

**Diageo UK Turkey Holdings Limited**  
**Annual report and financial statements**  
**30 June 2021**

Registered number: 08447006



**Diageo UK Turkey Holdings Limited**  
**Registered number: 08447006**  
**Year ended 30 June 2021**

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**Diageo UK Turkey Holdings Limited**  
**Registered number: 08447006**  
**Year ended 30 June 2021**

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 30 June 2021.

### **Activities**

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address is Lakeside Drive, Park Royal, London, NW10 7HQ.

The principal activity of the company is to act as an investment holding company within the Diageo group ("the group"). The directors foresee no changes in the company's activities.

### **Business review**

*Development and performance of the business of the company during the financial year and position of the company as at 30 June 2021*

The company recognised a loss for the year ended 30 June 2021 in the amount of TRY 29,226,000 (2020 - profit of TRY 284,877,000). During the year ended 30 June 2020 the company received dividend income of TRY 4,064,112,000 from Diageo UK Turkey Limited, that resulted in an impairment of TRY 3,639,039,000 in respect of the company's investment in Diageo UK Turkey Limited, its subsidiary undertaking. As a consequence the company recognised an operating profit of TRY 425,071,000 for the year ended 30 June 2020.

During the year ended 30 June 2021 no dividend income was received from the subsidiary undertaking. At 30 June 2021, a provision for impairment of TRY 44,353,000 has been recognised in respect of the company's investment in Diageo UK Turkey Limited, as the net assets of this wholly owned subsidiary undertaking decreased below the carrying value of the investment by this amount.

The company settled its loan with Diageo Financing Turkey Limited during the year ended 30 June 2020 and therefore no finance charges were recorded in the year ended 30 June 2021. No other comprehensive income was recognised in the year ended 30 June 2021 (2020 - TRY 4,079,179,000). The company's net assets decreased by TRY 29,226,000 from TRY 284,385,000 to TRY 255,159,000, predominantly due to the impairment recognised in respect of the company's investment.

On 2 December 2020, the company's preference share capital in the amount of \$194,505,440 (TRY 350,000,000) - represented by 19,450,544 preference shares of \$10 each at 1.7994 TRY/\$ - was cancelled and an equivalent value of the cancelled preference shares was credited to retained earnings.

### *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.

**Diageo UK Turkey Holdings Limited**  
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## **STRATEGIC REPORT (continued)**

### **Business review (continued)**

#### *Principal risks and uncertainties facing the company as at 30 June 2021*

The principal risks identified by the group are disclosed on page 45 to 48 of Diageo plc's 2021 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. One company-specific risk has been identified, which is the recoverability of the company's investment in subsidiaries.

#### Pandemics

Global outbreak of a public health threat or fear of such an event could result in increased government restrictions and regulations including the shutdown of the on-trade, restrictions to travel, and quarantining of employees resulting in a negative impact to consumer demand, or a slowdown or halting of the group business operations due to supply or logistic constraints and could adversely impact the group financial performance. To mitigate these challenges the group regularly gathers data and obtains insights which enable management to assess conditions in the markets where the group operates and to amend forecasts and investment decisions appropriately.

The directors have assessed that the key impacts from the Covid-19 pandemic on the company would be in respect of any change in credit risk impacting the valuation of intercompany receivables and the recoverability of the investments in subsidiaries and the effect of Covid-19 on remote working and ability to access IT systems, along with a potentially heightened cyber risk.

The directors believe that the risk mitigation actions taken by the group in relation to the Covid-19 pandemic, which incorporate those taken on behalf of the company, have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for a recovery in consumer demand. During the year, the group took actions to protect the business and support Diageo partners and communities. Further information is disclosed on pages 45 to 48 of Diageo plc's 2021 Annual Report.

#### Brexit

The European Union and the United Kingdom have agreed the EU-UK Trade and Cooperation Agreement which fully came into force on 1 May 2021. We remain of the view that the direct financial impact to the group or the company will not be material. A cross-functional working group is in place to identify and assess the consequences of Brexit, with all major functions within our business represented, including the function of raising external funding. The group will monitor the implications of the Agreement very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate these risks wherever practical.

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## **STRATEGIC REPORT (continued)**

### **Business review (continued)**

*Principal risks and uncertainties facing the company as at 30 June 2021 (continued)*

#### Climate change

Considering that the company forms part of the group's investment holding structure and financial operations, the probability of climate change related risks having a significant and direct impact on the activities and operation of the company is considered to be remote. The directors believe that the risk mitigation actions taken in relation to climate risk by the group are appropriate measures in managing direct or indirect risks posed by climate change. Based on the climate risk assessment performed by the group, the risk attached to the recoverability of intercompany receivables and the investments in subsidiaries held by the company is considered to be remote. Further information on the group's actions to mitigate climate change are disclosed on page 46 of Diageo plc's 2021 Annual Report.

#### *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 2021 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.

#### *Main activities of the Board*

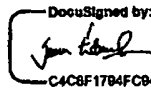
The activities of the Board during the year include:

- Approval of reduction of capital; and
- Approval of the financial statements for the year ended 30 June 2020.

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**STRATEGIC REPORT (continued)**

On behalf of the Board

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J M C Edmunds  
*Director*  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ  
3 December 2021

**Diageo UK Turkey Holdings Limited**  
**Registered number: 08447006**  
**Year ended 30 June 2021**

## **DIRECTORS' REPORT**

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2021.

### **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 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 Covid-19 pandemic may have on the company and believe that any impact would be minimal.

### **Financial**

The result for the year ended 30 June 2021 is shown on page 14.

The loss for the year transferred to reserves was TRY 29,226,000 (2020 - profit of TRY 284,877,000) and the other comprehensive for the year was TRY nil (2020 - TRY 4,079,179,000).

No dividend was paid during the year (2020 - TRY 6,177,450,000) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2020 - TRY 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

V Rao (resigned 1 May 2021)

C-L Jordan (appointed 1 May 2021)

K E Major

P Viswanathan (resigned 1 August 2020)

C M Lewin (appointed 1 August 2020 and resigned 30 September 2021)

I Thrustle (appointed 30 September 2021)

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## **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 (2020 - TRY nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

### **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 policies and standards.

### **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.

### **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 2021 on page 97 at [www.diageo.com](http://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.

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

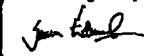
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make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



**Diageo UK Turkey Holdings Limited**  
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**Year ended 30 June 2021**

**DIRECTORS' REPORT (continued)**

On behalf of the Board

DocuSigned by:  
  
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J M C Edmunds  
*Director*

Lakeside Drive  
Park Royal  
London  
NW10 7HQ

3 December 2021

**Diageo UK Turkey Holdings Limited**  
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### **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 also 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 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 Diageo UK Turkey Holdings Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Diageo UK Turkey Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 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, comprising 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 2021; the income statement, 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 2021 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 but were not limited to, UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 company's investment in its subsidiary, 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](http://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.

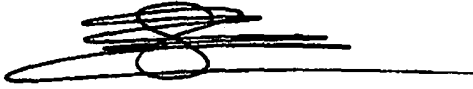
## **Other required reporting**

### **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.

A handwritten signature in black ink, appearing to be 'Steve Reid', with a horizontal line drawn underneath it.

**Steve Reid (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**London**  
**3 December 2021**

**Diageo UK Turkey Holdings Limited**  
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**Year ended 30 June 2021**

**INCOME STATEMENT**

		<b>Year ended 30 June 2021 TRY 000</b>	<b>Year ended 30 June 2020 TRY 000</b>
	<b>Notes</b>		
Operating costs	2	(3)	(2)
Income from shares in group undertakings	3	—	4,064,112
Provision against subsidiary undertakings	6	(44,353)	(3,639,039)
<b>Operating (loss)/profit</b>		<b>(44,356)</b>	<b>425,071</b>
Net finance income/(charges)	4	15,130	(173,080)
<b>(Loss)/profit before taxation on ordinary activities</b>		<b>(29,226)</b>	<b>251,991</b>
Taxation on (loss)/profit on ordinary activities	5	—	32,886
<b>(Loss)/profit for the financial year</b>		<b>(29,226)</b>	<b>284,877</b>

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

**Diageo UK Turkey Holdings Limited**  
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**STATEMENT OF COMPREHENSIVE (EXPENSE)/INCOME**

	Notes	30 June 2021 TRY 000	30 June 2020 TRY 000
(Loss)/profit for the year		(29,226)	284,877
Dividend in specie	3	<u>—</u>	<u>4,079,179</u>
Other comprehensive income for the year, net of tax		<u>—</u>	<u>4,079,179</u>
<b>Total comprehensive (expense)/income for the year</b>		<u><b>(29,226)</b></u>	<u><b>4,364,056</b></u>

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



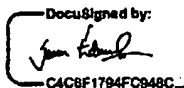
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# **BALANCE SHEET**

	Notes	30 June 2021 TRY 000	30 June 2020 TRY 000
<b>Non-current assets</b>			
Investments in subsidiaries	6	119,539	163,892
Trade and other receivables	7	24,268	20,699
		<u>143,807</u>	<u>184,591</u>
<b>Current assets</b>			
Trade and other receivables	7	111,376	99,814
Cash and cash equivalents		—	—
<b>Total assets</b>		<u>255,183</u>	<u>284,405</u>
<b>Current liabilities</b>			
Borrowings	8	(4)	—
Trade and other payables	9	(20)	(20)
<b>Total liabilities</b>		<u>(24)</u>	<u>(20)</u>
<b>Net assets</b>		<u>255,159</u>	<u>284,385</u>
<b>Equity</b>			
Called up share capital	10	—	350,000
Retained earnings/(Accumulated deficit)		255,159	(65,615)
<b>Total equity</b>		<u>255,159</u>	<u>284,385</u>

The accounting policies and other notes on pages 18 to 26 form part of the financial statements.

These financial statements on pages 14 to 26 were approved by the Board on 3 December 2021 and were signed on its behalf by:

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J M C Edmunds

Director

**Diageo UK Turkey Holdings Limited**  
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**STATEMENT OF CHANGES IN EQUITY**  
**ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

		<b>Called up share capital</b>	<b>Share premium</b>	<b>(Accumulated deficit)/ Retained earnings</b>	<b>Total</b>
	<b>Notes</b>	<b>TRY 000</b>	<b>TRY 000</b>	<b>TRY 000</b>	<b>TRY 000</b>
Balance at 30 June 2019		460,220	1,892,691	(255,132)	2,097,779
Profit for the financial year		—	—	284,877	284,877
Other comprehensive income		—	—	4,079,179	4,079,179
<b>Total comprehensive income for the year</b>		—	—	4,364,056	4,364,056
Capital reduction		(110,220)	(1,892,691)	2,002,911	—
Dividends to shareholders		—	—	(6,177,450)	(6,177,450)
Balance at 30 June 2020		350,000	—	(65,615)	284,385
Loss for the financial year and total comprehensive expense for the year		—	—	(29,226)	(29,226)
Capital reduction	10	(350,000)	—	350,000	—
<b>Balance at 30 June 2021</b>		<b>—</b>	<b>—</b>	<b>255,159</b>	<b>255,159</b>

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

**Diageo UK Turkey Holdings Limited**  
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**Year ended 30 June 2021**

## **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 EU (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

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).

**Diageo UK Turkey Holdings Limited**  
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## **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 amendments to the accounting standards, issued by the IASB which have been endorsed by the EU, have been adopted by the group and therefore by the company from 1 July 2020 with no impact on the company's results, financial position or disclosures: Amendments to References to the Conceptual Framework in IFRSs;

- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IAS 1 and IAS 8 - Definition of Material;
- Amendments to IFRS 16 - Covid-19 - Related Rent Concessions;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (phase 1);
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement.

The following amendment and standard, issued by the IASB have not been adopted by the company:

- IFRS 17 – Insurance contracts
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 2)

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

These financial statements are presented in Turkish Lira (TRY), which is the company's functional currency.

All financial information presented in Turkish Lira (TRY) has been rounded to the nearest thousand unless otherwise stated.

#### **Finance income/costs**

Finance income/costs are recognised in the income statement in the year in which they are earned/incurred.

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

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

#### **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 Turkish Lira at the financial year end exchange rates and these foreign exchange differences are recognised in the income statement.

#### **Investments in subsidiaries**

Investments in subsidiaries are 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 income statement 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.

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## **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**

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

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

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.

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

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.

### **2. OPERATING COSTS**

Other external charges include bank charges of TRY 2,000 (2020 - TRY 2,000) and foreign exchange losses of TRY 1,000 (2020 - TRY nil).

The auditors' remuneration of TRY 35,945 (2020 - TRY 22,620) 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 (2020 - TRY 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 (2020 - TRY nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

**Diageo UK Turkey Holdings Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **3. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	<b>Year ended 30 June 2021 TRY 000</b>	<b>Year ended 30 June 2020 TRY 000</b>
<b>Dividend income from shares in group undertakings</b>		
Diageo UK Turkey Limited	<u>—</u>	<u>4,064,112</u>
<b>Dividend in specie recognised in other comprehensive income</b>		
Diageo UK Turkey Limited	<u>—</u>	<u>7,718,218</u>
Other comprehensive income - released subsequently to the income statement	<u>—</u>	<u>(3,639,039)</u>
	<u><b>—</b></u>	<u><b>4,079,179</b></u>

During the year ended 30 June 2020 the company received a dividend in specie from its subsidiary undertaking of TRY 7,718,218,000, which was recognised in other comprehensive income as it arose from an intra-group restructuring, with a subsequent onward distribution of TRY 6,093,685,000 to Diageo Investment Holdings Limited, the company's parent company. Predominantly as a result of the receipt of the dividend in specie of TRY 7,718,218,000, the company's investment in Diageo UK Turkey Limited was impaired by TRY 3,639,039,000, and an amount equal to this was released from other comprehensive income to the income statement, as it is deemed realised to the extent of the impairment.

During the same year, dividends of TRY 425,073,000 were settled by receiving an amount due from a fellow group undertaking.

### **4. NET FINANCE INCOME AND CHARGES**

	<b>Year ended 30 June 2021 TRY 000</b>	<b>Year ended 30 June 2020 TRY 000</b>
<b>Net interest</b>		
Interest income from fellow group undertakings		
Diageo Finance plc	<u>15,130</u>	<u>4,804</u>
<b>Total interest income</b>	<u><b>15,130</b></u>	<u><b>4,804</b></u>
Interest charge to fellow group undertakings		
Diageo Financing Turkey Limited	<u>—</u>	<u>(177,884)</u>
<b>Total interest charges</b>	<u><b>—</b></u>	<u><b>(177,884)</b></u>
<b>Net finance income/(charges)</b>	<u><b>15,130</b></u>	<u><b>(173,080)</b></u>

**Diageo UK Turkey Holdings Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **5. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	<b>Year ended 30 June 2021 TRY 000</b>	<b>Year ended 30 June 2020 TRY 000</b>
<b>(a) Analysis of taxation credit for the year</b>		
Current tax	—	32,886
Deferred tax	—	—
<b>Taxation on profit on ordinary activities</b>	<b>—</b>	<b>32,886</b>
<b>(b) Factors affecting total tax credit for the year</b>		
(Loss)/profit on ordinary activities before taxation	(29,224)	251,991
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 19% (2020 - 19%)	5,553	(47,878)
Expenses not deductible for tax purposes	(8,427)	(691,417)
Income not taxable	—	772,181
Group relief surrendered for nil consideration	2,874	—
<b>Total tax credit for the year</b>	<b>—</b>	<b>32,886</b>

The UK corporation tax rate for the year ended 30 June 2021 is 19% which has been effective since 1 April 2017. In the Spring Budget 2021, the UK Government announced an increase in the corporation tax rate to 25% which will apply from 1 April 2023. The legislation increasing the tax rate to 25% rate was substantively enacted on 24 May 2021.

### **6. INVESTMENTS IN SUBSIDIARIES**

	<b>Subsidiaries TRY 000</b>
<b>Cost</b>	
<b>At 30 June 2021 and at 30 June 2020</b>	<b>3,802,931</b>
<b>Provisions</b>	
At 30 June 2020	(3,639,039)
Provision for impairment	(44,353)
<b>At 30 June 2021</b>	<b>(3,683,390)</b>
<b>Carrying amount</b>	
<b>At 30 June 2021</b>	<b>119,539</b>
<b>At 30 June 2020</b>	<b>163,892</b>

In the year ended 30 June 2021 an impairment charge of TRY 44,353,000 was charged to operating expenses in respect of the company's investment in Diageo UK Turkey Limited, as the net assets of this wholly owned subsidiary undertaking decreased below the carrying value of the investment by this amount.



**Diageo UK Turkey Holdings Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

<b>Name of investment</b>	<b>Notes</b>	<b>Registered office address</b>	<b>Proportion of ownership interest %*</b>	<b>Proportion of effective interest %**</b>
<b>Direct holdings</b>				
<i><b>Subsidiary undertakings</b></i>				
Diageo UK Turkey Limited		Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom	100%	100%
<b>Indirect holdings</b>				
<i><b>Subsidiary undertakings</b></i>				
Diageo Europe Holdings Limited	(i)	St. James's Gate, Dublin 8, Republic of Ireland	100%	100%

(i) dissolved on 23 July 2021

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 undertaking are worth at least the amount at which they are stated in the financial statements.

\* The percentage of shares held owned by the immediate shareholder(s) of the subsidiary

\*\*Effective percentage of shares held owned by the company directly and indirectly

**Diageo UK Turkey Holdings Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **7. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2021</b>		<b>30 June 2020</b>	
	<b>Due within one year</b>	<b>Due after one year</b>	<b>Due within one year</b>	<b>Due after one year</b>
	<b>TRY 000</b>	<b>TRY 000</b>	<b>TRY 000</b>	<b>TRY 000</b>
Amounts owed by fellow group undertakings				
Diageo Finance plc	111,376	24,268	66,928	20,699
Diageo Scotland Limited	—	—	32,886	—
	<b>111,376</b>	<b>24,268</b>	<b>99,814</b>	<b>20,699</b>

The amounts owed by Diageo Finance plc are loans which bear interest at a floating rate. The loans are unsecured and repayable on demand.

Amounts, due after one year, owed by fellow group undertakings represent transactions with companies in the group with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. Certain amounts owed by fellow group undertakings are reclassified to non-current assets as they are not expected to be repaid in the foreseeable future. Amounts owed by group undertakings are considered to have a fair value which is not materially different to the book value.

### **8. BORROWINGS**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>TRY 000</b>	<b>TRY 000</b>
Bank overdraft	4	—
	<b>4</b>	<b>—</b>

### **9. TRADE AND OTHER PAYABLES**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>TRY 000</b>	<b>TRY 000</b>
Amounts owed to fellow group undertakings		
Diageo UK Turkey Limited	20	20
	<b>20</b>	<b>20</b>

Amounts owed to Diageo UK Turkey Limited are interest free promissory notes repayable on demand.

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

### **10. CALLED UP SHARE CAPITAL**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>TRY</b>	<b>TRY</b>
<i>Allotted, called up and fully paid:</i>		
110,219,749 (2020 - 110,219,749) ordinary shares of TRY 0.00000001 each	1	1
Nil (2020 - 19,450,544) preference shares of \$10 each at 1.7994 TRY/\$	—	350,000,000
	<u><b>1</b></u>	<u><b>350,000,001</b></u>

On 2 December 2020, the company's preference share capital in the amount of \$194,505,440 (TRY 350,000,000) - represented by 19,450,544 preference shares of \$10 each at 1.7994 TRY/\$ - was cancelled and an equivalent value of the cancelled preference shares was credited to retained earnings.

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

The immediate parent undertaking of the company is Diageo Investment Holdings 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, Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom.