

**John Haig & Company Limited**  
**Directors' report and financial statements**  
**30 June 2021**

Registered number: SC013654



**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

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**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

## **DIRECTORS' REPORT**

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

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### **Activities**

The company did not trade during the financial year or the preceding financial year but received interest income from a fellow group undertaking.

In June 2010, the Diageo group ("the group") established a Pension Funding Partnership in which the UK Diageo Pension Scheme ("UK Scheme") acquired a limited interest, and as a partner, is entitled to a distribution of the profits of the Pension Funding Partnership until 2030. Under this structure the company, as an initial limited partner, together with the UK Scheme (limited partner) and a fellow group undertaking (general partner) agreed to form Lochside MWS Limited Partnership ("Lochside"). On 19 July 2010, the company made a capital contribution of £100 to Lochside, and as a member, is entitled to a distribution of the profits of Lochside of £5 each year, which is presented as interest receivable.

The directors foresee no changes in the company's activities.

The company is incorporated and domiciled as a private company limited by shares in Scotland, United Kingdom. The registered address is 11 Lochside Place, Edinburgh, Scotland, EH12 9HA, United Kingdom.

### **Going concern**

The company is expected to continue to generate profit for its own account and 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 11.

The profit for the year transferred to reserves was £5 (2020 - £5).

No dividend was paid during the year (2020 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2020 - £nil).

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## **DIRECTORS' REPORT (continued)**

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M C Edmunds  
D Keresztesi (appointed 11 September 2020)  
G Kovacs (resigned 1 September 2020)  
K E Major

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2020 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

### **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.

### **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.

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## **DIRECTORS' REPORT (continued)**

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

#### **Pandemics (continued)**

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.

#### **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.

#### **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.

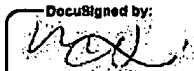
**John Haig & Company Limited**  
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**DIRECTORS' REPORT (continued)**

**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.

On behalf of the Board

DocuSigned by:  
  
785A6C0D182D48F...

.....  
**D Keresztesi**  
*Director*

11 Lochside Place  
Edinburgh  
Scotland  
EH12 9HA

3 December 2021

**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the directors' 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 John Haig & Company Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, John Haig & Company 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 profit 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 Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2021; 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 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.

### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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 the 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**

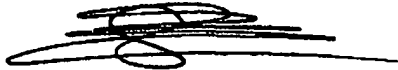
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



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

**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Year ended 30 June 2021	Year ended 30 June 2020
		£	£
Finance income	3	<u>5</u>	<u>5</u>
<b>Profit before taxation on ordinary activities</b>		<b>5</b>	<b>5</b>
Taxation on profit on ordinary activities	4	<u>—</u>	<u>—</u>
<b>Profit for the financial year and total comprehensive income for the year</b>		<b><u>5</u></b>	<b><u>5</u></b>

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

The company had no other comprehensive income or expense during the current and previous year.

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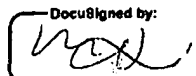
**BALANCE SHEET**

	Notes	Year ended 30 June 2021 £	Year ended 30 June 2020 £
<b>Non-current assets</b>			
Investments in subsidiaries	5	100	100
<b>Current assets</b>			
Trade and other receivables	6	34,955	34,950
<b>Total assets</b>		<b>35,055</b>	<b>35,050</b>
<b>Equity</b>			
Called up share capital	7	1,000	1,000
Retained earnings		34,055	34,050
<b>Total equity</b>		<b>35,055</b>	<b>35,050</b>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The accounting policies and other notes on pages 14 to 19 form part of the financial statements.

These financial statements on pages 11 to 19 were approved by the Board on 3 December 2021 and were signed on its behalf by:

DocuSigned by:  
  
 765A8C0D182D48F

D Keresztesi  
 Director

**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

**STATEMENT OF CHANGES IN EQUITY**  
**ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
Balance at 30 June 2019	1,000	34,045	35,045
Profit for the financial year and total comprehensive income for the year	<u>—</u>	<u>5</u>	<u>5</u>
Balance at 30 June 2020	1,000	34,050	35,050
Profit for the financial year and total comprehensive income for the year	<u>—</u>	<u>5</u>	<u>5</u>
<b>Balance at 30 June 2021</b>	<b><u>1,000</u></b>	<b><u>34,055</u></b>	<b><u>35,055</u></b>

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

**John Haig & Company Limited**  
**Registered number: SC013654**  
**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).
- 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.

**John Haig & Company Limited**  
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**Year ended 30 June 2021**

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

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

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 sterling (£), which is the company's functional currency.

#### **Finance income**

Finance income is recognised in the statement of comprehensive income in the year in which it is earned.

#### **Investments in subsidiaries**

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



**John Haig & Company Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

#### **Financial assets**

Financial assets are initially recorded at fair value, where permitted by IFRS 9, including 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 into the following categories: financial assets at amortised cost, financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets 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.

#### **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. In prior years penalties and interest on tax liabilities were provided for in the tax charge.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

**John Haig & Company Limited**  
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**Year ended 30 June 2021**

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

**2. OPERATING COSTS**

The auditors' remuneration of £3,500 (2020 - £2,500) 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 - £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 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

**3. FINANCE INCOME**

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
<b>Interest income</b>		
Lochside MWS Limited Partnership	<u>5</u>	<u>5</u>

Interest income of £5 (2020 - £5) has been capitalised into the loan amount due from Diageo Scotland Limited, a fellow group undertaking.

**John Haig & Company Limited**  
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## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>Year ended 30 June 2021</b>	<b>Year ended 30 June 2020</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of taxation for the year</b>		
Current tax	—	—
Deferred tax	—	—
<b>Taxation on profit on ordinary activities</b>	<b>—</b>	<b>—</b>
<b>(b) Factors affecting total tax for the year</b>		
Profit on ordinary activities before taxation	<b>5</b>	<b>5</b>
Taxation on profit on ordinary activities at UK corporation tax rate of 19% (2020 - 19%)	(1)	(1)
Group relief received for nil consideration	422	175
Other tax effects for reconciliation between accounting profit and tax for the year	(421)	(174)
<b>Total tax for the year</b>	<b>—</b>	<b>—</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. Deferred taxes at 30 June 2021 have been measured using this enacted tax rate and reflected in these financial statements.

The amount of other tax effects for reconciliation between accounting profit and tax for the year consists of transfer pricing adjustments in respect of the intercompany loan relationship.

### **5. INVESTMENTS IN SUBSIDIARIES**

#### ***Loan to fellow group undertaking***

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>£</b>	<b>£</b>
Amount owed by fellow group undertaking	<b>100</b>	<b>100</b>

Pursuant to a capital contribution of £100 to Lochside, the company is entitled to a profit distribution each year allocated in line with the Partnership Agreement of Lochside.

**John Haig & Company Limited**  
**Registered number: SC013654**  
**Year ended 30 June 2021**

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

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

As the distributions represent a contractual right for the company to receive cash from Lochside, the capital contribution is shown as a loan to fellow group undertaking and the profit distribution received is presented as an interest income (Note 3).

The capital contribution of £100 was paid by Diageo Scotland Limited, a fellow group undertaking, on behalf of the company.

### **6. TRADE AND OTHER RECEIVABLES**

	Year ended 30 June 2021	Year ended 30 June 2020
	£	£
Amounts owed by fellow group undertakings		
Diageo Scotland Limited	<u>34,955</u>	<u>34,950</u>

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

### **7. CALLED UP SHARE CAPITAL**

<i>Allotted, called up and fully paid:</i>	Year ended 30 June 2021
	£
1,000 (2020 - 1,000) ordinary shares of £1 each	<u>1,000</u>

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

The immediate parent undertaking of the company is Diageo Scotland Limited, a company incorporated and registered in Scotland, 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.