

Gleneagles Resort Developments Limited  
Financial statements  
30 June 2008

Registered Number SC214385

FRIDAY



\*L7SZ28Pi\*

LD2

03/04/2009

356

COMPANIES HOUSE

## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2008.

### **Activities**

The company is principally engaged in development activities at the Gleneagles Hotel, Auchterarder, Perthshire. During the year the company has continued to develop seasonal ownership properties under the name of 'Glenmor'.

### **Business Review**

*Development and performance of the business of the company during the financial year and position of the company as at 30 June 2008*

The development and performance of the 'Glenmor' seasonal ownership business during the year was in line with expectations. Turnover increased by £0.38m and operating costs decreased by £0.34m.

The 'Glenmor' project was fully complete in terms of constructed homes as at 30 June 2008.

*Principal risks and uncertainties facing the company as at 30 June 2008*

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. 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.

### **Financial**

The results for the year ended 30 June 2008 are shown on page 5.

The directors do not recommend the payment of a dividend (2007 - £nil).

The profit for the year transferred to reserves is £1,612,000 (2007 - £832,000).

## **Directors' Report (continued)**

### **Directors**

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

P V Elsmie (appointed 21 May 2008)  
D A Kemp (appointed 21 May 2008)  
P J Lederer  
N C Rose

### **Directors' emoluments**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2007 - £nil).

### **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 the respect of the year ended 30 June 2008.

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*

30 March 2009

## **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).

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 reasonably 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 Resort Developments Limited**

We have audited the financial statements of Gleneagles Resort Developments Limited for the year ended 30 June 2008 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 3. 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 other transactions is not disclosed.

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

### *Basis of audit opinion*

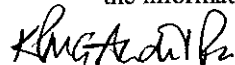
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 Accountancy Practice, of the state of the company's affairs as at 30 June 2008 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 Director's Report is consistent with the financial statements.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh

30 March 2009

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2008</b>	<b>Year ended 30 June 2007</b>
		<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<i>1</i>	7,577	7,198
Operating costs	<i>2-3</i>	(6,059)	(6,402)
		<hr/>	<hr/>
<b>Operating profit</b>		1,518	796
Interest receivable	<i>4</i>	94	36
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		1,612	832
Taxation on profit on ordinary activities	<i>5</i>	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		1,612	832
		<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.

There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis.

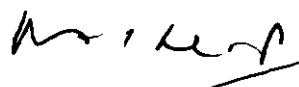
All results arise from continuing operations.



**Balance sheet**

	<i>Notes</i>	<b>30 June 2008</b>		<b>30 June 2007</b>	
		£'000	£'000	£'000	£'000
<b>Current assets</b>					
Stocks	6	5,997		8,931	
Debtors: due within one year	7	57		51	
Cash at bank and in hand		1,929		942	
			7,983		9,924
<b>Creditors: due within one year</b>	8	(2,524)		(6,077)	
<b>Net assets</b>		5,459		3,847	
<b>Capital and reserves</b>					
Called up share capital	9	-		-	
Profit and loss account	10	5,459		3,847	
<b>Shareholders' funds</b>		5,459		3,847	

These financial statements on pages 5 to 11 were approved by the board of directors on  
30 March 2009 and were signed on its behalf by:



D A Kemp  
Director



## **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 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.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads.

### **Turnover**

Turnover represents the net invoice value of goods and services, 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 where the construction of a home has been certified as complete by the architect and where financial completion for the sale of a seven night tenure or short break tenure has been achieved.

### **Advertising**

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

### **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 property development, all of which is carried out in the United Kingdom.

### 2. Operating costs

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Advertising, marketing and promotion costs	494	386
Cost of sales	4,187	4,577
Other operating charges	1,378	1,439
	<hr/>	<hr/>
	6,059	6,402
	<hr/>	<hr/>

The auditor's remuneration of £3,000 (2007 - £2,500) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2007 - £nil).

### 3. Directors and employees

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2007 - £nil).

### 4. Interest receivable

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Bank interest receivable	94	36
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 5. Taxation

The tax charge for the year was £nil (2007 – £nil)

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Profit on ordinary activities before taxation	1,612	832
Taxation charge on profit on ordinary activities at UK corporation tax rate of 29.5% (2007 – 30%)	(476)	(250)
Group relief received for nil consideration	476	250
Current ordinary tax charge for the year	-	-

### 6. Stocks

	30 June 2008 £'000	30 June 2007 £'000
Work in progress	2,804	5,136
Finished goods and goods for resale	3,193	3,795
	5,997	8,931

### 7. Debtors

	30 June 2008 £'000	30 June 2007 £'000
Other debtors	9	6
Other prepayments and accrued income	48	45
	57	51

All amounts fall due within one year.

## Notes to the financial statements (continued)

### 8. Creditors – due within one year

	30 June 2008 £'000	30 June 2007 £'000
Trade creditors	64	659
Amounts owed to fellow group undertakings	1,188	4,249
Other taxation including social security	788	477
Accruals and deferred income	484	692
	<u>2,524</u>	<u>6,077</u>

### 9. Share capital

	30 June 2008 £	30 June 2007 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid:</b>		
1 ordinary share of £1	1	1
	<u>          </u>	<u>          </u>

### 10. Reserves

	Profit and loss account £'000
At 30 June 2007	3,847
Retained profit for year	1,612
	<u>          </u>
<b>At 30 June 2008</b>	<b>5,459</b>
	<u>          </u>

## Notes to the financial statements (continued)

### 11. Reconciliation of movement in shareholders' funds

	30 June 2008 £'000	30 June 2007 £'000
Profit on ordinary activities after taxation	1,612	832
<b>Net addition to shareholders' funds</b>	1,612	832
Shareholders' funds at beginning of year	3,847	3,015
<b>Shareholders' funds at end of year</b>	5,459	3,847

### 12. Immediate and ultimate parent undertaking

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

The ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at 8 Henrietta Place, London W1G 0NB.