

Diageo CL1 Limited

(formerly Grand Metropolitan Investments Limited)

Financial statements 30 June 2010

Registered number 1732518

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Directors' report

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

The company has changed its name from Grand Metropolitan Investments Limited to Diageo CL1 Limited by the resolution passed in a meeting of the board of directors held on 14 October 2010. The change is effective from the date of the certificate of incorporation on change of name given at Companies House on 19th October 2010.

Activities

The company acted as an investment holding company. The directors foresee no material changes in the nature of the company's activities.

Financial

The results for the year ended 30 June 2010 are shown on page 5. The company made neither a profit nor a loss for the year (2009 – profit of £3,223,228,000).

A final dividend of £1,094,999,998 was paid for the year (2009 – interim dividend of £2,250,791,000).

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

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

A A Abigail	(resigned 1 October 2009)
C D Coase	
G P Crickmore	(resigned 1 October 2009)
D A Mahlan	
A O M Manz	
A M Smith	
M Pais	(appointed 28 January 2010)
P Tunnaclyffe	(appointed 28 January 2010)

G Geiszl and D Heginbottom were appointed as directors of the company on 12 October 2010. A O Manz resigned as a director of the company on 1 September 2010.

Directors' remuneration

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

Directors' report (continued)

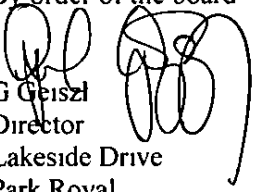
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2010

Disclosure of information to auditors

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

By order of the board


G Geiszl
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

8 December 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Diageo CL1 Limited

We have audited the financial statements of Diageo CL1 Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of the result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

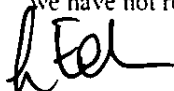
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Lee S Edwards (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

KPMG Audit Plc
15 Canada Square
London E14 5GL
8 December 2010

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Income from shares in group undertakings	4	-	6,891,814
Amounts written off investments	6	-	(3,539,230)
Interest receivable	7	-	88,016
Interest payable	8	-	(217,486)
Profit on ordinary activities before taxation	1,2,3	-	3,223,114
Taxation on profit on ordinary activities	9	-	114
Profit for the financial year		-	3,223,228

There are no recognised gains and losses other than the result for the year and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements

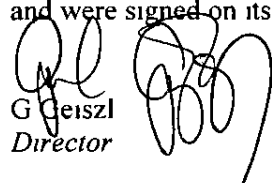
There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis

All results arise from its operations

Balance sheet

		30 June 2010		30 June 2009	
	<i>Notes</i>	£'000	£'000	£'000	£'000
Fixed assets					
Investments	10		-		1
Current assets					
Debtors due within one year	11	-		1,095,000	
Creditors: due within one year	12	-		(1)	
Net current assets			-		1,094,999
Net assets			-		1,095,000
Capital and reserves					
Called up share capital	13		-		-
Profit and loss account	14		-		1,095,000
Shareholders' funds	15		-		1,095,000

These financial statements on pages 5 to 11 were approved by the board of directors on 8 December 2010 and were signed on its behalf by


G Geiszl
Director

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996)

The company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions (but not balances) with entities that are part of the Diageo group ("group undertakings") or investees of the Diageo plc group. The consolidated financial statements of Diageo plc, within which this Company is included, can be obtained from the address given in note 16

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Any interest or penalties on tax liabilities are provided in the tax charge

Notes to the financial statements

1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. Fees in respect of services provided by the auditor were: Statutory audit - £5,000 (2009 - £5,000)

2. Staff costs

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

3. Directors' remuneration

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

4. Income from shares in group undertakings

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Dividend from shares in group undertakings	-	6,891,814
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5. Dividends

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Dividends approved and paid	1,095,000	-
	<u> </u>	<u> </u>

6. Amounts written off investments

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Amounts written off investments	-	3,539,230
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Notes to the financial statements (continued)

7. Interest receivable

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
On loans to group undertakings	-	88,016

8. Interest payable

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
On loans from group undertakings	-	217,486

9. Taxation

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Factors affecting current tax credit for the year		
Profit on ordinary activities before taxation	-	3,223,114
Taxation on profit on ordinary activities at UK corporation tax rate of 28% (2009 – 28%)	-	(902,472)
Expenses not deductible for tax purposes	-	(990,984)
Items not chargeable for tax purposes	-	1,929,708
Group relief surrendered for nil consideration	-	(36,252)
Adjustment in respect of prior year	-	114
Current ordinary tax credit for the year	-	114

Notes to the financial statements (continued)

10. Fixed assets – investments in subsidiary undertakings

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Cost and net book value	-	1

11. Debtors: due within one year

	30 June 2010 £'000	30 June 2009 £'000
Amounts owed by fellow group undertakings	-	1,095,000

12. Creditors: due within one year

	30 June 2010 £'000	30 June 2009 £'000
Amounts owed to fellow group undertakings	-	1

13. Share capital

	30 June 2010 £'000	30 June 2009 £'000
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each (2009 - 1,095,000,000 of £1 each)	-	1,095,000
2 unclassified shares of £1 each	-	-
	-	1,095,000

Notes to the financial statements (continued)

14. Reserves

	Profit & Loss Account £'000
At 30 June 2009	1,095,000
Profit for the year	-
Dividends paid	(1,095,000)
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At 30 June 2010	-
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15. Reconciliation of movement in shareholders' funds

	30 June 2010 £'000	30 June 2009 £'000
Profit for the financial year after taxation	-	3,223,228
Ordinary dividend	(1,095,000)	(2,250,791)
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Net (reduction in)/addition to shareholders' funds	(1,095,000)	972,437
Shareholders' funds at the beginning of the year	1,095,000	122,563
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Shareholders' funds at the end of the year	-	1,095,000
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16. Immediate and ultimate parent undertaking

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

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