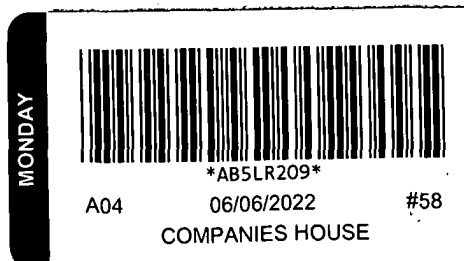


**McDowell & Co. (Scotland) Ltd.**  
**Directors' Report and Financial Statements**  
**31 March 2022**

Registered number: SC145242



**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

## **Directors' report**

The directors are pleased to submit their directors' report, together with the audited financial statements for the year ended 31 March 2022.

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.

### **Principal activities and business review**

The company is incorporated and domiciled as a private limited company in the United Kingdom. The registered address is Edinburgh Park, 11 Lochside Place, Edinburgh, Scotland, EH12 9HA. The company owned Keillour Castle, which was located in Scotland and held at a fair value of £850,000 in the company's balance sheet at 31 March 2021.

During the current year, Keillour Castle was disposed in September 2021 at a sale value of £912,500, with a gain on sale of £62,500 recognised.

Management plans to liquidate the company, which will take place once regulatory approvals are received.

### **Going concern**

On 24 May 2018, the Board of Directors of United Spirits Limited ("USL"), the intermediate holding company of McDowell & Co. (Scotland) Ltd. ("the company"), approved the voluntary liquidation of the company. The completion of the liquidation of the company is subject to regulatory approvals from Reserve Bank of India (Central bank of India). As a consequence, these financial statements are prepared on a basis other than going concern ("break up basis").

All assets and liabilities have been recognised as current at their fair value. On the basis of their assessment, the company's directors estimated that the fair value approximates to the carrying value as at 31 March 2022. 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 results for the year ended 31 March 2022 are shown on page 5.

The profit for the year transferred to reserves was £12,711 (2021 - loss of £17,670).

No dividend was paid during the year (2021 - £nil) and there was no dividend proposed to be distributed to the shareholders in regard to the financial year (2021 - £nil).

### **Directors**

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

J M C Edmunds  
N Szkolczai  
P Viswanathan (resigned 27 September 2021)  
I Thrustle (appointed 27 September 2021)

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

## **Directors' report (Continued)**

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2021 - £nil), as the directors are paid by fellow Diageo group ("the group") undertakings.

### **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 for the year ended 31 March 2022, 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, which include those of the company, are discussed in the Diageo group's Annual Report 2021 on page 97 at [www.diageo.com](http://www.diageo.com), which does not form part of this report.

### **Independent auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, has been reappointed and will continue in office as the auditors of the company.

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

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

On behalf of the board

*Nandor Szakolczai*

.....  
Nandor Szakolczai  
Director

11 Lochside Palace, Edinburgh Park  
Edinburgh  
EH12 9HA  
Scotland

25 May 2022

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

## **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 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, 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 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.

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.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

**STATEMENT OF COMPREHENSIVE INCOME**

	<i>Note</i>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
		<b>£</b>	<b>£</b>
Operating expenses	2	(54,574)	(57,561)
Foreign exchange gains/(losses)	2	4,785	(10,109)
<b>Operating loss</b>		<b>(49,789)</b>	<b>(67,670)</b>
Gain on sale of investment property	4	62,500	-
Gain on revaluation of property	5	-	50,000
<b>Profit/(loss) before taxation</b>		<b>12,711</b>	<b>(17,670)</b>
<b>Tax on profit/(loss)</b>	6	<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>12,711</b>	<b>(17,670)</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.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

**BALANCE SHEET**

	<i>Note</i>	<b>As at 31 March 2022 £</b>	<b>As at 31 March 2021 £</b>
<b>Current assets</b>			
Investment property	7	-	850,000
Cash and cash equivalents	8	1,372,185	538,315
<b>Total assets</b>		<b>1,372,185</b>	<b>1,388,315</b>
<b>Current liabilities</b>			
Trade and other payables	9	(58,672)	(37,513)
Provisions	10	-	(50,000)
<b>Total liabilities</b>		<b>(58,672)</b>	<b>(87,513)</b>
<b>Net assets</b>		<b>1,313,513</b>	<b>1,300,802</b>
<b>Equity</b>			
Called up share capital	11	1,575,000	1,575,000
Accumulated losses		(261,487)	(274,198)
<b>Total equity</b>		<b>1,313,513</b>	<b>1,300,802</b>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The accompanying notes on pages 8 to 16 form part of the financial statements.

These financial statements on pages 5 to 16 were approved by the board of directors on 25 May 2022 and were signed on its behalf by:

*Nandor Szakolczai*

.....  
Nandor Szakolczai  
Director

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Called up share capital £</b>	<b>Accumulated losses £</b>	<b>Total equity £</b>
Balance at 1 April 2020	1,575,000	(256,528)	1,318,472
Loss and total comprehensive expense for the year	-	(17,670)	(17,670)
Balance at 31 March 2021	<u>1,575,000</u>	<u>(274,198)</u>	<u>1,300,802</u>
Profit and total comprehensive income for the year	-	12,711	12,711
<b>Balance at 31 March 2022</b>	<u><b>1,575,000</b></u>	<u><b>(261,487)</b></u>	<u><b>1,313,513</b></u>

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



**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

## **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 UK (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.

On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the company financial statements transitioned to UK-adopted international accounting standards (as described above) on 1 April 2021 and Diageo plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 July 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

These financial statements are prepared on a break-up basis and all assets and liabilities have been recognised as current at the lower of their cost or recoverable value, which is equivalent to fair value.

The company is a 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 requirement 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);
  - 40A-D (requirements for a third statement of financial position);
  - 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).

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

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

#### **Basis of preparation (continued)**

- The following paragraphs of IAS 24 'Related party disclosures':
  - 17 (key management compensation);
  - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- IFRS 13 Fair Value Measurement: Disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

#### **New accounting standards and interpretations**

The following amendments to the accounting standards, issued by the IASB which have been endorsed by the UK, have been adopted by the group and therefore by the company from 1 April 2021 with no impact on the company's results, financial position or disclosures:

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - Interest rate benchmark reform (phase 2).

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

- IFRS 17 – Insurance contracts (effective in the year ending 30 June 2024) is ultimately intended to replace IFRS 4. Based on a preliminary assessment the company believes that the adoption of IFRS 17 will not have an impact on its results or financial position.

There are a number of other amendments and clarifications to IFRS, effective in future years, which are not expected to significantly impact the company's results or financial position.

#### **Going concern**

On 24 May 2018, the Board of Directors of United Spirits Limited, the intermediate holding company of McDowell & Co. (Scotland) Ltd., approved the voluntary liquidation of the company. The completion of the liquidation of the company is subject to regulatory approvals from Reserve Bank of India (Central bank of India). As a consequence, these financial statements are prepared on a basis other than going concern.

All assets and liabilities have been recognised as current at their fair value. On the basis of their assessment, the company's directors estimated that the fair value approximates to the carrying value as at 31 March 2022. 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.

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

These financial statements are presented in sterling (£), which is the company's functional currency.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the yearend exchange rates and these exchange differences are recognised in the statement of comprehensive income.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

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

#### **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation. Investment properties are held at fair value. Gain/losses arising from changes in the fair value of investment property and disposal of the property are included in the statement of comprehensive income for the period in which they arise.

#### **Financial assets and liabilities**

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value the company does not apply the fair value option.

**Cash and cash equivalents** Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**Trade and other payables** Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade payables are stated at their nominal value as they are due on demand.

#### **Provisions**

Provisions are liabilities of uncertain timing or amount. A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are calculated on a discounted basis, where the effect is material to the original undiscounted provision.

#### **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.

Full provision for deferred tax is made for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised where it is more likely than not that the asset will not be realised in the future.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

**1. ACCOUNTING POLICIES (continued)**

**Judgments 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.

*Critical accounting estimates and judgements*

The directors make estimates and judgements concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. The company's directors are of the opinion that there are no estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year due to the nature of the business.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

### **2. OPERATING EXPENSES**

	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>£</b>	<b>£</b>
Other net operating expenses (a)	<b>54,574</b>	61,142
Staff costs (see note 3)	-	6,528
	<b>54,574</b>	<b>67,670</b>

(a) Other net operating expenses include foreign exchange gain of £4,785 (2021 - foreign exchange loss of £10,109), castle maintenance charges of £38,670 (2021 £5,419), council tax and water charges of £12,792 (2021 £9,545) and professional fees of £1,200 (2021 - £16,398), partly offset by the release of provisions of £18,121 (refer note 10). Also included is auditors' remuneration of £12,384 (2021 - £12,828). There were no fees payable to the auditors in respect of non-audit services (2021 - £nil).

None of the directors received any remuneration during the year in respect of their services as directors of the company, as the directors are paid by fellow group undertakings (2021 - £nil).

### **3. EMPLOYEES**

The monthly average number of employees on a full-time basis, during the year was:

	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>Number</b>	<b>Number</b>
Caretaker	-	1
	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>£</b>	<b>£</b>
<b>Aggregate remuneration</b>		
Wages and salaries	-	6,000
Employer's social security costs	-	528
	-	<b>6,528</b>

During the current year ended 31 March 2022, there was no caretaker appointed (in the previous year the caretaker was employed for a period of 3 months).

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

<b>4. GAIN ON SALE OF INVESTMENT PROPERTY</b>	<b>Year ended 31 March 2022 £</b>	<b>Year ended 31 March 2021 £</b>
Proceeds received	912,500	-
Less: carrying value of property disposed	850,000	-
<b>Gain on sale recognised in statement of comprehensive income</b>	<b><u>62,500</u></b>	<b>=</b>

During the year, the company disposed of the castle property at a sale value of £912,500 resulting in a gain of £62,500. The company incurred costs of £31,879 directly attributable towards the sale of the castle, which were utilised against the existing provision of £50,000 and the remaining provision was released during the year (refer to note 10).

<b>5. GAIN ON REVALUATION OF PROPOERTY</b>	<b>Year ended 31 March 2022 £</b>	<b>Year ended 31 March 2021 £</b>
Gain on revaluation	-	50,000

During previous year, the company had obtained an external valuation from an independent third-party valuer for Keillour castle, which indicated the fair value of the castle to be in the range of £850,000 to £1,110,000. The valuation report included a material estimation uncertainty clause given the Covid-19 pandemic. Therefore, the company considered the lower end of the external valuation to be the best estimate of the value of the castle, given the uncertainty in the market. As a result, a revaluation gain of £50,000 had been recognised in the year ended 31 March 2021.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

### **6. TAXATION**

The tax charge for the year was £nil (2021 - £nil).

<b>(a) Factors affecting tax for the year</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>£</b>	<b>£</b>
Profit / (loss) before taxation	<b>12,711</b>	<b>(17,670)</b>
Tax on profit/ (loss) on ordinary activities at UK corporation tax rate of 19% (2021 - 19%)	<b>2,415</b>	<b>(3,357)</b>
Expenses not deductible for tax purposes	<b>10,369</b>	<b>10,937</b>
Income not taxable for tax purposes	<b>(11,875)</b>	<b>(9,500)</b>
Capital gain movement	<b>24,818</b>	<b>-</b>
Movement in unrecognised deferred tax assets	<b>(25,727)</b>	<b>1,920</b>
<b>Total tax for the year</b>	<b>-</b>	<b>-</b>

The UK tax rate is 19% effective from 1 April 2017 which is applied for the year ended 31 March 2022.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### **(b) Deferred tax asset not recognised**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Capital losses	<b>307,682</b>	<b>332,500</b>
Non trading loss – indefinite	<b>1,012</b>	<b>1,920</b>
Change in tax rate	<b>97,482</b>	<b>-</b>
	<b>406,176</b>	<b>334,420</b>

Deferred tax assets have been recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Where this is not the case, deferred tax assets have not been recognised as detailed above.

**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

### **7. INVESTMENT PROPERTY**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Investment property (refer note 5)	-	850,000
	<u>-</u>	<u>850,000</u>
	<u><u>-</u></u>	<u><u>850,000</u></u>

### **8. CASH AND CASH EQUIVALENTS**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	1,372,185	538,315
	<u>1,372,185</u>	<u>538,315</u>
	<u><u>1,372,185</u></u>	<u><u>538,315</u></u>

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

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Other Payable	45,088	-
Accruals	13,584	37,513
	<u>58,672</u>	<u>37,513</u>
	<u><u>58,672</u></u>	<u><u>37,513</u></u>

Other payables include repair and maintenance costs of the castle property and accruals include audit fees and other legal charges.

### **10. PROVISIONS**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Provision for closure costs	-	50,000
	<u>-</u>	<u>50,000</u>
	<u><u>-</u></u>	<u><u>50,000</u></u>



**McDowell & Co. (Scotland) Ltd.**  
**Registered number: SC145242**  
**Year ended 31 March 2022**

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

### **10. PROVISIONS (continued)**

During the year, Keillour Castle was disposed of and the provision for closure costs was utilised in respect of professional and legal services of £31,879 directly attributable to the sale. The remaining provision of £18,121 has been released during the year (refer to note 2).

### **11. CALLED UP SHARE CAPITAL**

*Allotted, called up and fully paid:*

**31 March, 2022**  
**£**

1,575,000 (2021 - 1,575,000) ordinary shares of £1 each

1,575,000

---

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

The immediate parent undertaking of the company is United Spirits Limited, a company incorporated and registered in India.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking is the largest, United Spirits Limited is the smallest group to consolidate these financial statements. 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, 16 Great Marlborough Street London, W1F 7HS, United Kingdom or from [www.diageo.com](http://www.diageo.com). The consolidated financial statements of United Spirits Limited can be obtained from the registered office at UB Tower, #24, Vittal Mallya Road, Bengaluru 560 001 or from [www.diageoindia.com](http://www.diageoindia.com).

# Independent auditors' report to the members of McDowell & Co. (Scotland) Ltd.

## Report on the audit of the financial statements

### Opinion

In our opinion, McDowell & Co. (Scotland) Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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 31 March 2022; 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.

### Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

### 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 31 March 2022 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 directors' report and 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. 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; 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**

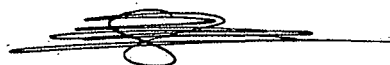
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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  
25 May 2022