

# **Diageo Holland Investments Limited**

(formerly Diageo Spare Company No. 1 Limited)

## **Financial statements**

**30 June 2008**

Registered number 1934811

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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 2008.

### **Change of name**

The company changed its name from Diageo Spare Company No. 1 Limited to Diageo Holland Investments Limited on 6 February 2008.

### **Share capital**

On 20 November 2007 the company increased its authorised share capital from £100 to £10,000,000,000 by the creation of 9,999,999,900 ordinary shares of £1 each. The existing issued ordinary share capital of the company, consisting of 2 shares of £1 each, was acquired by United Distillers & Vintners (SJ) B.V., which became its immediate parent undertaking. United Distillers & Vintners (SJ) B.V. subscribed for an additional 5,000 ordinary shares of £1 each in the company at par for cash, which were allotted and issued.

On 3 December 2007 the company allotted and issued 8,100,398 ordinary shares of £1 each to its immediate parent undertaking, United Distillers & Vintners (SJ) B.V., at a premium of £999 per share. The total consideration of £8,100,398,000 was satisfied by the transfer to the company of its immediate parent undertaking's interests in B, C and D ordinary shares of £1 each in Diageo Holdings Netherlands B.V.

### **Activities**

The activity of the company, having been dormant in the previous financial year, is to act as a non-trading investment holding company. The directors foresee no changes in the company's activities.

### **Financial**

The company made neither a profit nor a loss during the financial year (2007 - £nil).

The directors do not recommend the payment of a dividend (2007 - £nil).

### **Directors**

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

T Y Chow	(appointed 20 November 2007)
C D Coase	(appointed 20 November 2007)
G P Crickmore	(appointed 20 November 2007)
Diageo Corporate Officer A Limited	(resigned 20 November 2007)
Diageo Corporate Officer B Limited	(resigned 20 November 2007)
D A Mahlan	(appointed 20 November 2007)
S C Moore	(appointed 20 November 2007)

N Makos was appointed a director of the company on 19 February 2009.

### **Directors' emoluments**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2007 - £nil).

**Directors' report (continued)**

**Secretary**

On 20 November 2007 Diageo Corporate Officer B Limited resigned as secretary of the company and J Nicholls was appointed in its place.

**Auditor**

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. 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 2008.

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



J Nicholls  
Secretary  
8 Henrietta Place  
London  
W1G 0NB

24 March 2009

**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).

The financial statements are required by law to 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 proper accounting records that 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 1985. 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 Holland Investments Limited**

We have audited the financial statements of Diageo Holland Investments Limited for the year ended 30 June 2008, which comprise the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 3. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*KPMG Audit Plc*  
**KPMG Audit Plc**  
 Chartered Accountants  
 Registered Auditor  
 London

**Profit and loss account**

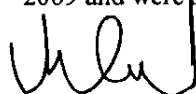
During the financial year and the preceding financial year, the company did not trade and received no income and incurred no expenditure. Consequently during those years the company made neither a profit nor a loss, and there were no other recognised gains or losses.

Accordingly, neither a profit and loss account, a statement of recognised gains and losses, nor a note of historical cost profits and losses has been presented.

**Balance sheet**

	<i>Notes</i>	<b>30 June 2008</b> <b>£'000</b>	<b>30 June 2007</b> <b>£'000</b>
<b>Fixed assets</b>			
Investments	2	8,100,398	-
<b>Current assets</b>			
Cash at bank		5	-
<b>Net assets</b>		<u>8,100,403</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	3	8,105	-
Share premium account	4	8,092,298	-
Profit and loss account		-	-
<b>Shareholders' funds</b>	5	<u>8,100,403</u>	<u>-</u>

These financial statements on pages 5 to 10 were approved by the board of directors on 24 March 2009 and were signed on its behalf by:



*N Makos*  
*Director*

## **Accounting policies**

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

### **Basis of preparation**

The financial statements are prepared 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 plc group ("group undertakings") or investees of the Diageo plc group.

### **Fixed asset investments**

Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company. Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.



## Notes to the financial statements

### 1. Profit and loss account

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 (2007 - £nil).

The auditor's remuneration of £2,917 (2007 - £nil) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2007 - £nil).

### 2. Fixed assets – investments

	£'000
<b>Shares in associated undertaking</b>	
<b>Cost</b>	
At 30 June 2007	-
Additions	8,100,398
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At 30 June 2008	8,100,398
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The associated undertaking of the company and the percentage of share capital owned are as follows:

Associated undertaking	Country of incorporation	Principal activity	Percentage held	Class of shares held
Diageo Holdings Netherlands B.V.	The Netherlands	Holding and financing company	38.43%	100% of ordinary B shares of €1 each 60% of ordinary C shares of €1 each 100% of ordinary D shares of €1 each

The percentage held by the company comprises 38.43% of all voting shares issued by Diageo Holdings Netherlands B.V. The remaining 61.57% is owned by fellow subsidiary companies.

In the opinion of the directors, the investments in the associated undertaking are worth at least the amount at which they are stated in the financial statements.

## Notes to the financial statements (continued)

### 3. Share capital

	30 June 2008 £'000	30 June 2007 £'000
<i>Authorised:</i>		
10,000,000,000 (2007: 100) ordinary shares of £1 each	10,000,000	-
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
8,105,400 (2007: 2) ordinary shares of £1 each	8,105	-
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On 20 November 2007 the company increased its authorised share capital from £100 to £10,000,000,000 by the creation of 9,999,999,900 ordinary shares of £1 each. The existing issued ordinary share capital of the company, consisting of 2 shares of £1 each, was acquired by United Distillers & Vintners (SJ) B.V., which became its immediate parent undertaking. It subscribed for an additional 5,000 ordinary shares of £1 each in the company at par for cash, which were allotted and issued.

On 3 December 2007 the company allotted and issued 8,100,398 ordinary shares of £1 each to its immediate parent undertaking at a premium of £999 per share. The total consideration of £8,100,398,000 was satisfied by the transfer to the company of its immediate parent undertaking's interests in B, C and D ordinary shares of €1 each in Diageo Holdings Netherlands B.V.

### 4. Reserves

	Share premium £'000
At 30 June 2007	-
Premium on share issues	8,092,298
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At 30 June 2008	8,092,298
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**Notes to the financial statements (continued)**

**5. Reconciliation of movement in shareholders' funds**

	30 June 2008 £'000	30 June 2007 £'000
Share capital issued	8,105	-
Premium on share issues	8,092,298	-
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	8,100,403	-
Shareholders' funds at beginning of year	-	-
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<b>Shareholders' funds at end of year</b>	8,100,403	-
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**6. Immediate and ultimate parent undertaking**

The company is a wholly owned subsidiary of United Distillers & Vintners (SJ) B.V., a company incorporated in The Netherlands and resident in England. The company's ultimate holding 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 8 Henrietta Place, London W1G 0NB.

**7. Post balance sheet events**

The company was the owner of the B, C and D ordinary shares of €1 each in Diageo Holdings Netherlands B.V., an associated undertaking. The company sold its shareholdings in January 2009 to a fellow group company for a consideration of £2,770 million in excess of book value.