

# **Gleneagles Hotels Limited**

## **Financial statements 30 June 2009**

Registered company number SC97000

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## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2009.

### **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 2009*

The development and performance of the business during the year was in line with expectations after taking into account the impact of the economic downturn on the leisure market.

*Principal risks and uncertainties facing the company as at 30 June 2009*

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 Business Review contained within the annual report of Diageo plc.

## **Directors' report (continued)**

### **Financial**

The results for the year ended 30 June 2009 are shown on page 6.

A dividend of £nil (2008 – Nil) was paid during the year. The profit for the year transferred to reserves is £3,693,000 (2008 – £11,580,000).

### **Directors**

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

P V Elsmie  
D A Kemp  
P J Lederer  
N C Rose

### **Directors' emoluments**

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

### **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.

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.

## **Directors' report (continued)**

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 2009, in respect of the company, is 25 days (2008 – 25 days).

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

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*

29 March 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**KPMG Audit Plc**

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
United Kingdom

**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 2009 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. 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 auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Hugh Harvie (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*

25.3.2010

**Profit and loss account**


	<i>Notes</i>	<b>Year ended 30 June 2009 £000</b>	<b>Year ended 30 June 2008 £000</b>
<b>Turnover</b>	<i>1</i>	35,579	38,231
Operating costs	<i>2</i>	(36,133)	(37,195)
<b>Operating (loss) / profit</b>		(554)	1,036
Disposal of fixed assets	<i>5</i>	13	4,573
Net interest receivable	<i>6</i>	3,028	5,456
<b>Profit on ordinary activities before taxation</b>		2,487	11,065
Taxation on profit on ordinary activities	<i>7</i>	1,206	515
<b>Profit for the financial year</b>		3,693	11,580

All results arise from continuing operations.

## Balance sheet

	Notes	30 June 2009		30 June 2008	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8		82,769		84,595
Investments	9		16		16
			<hr/>		<hr/>
			82,785		84,611
<b>Current assets</b>					
Stocks	10	2,706		4,114	
Debtors: due within one year	11	216,418		332,000	
Cash at bank and in hand		4,561		7,699	
		<hr/>		<hr/>	
		223,685		343,813	
<b>Creditors: due within one year</b>	12	(14,258)		(140,452)	
		<hr/>		<hr/>	
<b>Net current assets</b>			209,427		203,361
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			292,212		287,972
<b>Provisions for liabilities and charges</b>	13		-		(31)
			<hr/>		<hr/>
<b>Net assets</b>			292,212		287,941
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		235,709		235,709
Revaluation reserve	15	12,509		12,690	
Profit and loss account	15	43,994		39,542	
		<hr/>		<hr/>	
			56,503		52,232
			<hr/>		<hr/>
<b>Shareholders' funds</b>			292,212		287,941
			<hr/>		<hr/>

These financial statements on pages 6 to 23 were approved by the board of directors on 24 March 2010 were signed on its behalf by:

  
D A Kemp  
Director



**Note of historical cost profits and losses**

	<b>Year ended 30 June 2009 £000</b>	<b>Year ended 30 June 2008 £000</b>
Reported profit on ordinary activities before taxation	2,487	11,065
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	181	148
<b>Historical cost profit on ordinary activities before taxation</b>	<b>2,668</b>	<b>11,213</b>
<b>Historical cost profit for the year retained after taxation</b>	<b>3,874</b>	<b>11,728</b>

## **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 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc.

### **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

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 approved by the paying company. Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

## **Accounting policies (continued)**

### **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.

### **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.

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.

## **Accounting policies (continued)**

### **Share-based payment**

The ultimate parent, Diageo plc, operates a number of share-based incentive schemes (awards of shares and options). Where the ultimate parent's shares, or options over the company's shares, are granted to a subsidiary undertaking's employees, an expense should be recorded in the profit and loss account, with a corresponding credit to reserves. This charge is measured at the fair value of the share or share option at the date of grant (for awards granted after 7 November 2002) 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.

## 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 2009 £000	Year ended 30 June 2008 £000
Raw materials and consumables	5,697	6,095
Advertising, marketing and promotion costs	1,460	1,795
Other external charges (a)	234	292
Staff costs (note 3)	14,939	15,021
Depreciation and other amounts written off fixed assets	2,874	3,182
Other operating charges	10,929	10,810
	<hr/>	<hr/>
	36,133	37,195
	<hr/>	<hr/>

(a) **Other external charges** include: operating lease rentals for plant and machinery of £168,000 (2008 £242,000) other lease rentals (largely properties) of £55,000 (2008 - £41,000); losses in respect of foreign exchange £7,000 (2008 - £11,000).

Fees in respect of services provided by the auditor were: statutory audit £18,000 (2008 - £20,000).  
Other non-audit work £nil (2008 - £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 2009	Year ended 30 June 2008
Full time	591	617
Part time	91	59
	<hr/>	<hr/>
	682	676
	<hr/>	<hr/>

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Wages and salaries	12,035	12,140
Pension contribution	1,363	1,372
Social security costs	963	952
Share costs	578	557
	<hr/>	<hr/>
	14,939	15,021
	<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 £1,363,000 to the scheme in respect of its employees in the year ended 30 June 2009 (2008 – £1,372,000).

The assets and liabilities of the Diageo UK pension plan are recognised in the Diageo plc consolidated financial statements.

### 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 recognised 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 2009 (see note 18).

## Notes to the financial statements (continued)

### 4. Directors' emoluments

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Emoluments (excluding pension contributions)	513	486

The emoluments, and amounts receivable under longer term incentive schemes, of the highest paid director amounted to £209,477 (2008 - £286,905). The highest paid director is a member of a defined benefit scheme under which his accrued annual pension at the year-end was £134,031 (2008 - £122,903). The lump sum equivalent of the highest paid director's pension entitlement at the year-end was £2,721,244 (2008 - £2,263,676)

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.

**Notes to the financial statements (continued)**

**5. Disposal of fixed assets**

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Profits on the sale of fixed assets	13	4,573
	<u>          </u>	<u>          </u>

**6. Net interest receivable**

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Interest receivable on loans to fellow group undertakings	2,913	5,363
Other interest receivable	115	93
	<u>          </u>	<u>          </u>
	3,028	5,456
	<u>          </u>	<u>          </u>



Notes to the financial statements (continued)

7. Taxation

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
<b>(i) Analysis of taxation credit/(charge) for the year</b>		
<b>Deferred tax</b>		
Current year	411	(446)
Prior year	795	989
Adjustment for change in rate of corporation tax	-	(28)
Total deferred tax	1,206	515
Taxation on profit on ordinary activities	1,206	515

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
<b>(ii) Factors affecting current tax charge for the year</b>		
Profit on ordinary activities before taxation	2,487	11,065
Taxation on profit on ordinary activities at UK corporation tax rate of 28% (2008 – 29.5%)	696	3,264
Depreciation in excess of capital allowances	865	(438)
Items not taxable	(327)	(1,669)
Expenses not deductible for tax purposes	19	1,140
Short term timing and other differences	58	-
Group relief received for nil consideration	(1,311)	(2,297)
Current ordinary tax charge for the year	-	-

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
<b>Cost</b>					
At 30 June 2008	84,251	5,408	26,840	536	117,035
Additions	174	-	451	429	1,054
Disposals	-	-	(227)	-	(227)
Transfers	266	25	247	(538)	-
<b>At 30 June 2009</b>	<b>84,691</b>	<b>5,433</b>	<b>27,311</b>	<b>427</b>	<b>117,862</b>
<b>Depreciation</b>					
At 30 June 2008	6,614	4,301	21,525	-	32,440
Provided during the year	1,374	236	1,264	-	2,874
Disposals	-	-	(221)	-	(221)
<b>At 30 June 2009</b>	<b>7,988</b>	<b>4,537</b>	<b>22,568</b>	<b>-</b>	<b>35,093</b>
<b>Net book value</b>					
<b>At 30 June 2009</b>	<b>76,703</b>	<b>896</b>	<b>4,743</b>	<b>427</b>	<b>82,769</b>
<b>At 30 June 2008</b>	<b>77,637</b>	<b>1,107</b>	<b>5,315</b>	<b>536</b>	<b>84,595</b>

## Notes to the financial statements (continued)

### 8. Fixed assets – tangible assets (continued)

The total cost or valuation for land and buildings comprises:

	30 June 2009 £000	30 June 2008 £000
At 1992 professional valuation	48,244	48,244
At cost	36,447	36,007
	<hr/>	<hr/>
	84,691	84,251
	<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 2009 £000	30 June 2008 £000
Historical cost	71,035	70,166
Aggregated depreciation based on historical cost	(7,815)	(6,251)
	<hr/>	<hr/>
Historical net book value	63,220	63,915
	<hr/>	<hr/>

	30 June 2009 £000	30 June 2008 £000
Freehold	84,691	84,251
	<hr/>	<hr/>

Included within the net book value of freehold properties is £9,914,000 (2008 - £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 issued share capital 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	In liquidation	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 2009 £000	30 June 2008 £000
Raw materials and consumables	142	165
Finished goods and goods for resale	2,564	3,949
	<u>2,706</u>	<u>4,114</u>

**Notes to the financial statements (continued)**

**11. Debtors**

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	1,692	4,104
Amounts owed by fellow group undertakings	213,155	327,482
Other prepayments and accrued income	396	414
Deferred tax asset (note 13)	1,175	-
	<u>216,418</u>	<u>332,000</u>

All amounts fall due within one year.

**12. Creditors – due within one year**

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,653	1,733
Amounts owed to fellow group undertakings	5,914	130,342
Other taxation including social security	377	616
Other creditors	225	727
Accruals and deferred income	6,089	7,034
	<u>14,258</u>	<u>140,452</u>

**Notes to the financial statements (continued)**

**13. Provisions for liabilities and charges**

	<b>Deferred taxation £000</b>
At 30 June 2008	(31)
Profit and loss account	1,206
	<hr/>
At 30 June 2009 (asset – note 11)	1,175
	<hr/> <hr/>

	<b>30 June 2009 £000</b>	<b>30 June 2008 £000</b>
Accelerated depreciation	957	(703)
Other timing differences	218	672
	<hr/>	<hr/>
Deferred tax asset / (provision)	1,175	(31)
	<hr/> <hr/>	<hr/> <hr/>

**14. Share capital**

	<b>30 June 2009 £000</b>	<b>30 June 2008 £000</b>
<i>Authorised:</i>		
236,659,000 ordinary shares of £1 each	236,659	236,659
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
235,709,000 ordinary shares of £1 each	235,709	235,709
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

15. Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At 30 June 2008	12,690	39,542	52,232
Retained profit for year	-	3,693	3,693
Realisation of revaluation reserve	(181)	181	-
Share based payments	-	578	578
At 30 June 2009	12,509	43,994	56,503

16. Reconciliation of movement in shareholders' funds

	30 June 2009 £000	30 June 2008 £000
Profit for the financial year	3,693	11,580
Share based payments	578	557
Net addition to shareholders' funds	4,271	12,137
Shareholders' funds at beginning of year	287,941	275,804
Shareholders' funds at end of year	292,212	287,941

## Notes to the financial statements (continued)

### 17. Commitments

At 30 June 2009 the company had minimum annual commitments under non-cancellable operating leases as follows:

	30 June 2009 Other £000	30 June 2008 Other £000
<b>Annual payments under leases expiring:</b>		
After five years	50	50
From one to five years	181	169
Within one year	43	64
	<hr/>	<hr/>
	274	283
	<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 Lakeside Drive, Park Royal, London, NW10 7HQ.