Guinness Overseas Holdings Limited

Annual report and financial statements

30 June 2022

Registered number: 01488969

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2022

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STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2022.

Activities

The company is an intermediary holding company within the Diageo group ("the group"), for a group of companies that are engaged in brewing overseas and the export of beer products. During the year ended 30 June 2022 Meta Abo Brewery S.C., a wholly owned subsidiary undertaking of the company was sold. Subsequent to year-end the planned sale of Guinness Cameroun S.A., a subsidiary of the company, was announced. After the sale of the investments the company is expected to operate as a financing vehicle of the group.

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address changed from Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom to 16 Great Marlborough Street, London, W1F 7HS, United Kingdom on 21 March 2022.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2022

The loss for the year increased by £8,418,000 to a loss of £13,047,000 at the year ended 30 June 2022, from a loss of £4,629,000 for the year ended 30 June 2021. The main driver of the increase in the loss recognised at 30 June 2022 was due to the loss on the disposal of Meta Abo Brewery S.C. that is equal to the amount of the capital contributions provided to the subsidiary before the sale (£17,893,000).

During the year ended 30 June 2022, the company recognised dividend income from Guinness Cameroun S.A. in the amount of £6,457,000 (2021 - £3,340,000).

The total net assets decreased by £13,047,000 to £8,208,000 from £21,255,000, as the company withdraw additional intercompany loan to provide capital contribution to Meta Abo Brewery S.C. before the sale.

Sale of Meta Abo Brewery S.C.

Ethiopia has experienced considerable volatility during the past few years, including political change, civil unrest, foreign exchange restrictions and currency devaluation, which have impacted profitability and liquidity of Meta Abo Brewery S.C.. Continuing political instability and negative market conditions with the impact of on-trade closures due to the Covid-19 pandemic, and intensified competition led to a drop in the recoverable amount of the company's investment that was assessed by the directors to be £nil at 30 June 2021.

During the year ended 30 June 2022 up to the sale of the subsidiary, the Board approved capital contributions to Meta Abo Brewery S.C. in a total of £17,893,000. On 11 January 2022, the Board approved the assignment of the previously impaired Diageo Finance plc intercompany loans of Meta Abo Brewery S.C. to the company for £nil value.

On 21 January 2022, the company entered into an agreement for the sale of Meta Abo Brewery S.C. to BGI Ethiopia plc. On 25 April 2022, the company sold its 11,733,523 shares to BGI Ethiopia plc for the total value of Ethiopian Birr 60 (£nil).

STRATEGIC REPORT (continued)

Business review (continued)

Investment in Guinness Cameroun S.A.

Subsequent to year-end on 14 July 2022, the group announced that it had agreed to sell Guinness Cameroun S.A. (GCSA), its brewery in Cameroon, to Castel Group for £389 million. GCSA is owned by two Diageo companies - Guinness Overseas Holdings Limited (92.07%) and Diageo Holdings Netherlands B.V. (7.93%). The transaction is expected to be completed before the year ending 30 June 2023, subject to regulatory clearances. As per management's judgement, the criteria to classify the investment in Guinness Cameroun S.A. as held for sale are not met, hence such classification was not applied on 30 June 2022 in respect of this investment.

On completion of the sale, Castel will take over the production and nationwide distribution of Guinness in Cameroon under a license and royalty agreement. The shareholders will have a non-residents capital gain tax obligation towards Cameroon tax authority in total of £51.7 million which will be due after the sale.

Subsequent to year-end on 9 December 2022, it was resolved that the GCSA will reduce its share capital. The share capital reduction of XAF 11,777,615,600 (appr. £15 million) would be executed through a payment in cash to its shareholders, according to their respective percentages.

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 2022

The principal risks identified by the group are disclosed on page 42 to 45 of Diageo plc's 2022 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 investment holding structure and 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 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 investments and intercompany financing structure. The company-specific risks which have been identified are the recoverability of the company's investment in subsidiaries and liquidity risk in respect of the intercompany funding position.

Pandemic and business interruption

A significant interruption to business due to external events, such as a public health threat, pandemic, war or natural hazard, could restrict access to Diageo's products, that would negatively affect the operations and brands, or pose a threat to the safety of employees; any of which could have a negative impact on the group's commercial and financial performance.

To mitigate these challenges the group operates global crisis management and business continuity management programmes, to enhance the capability to react effectively to a crisis and minimise damage and disruption.

STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2022 (continued)

Pandemic and business interruption (continued)

The directors believe that the risk mitigation actions taken by the group in relation to the recent Covid-19 pandemic and associated business interruption have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for further growth and a resilient and sustainable business. Further information on the group's risk management measures in relation to Covid-19 are disclosed on page 43 of Diageo plc's 2022 Annual Report and on pages 55-56 of Diageo plc's interim results for the six months ended 31 December 2022.

Geopolitical and macroeconomic volatility

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 global recovery from Covid-19 is continuing, but momentum has slowed and there is a risk of imbalanced recovery across geographies. The Russian invasion of Ukraine has caused significant volatility in the region and beyond.

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 introduced a new strategic planning and performance function with a stronger governance model for financial and non-financial decision-making, which will enable closer monitoring of external volatility/risk and multi-country investment strategy with a central hedging and currency monitoring to manage volatility.

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 an IT disaster recovery and business continuity testing across the key systems. The group continue to enhance and deploy next-generation security technologies to tackle advanced attacks.

Climate risk

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.

STRATEGIC REPORT (*continued*)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2022 (continued)

Climate risk (continued)

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 wildfires, storm winds, high temperature, water stress, rising sea level hazards are projected to significantly increase in the future. Results of the CCRA were shared with the business to assess the results and recommendations, incorporate these risks to the market risk register, and to develop mitigation plans and document these within the existing risk management process. The Climate Risk Steering Group tracks climate risk mitigation efforts.

Further information on the group's risk assessment and risk management measures in relation to climate change is disclosed on page 47-56 of Diageo plc's 2022 Annual Report and on pages 55-56 of Diageo plc's interim results for the six months ended 31 December 2022.

Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making. In making decisions, the directors consider what is most likely to promote the success of the company for its shareholders in the long term, as well as the interests of the group's stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the company's activities on local communities, the environment, including climate change, and the group's reputation.

The company is a member of the group of companies (the "group") whose ultimate holding company is Diageo plc ("Diageo"). In accordance with the requirements of UK company law, Diageo has included in its 2022 Annual Report and Accounts on page 7 a statement as to how the directors of Diageo have had regard to the matters set out in Section 172 of the Companies Act 2006.

In order to ensure consistency in how the group operates with regard to its wider stakeholders, the group has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders in a consistent manner.

The company has therefore had regard to the matters set out in Section 172 of the Act in a manner that is consistent with the approach adopted by Diageo, while at the same time ensuring the directors of the company are fulfilling their duties.

STRATEGIC REPORT (continued)

Main activities of the Board

The activities of the Board during the year include:

- Approvals of capital contributions to a subsidiary undertaking;
- Approval of the sale of investment in a subsidiary undertaking;
- Approval of a loan assignment in respect of a subsidiary undertaking; and
- Approval of the financial statements for the financial year ended 30 June 2021.

On behalf of the Board

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D Keresztesi
Director

16 Great Marlborough Street
London
W1F 7HS

17 March 2023

DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2022.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company is expected to continue to remain in positive net asset position for the foreseeable future. The company participates in the group's centralised treasury arrangements and the parent and fellow group undertakings are expected to provide financial support for the foreseeable future. The company is not reliant on external third party financing. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the 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, as a fellow group undertaking has agreed its policy to provide financial support for this period. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The result for the year ended 30 June 2022 is shown on page 15.

The loss for the year transferred to reserves was £13,047,000 (2021 - loss of £4,629,000).

No dividend was paid during the year (2021 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2021 - £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' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2021 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

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 July 2022, the group announced that it had agreed to sell Guinness Cameroun S.A. (GCSA), its brewery in Cameroon, to Castel Group for £389 million. GCSA is owned by two Diageo companies - Guinness Overseas Holdings Limited (92.07%) and Diageo Holdings Netherlands B.V. (7.93%). The transaction is expected to be completed before the year ending 30 June 2023, subject to regulatory clearances. As per management's judgement, the criteria to classify the investment in Guinness Cameroun S.A. as held for sale are not met, hence such classification was not applied on 30 June 2022 in respect of this investment.

On completion of the sale, Castel will take over the production and nationwide distribution of Guinness in Cameroon under a license and royalty agreement. The shareholders will have a non-residents capital gain tax obligation towards Cameroon tax authority in total of £51.7 million which will be due after the sale.

On 9 December 2022, it was resolved that the GCSA will reduce its share capital. The share capital reduction of XAF 11,777,615,600 (appr. £15 million) would be executed through a payment in cash to its shareholders, according to their respective percentages.

Business relationship statement

The business of the company is that of an intermediate holding company and as such it has a more limited number of third-party business relationships than other companies within the group. However, in order to ensure consistency in how the group operates, the company has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders, including those in a business relationship with the company, in a consistent manner. Decisions taken by directors are informed by the interests of its wider stakeholders, including those in a business relationship with the company, as guided by, amongst other things, the Code of Business Conduct and framework of polices and standards.

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 2022 on page 97 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 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

....

D Keresztesi
Director

16 Great Marlborough Street
London
W1F 7HS

17 March 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual 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 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 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.

Independent auditors' report to the members of Guinness Overseas Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Guinness Overseas Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss 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 Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2022; the statement of comprehensive income, and the statement of changes in equity 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 Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2022 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 Strategic report and 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' responsibilities 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 Companies Act 2006 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, 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 company's investments in its subsidiaries, and the recoverability of 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.

Prashant Bagree

Prashant Bagree (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2023

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2022

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Operating costs	2	(65)	(338)
Income from shares in group undertakings	3	6,457	3,340
Provision against subsidiary undertakings	6	—	(6,779)
Operating profit/(loss)		**6,392**	**(3,777)**
Finance charges	4	(612)	(352)
Loss on sale of investment	6	(17,893)	—
Loss before taxation on ordinary activities		**(12,113)**	**(4,129)**
Taxation on loss on ordinary activities	5	(934)	(500)
Loss for the financial year and total comprehensive expense for the year		**(13,047)**	**(4,629)**

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.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2022

BALANCE SHEET

	Notes	30 June 2022 £ 000	30 June 2021 £ 000
Non-current assets			
Investments in subsidiaries	6	28,933	28,933
		28,933	**28,933**
Current assets			
Trade and other receivables	7	5,523	2,840
Cash and cash equivalents		—	—
Total assets		**34,456**	**31,773**
Current liabilities			
Trade and other payables	8	(26,248)	(10,518)
Total liabilities		**(26,248)**	**(10,518)**
Net assets		**8,208**	**21,255**
Equity			
Called up share capital	9	87,560	87,560
Accumulated deficit		(79,352)	(66,305)
Total equity		**8,208**	**21,255**

The accounting policies and other notes on pages 18 to 27 form part of the financial statements.

These financial statements on pages 15 to 27 were approved by the Board on 17 March 2023 and were signed on its behalf by:

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D Keresztesi
Director

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2022

STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Accumulated deficit £ 000	Total £ 000
Balance at 30 June 2020	87,560	(61,676)	25,884
Loss for the financial year and total comprehensive expense	—	(4,629)	(4,629)
Balance at 30 June 2021	**87,560**	**(66,305)**	**21,255**
Loss for the financial year and total comprehensive expense	—	(13,047)	(13,047)
Balance at 30 June 2022	**87,560**	**(79,352)**	**8,208**

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

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)

  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).
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

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.

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendment to the accounting standards, issued by the IASB and endorsed by the UK and EU, has been adopted by the group and therefore by the company from 1 July 2021 with no impact on the company's results, financial position or disclosures:

- Amendments to IFRS 16 - Covid-19 - Related Rent Concessions beyond 30 June 2021;

The following amendment issued by the IASB and endorsed by the UK and EU, has been adopted by the company:

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 2)

The following standard issued by the IASB has been endorsed by the UK and the EU and has 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.

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.

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed its policy to provide financial support for the foreseeable future which is for a period of at least 12 months from the date the financial statements are approved and signed.

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

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 thousand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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 statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, 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 and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities 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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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 profit before taxation.

Dividends

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

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.

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Operating costs		
Net foreign exchange losses	(65)	(338)
	(65)	(338)

Net foreign exchange losses of £65,000 (2021 - £338,000) were recognised on receipt of dividends denominated in foreign currency and payments of corresponding withholding taxes suffered.

The auditors' remuneration of £8,500 (2021 - £8,500) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditors in respect of non-audit services (2021 - £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 (2021 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Dividend income from shares in group undertakings		
Guinness Cameroun S.A.	6,457	3,340

Net dividend income from shares in group undertakings during the year ended 30 June 2022 amounted to £5,406,000 (2021 - £2,773,000), which is due by receiving amounts from Guinness Cameroun S.A. (see note 7). Withholding tax suffered in respect of the dividend received amounted to £1,051,000 (2021 - £567,000).

4. FINANCE CHARGES

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Interest charge to fellow group undertakings		
Diageo Finance plc	(612)	(352)
Finance charges	(612)	(352)

Guinness Overseas Holdings Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
(a) Analysis of taxation charge for the year		
Current tax		
UK corporation tax	117	67
Foreign taxes suffered	(1,051)	(567)
Current tax	**(934)**	**(500)**
Taxation on loss on ordinary activities	**(934)**	**(500)**

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
(b) Factors affecting total tax charge for the year		
Loss before taxation on ordinary activities	(12,113)	(4,129)
Taxation on loss on ordinary activities at UK corporation tax rate of 19% (2021 - 19%)	2,302	785
Income not taxable	1,227	634
Items not deductible for tax purposes	(3,412)	(1,352)
Foreign taxes suffered	(1,051)	(567)
Total tax charge for the year	**(934)**	**(500)**

The UK corporation tax rate for the year ended 30 June 2022 is 19% which has been effective since 1 April 2017. Legislation increasing the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES

Shares in group undertakings	**Subsidiaries £ 000**
Cost	
At 30 June 2021	364,503
Additions	17,893
Disposals	(307,078)
At 30 June 2022	**75,318**
Provision for impairment	
At 30 June 2021	(335,570)
Disposals	289,185
At 30 June 2022	**(46,385)**
Carrying amount	
At 30 June 2022	**28,933**
At 30 June 2021	28,933

On 10 January 2012, Guinness Overseas Holding Limited acquired 100% of share capital of Meta Abo Brewery S.C. for £149,286,000 and it became a wholly owned subsidiary of the company. During the period of 2012-2020, the company provided additional capital contribution in the amount of £133,120,000 in order to fund the expansion of the supply capacity for future demand, to improve the working capital position and provide financing aid due to negative market conditions in Ethiopia to Meta Abo Brewery S.C.. The total gross cost of the investment with the capital injections increased to £282,406,000 at 30 June 2020. The business performance and the short term expectations of the subsidiary were negatively influenced by devaluation of the Ethiopian Birr, increasing costs of imported raw materials and products, an increased competitive environment, political unrest in Ethiopia and increased funding requirements of Meta Abo Brewery S.C.. These factors had a negative impact on the recoverable amount of the investment which was assessed to be £nil at 30 June 2020. Therefore cumulative impairment charges of £282,406,000 were recorded against the company's investment in Meta Abo Brewery S.C. as at 30 June 2020.

Ethiopia has experienced considerable volatility during the past few years, including political change, civil unrest, foreign exchange restrictions and currency devaluation, which have impacted profitability and liquidity of Meta Abo Brewery S.C.. During the year-ended 30 June 2021, the company subscribed for additional share capital in Meta Abo Brewery S.C. for £6,779,000. As a result of continuing political instability and negative market conditions in Ethiopia with the impact of on-trade closures due to the Covid-19 pandemic, and intensified competition led to a drop in the recoverable amount of the company's investment that was assessed by the director's to be £nil. As a consequence, an impairment of £6,779,000 was recognised.

6. INVESTMENTS IN SUBSIDIARIES (continued)

On 27 July 2021, the Board approved an additional equity injection to Meta Abo Brewery S.C. up to £2,600,000. On 28 July 2021, on 26 August 2021 and on 28 September 2021, the company subscribed for additional share capital in Meta Abo Brewery S.C. of £1,000,000, £700,000 and £900,000 respectively.

On 30 November 2021, the Board approved an additional equity injection to Meta Abo Brewery S.C. up to £2,600,000. On 2 December 2021 and on 31 December 2021 the company subscribed for additional share capital in Meta Abo Brewery S.C. of £500,000 and £1,000,000 respectively.

On 11 January 2022, the Board approved the assignment of the previously credit impaired Diageo Finance plc intercompany loans of Meta Abo Brewery S.C. to the company for £nil value.

On 21 January 2022, the company entered into an agreement for the sale of Meta Abo Brewery S.C. to BGI Ethiopia plc, part of Castel Group. The sale was subject to approval by the Ethiopian Competition Commission and certain conditions. According to the terms of the sale agreement, an additional equity injection was approved to Meta Abo Brewery S.C. in the amount of £13,793,000 on 24 January 2022. On 25 April 2022 the company sold its 11,733,523 shares to BGI Ethiopia plc for the total value of Ethiopian Birr 60 (£nil). The carrying value of the investment at the time of the sale was £17,893,000 and therefore the company recognised a loss on sale of the investment in the amount of the carrying value.

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.

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Direct holdings				
Subsidiary undertakings				
Guinness Cameroun S.A.		Bassa industrial trade zone, Ndog HemII, PO BOX 1213 Douala, Cameroun	92.07%	92.07%

The investments in subsidiaries are held at cost less, where appropriate, provision for impairment in value. In the opinion of the directors, the investment in the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.
** Effective percentage of shares held by the company directly and indirectly.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES

	30 June 2022 £ 000	30 June 2021 £ 000
Amounts owed by fellow group undertakings		
Guinness Cameroun S.A.	5,406	2,773
Diageo Scotland Limited	117	67
	5,523	**2,840**

The amount owed by Guinness Cameroun S.A. is the dividend receivable in the amount of £5,406,000 (2021 - £2,773,000), which was paid on 8 July 2022. As the company has an accumulated deficit, the calculated UK tax credit for the year is received by Diageo Scotland Limited and is expected to be settled within one year.

8. TRADE AND OTHER PAYABLES

	30 June 2022 £ 000	30 June 2021 £ 000
Amounts owed to fellow group undertakings		
Diageo Finance plc	26,248	10,518
	26,248	**10,518**

Amounts owed to fellow group undertakings are unsecured, interest bearing, and repayable on demand.

9. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2022 £ 000
87,560,100 (2021 - 87,560,100) ordinary shares of £1 each	87,560

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. POST BALANCE SHEET EVENTS

On 14 July 2022, the group announced that it had agreed to sell Guinness Cameroun S.A. (GCSA), its brewery in Cameroon, to Castel Group for £389 million. GCSA is owned by two Diageo companies - Guinness Overseas Holdings Limited (92.07%) and Diageo Holdings Netherlands B.V. (7.93%). The transaction is expected to be completed before the year ending 30 June 2023, subject to regulatory clearances. As per management's judgement, the criteria to classify the investment in Guinness Cameroun S.A. as held for sale are not met, hence such classification was not applied on 30 June 2022 in respect of this investment.

On completion of the sale, Castel will take over the production and nationwide distribution of Guinness in Cameroon under a license and royalty agreement. The shareholders will have a non-residents capital gain tax obligation towards Cameroon tax authority in total of £51.7 million which will be due after the sale.

On 9 December 2022, it was resolved that the GCSA will reduce its share capital. The share capital reduction of XAF 11,777,615,600 (appr. £15 million) would be executed through a payment in cash to its shareholders, according to their respective percentages.

11. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England, United Kingdom. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. 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.