N.V.		Belgium	100%	
Diageo Brands B.V.		Netherlands	100%	
Diageo Brands Holdings B.V.		Netherlands	100%	
Diageo Brands Nigeria Ltd		Nigeria	100%	
Diageo Brasil Ltda		Brazil	100%	
Diageo Bulgaria Ltd		Bulgaria	100%	
Diageo Business Services India Private Limited		India	100%	
DIAGEO Business Services Limited		Hungary	100%	
Diageo Canada Holdings Inc.		Canada	100%	
Diageo Canada Inc.		Canada	100%	
Diageo Chile Limitada		Chile	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo China Limited		China	100%	
Diageo Colombia S.A.		Colombia	100%	
Diageo Costa Rica S.A.		Costa Rica	100%	
Diageo Czech Marketing Services LLC		Czech Republic	100%	
Diageo Dagitim Satis Ve Pazarlama A.S.		Turkey	100%	(i)
Diageo Del Peru S.A.		Peru	100%	
Diageo Denmark AS		Denmark	100%	
Diageo Distilleries Private Limited		India	100%	(vi)
Diageo Dominicana S.R.L		Dominican Republic	100%	
Diageo Eire Finance & Co		England	100%	
Diageo Espana S.A.		Spain	100%	
Diageo Europe Holdings Limited		Republic of Ireland	100%	
Diageo Export SR Inc.		Philippines	99.8%	(i)
Diageo Finance B.V.		Netherlands	100%	
Diageo France Holdings SAS		France	100%	
Diageo France Investments SAS.		France	100%	
Diageo France S.A.S.		France	100%	
Diageo Germany GmbH		Germany	100%	
Diageo Ghanaian Holdings B.V.		Netherlands	100%	
Diageo Global Supply IBC Limited		Northern Ireland	100%	
Diageo Greater China Limited		Hong Kong	100%	(i)
Diageo GTME Pte Ltd		Singapore	100%	
Diageo Hellas S.A.		Greece	100%	
Diageo Highlands B.V.		Netherlands	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo Highlands Holding B.V.		Netherlands	100%	
Diageo Holdings Netherlands B.V.		Netherlands	100%	
DIAGEO HUNGARY FINANCE Limited Liability Company		Hungary	100%	
Diageo Inc.		USA	100%	
Diageo India Private Limited		India	100%	
Diageo Investment Corporation		USA	100%	
Diageo Investment Holdings B.V.		Netherlands	100%	
Diageo Ireland		Republic of Ireland	100%	
Diageo Ireland Finance 3		Republic of Ireland	100%	
Diageo Ireland Finance Unlimited Company		Republic of Ireland	100%	
Diageo Ireland Holdings		Republic of Ireland	100%	
Diageo Ireland Pension Trustee Designated Activity Company (formerly Limited)		Republic of Ireland	100%	(ix)
Diageo Ireland Quebec Distribution Inc.		Canada	100%	
Diageo Italia S.p.A.		Italy	100%	
Diageo Jamaica Limited		Jamaica	100%	
Diageo Japan K.K.		Japan	100%	
Diageo Kazakhstan LLP.		Kazakhstan	100%	
Diageo Kenya Limited		Kenya	100%	
Diageo Korea Company Limited		South Korea	100%	
Diageo Latin America & Caribbean LLC		USA	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo Lebanon Holding SAL		Lebanon	99.98%	
Diageo Lebanon SAL		Lebanon	84.99%	
Diageo Mexico Comercializadora SA de CV		Mexico	100%	
Diageo Mexico II, S.A. de C.V.		Mexico	100%	
Diageo Mexico S.A. de C.V.		Mexico	100%	
Diageo Mozambique Lda.		Mozambique	100%	
Diageo Nederland B.V.		Netherlands	100%	
Diageo North America Foundation, Inc.		USA	100%	
Diageo North America, Inc.		USA	100%	(iv)
Diageo Norway AS		Norway	100%	
Diageo Nueva Esparta, C.A.		Venezuela	100%	
Diageo Operations Italy S.p.A.		Italy	100%	
Diageo Overseas B.V.		Netherlands	100%	
Diageo Overseas Holdings Limited		England	100%	(v)
Diageo Panama S.A.		Panama	100%	
Diageo Paraguay S.R.L.		Paraguay	100%	
Diageo Peru S.A.		Peru	100%	
Diageo Philippines Free Port Inc		Philippines	100%	(i)
Diageo Philippines, Inc		Philippines	100%	
Diageo Polska LLC		Poland	100%	
Diageo Portugal - Distribuidora de Bebidas, Unipessoal, Lda		Portugal	100%	



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo Premier Holdings B.V.		Netherlands	100%	
Diageo Puerto Rico, Inc		Puerto Rico	100%	
Diageo Reunion 2 SAS		La Reunion	100%	(i)
Diageo Reunion SA		La Reunion	100%	
Diageo RTD Hong Kong Limited		Hong Kong	100%	
Diageo Singapore Pte Ltd.		Singapore	100%	
Diageo Singapore Supply Pte. Ltd.		Singapore	100%	
Diageo South Africa (Pty) Limited		South Africa	49%	(vii)
Diageo Southern Africa Markets (Pty) Ltd		South Africa	50%	
Diageo Suisse S.A.		Switzerland	54.87%	(vii)
Diageo Supply Marracuene Lda.		Mozambique	100%	
Diageo Sweden AB		Sweden	100%	
Diageo Taiwan Inc.		Panama	100%	
Diageo Treasury Australia LLP		England	100%	
Diageo Turkey Holdings Limited		Republic of Ireland	100%	
Diageo UK Turkey Finance Limited		England	100%	
Diageo UK Turkey Holdings Limited		England	100%	(v)
Diageo UK Turkey Limited		England	100%	
Diageo Ukraine LLC		Ukraine	100%	
Diageo Uruguay SA		Uruguay	100%	
Diageo US Holdings		England	100%	
Diageo US Investments		England	100%	
Diageo US Turkey LLC		USA	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Diageo USVI, Inc.		USA	100%	
Diageo Venezuela C.A		Venezuela	100%	
Diageo Vietnam		Vietnam	100%	
Don Julio Agavera S.A. de C.V.		Mexico	100%	
Don Julio Agricultura Servicios S.A. De C.V.		Mexico	100%	
DV Paraguana, C.A.		Venezuela	100%	
DV Release, C.A.		Venezuela	100%	
DV Trading, C.A.		Venezuela	100%	(iv)
E. Smithwick & Sons Limited		Republic of Ireland	100%	(i)
EABL (Tanzania) Limited		Tanzania	50.03%	
EABL International Limited		Kenya	50.03%	
East African Beverages (Southern Sudan) Limited		Republic of South Sudan	50.03%	
East African Breweries Limited		Kenya	50.03%	
East African Maltings (Uganda) Limited		Uganda	50.03%	
East African Maltings Limited		Kenya	50.03%	
Franchise Acceptance Corporation		Republic of Ireland	100%	(i)
Gilbey Canada Investments Limited		Canada	100%	
Gilbeys New Zealand Limited		New Zealand	100%	
Gilbeys of Ireland (R&D) Limited		Republic of Ireland	100%	
Gilbeys of Ireland Limited		Republic of Ireland	100%	
Global Farming Initiative B.V.		Netherlands	100%	
Guinness Canada Limited		Canada	51%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Guinness France Holdings S.A.S		France	100%	
Guinness Ghana Breweries Limited		Ghana	80.39%	
Guinness Hopstore Limited		Republic of Ireland	100%	(i)
Guinness Nigeria plc		Nigeria	54.32%	
Guinness Overseas Limited		England	100%	
Guinness Storehouse Ireland Pension Trustees Designated Activity Company (formerly Limited)		Republic of Ireland	100%	(ix)
Guinness Storehouse Limited		Republic of Ireland	100%	
Guinness UDV Korea Limited		South Korea	100%	(i)
Guinness Ventures Limited		Republic of Ireland	100%	
Harp Ireland Limited		Republic of Ireland	100%	(i)
Industrias Pampero C.A.		Venezuela	96.8%	
International Distillers - Zimbabwe (Private) Limited		Zimbabwe	100%	(i)
International Distillers Uganda Limited		Uganda	50.03%	
Irish Ale Breweries		Republic of Ireland	100%	
Irish Ale Breweries (Sales) Limited		Republic of Ireland	100%	(i)
Irish Ale Breweries Holdings		Republic of Ireland	100%	(ii)
Islay Trading, C.A.		Venezuela	100%	
Joseph E. Seagram & Sons Limited		Canada	100%	(i),(ii)
Kenya Breweries Limited		Kenya	50.03%	
Ketel One Worldwide B.V.		Netherlands	50%	
L4L Trading, C.A.		Venezuela	100%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Lamington Company		Republic of Ireland	100%	(i)
Lismore Trading, C.A.		Venezuela	100%	
LLC Diageo Brands Distributors		Russia	100%	
Macardle Moore & Company Limited		Republic of Ireland	100%	(i)
Masterplan (Kenya) Limited		Kenya	50.03%	
Mey Alkollu Ickiler Sanayi ve Ticaret A.S		Turkey	100%	
Mey Icki Sanayi ve Ticaret A.S.		Turkey	100%	
Mull Trading, C.A.		Venezuela	100%	
Nangor Holdings		Republic of Ireland	100%	(i),(ii)
National Sorghum Breweries Properties Proprietary Limited		South Africa	100%	(i)
Newshelf 1167 Proprietary Limited		South Africa	100%	(iv)
Nicholas Doyle (New Ross) Limited		Republic of Ireland	100%	(i)
North Island United Enterprise Holdings Inc		Philippines	100%	(i)
Phenix Gabon SARL		Gabon	99.75%	(i)
Powtom 11 Limited		Republic of Ireland	100%	
Powtom 12 Limited		Republic of Ireland	100%	
Powtom 13 Limited		Republic of Ireland	100%	
Powtom 14 Limited		Republic of Ireland	100%	
Powtom 16 Limited		Republic of Ireland	100%	
Powtom 17 Limited		Republic of Ireland	100%	
Powtom 18 Limited		Republic of Ireland	100%	
Powtom 19 Unlimited Company (formerly Limited)		Republic of Ireland	100%	(ix)

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Powtom 20 Unlimited Company (formerly Limited)		Republic of Ireland	100%	(ix)
PT Langgeng Kreasi Jayaprima		Indonesia	100%	
R & A Bailey & Co		Republic of Ireland	100%	
R&A Bailey Pension Trustee Designated Activity Company (formerly Limited)		Republic of Ireland	100%	(i), (ix)
Reldann Investments No. 12 Proprietary Limited		South Africa	100%	(i)
Salopia Limited		Kenya	50.03%	
Seagram Ukraine Limited		Ukraine	100%	(i)
Selviac Nederland B.V.		Netherlands	100%	
Serengeti Breweries Limited		Tanzania	32.52%	(vii)
Servicios Agavera, S.A.de C.V.		Mexico	100%	
Seychelles Breweries Limited		Seychelles	54.4%	
Sichuan Chengdu Shuijingfang Group Co., Ltd		China	100%	
Sichuan Shuijingfang Company Ltd		China	39.71%	(vii)
Sichuan Shuijingfang Jiuye Co. Limited		China	39.71%	(vii)
Sierra Leone Brewery Limited		Sierra Leone	11.59%	(vii)
Skye Trading, C.A.		Venezuela	100%	
St. James's Gate Trading Company		Republic of Ireland	100%	(i)
Streetcar Investment Holding Pte. Ltd.		Singapore	100%	
Sumagro Limited		Tanzania	100%	(i)

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Tembo Properties Limited		Kenya	50.03%	
Tequila Don Julio Servicios, S.A.de C.V.		Mexico	100%	
The Bulleit Distillery, Inc.		USA	100%	
The Connacht Mineral Water Company Limited		Republic Of Ireland	100%	
The Pierre Smirnoff Company Limited		USA	25%	(iii)
Turk Alkollu Icki ve Sarap Endustrisi Ltd.Sti.		North Cyprus	66%	
Tusker Football Club		Kenya	50.03%	
UDV Ireland Group Unlimited Company		Republic of Ireland	100%	
UDV Ireland Group (Trustees) Designated Activity Company (formerly Limited)		Republic of Ireland	100%	(ix)
UDV Operations Ireland Limited		Republic of Ireland	100%	(i)
Uganda Breweries Limited		Uganda	49.03%	(vii)
United Beverages Pension Trustees Company Limited by Guarantee (formerly Limited)		Republic of Ireland	100%	(ix)
United Beverages Sales Limited		Republic of Ireland	100%	(i)
United Distillers (Guernsey) Limited		Guernsey	100%	(x)
United Distillers Canada Inc.		Canada	100%	
United National Breweries (SA)Proprietary Limited		South Africa	100%	
Ursus Vodka Holding N.V.		Netherlands	100%	
Vast Fund Limited		Hong Kong	100%	
Vietnam Spirits and Wine LTD		Vietnam	55%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
Vignobles Internationaux S.A.S.		France	100%	
Wed.A.P.Boonekamp B.V.		Netherlands	100%	
Ypioca Agricola LTDA		Brazil	100%	
Ypioca industrial de Bebidas S.A.		Brazil	100%	
Zeta Importers, C.A.		Venezuela	100%	(iv)
<b>Associates</b>				
Allsopp (East Africa) Limited		Kenya	48.52%	(vii)
Canbrew B.V.		Netherlands	28.16%	(iii)
Chengdu Jianghai Trade Development Co. Limited		China	39.71%	(vii)
Chengdu Jiayuan Jiuye Marketing Co. Limited		China	39.71%	(vii)
Chengdu Rongshangfang Marketing Co. Limited		China	39.71%	(vii)
Chengdu Ruijin Trade Co. Limited		China	39.71%	(vii)
Chengdu Shuijingfang Jiuye Co. Limited		China	39.71%	(vii)
Chengdu Shuijingfang Marketing Co. Limited		China	39.71%	(vii)
Chengdu Tengyuan Jiuye Marketing Co. Limited		China	39.71%	(vii)
Compania Cervecera De Canarias, S.A.		Spain	20%	
Hanoi Liquor Joint Stock Company (Halico)		Vietnam	45.56%	
International Brands Developers N.V.		Curacao	25%	
Moet Hennessy International		France	34%	
Moet Hennessy SNC		France	34%	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS (continued)**

<b>Name of subsidiary</b>	<b>Notes</b>	<b>Country of incorporation (or residence)</b>	<b>Proportion of ownership interest %</b>	<b>Notes</b>
ULM Holdings Inc.		Philippines	40%	(i), (vii)
Zwack Unicum plc		Hungary	26%	
<b><i>Joint operations</i></b>				
Brandhouse Beverages (Pty) Limited		South Africa	72.26%	
Diageo Kirin Company Limited		Japan	51%	
Diageo Moet Hennessy (Thailand) Limited		Thailand	63.02%	
Diageo Moet Hennessy B.V.		Netherlands	67%	(iii)
Gist Dominicana S.A.		Dominican Republic	60.25%	(i)
HA&COM Bebidas del Mundo, SA		Costa Rica	50%	
Holcom Industrial, SA		Costa Rica	47.35%	
Industria de Licores Internacionales S.A.		Dominican Republic	59.71%	(i)
MHD Moet Hennessy Diageo K.K.		Japan	67%	
MHD Moet Hennessy Diageo SAS		France	0.05%	
Moet Hennessy Diageo (China) Co Ltd		China	67%	
Moet Hennessy Diageo Hong Kong Limited		Hong Kong	67%	
Moet Hennessy Diageo Macau Limited		Macau	67%	
Moet Hennessy Diageo Malaysia Sdn Bhd.		Malaysia	67%	
Moet Hennessy Diageo Singapore Pte. Ltd		Singapore	67%	
Seagram Dominicana S.A.		Dominican Republic	60.83%	(i)
Seagram European Customer Services Limited		England	60.9%	(i)



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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6. INVESTMENTS (continued)**

- (i) Dormant company.
- (ii) Ownership held in class of A shares.
- (iii) Ownership held in class of B shares.
- (iv) Ownership held in class of A shares and B shares.
- (v) Ownership held in ordinary and preference shares.
- (vi) Ownership held in equity shares and preference shares.
- (vii) Companies controlled by the group based on management's assessment.
- (viii) On 5 August, the company changed its name to Diageo Beer Company USA.
- (ix) Subsequent to year end, the name of the company was changed, to comply with provisions in the 2014 Companies Act.
- (x) The company was dissolved in August 2016.

The investments in subsidiaries, associates and jointly controlled entities 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.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. TRADE AND OTHER RECEIVABLES

	30 June 2016 £ m	30 June 2015 £ m
Amounts owed by fellow group undertakings		
Diageo Finance plc	5,154	8,877
Diageo Investment Holdings Limited	1,220	1,189
	<u>6,374</u>	<u>10,066</u>

The amount owed by Diageo Finance plc is a promissory note which is unsecured, repayable on demand and bears interest at a floating rate.

The amount owed by Diageo Investment Holdings Limited is a loan which is unsecured, repayable on demand and bears interest at a floating rate.

All amounts fall due within one year.

### 8. OTHER FINANCIAL ASSETS AND LIABILITIES

	Assets due after one year £ m	Assets due within one year £ m
<b>2015</b>		
<b>Intra-group derivative assets/(liabilities)</b>		
Not designated in a hedge relationship	<u>1</u>	<u>1</u>
	<b>Assets due within one year £ m</b>	<b>Liabilities due within one year £ m</b>
<b>2016</b>		
<b>Intra-group derivative assets/(liabilities)</b>		
Not designated in a hedge relationship	<u>10</u>	<u>(2)</u>

### 9. TRADE AND OTHER CREDITORS

	30 June 2016 £ m	30 June 2015 £ m
Amounts owed to fellow group undertakings		
Diageo Finance plc	9,706	7,504
Diageo plc	6	-
Other creditors	12	12
	<u>9,724</u>	<u>7,516</u>

**UDV (SJ) Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **9. TRADE AND OTHER CREDITORS (continued)**

Other creditors comprise a deferred consideration the company is obliged to pay according to the purchase agreement the company entered into on 5 July 2011 to acquire a 50% equity controlling stake in Rum Creation & Products (RCP), the owner of the Zacapa rum brand, from Industrias Licoreras de Guatemala (ILG). In the year ended 30 June 2016, the company paid US\$5 million (£3 million) (2015 - US\$5 million (£3 million)) to ILG.

The amount owed to Diageo Finance plc is a loan which is unsecured, repayable on demand and bears interest at a floating rate.

The amount owed to Diageo plc is a trade creditor due within one year.

### **10. SHARE CAPITAL**

*Allotted, called up and fully paid:*

	<b>30 June 2016</b>
	<b>£ m</b>
4,617,540,617 (2015 - 4,617,540,617) ordinary shares of 50p each	<u>2,309</u>

### **11. CONTINGENT LIABILITIES**

During the acquisition of 50% equity controlling of RCP, the owner of Zacapa brand, the company granted a put option to ILG to sell the remaining 50% equity stake exercisable from 2016 calculated on a profit multiple which is considered a surrogate to fair value.

### **12. POST BALANCE SHEET EVENTS**

On 14 December 2016, the company received an interim dividend of £116 million from Diageo Hungary Marketing Services Limited Liability Company.

### **13. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

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

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

### **14. EXPLANATION OF TRANSITION TO FRS 101 from old UK GAAP**

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and in the preparation of an opening FRS 101 balance sheet at 01 July 2014 (the company's date of transition).

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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **14. EXPLANATION OF TRANSITION TO FRS 101 from old UK GAAP (continued)**

In preparing its FRS 101 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

#### **Reconciliation of balance sheet as at 30 June 2014**

*Please see Appendix 1*

#### **Reconciliation of balance sheet as at 30 June 2015**

*Please see Appendix 2*

#### **Reconciliation of comprehensive income for the year ended 30 June 2015**

*Please see Appendix 3*

**UDV (SJ) Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **14. EXPLANATION OF TRANSITION TO FRS 101 from old UK GAAP (continued)**

#### **Notes to the reconciliation from old UK GAAP to FRS 101**

##### **(a) Net investment hedging and Directors' valuation (SSAP20)**

Under previous UK GAAP (SSAP20) foreign exchange differences arising on retranslation of foreign currency liabilities together with foreign exchange differences on retranslation of foreign subsidiaries were taken to reserves as the company used foreign currency borrowings and other financial instruments to provide a hedge against its foreign equity investments. The carrying value of investments in subsidiaries were held at a value determined by a director's valuation rather than at historic cost.

On transition to FRS101, foreign exchange differences arising on retranslation of foreign currency liabilities were taken to the income statement and the carrying value of investments in foreign subsidiaries under SSAP20 at the date of transition (1 July 2014) was used as the deemed cost of investment under FRS101. Directors' valuation adjustments and foreign exchange differences on retranslation of foreign subsidiaries recognised under UK GAAP for the year ended 30 June 2015 were reversed on transition to FRS101. A provision for impairment in value of investment in subsidiaries was recognised in the income statement for the year ended 30 June 2015 under FRS101 (see Note 2).

##### **(b) Derivative financial instruments**

Derivative financial instruments are carried at fair value at the end of the year with changes in fair value recognised in the income statement. Under previous UK GAAP gains and losses on derivatives were taken to reserves in accordance with SSAP20.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Appendix 1

#### Reconciliation of shareholders' equity as at 30 June 2014

	Under UK GAAP £ m	Total impact of transition to FRS 101 £ m	Under FRS 101 £ m
<b>Fixed assets</b>			
Investments in associates and joint ventures	46,733	48	46,781
	<u>46,733</u>	<u>48</u>	<u>46,781</u>
<b>Current assets: due after one year</b>			
Other financial assets	2	-	2
	<u>2</u>	<u>-</u>	<u>2</u>
<b>Current assets: due within one year</b>			
Trade and other receivables	8,982	(350)	8,632
	<u>8,982</u>	<u>(350)</u>	<u>8,632</u>
	<u>8,984</u>	<u>(350)</u>	<u>8,634</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	(6,501)	351	(6,150)
Other financial liabilities	-	(1)	(1)
	<u>(6,501)</u>	<u>350</u>	<u>(6,151)</u>
<b>Net current assets</b>	<u>2,483</u>	<u>-</u>	<u>2,483</u>
<b>Net assets</b>	<u>49,216</u>	<u>48</u>	<u>49,264</u>
<b>Equity</b>			
Called up share capital	2,309	-	2,309
Share premium	6,908	-	6,908
Other reserves	27,817	48	27,865
Retained earnings	<u>12,182</u>	<u>-</u>	<u>12,182</u>
<b>Total equity</b>	<u>49,216</u>	<u>48</u>	<u>49,264</u>

UDV (SJ) Limited  
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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Appendix 2

#### Reconciliation of shareholders' equity as at 30 June 2015

	Under UK GAAP £ m	Total impact of transition to FRS 101 £ m	Under FRS 101 £ m
<b>Fixed assets</b>			
Investments in associates and joint ventures	<u>47,547</u>	<u>(666)</u>	<u>46,881</u>
<b>Current assets: due after one year</b>			
Other financial assets - over 1 year	<u>-</u>	<u>1</u>	<u>1</u>
<b>Current assets: due within one year</b>			
Trade and other receivables	<u>9,966</u>	<u>100</u>	<u>10,066</u>
Other financial assets - under 1 year	<u>-</u>	<u>1</u>	<u>1</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other creditors	<u>(7,414)</u>	<u>(102)</u>	<u>(7,516)</u>
<b>Net current assets</b>	<u>2,552</u>	<u>-</u>	<u>2,552</u>
<b>Net assets/(liabilities)</b>	<u>50,099</u>	<u>(666)</u>	<u>49,433</u>
<b>Capital and reserves</b>			
Called up share capital	2,309	-	2,309
Share premium	6,908	-	6,908
Other reserves	28,580	(715)	27,865
Retained earnings	<u>12,302</u>	<u>49</u>	<u>12,351</u>
<b>Total equity</b>	<u>50,099</u>	<u>(666)</u>	<u>49,433</u>

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Appendix 3

#### Reconciliation of comprehensive income for the year ended 30 June 2015

	Under UK GAAP £ m	Total impact of transition to FRS 101 £ m	Under FRS 101 £ m
Other operating expenses	13	48	61
Dividends from subsidiaries	248	-	248
Finance income	64	-	64
Finance charges	(84)	-	(84)
<b>Profit for the year</b>	<u>241</u>	<u>48</u>	<u>289</u>
Foreign currency translation differences for foreign operations	<u>762</u>	<u>(762)</u>	<u>-</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>762</u>	<u>(762)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>1,003</u>	<u>(714)</u>	<u>289</u>