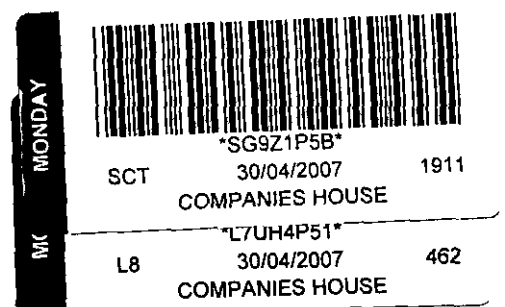


Gleneagles Hotels Limited

Financial statements 30 June 2006

Registered company number SC97000



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2006

Activities

The company was principally engaged during the year in operating The Gleneagles Hotel, Auchterarder, Perthshire

Business Review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2006

The development and performance of the Gleneagles Hotels business during the year was in line with expectations. Occupancy levels were similar to the previous year and improved guest spends have contributed to an increase in turnover. The decrease in operating profit includes an intercompany recharge of pension costs of £2,736,000 (2005 – £nil)

Principal risks and uncertainties facing the company as at 30 June 2006

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.

Due to the nature of the company's business, the risk of non performance by counterparties to transactions of the company is considered remote.

Financial and other key performance indicators

The directors do not consider that analysis using key performance indicators is necessary (or appropriate) for an understanding of the development, performance or position of the business of the company, or 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.

Notes

The information in this review has been prepared only for the purpose of complying with the requirements of section 234ZZB (*Directors' report business review*) of the Companies Act 1985. 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.

Directors' report (continued)

Financial

The results for the year ended 30 June 2006 are shown on page 8

The directors do recommend the payment of a dividend of £20,800,000 (2005 £nil)

The profit for the year transferred to reserves is £5,937,000 (2005 £14,669,000)

Directors

The directors who held office during the year were as follows

P J Lederer
N C Rose
D A Kemp

Directors' emoluments

Details of the directors' emoluments are shown in note 4 of these financial statements

Directors' interests

No director had any interest, beneficial or non beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary

Directors' report (continued)

Directors' interests (continued)

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28¹⁰¹/₁₀₈ p each in the ultimate parent company, Diageo plc

(i) Ordinary shares

	Ordinary shares	
	At beginning of year	At end of year
P J Lederer	37,591	38,225
D A Kemp	5,573	6,207

(ii) Options

	Options over ordinary shares				
	At beginning of year	Granted in year	Exercised in year	Lapsed in year	At end of year
P J Lederer	67,755	8,692			76,447
D A Kemp	32,507	4,290	(7,846)		28,951

The directors held the above options under Diageo plc share option schemes at prices between 494p and 815p per ordinary share exercisable between 2006 and 2015. The options are granted at market value on the date the option is granted and the option price is payable when the option is exercised.

At 30 June 2006 N C Rose was also a director of the ultimate parent company, Diageo plc. Details of his beneficial interests in the ordinary shares of Diageo plc are shown in the Diageo plc annual report, copies of which can be obtained from 8 Henrietta Place, London W1G 0NB.

The mid market share price of Diageo plc shares fluctuated between 778p and 928p during the year. The mid market share price on 30 June 2006 was 917p.

At 30 June 2006 P J Lederer and D A Kemp each had an interest in 17,791,320 shares and 8,045,000 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

Employee involvement

Diageo's goal is to be an 'Employer of Choice' offering an energising work environment, personal growth and recognition and attractive rewards for the performance contribution its people make to the group. Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees. These policies take account of external legislation, internal codes of conduct, as well as Diageo's values as an organisation.

Directors' report (continued)

Employee involvement (continued)

Diageo is a multi cultural community operating in an increasingly diverse business world and is committed to active equality and diversity practices. The group offers people with disability the same opportunities for employment, training and career progression as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. It is also committed to attracting and retaining talented people. Diageo invests in the growth and development of its people, which contributes directly to the performance and results of the business. Where practical, Diageo encourages flexible ways of working to enable employees to take some control over the balance between work and home life. Diageo's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing.

Diageo is committed to the safety and wellbeing of employees at work. It promotes responsible drinking behaviours among all its people. Diageo is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance.

Each senior manager is responsible for supporting the Diageo Executive and senior leadership community in delivering against these communication and employee engagement goals. The group has an intranet web site from which employees with access to a computer can obtain timely and accurate news and information.

The group has entered into numerous collective bargaining agreements and believes that its employee relations are satisfactory.

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 when making payments, subject to the terms and conditions being met by the supplier.

The number of days' purchases included in creditors as at 30 June 2006, in respect of the company, is 19 days (2005 – 18 days).

Directors' report (continued)

Auditor

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. The auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2006.

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

By order of the board



J Nicholls
Secretary
The Gleneagles Hotel
Auchterarder, Perthshire PH3 1NF
19 December 2006

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 regulations

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

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Gleneagles Hotels Limited

We have audited the financial statements of Gleneagles Hotels Limited for the year ended 30 June 2006, 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 section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 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 Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh

14 February 2007

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Turnover	<i>1</i>	36,849	34,463
Operating costs	<i>2</i>	(33,833)	(29,129)
		<hr/>	<hr/>
Operating profit		3,016	5,334
Disposal of fixed assets	<i>5</i>	53	26
Net interest receivable	<i>6</i>	4,699	3,910
		<hr/>	<hr/>
Profit on ordinary activities before taxation		7,768	9,270
Taxation (charge)/credit on profit on ordinary activities	<i>7</i>	(1,831)	5,399
		<hr/>	<hr/>
Profit on ordinary activities after taxation and amounts transferred to reserves	<i>15</i>	5,937	14,669
		<hr/>	<hr/>

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

All results arise from continuing operations

Balance sheet

	Notes	30 June 2006		30 June 2005	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		75,315		75,574
Investments	9		16		16
			<hr/>		<hr/>
			75,331		75,590
Current assets					
Stocks	10	1,235		1,068	
Debtors due within one year	11	357,108		349,841	
Cash at bank and in hand		1,259		1,444	
		<hr/>		<hr/>	
		359,602		352,353	
Creditors due within one year	12	(153,023)		(153,801)	
		<hr/>		<hr/>	
Net current assets			206,579		198,552
			<hr/>		<hr/>
Total assets less current liabilities			281,910		274,142
Provisions for liabilities and charges	13		(2,811)		(980)
			<hr/>		<hr/>
Net assets			279,099		273,162
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		235,709		235,709
Revaluation reserve	15	13,051		13,188	
Profit and loss account	15	30,339		24,265	
		<hr/>		<hr/>	
Reserves attributable to equity shareholders			43,390		37,453
			<hr/>		<hr/>
Equity shareholders' funds			279,099		273,162
			<hr/>		<hr/>

These financial statements on pages 8 to 24 were approved by the board of directors on 19 December 2006 and were signed on its behalf by


P J Lederer
Director

Note of historical cost profits and losses

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Reported profit on ordinary activities before taxation	7,768	9,270
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	137	133
Historical cost profit on ordinary activities before taxation	7,905	9,403
Historical cost profit for the year retained after taxation and dividends	6,074	14,802

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 statements of Diageo plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996)

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not balances) with entities that are part of the Diageo plc group ("group undertakings") or investees of the Diageo plc group

The company is exempt from the requirement to prepare group accounts under section 228 of the Companies Act 1985 as its results are included in the published consolidated financial statements of Diageo plc

New accounting policies

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

FRS 21 – Events after the balance sheet date This standard specifies the accounting treatment to be adopted and the disclosures to be provided by entities for events occurring after the balance sheet date. The adoption of this standard has not resulted in the restatement of information reported in respect of the year ended 30 June 2005, nor has it impacted the results in respect of the year ended 30 June 2006

FRS 28 – Corresponding amounts FRS 28 sets out the requirements for the disclosure of corresponding amounts for items disclosed in a company's primary financial statement and the notes to the financial statements

Tangible fixed assets

Land and buildings are stated at cost or, for certain assets acquired prior to 1993, at professional valuation less depreciation

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 within the following ranges

Building – core	100 years
Building surfaces	25 years
Equestrian Centre	36 years
Plant & Machinery	4 to 12 years
Fixtures and fittings	4 to 7 years

Accounting policies (continued)

Tangible fixed assets (continued)

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.

Fixed asset investments

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

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.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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 and royalties receivable, but excluding value added tax.

Turnover for goods is recognised at the fair value of the right to consideration. Turnover is recognised at the point that the service is provided.

Advertising

Advertising production costs are charged to the profit and loss account when the advertisement is first shown to the public.

Accounting policies (continued)

Pensions and other post employment benefits

The employees of the company are members of the Diageo UK pension plan which is a defined benefit scheme

FRS 17 – *Retirement benefits*, adopted by the Diageo Group from 1 July 2003, replaced 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.

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.

Deferred taxation

Full provision is made for timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations using current tax rates. The company does not discount these balances.

Notes to the financial statements

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

The turnover and profit on ordinary activities before taxation are attributable to one class of business, that of hotels, all of which is carried out in the United Kingdom

2. Operating costs

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Raw materials and consumables	6,039	5,595
Advertising, marketing and promotion costs	1,448	1,298
Other external charges (a)	245	250
Staff costs (note 3)	13,859	10,588
Depreciation and other amounts written off fixed assets	2,495	2,670
Other operating charges	9,747	8,728
	<hr/> 33,833 <hr/>	<hr/> 29,129 <hr/>

(a) **Other external charges** include operating lease rentals for plant and machinery of £192,000 (2005 £189,000), other lease rentals (largely properties) of £40,000 (2005 £33,000), gains in respect of foreign exchange £6,000 (2005 £14,000)

Fees in respect of services provided by the auditor were statutory audit £16,000 (2005 £14,000)
Other non audit work £nil (2005 £nil)

Notes to the financial statements (continued)

3. Staff costs

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

	Year ended 30 June 2006	Year ended 30 June 2005
Full time	557	548
Part time	49	45
	<hr/>	<hr/>
	606	593
	<hr/>	<hr/>

The aggregate remuneration of all employees comprised

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Wages and salaries	10,340	9,848
Pension contribution	2,736	
Social security costs	783	740
	<hr/>	<hr/>
	13,859	10,588
	<hr/>	<hr/>

Retirement benefits

The employees of the company are members of the Diageo UK pension plan which is a defined benefit scheme

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 company made contributions of £2,736,000 to the scheme in respect of its employees in the year ended 30 June 2006 (2005 – £nil)

The assets and liabilities of the Diageo UK pension plan and related disclosures are contained in Diageo plc's annual report for the year ended 30 June 2006, however, the balances referred to are not all attributable to the company

Notes to the financial statements (continued)

4. Directors' emoluments

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Emoluments (excluding pension contributions)	347	337

The emoluments, and amounts receivable under longer term incentive schemes, of the highest paid director amounted to £206,265 (2005 £197,345). The highest paid director is a member of a defined benefit scheme under which his accrued annual pension at the year end was £100,790 (2005 £85,909). The lump sum equivalent of the highest paid director's pension entitlement at the year end was £1,745,337 (2005 £1,417,891).

All of the directors are members of the Diageo UK pension fund, which is a defined benefit scheme.

N C Rose is a director of the ultimate parent undertaking, Diageo plc, and his emoluments were paid by that company and disclosed in its annual report.

Details of the directors' share interests and any share options exercised during the year are included within the directors' report on pages 2 and 3.

5. Disposal of fixed assets

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Profits on the sale of Fixed assets	53	26

6. Net interest receivable

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Interest payable on loans from fellow group undertakings	(7)	(8)
Less		
Interest receivable on loans to fellow group undertakings	4,671	3,885
Other interest receivable	35	33
	4,699	3,910

Notes to the financial statements (continued)

7. Taxation

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
(i) Analysis of taxation (charge)/credit for the year		
Deferred tax		
Prior year	(1,461)	5,745
Current year	(370)	(346)
	<hr/>	<hr/>
Total deferred tax	(1,831)	5,399
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(1,831)	5,399
	<hr/>	<hr/>
	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
(ii) Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	7,768	9,270
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2005 – 30%)	(2,330)	(2,781)
Capital allowances in excess of depreciation	370	346
Expenses not deductible for tax purposes	(89)	(30)
Group relief received for nil consideration	2,049	2,465
	<hr/>	<hr/>
Current ordinary tax charge for the year		
	<hr/>	<hr/>

Notes to the financial statements (continued)

8. Fixed assets – tangible assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 30 June 2005	73,651	4,603	22,582	857	101,693
Additions	89	2	149	2,003	2,243
Disposals	(12)		(289)		(301)
Transfers	314	193	1,078	(1,585)	
At 30 June 2006	74,042	4,798	23,520	1,275	103,635
Depreciation					
At 30 June 2005	3,747	3,591	18,781		26,119
Provided during the year	884	222	1,389		2,495
Disposals	(4)		(290)		(294)
At 30 June 2006	4,627	3,813	19,880		28,320
Net book value					
At 30 June 2006	69,415	985	3,640	1,275	75,315
At 30 June 2005	69,904	1,012	3,801	857	75,574

Notes to the financial statements (continued)

8. Fixed assets – tangible assets (continued)

The total cost or valuation for land and buildings comprises

	30 June 2006 £000	30 June 2005 £000
At 1992 professional valuation	48,857	48,857
At cost	25,185	24,794
	<hr/>	<hr/>
	74,042	73,651
	<hr/>	<hr/>

The 1992 valuations were made on an open market existing use basis except for specialised properties, which were valued on a depreciated replacement cost basis

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 2006 £000	30 June 2005 £000
Historical cost	60,606	60,203
Aggregated depreciation based on historical cost	(4,140)	(3,394)
	<hr/>	<hr/>
Historical net book value	56,466	56,809
	<hr/>	<hr/>

	30 June 2006 £000	30 June 2005 £000
Freehold	74,042	73,651
	<hr/>	<hr/>

Included within the net book value of freehold properties is £9,914,000 (2005 £9,914,000) in respect of land on which no depreciation is charged

Notes to the financial statements (continued)

9. Fixed assets – investments

	Subsidiary undertakings £000
Cost at beginning and end of year	16

The subsidiary undertakings and the percentage of equity owned are as follows

	Country of incorporation	Principal activity	Percentage of shares held
<i>Direct holdings:</i>			
Gleneagles Resort Developments Limited	Scotland	Property development	100%
Equiscot Limited	Scotland	Non trading	100%

The investments in subsidiary undertakings are held at cost less, where appropriate, provision for impairment in value

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements

10. Stocks

	30 June 2006 £000	30 June 2005 £000
Raw materials and consumables	146	157
Finished goods and goods for resale	1,089	911
	<hr/> 1,235	<hr/> 1,068

Notes to the financial statements (continued)

11. Debtors

	30 June 2006	30 June 2005
	£000	£000
Trade debtors	2,655	2,499
Amounts owed by fellow group undertakings	354,234	347,075
Other prepayments and accrued income	219	267
	<hr/>	<hr/>
	357,108	349,841
	<hr/>	<hr/>

All amounts fall due within one year

12. Creditors – due within one year

	30 June 2006	30 June 2005
	£000	£000
Trade creditors	925	772
Amounts owed to fellow group undertakings	145,744	145,094
Other taxation including social security	493	528
Other creditors	347	77
Accruals and deferred income	5,514	7,330
	<hr/>	<hr/>
	153,023	153,801
	<hr/>	<hr/>

Notes to the financial statements (continued)

13. Provisions for liabilities and charges

	Deferred taxation £000
At 30 June 2005	980
Profit and loss account	1,831
	<hr/>
At 30 June 2006	2,811
	<hr/>

	30 June 2006 £000	30 June 2005 £000
Accelerated depreciation	2,916	1,100
Other timing differences	(105)	(120)
	<hr/>	<hr/>
Deferred tax provision	2,811	980
	<hr/>	<hr/>

14. Share capital

	30 June 2006 £000	30 June 2005 £000
Authorised		
Equity 236,659,000 ordinary shares of £1 each	236,659	236,659
	<hr/>	<hr/>
Allotted, called up and fully paid:		
Equity 235,709,000 ordinary shares of £1 each	235,709	235,709
	<hr/>	<hr/>

Notes to the financial statements (continued)

15. Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At 30 June 2005	13,188	24,265	37,453
Retained profit for year		5,937	5,937
Realisation of revaluation reserve	(137)	137	
	<hr/>	<hr/>	<hr/>
At 30 June 2006	13,051	30,339	43,390
	<hr/>	<hr/>	<hr/>

16. Reconciliation of movement in equity shareholders' funds

	30 June 2006 £000	30 June 2005 £000
Profit on ordinary activities after taxation	5,937	14,669
	<hr/>	<hr/>
Net addition to equity shareholders' funds	5,937	14,669
Equity shareholders' funds at beginning of year	273,162	258,493
	<hr/>	<hr/>
Equity shareholders' funds at end of year	279,099	273,162
	<hr/>	<hr/>

Notes to the financial statements (continued)

17. Commitments

At 30 June 2006 the company had minimum annual commitments under non cancellable operating leases as follows

	30 June 2006 Other £000	30 June 2005 Other £000
Annual payments under leases expiring:		
After five years	11	11
From one to five years	151	164
Within one year	70	46
	<hr/>	<hr/>
	232	221
	<hr/>	<hr/>

18. Immediate and ultimate parent undertaking

The immediate and 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.