Cellarers (Wines) Limited

Directors' report and financial statements

30 June 2023

Registered number: 01083023

Cellarers (Wines) Limited
Registered number: 01083023
Year ended 30 June 2023

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DIRECTORS' REPORT

The directors are pleased to submit their directors' report together with the audited financial statements for the year ended 30 June 2023.

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Activities and business review

The company acts as an agent for Justerini & Brooks, Limited, a fellow Diageo group ("the group") company. The existence of the agency arrangement has not been disclosed to the parties with which the company deals.

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address is 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.

During the financial year and the preceding financial year the company acted as an undisclosed agent in respect of wine storage activity for Justerini & Brooks, Limited, a fellow group company. The company did not receive any commission fee, agency fee or other income in respect of the agency arrangement.

The directors foresee no changes in the company's activities.

Going concern

The company is expected 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 company 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 a period of at least 12 months from the date the financial statements are approved and signed. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In arriving at this conclusion, the directors have also considered the potential impact that the principal risks outlined on the Directors' report may have on the company and believe that any impact would be minimal.

Financial

The result for the year ended 30 June 2023 is shown on page 12.

The company made neither a profit nor a loss for the year (2022 - £nil).

No dividend was paid during the year (2022 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2022 - £nil).

Directors

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

J M C Edmunds

D Keresztesi

K E Major

DIRECTORS' REPORT (continued)

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

Directors' indemnity

The Articles of Association permits 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.

Principal risks and uncertainties facing the company as at 30 June 2023

The principal risks identified by the group are disclosed on pages 88 to 93 of Diageo plc's 2023 Annual Report. The most relevant of the group risks to this entity are the ones we have selected and articulated below, together with specific considerations relating to the company's operations and environment. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's financing structure, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole. The directors consider that the following risks might impact the performance and the solvency or liquidity of the company through its intercompany financing structure.

Geopolitical and macroeconomic volatility

Geopolitical forces, primarily driven by the Russia / Ukraine conflict, coupled with macro-economic stress, increase the likelihood of international and domestic tensions, disputes and conflict that might impact the business. Macroeconomic conditions include inflationary pressures, unemployment and global trade tensions. Financial volatility risk could arise from variability in financial markets, interest rate fluctuations and currency instability. Failure to react quickly enough to changing economic and/or political conditions, e.g. inflationary pressures, currency instability, global trade tensions, heightened political protectionism, changes to customs duties and tariffs, and/or eroded consumer confidence, may impact on the freedom to operate in a market and could adversely impact financial performance.

The group monitors key business drivers and performance, to prepare for rapid changes in the external environment and there is an enhanced group-level strategic analysis and scenario planning to strengthen market strategies and risk management.

The group has continued to improve long-term forecasting and planning capabilities, to better assess and respond to long-term opportunities and risks. The group has also continued to operate the strategic planning and performance function with a stronger governance model for financial and non-financial decision-making. This will enable closer monitoring of external volatility/risk and multi-country investment strategy with central hedging and currency monitoring to manage volatility.

During the year ended 30 June 2023, inflation has remained high and has reduced more slowly than expected in many countries. High levels of inflation are expected to continue in the short to medium term. Foreign exchange volatility has increased across several markets. There are dedicated cross-functional steering groups to manage the response to acute issues including inflation and foreign exchange volatility.

DIRECTORS' REPORT (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Geopolitical and macroeconomic volatility (continued)

The company only has intercompany receivable and payable, therefore the only assessed risk associated with geopolitical risk is that the intercompany receivable may not be recoverable.

The intercompany receivable is due from Diageo Great Britain Limited, who itself may be impacted by specific principal risks and therefore impact Diageo Great Britain Limited's ability to settle the intercompany receivable balance.

Details of the specific principal risks that may impact Diageo Great Britain Limited are disclosed in its separate financial statements, and these are subject to risk mitigation measures that are assessed and coordinated from a group level.

Cyber and IT resilience

Cyber-attacks are becoming more prevalent, and there is an increased dependency on third-party IT services and solutions. As geopolitical tensions are growing, there is a rise in more sophisticated cyber threats affecting all organisations, therefore the risk of a cyber-attack is heightened.

The group has strong enterprise-wide cyber risk management processes and policies and next generation security technologies to tackle advanced attacks. There is IT and Operations Technology ("OT") disaster recovery and business continuity testing across the key systems. The group continues to enhance and deploy next generation security technologies to tackle advanced attacks and upgrade the enterprise resource planning system and associated processes to ensure they remain resilient.

Climate change and sustainability

Physical and transition climate change risks, including water stress, extreme weather events, temperature rises and increased regulation, may result in increased volatility in the supply of raw materials, production costs, capacity constraints and higher costs of compliance. In addition, the failure to meet sustainability goals could result in loss of licence to operate, financial loss and reputational damage amongst customers, consumers, investors and other stakeholders.

The group conducted a detailed climate change risk assessment ("CCRA") and scenario analysis to evaluate short- and long-term impacts from physical and transition risks.

The group operates a cross-functional Climate Risk Steering Group that sets the strategy for ongoing climate risk assessment, and manages associated opportunities and risks, while continuing to develop the approach to climate change risk reporting. CCRA review found that, with respect to the group, risks related to acute weather events, high temperature, water stress, rising sea level hazards are projected to significantly increase in the future and cause interruption to operations, however based on the current assessment we do not consider that they will have a significant short term financial impact.

Resource-scarcity issues have been identified and mitigated, especially within agricultural ingredient sourcing, and manufacturing, water and energy. Physical risk exposures have been identified for sites assessed in North America and Scotland, Africa, Mexico, India, Turkey, Latin America and Caribbean, Asia Pacific, and Europe, and being built into site and category risk footprints. 'Society 2030: Spirit of Progress' ambition was launched in 2022 that continued to deliver against key targets and longer-term goals. (Details are disclosed on pages 57-60 of Diageo plc's Annual Report).

DIRECTORS' REPORT (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Climate change and sustainability (continued)

The water blueprint was defined and operationalised in water-stressed locations. Communication programmes are in place to share impact, strengthen reputation and support the advocacy platform. Carbon pricing is being assessed as an internal mechanism to drive deeper understanding of the impact of energy choices. The group TCFD modelling and mitigation plans incorporate the risk of a 4-5°C climate change scenario, which may arise as a result of collective climate action failure.

The group has further increased resources dedicated to the mitigation of climate impact within our sustainability, sourcing, and finance teams.

Further information on the group's risk assessment and risk management measures in relation to climate change is disclosed on pages 71-87 of Diageo plc's 2023 Annual Report and on page 51 of Diageo plc's interim results for the six months ended 31 December 2023.

Over time the group will continue to refine and update it's CCRA to reflect real time developments resulting from climate change.

The company only has an intercompany receivable and payable on the balance sheet; therefore the only assessed risk associated with climate risk is that the intercompany receivable may not be recoverable.

The intercompany receivable is due from Diageo Great Britain Limited, the risk of default on intercompany receivable is not considered likely in the short term based on the current CCRA.

Details of the specific climate risks that may impact Diageo Great Britain Limited are disclosed in its separate financial statements, and these are subject to risk mitigation measures that are assessed and coordinated from a group level.

Post balance sheet events

On 22 March 2024 the company settled the trade and other payables to Justerini and Brooks, Limited.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the group. Diageo plc's internal control and risk management systems including its financial reporting process of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2023 on page 115 at www.diageo.com, which does not form part of this report.

Independent auditors

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

DIRECTORS' REPORT (continued)

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.

On behalf of the Board

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J M C Edmunds
Director

16 Great Marlborough Street
London
United Kingdom
W1F 7HS

27 March 2024

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Cellarers (Wines) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cellarers (Wines) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2023; the Statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilties in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to , but were not limited to, Companies Act 2006, UK tax legislation and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, in particular, in relation to the recoverability of the amounts owed by fellow group undertakings; and
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals,and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Prashant Bagree

Prashant Bagree (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2024

STATEMENT OF COMPREHENSIVE INCOME

During the financial year and the preceding financial year the company acted as an undisclosed agent in respect of wine storage activity for Justerini & Brooks, Limited, a fellow group company. The company does not receive any commission fee, agency fee or other income in respect of the agency arrangement. As it received no income and incurred no expenditure on its own account, the company made neither a profit nor a loss, and there was no other comprehensive income or expense, during the current or previous year.

Accordingly, neither a statement of comprehensive income nor a statement of changes in equity has been presented.

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

BALANCE SHEET

	Notes	30 June 2023	30 June 2022 (restated)
		£	£
Current assets			
Trade and other receivables	4	2	2
Cash and cash equivalents*		41,079	40,144
Total assets		**41,081**	**40,146**
Current liabilities			
Trade and other payables*	5	(41,079)	(40,144)
Total liabilities		**(41,079)**	**(40,144)**
Net assets		2	2
Equity			
Called up share capital	6	2	2
Total equity		**2**	**2**

* The balance sheet as at 30 June 2022 has been restated, leading to amendments to cash and cash equivalents and Amounts owed to fellow group undertakings within Trade and other payables. Refer to page 15 under Prior year adjustment for further details.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The accounting policies and other notes on pages 14 to 18 form part of the financial statements.

These financial statements on pages 12 to 18 were approved by the Board on 27 March 2024 and were signed on its behalf by:

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J M C Edmunds

Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

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

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

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

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

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

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

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

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 79(a)(iv) (comparative information requirements);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
  - 40A–D (requirements for a third statement of financial position)
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
  - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
  - 31 (disclosures relating to the new IFRS).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- The following paragraphs of IAS 24 'Related party disclosures':
    - 17 (key management compensation);
    - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

These financial statements are separate financial statements.

Prior year adjustment

The company acts as an undisclosed agent in respect of wine storage activity for Justerini & Brooks, Limited and does not receive any commission fee, agency fee or other income in respect of the agency arrangement. As a consequence, the receivables from wine storage activity and cash received from the customers belong to Justerini & Brooks, Limited.

During the year it was identified that one of the bank accounts in use is legally owned by the company and therefore the deposit held on this bank account is in the possession of the company.

The financial statements are restated for the year-ended 30 June 2022, and the company discloses the balance of cash at bank account and the corresponding intercompany liability, which was not presented on the balance sheet previously in the amount of £40,144.

Total asset as at 30 June 2022 of the company increased from £2 to £40,146 by £40,144. The restatement does not impact the net asset, the equity and the total comprehensive income of the company.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB and endorsed by the UK and EU, have been adopted by the group and therefore by the company from 1 July 2022 with no impact on the company's results, financial position or disclosures:

- Amendments to IFRS 3 Updating a Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and equipment: Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to Annual Improvements 2018-2020 – IFRS 9 – Fees in the '10 per cent' Test, IFRS 16 – Lease incentive, IAS 41 – Taxation in Fair Value Measurements;
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules.

The following standard and amendments issued by the IASB have been endorsed by the UK and the EU and have not been adopted by the company:

- IFRS 17 – Insurance contracts (effective from the year ending 30 June 2024) is ultimately intended to replace IFRS 4;
- Amendments to IAS 12 – Income taxes (effective from the year ending 30 June 2024).

There are a number of other amendments and clarifications to IFRSs, effective in future years, which are not expected to significantly impact the company's results or financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Functional and presentational currency

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

Financial assets

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

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

Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

Taxation

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There is no critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

The auditors' remuneration of £3,244 (2022 - £3,000) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the independent auditors in respect of non-audit services (2022 - £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 (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. TAXATION ON ORDINARY ACTIVITIES

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
(a) Analysis of taxation for the year		
UK corporation tax	—	—
Deferred tax	—	—
Taxation on ordinary activities	—	—
(b) Factors affecting total tax for the year		
Result on ordinary activities before taxation	—	—
Taxation on ordinary activities at UK corporation tax rate of 20.50% (2022 - 19%)	—	—
Transfer pricing adjustments	(13,605)	(10,818)
Group relief received for nil consideration	13,605	10,818
Total tax for the year	—	—

The UK corporation tax rate increased from 19% to 25% on 1 April 2023 and so an average tax rate of 20.50% is applied for the year ended 30 June 2023.

Transfer pricing adjustments, that are not recorded in the statement of comprehensive income, represents imputed income for tax purposes in relation to the agency activity undertaken by the company on behalf of a fellow group undertaking.

4. TRADE AND OTHER RECEIVABLES

	30 June 2023 £	30 June 2022 £
Amounts owed by fellow group undertakings		
Diageo Great Britain Limited	2	2
	2	**2**

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022 (restated)
	£	£
Trade payables		
Amounts owed to fellow group undertakings		
Justerini & Brooks, Limited	(41,079)	(40,144)
	(41,079)	**(40,144)**

Comparatives have been restated as a result of the presentation of the balance of the bank account of the company which, and corresponding trade and other payables were missed to be presented in the financial statements prepared for the year ended 30 June 2022. For the explanation of the effect of the restatement, see 'Prior year adjustment' in the accounting policies.

Amount owed to Justerini & Brooks, Limited is unsecured, interest free and repayable on demand.

6. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2023
	£
2 (2022 - 2) ordinary shares of £1 each	2

7. POST BALANCE SHEET EVENTS

On 22 March 2024 the company settled the trade and other payables to Justerini and Brooks, Limited.

8. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company is Diageo Great Britain Limited, a company incorporated and registered in England, United Kingdom.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. Diageo plc is incorporated and registered in England, United Kingdom. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.