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Diageo Global Supply IBC Limited

Financial statements

Year ended 30 June 2007

Companies registration number NI 3038

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2-5
Statement of directors' responsibilities	6
Independent auditors' report	7-8
Profit and loss account	9
Statement of total recognised gains and losses	10
Note of historical cost profits and losses	11
Balance sheet	12
Notes to the financial statements	13-25

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors and other information

Directors

Mr. D. A. Pimm
Mr. J. G. O'Hagan

Company Secretary

Ms. C. Gilleece

Registered office

c/o Arthur Cox Northern Ireland
Capital House
3 Upper Queen Street
Belfast
BT1 6PU

Auditors

KPMG
Chartered Accountants
Stokes House
17/25 College Square East
Belfast

Company registration number

NI 3038

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2007.

Principal activities and review of the business

The company is engaged in the bottling and canning of alcoholic beverages. During the year, the company stopped providing wholesale distribution service to Diageo Northern Ireland, a fellow group undertaking. The directors consider both the results for the year and trading prospects are satisfactory.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2007

The development and performance of the business of the company was, for the year ended 30 June 2007, entirely dependent on the respective demands of the Diageo subsidiaries with whom it trades.

Sales declined over the year by 4% reflecting difficult market conditions for beer in both the UK and Republic of Ireland. A decision was taken to dispose of the depots at Omagh and Derry which has resulted in an exceptional gain of £3.8m.

Principal risks and uncertainties facing the company as at 30 June 2007

In so far as the company is concerned, since all of its transactions are with fellow members of the Diageo group, the risk of non-performance by counterparties to transactions of the company is considered remote. The company's present activities are remunerated on a cost-plus basis and are therefore not considered to expose the company to significant risks and uncertainties.

The principal risks and uncertainties facing the company, as a member of the Diageo group, coincide with those facing the group as a whole. These are disclosed in the accounts of Diageo plc which are available as indicated in note 18 to the accounts.

Financial and other key performance indicators

The directors do not consider the publication of the analysis using key performance indicators is necessary for an understanding of the development, performance or position of the business of the company. In addition, the directors do not consider that there are any factors by reference to which any meaningful analysis of the development, performance or position of the business of the company could be carried out.

The principal key performance indicators that are used to assess the performance of the Diageo group as a whole are described in the Operating and Financial Review contained within the annual report of Diageo plc.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors' report (continued)

Notes

The information in this review has been prepared only for the purpose of complying with the requirements of Article 242ZZB (*Directors' report: business review*) of the Companies (Northern Ireland) Order 1986. The information in this review does not constitute an offer to sell or an invitation to buy shares in the company (or any other company within the Diageo group) or constitute any other invitation or inducement to engage in investment activities. Any reader seeking information on the business and/or results of the Diageo group is directed to the annual report of Diageo plc (the company's ultimate parent undertaking). Past performance cannot be relied upon as a guide to future performance.

Financial

The results for the year ended 30 June 2007 are shown on page 9.
The directors do not recommend the payment of a dividend (2006 - £nil).
Profit for the year transferred to reserves is £4,143,000 (2006 - £972,000).

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings is not significantly different to the book value of these assets.

Directors and secretary

The directors who held office during the year were:

Mr. D.A. Pimm
Mr. J. G. O'Hagan
Mr. P. J. O'Gallagher (resigned on 24 July 2006)
Mr. A. R. Jones (resigned on 01 September 2007)

On 27 April 2007 Mr. C. Gouldson resigned as Secretary of the Company and Ms. T. A. Barnes was appointed as Secretary in his stead.

On 25 June 2007 Ms. C. Gilleece was appointed as Secretary of the Company in place of Ms. T. A. Barnes who resigned as secretary on the same date.

The Articles of Association of the company do not require the directors to retire by rotation.

Financial risk management

The company's funding, liquidity and exposure to interest rate and foreign exchange rate risks, coincide with those facing the Diageo group as a whole and are managed by the group's treasury department. The treasury department uses a combination of derivative and conventional financial instruments to manage these underlying risks.

Group treasury operations are conducted within a framework of board-approved policies and guidelines, which are recommended and subsequently monitored by the group finance committee. These include benchmark exposure and/or hedge cover levels for key areas of treasury risk. The benchmarks, hedge cover and overall appropriateness of Diageo's risk management policies are reviewed by the group board

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors' report (continued)

following, for example, significant business, strategic or accounting changes. The framework provides for limited defined levels of flexibility in execution to follow for the optimal application of the board-approved strategies. Transactions giving rise to exposures away from the defined benchmark levels arising on the application of this flexibility are separately monitored on a daily basis using value at risk analysis.

Currency risk

The company publishes its financial statements in sterling and conducts business in foreign currencies. As a result, it is subject to foreign currency exchange risk due to exchange rate movements which will affect the company's costs.

For currencies in which there is an active market, group treasury seeks to hedge between 80% and 100% of forecast transactional foreign exchange rate risk, for up to a maximum of 21 months forward, using foreign currency exchange contracts.

Interest rate risk

The company has an exposure to interest rate risk. To manage interest rate risk, group treasury manages its proportion of fixed to variable rate borrowings within limits approved by the group board, primarily through issuing long term fixed rate bonds, medium term notes and commercial paper, and by utilising interest rate swaps.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operation on future developments, the company has access to group funding.

Credit risk

The company had no third party credit risk as its sales are almost exclusively to group companies.

Employees

It is the policy of the company to promote the understanding and involvement of all employees in its business aims and performance and is committed to the continuing development of effective employee communication and consultation, including the regular distribution of company magazines and newspapers.

The company gives full and fair consideration to application for employment from disabled persons, having regard for their particular aptitude and abilities. Appropriate training is arranged for disabled persons.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Directors' report (continued)

Supplier payment policy

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to so far as possible when making payments, subject to the terms and conditions being met by the supplier.

It is the policy of the company to pay suppliers at the end of the month following the month of the receipt of goods or services or on the date stipulated in the relevant contract of supply. Another group company operates the purchase ledger on behalf of the company and accordingly it is not possible to calculate the days outstanding in the year-end trade creditors on an individual basis.

Political and charitable contributions

The company made no political or charitable contributions during the year.

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.

Auditors

The auditors, KPMG, have expressed their willingness to continue in office and a resolution for their re-appointment, as auditors of the company will be proposed at the Annual General Meeting.

By order of the board



Director

21 April 2008

Diageo Global Supply IBC Limited

Year ended 30 June 2007

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They 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.

Under applicable law the directors are also responsible for preparing a directors' report that complies with the law.

On behalf of the board



Director

21 April 2008

Independent auditors' report to the members of Diageo Global Supply IBC Limited

We have audited the financial statements of Diageo Global Supply IBC Limited for the year ended 30 June 2007 which comprise the profit and loss account, 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 Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditors

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 6.

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 (Northern Ireland) Order 1986. 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 judgments 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.



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Diageo Global Supply IBC Limited
(continued)

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 2007 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

KPMG
Chartered Accountants
Registered Auditor
Belfast

21 April 2008

Diageo Global Supply IBC Limited
Year ended 30 June 2007

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 <i>Restated</i>
Turnover	<i>1</i>	65,738	68,266
Operating costs	<i>2-3</i>	(65,704)	(67,241)
Operating profit		34	1,025
Profit on fixed asset disposal	<i>4</i>	3,813	-
Net interest receivable/(payable)	<i>6</i>	(46)	(40)
Profit on ordinary activities before taxation		3,801	985
Taxation on profit on ordinary activities	<i>7</i>	342	(13)
Profit for the financial year		4,143	972

Diageo Global Supply IBC Limited
Year ended 30 June 2007

Statement of total recognised gains and losses

	<i>Note</i>	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (Restated)
Profit for the financial year and total recognised gains and losses for the year	<i>1</i>	4,143	972
Prior year adjustments - adoption of FRS 20	<i>2-4</i>	(447)	-
Total recognised gains and losses recognised since last financial statements		3,696	972

Diageo Global Supply IBCLimited

Year ended 30 June 2007

Note of historical cost profits and losses

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 <i>Restated</i>
Reported profit on ordinary activities before taxation	3,801	985
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	73	76
Historical cost profit on ordinary activities before taxation	3,874	1,061
Historical cost profit for the year retained after taxation	4,216	1,048

Diageo Global Supply IBC Limited
Year ended 30 June 2007

Balance sheet

	<i>Notes</i>	At 30 June 2007		At 30 June 2006	
		£'000	£'000	£'000	£'000
				(Restated)	(Restated)
Fixed assets					
Tangible assets	8		22,030		22,445
Current assets					
Stocks	9	1,830		2,176	
Debtors: due within one year	10	60,910		53,060	
		<u>62,740</u>		<u>55,236</u>	
Creditors: due within one year	11	(13,095)		(8,940)	
Net current assets			<u>49,645</u>		<u>46,296</u>
Total assets less current liabilities			<u>71,675</u>		<u>68,741</u>
Deferred income	12	(420)		(505)	
Provision for liabilities and charges	13	(2,073)		(3,484)	
Net assets			<u>69,182</u>		<u>64,752</u>
Capital and reserves					
Called up share capital	14	126		126	
Revaluation reserve	15	961		1,034	
Profit and loss account	15	68,095		63,592	
Shareholders' funds	16	<u>69,182</u>		<u>64,752</u>	

The notes on pages 11 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 21 April 2008 and were signed on its behalf by:



Director

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements

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 modified by the revaluation of certain land and buildings 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 statement 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 FRS1, Cash Flow Statements.

The company is exempt under the terms of FRS8, Related Party Disclosures 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.

Tangible fixed assets

Land and buildings are stated at cost or at professional valuation less depreciation. The company availed of the transitional provisions of FRS 15, Tangible Fixed Assets, and has retained the book amount of certain tangible assets, which were previously revalued. It is expected that no further valuation will be carried out.

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other tangible fixed assets are depreciated on a straight-line basis to estimated residual values over their expected useful lives. Details of depreciation rates are given in Note 7.

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts.

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value, including any revaluation of the asset. Any amount in the revaluation reserve relating to such an asset is transferred directly to the profit and loss account reserve and is not included in the profit for the year.

Government grants

Government grants for investments in tangible assets are deducted from the cost of the relevant assets up to 31 December 1992 and thereafter, when receivable are credited to a separate reserve in line with company policy. Grants are released to the profit and loss account over the useful lives of the assets to which they relate.

Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases, with payments and receipts taken to the profit and loss account on a straight-line basis over the life of the lease.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, duties where applicable, direct labour and expenses and an appropriate proportion of production and other overheads or the invoiced cost of goods purchased for resale.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related foreign currency contract. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates or, if hedged forward, at the rate of exchange under the related foreign currency contract.

All exchange gains and losses are taken to the profit and loss account.

Turnover

Turnover represents the net invoice value of goods and services including excise duties, but excluding value added tax.

Turnover for goods is recognised at the fair value of the right to consideration. The point at which ownership transfers may be at the time of despatch, delivery or some other point depending upon individual customer terms. Provision is made for returns where appropriate. Turnover for goods is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items.

Pensions and other post employment benefits

The employees of the company are members of the Diageo UK pension plan. With effect from 1 July 2003, the Diageo group has adopted FRS 17 - *Retirement benefits* in its consolidated financial statements.

FRS 17 replaces the use of actuarial values for assessing pension costs in favour of a market-based approach. In order to cope with the volatility inherent in this measurement basis, the standard requires that the profit and loss account shows the relatively stable ongoing service cost, the expected return on assets and the interest on the liabilities. Differences between expected and actual return on assets, and the impact on the liabilities of changes in assumptions, are reflected in the statement of total recognised gains and losses. The liabilities and, where applicable, the assets of defined benefit schemes are recognised at fair value in the balance sheet. Deferred taxation is provided for on these assets and liabilities.

It is not possible to allocate the assets and liabilities of the pension plan between individual companies and therefore the company accounts for it as a defined contribution scheme. The assets and liabilities of the Diageo UK pension plan are recognised in the Diageo plc consolidated financial statements

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

Accounting policies (continued)

New accounting policies

The accounting policies of the company are consistent with those applied last year, apart from where the company has adopted the following accounting standards in the year:

FRS 20 – Share-based payment

The ultimate parent Diageo plc operates a number of share-based incentive schemes (awards of shares and options). The company has applied the requirements of FRS 20 for the first time in these financial statements utilising the guidance in UITF 41 'Scope of FRS 20' and UITF 44 'Group Treasury Share Transactions'. FRS 20 requires that where the ultimate parent's shares or options over the company's shares are granted to group employees, an expense should be recorded in the profit and loss account, with a corresponding increase in shareholder's equity. This is measured at the fair value of the share or share option at the date of grant, and is recognised on a straight-line basis over the vesting period of the award. The fair value is measured on the binomial or Monte Carlo model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Prior year adjustment

The adoption of FRS 20 has decreased the reported operating profit before tax for the year ended 30 June 2007 by £287,000 (2006: £351,000, 2005: £192,000 and 2004: £96,000), a reduction in operating profit after tax by £207,000. An adjustment of £447,000 (2006: £246,000, 2005: £134,000 and 2004: £67,000) is reflected in the Statement of Total Recognised Gains and Losses. In aggregate the adoption of FRS 20 has increased the net assets at 30 June 2006 by £192,000 and the net assets at 30 June 2005 by £87,000 due to the recognition of the deferred tax asset.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

1. Analysis of turnover and profit on ordinary activities before taxation

Geographical analysis of turnover

Turnover originated from the United Kingdom and the geographical analysis of turnover by destination is given below:

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
UK	14,131	20,803
Republic of Ireland	51,607	47,383
United States	-	80
	<hr/> 65,738	<hr/> 68,266

The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice No. 25 as the company is a wholly owned subsidiary. Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc.

2. Operating costs

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (Restated)
Decrease/(increase) in stocks of finished goods and work in progress	346	969
Raw materials and consumables	49,773	51,760
Excise duties	2	3
Other external charges	5,937	2,330
Staff costs (note 3)	6,761	9,768
Depreciation and other amounts written off fixed assets	2,885	2,411
	<hr/> 65,704	<hr/> 67,241

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

2. Operating costs (continued)

Other external charges include:	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Operating lease charges for property	76	220
Operating lease charges for plant and machinery	338	338
Other lease rentals	432	314

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking.

3. Staff costs

The average number of employees, including directors, during the year was:

	Year ended 30 June 2007	Year ended 30 June 2006
Full time	203	242
Part time	2	1
	<hr/> 205	<hr/> 243

The average number of employees, including directors, during the year, analysed by category, was:

	Year ended 30 June 2007	Year ended 30 June 2006
Administration	22	32
Distribution	32	70
Production	151	141
	<hr/> 205	<hr/> 243

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

3. Staff costs (continued)

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (Restated)
Wages and salaries	4,852	5,922
Employer's social security costs	428	258
Other employment costs	82	1,777
Other pension costs	1,112	1,460
Share based payment	287	351
	<hr/> 6,761	<hr/> 9,768
	<hr/>	<hr/>

Share based payments

The fair value of share options or share grants is measured at grant date, based on the binomial or Monte Carlo model, and is recognized as a cost in the profit and loss account over the vesting period of the option or share grant with a corresponding adjustment to reserves. Full details of the valuation and accounting for share options schemes and policies are contained in Diageo plc's annual report for the year ended 30 June 2007 (see note 22).

4. Profit on fixed asset disposal

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Profit on disposal of fixed assets	<hr/> 3,813	<hr/> -
	<hr/>	<hr/>

5. Directors' emoluments

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2006 - £nil).

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

6. Net interest receivable/(payable)

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Interest payable on loans from fellow group undertakings	(46)	(40)

7. Taxation

(i) Analysis of taxation charge for the year

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (Restated)
Current tax	-	-
Deferred tax		
Current year (a)	163	149
Adjustment in respect of prior years	77	(162)
Adjustment for change in rate of corporation tax (b)	102	
Total deferred tax credit/(charge)	342	(13)
Taxation credit/(charge) on profit on ordinary activities	342	(13)

(a) The current year deferred tax credit includes a credit of £408,000 relating to the reversal of timing differences on buildings following the removal of any clawback of allowances on such buildings in the Finance Act 2007.

(b) The deferred tax liability has been adjusted to reflect the reduction on the rate of corporation tax from 30% to 28% with effect from 1 April 2008.

(ii) Factors affecting current tax charge for the year

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000 (Restated)
Profit on ordinary activities before taxation	3,801	985
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	(1,140)	(296)
Movement on timing differences	244	(149)
Capital gains sheltered by allowances and reliefs	1,119	-
Expenses not deductible for tax purposes	(81)	(9)
Group relief (surrendered)/received for nil consideration	(142)	454
Current ordinary tax charge for the year	-	-

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

8. Tangible assets

	Land and buildings	Plant and machinery	Containers and vehicles	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost / Valuation					
At 30 June 2006	7,773	26,572	6,202	1,588	42,135
Additions	100	1,363	584	1,980	4,027
Disposals	(1,498)	(464)	(2,222)	-	(4,184)
Transfers	155	1,312	-	(1,467)	-
At 30 June 2007	6,530	28,783	4,564	2,101	41,978
Depreciation					
At 30 June 2006	2,463	12,701	4,526	-	19,690
Provided during the year	272	1,914	699	-	2,885
Disposals	(539)	(455)	(2,203)	-	(3,197)
Impairment transfer	-	570	-	-	570
At 30 June 2007	2,196	14,730	3,022	-	19,948
Net book value					
At 30 June 2007	4,334	14,053	1,542	2,101	22,030
At 30 June 2006	5,310	13,871	1,676	1,588	22,445

The total cost or valuation for land and buildings comprises:

	30 June 2007 £'000	30 June 2006 £'000
At cost / valuation	3,558	4,802
At 1989 professional valuation	2,972	2,972
	6,530	7,774

The 1989 valuations were made on an open market existing use basis except for specialised properties, which were valued on a depreciated replacement cost basis.

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

8. Tangible assets (continued)

Historical cost figures for land and buildings (i.e. the original cost to the company of all land and buildings) and the related depreciation were:

	30 June 2007 £'000	30 June 2006 £'000
Historical cost	5,161	6,148
Aggregated depreciation based on historical cost	(2,065)	(1,872)
Historical net book value	<u>3,096</u>	<u>4,276</u>

The total net book value for land and buildings comprises:

	30 June 2007 £'000	30 June 2006 £'000
Freehold	-	-
Long leasehold	4,334	5,310
	<u>4,334</u>	<u>5,310</u>

The following table shows the principal rates of depreciation used in the year:

Freehold and leasehold	-	3 $\frac{1}{3}$ % on cost or valuation
Bottling and canning plant	-	12 $\frac{1}{2}$ % straight line
Fixed plant	-	10% straight line
Moveable plant	-	20% straight line
Fixtures and fittings	-	25% per annum straight line
Computer equipment	-	25% per annum straight line
Containers - new	-	10% per annum straight line
Distribution vehicles	-	16% straight line
Motor cars	-	25% per annum straight line
Fork lift trucks	-	25% per annum straight line
Bottles	-	31.25% per annum straight line
Pallets	-	10% per annum straight line

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

9. Stocks

	30 June 2007 £'000	30 June 2006 £'000
Raw materials and consumables	1,411	1,974
Finished goods and goods for resale	419	202
	<u>1,830</u>	<u>2,176</u>

The valuation of stocks at replacement cost would not give rise to any material difference to the amount at which they are stated.

10. Debtors

	30 June 2007 £'000	30 June 2006 £'000
Trade debtors	177	171
Amounts owed by fellow group undertakings	59,102	52,069
Other debtors	1,460	583
Prepayments and accrued income	171	237
	<u>60,910</u>	<u>53,060</u>

All amounts fall due within one year.

11. Creditors

	30 June 2007 £'000	30 June 2006 £'000
Trade creditors	5,035	2,882
Amounts owed to fellow group undertakings	6,472	3,399
Other taxation including social security	278	395
Other creditors	191	47
Accruals and deferred income	1,119	2,217
	<u>13,095</u>	<u>8,940</u>

All amounts fall due within one year.

Diageo Global Supply IBC Limited
Year ended 30 June 2007

Notes to the financial statements (continued)

12. Deferred income

	30 June 2007 £'000	30 June 2006 £'000
Government grants		
At beginning of year	505	583
Release for the year	(85)	(78)
At end of year	<u>420</u>	<u>505</u>

13. Provision for liabilities and charges

	Deferred taxation £'000	Other £'000	Total £'000
At 30 June 2006 (originally £1,960,000 before prior year adjustment)	1,768	1,716	3,484
Profit and loss account	(342)	(1,069)	(1,411)
At 30 June 2007	<u>1,426</u>	<u>647</u>	<u>2,073</u>

	30 June 2007 £'000	30 June 2006 £'000 (Restated)
Accelerated depreciation	1,866	2,238
Other timing differences	(440)	(470)
Deferred tax provision	<u>1,426</u>	<u>1,768</u>

14. Share capital

	30 June 2007 £'000	30 June 2006 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
6,000 ordinary shares of £1 each	6	6
120,000 deferred ordinary shares of £1 each	120	120
	<u>126</u>	<u>126</u>

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

14. Share capital (continued)

The deferred ordinary shares entitle the holders to a fixed non-cumulative dividend at a rate of 5% per annum for any financial period of the company in respect of which the net profits of the company available for dividend exceed £10,000,000 but they are not entitled to receive notice of or attend any Annual General Meeting. On a winding-up the holders of the deferred shares shall be entitled out of the surplus assets of the company to a return of the capital paid upon the deferred shares after a capital sum of £10,000 has been distributed in such winding-up in respect of each of the ordinary shares.

15. Reserves

	Revaluation reserve £'000	Profit and loss account £'000 (Restated)	Total £'000 (Restated)
At 30 June 2006 (originally £63,400,000 before prior year adjustment)	1,034	63,592	64,626
Profit for the financial year	-	4,143	4,143
Share based payments	-	287	287
Realisation of revaluation reserve	(73)	73	-
At 30 June 2007	961	68,095	69,056

The profit and loss account balance at 30 June 2006 has been restated due to the adoption of FRS 20 which is explained in the new accounting policies.

16. Reconciliation of movement in shareholders' funds

	30 June 2007 £'000	30 June 2006 £'000 (Restated)
Profit for the financial year	4,143	972
Share based payments	287	351
Net addition to shareholders' funds	4,430	1,323
Shareholders' funds at beginning of year (originally £64,560,000 (2006 – 63,342,000 before prior year adjustment)	64,752	63,429
Shareholders' funds at end of year	69,182	64,752

Diageo Global Supply IBC Limited

Year ended 30 June 2007

Notes to the financial statements (continued)

17. Commitments

At 30 June 2007 the company had minimum annual commitments under non-cancellable operating leases as follows:

	30 June 2007			30 June 2006		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Annual payments under leases expiring:						
Within one year	76	-	76	-	19	19
From one to five years	-	432	432	220	281	501
After five years	-	-	-	-	-	-
	<u>76</u>	<u>432</u>	<u>508</u>	<u>220</u>	<u>300</u>	<u>520</u>

The company had no capital commitments at the year-end (2006: £Nil).

18. Contingent liabilities

There is a contingent liability in respect of capital grants received and reflected in these financial statements, which may become repayable should the terms of the letter of offer cease to be met. Capital grants received amounted to £844,000 at 30 June 2007 (2006 - £895,000).

19. Immediate and ultimate parent undertaking

The immediate and 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 8 Henrietta Place, London W1G 0NB.