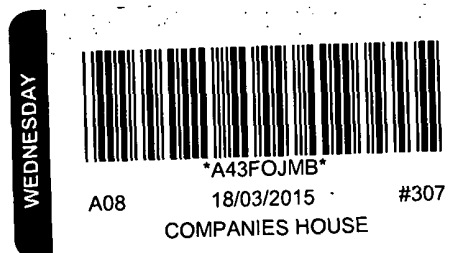


Diageo DV Limited
(formerly Diageo CL3 Limited)

Financial statements
30 June 2014

Registered number: 14172



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2014.

The directors were entitled to take advantage of the small companies exemption in not preparing a strategic report.

Activities

On 5 August 2013, Diageo entered into an agreement with Independents United to launch an incubator programme to invest in and mentor entrepreneurs developing premium spirits brands. Independents United, trading as Distill Ventures LLP, manages the programme and discovers potential business opportunities for Diageo DV Limited to invest in.

During the financial year, as part of the incubator programme the company acquired 20% equity stake in Ban Poitin Ltd, Belsazar GmbH, The Rouge Group Limited and Valdomiño Premium Spirits, S.L. respectively.

As a result of the project the company changed its name from Diageo CL3 Limited to Diageo DV Limited by a resolution passed in a meeting of the Board of Directors held on 29 October 2013. The change is effective from the date of the Certificate of Incorporation on Change of Name issued by Companies House on 5 November 2013.

The directors foresee no changes in the company's activities. The company is incorporated and its operations are based in the United Kingdom.

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2014 are shown on page 5.

The loss for the year transferred from reserves is £45,000 (2013 - £nil).

No dividend was paid during the year (2013 - £nil).

Directors' report (continued)

Directors

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

D A Mahlan	(appointed 1 November 2013)
J J Nicholls	
R J O'Keeffe	(appointed 1 November 2013)
N Makos	
R Rajagopal	(appointed 1 November 2013)
S C Saller	(appointed 1 November 2013)
P D Tunnacliffe	

On 1 August 2014, N Makos resigned and on 18 November 2014, R J O'Keeffe resigned and J E M Thompson was appointed as a director of the company.

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2013 - £nil).

Post balance sheet events

On 30 October 2014, the company agreed to provide additional financing to Belsazar GmbH by way of a convertible loan in the amount of €533,000 (£403,000).

On 23 December 2014, the company subscribed for 1,000,000 redeemable preference shares in The Regal Group Limited for a consideration of the AU\$ equivalent of £91,000.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG LLP, has been appointed in respect of the period ended 30 June 2014.

Disclosure of information to auditor

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 J Nicholls
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

26 February 2015

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 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. 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 Diageo DV Limited (formerly Diageo CL3 Limited)

We have audited the financial statements of Diageo DV Limited (formerly Diageo CL3 Limited) for the year ended 30 June 2014 set out on pages 5 to 12. 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 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

As explained more fully in the statement of directors' responsibilities set out on page 3, 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, and express an opinion on 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of the loss for the year 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 matters 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.

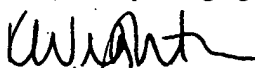
Matters on which we are required to report by exception

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 and 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not qualified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.



Karen Wightman Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
Date:

9 March 2015

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000 (unaudited)
Operating costs	<i>1</i>	(45)	-
Operating loss		(45)	-
Loss on ordinary activities before taxation		(45)	-
Taxation on loss on ordinary activities	<i>2</i>	-	-
Loss for the financial year		(45)	-

The accounting policies and other notes on pages 7 to 12 form part of the financial statements.

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

		30 June 2014		30 June 2013	
	Notes	£'000	£'000	£'000	£'000
					(unaudited)
Fixed assets					
Investments	3		1,916		1,057
Current assets					
Debtors: amounts due within one year	4	121,979		122,724	
Creditors: amounts falling due within one year	5	(1,216)		(1,057)	
Net current assets			120,763		121,667
Net assets			122,679		122,724
Capital and reserves					
Called up share capital	6		15,139		15,139
Share premium account	7	772		772	
Other reserves	7	2,937		2,937	
Profit and loss account	7	103,831		103,876	
			107,540		107,585
Shareholders' funds	8		122,679		122,724

The accounting policies and other notes on pages 7 to 12 form part of the financial statements.

These financial statements on pages 5 to 12 were approved by the board of directors on 26 February 2015 and were signed on its behalf by:



J J Nicholls
Director

Accounting policies

Future changes to accounting policies

The Financial Reporting Council recently issued *FRS 100 – Application of Financial Reporting Requirements*, *FRS 101 – Reduced Disclosure Framework* and *FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland* which will be first effective for the company for the year ending 30 June 2016. FRS 100 sets out the overall financial reporting framework whereas FRS 101 applies to the company financial statements allowing them to apply the same accounting policies as the IFRS group accounts but with less disclosure. FRS 102 will replace the current UK GAAP standards with an IFRS based new standard and include a set of disclosure exemptions for qualifying entities formerly preparing UK GAAP financial standards. The company is currently evaluating the impact of these requirements in relation to FRS 100, FRS 101 and FRS 102.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared on a going concern basis 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 wholly owned by a member of the Diageo plc group ("group undertakings").

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group.

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 denominated in foreign currencies are translated into sterling at the financial year end exchange rates. Exchange gains and losses are taken to the profit and loss account.

Fixed asset investments

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)

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Except as otherwise required by FRS 19, deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Any interest or penalties on tax liabilities are provided in the tax charge.

Notes to the financial statements

1. Operating costs

In the year ended 30 June 2014, the company incurred £45,000 (2013 - £nil) service fee in respect of the incubator programme.

The auditor's remuneration of £2,300 (2013 - £nil) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2013 - £nil).

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

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2013 - £nil).

2. Taxation

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000 (unaudited)
Factors affecting current tax credit for the year		
Loss on ordinary activities before taxation	(45)	-
Taxation on loss on ordinary activities at UK corporation tax rate of 22.5% (2013 - 23.75%)	10	-
Group relief surrendered for nil consideration	(10)	-
Current ordinary tax credit for the year	-	-

The company has £63,531,496 capital losses carried forward (2013 - £63,531,496). The company has not recognised these losses as their recoverability is uncertain.

Notes to the financial statements (continued)

3. Fixed assets – investments

	Subsidiary undertaking £'000	Associate undertakings £'000	Total £'000
Cost			
At 30 June 2013	114,290	-	114,290
Additions	-	859	859
At 30 June 2014	114,290	859	115,149
Provisions			
At 30 June 2013 and 30 June 2014	(113,233)	-	(113,233)
Net book value			
At 30 June 2014	1,057	859	1,916
At 30 June 2013	1,057	-	1,057

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

Direct holdings:

Subsidiary undertaking	Country of incorporation	Principal activity	Percentage and class of shares held*
PSP (Sales and Distribution) Limited	United Kingdom	Non-trading	100%

Associate undertakings

Ban Poitin Ltd	United Kingdom	Production of premium drinks	20%
Belsazar GmbH	Germany	Production of premium drinks	20%
The Rouge Group Limited	Hong Kong	Production of premium drinks	20%
Valdomiño Premium Spirits, S.L.	Spain	Production of premium drinks	20%

* Unless otherwise stated the percentage of shares held relates to ordinary share capital.

During the financial year, as part of the incubator programme the company acquired 20% equity stake in Ban Poitin Ltd, Belsazar GmbH, The Rouge Group Limited and Valdomiño Premium Spirits, S.L. respectively.

The investment in subsidiary and associate undertakings are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investments in the company's subsidiary and associate undertakings are worth at least the amount at which they are stated in the financial statements.

Notes to the financial statements (continued)

4. Debtors

	30 June 2014 £'000	30 June 2013 £'000 (unaudited)
Amounts owed by fellow group undertakings:		
Grandmet Foods (UK) Limited	117,355	117,355
Grand Metropolitan Limited	4,624	5,369
	<hr/>	<hr/>
	121,979	122,724
	<hr/>	<hr/>

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

5. Creditors

	30 June 2014 £'000	30 June 2013 £'000 (unaudited)
Amounts owed to fellow group undertakings:		
Diageo Great Britain Limited	159	-
PSP (Sales and Distribution) Limited	1,057	1,057
	<hr/>	<hr/>
	1,216	1,057
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

6. Share capital

	30 June 2014 £'000	30 June 2013 £'000 (unaudited)
<i>Allotted, called up and fully paid:</i>		
15,139,256 (2013 - 15,139,256) ordinary shares of £1 each	15,139	15,139
	<hr/>	<hr/>

7. Reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 30 June 2013	772	2,937	103,876	107,585
Loss for the financial year	-	-	(45)	(45)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	772	2,937	103,831	107,540
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

8. Reconciliation of movement in shareholders' funds

	30 June 2014 £'000	30 June 2013 £'000 (unaudited)
Loss for the financial year	(45)	-
Net reduction in shareholders' funds	(45)	-
Shareholders' funds at the beginning of the year	122,724	122,724
Shareholders' funds at the end of the year	122,679	122,724

9. Related party transactions

Transactions between the company and its related parties (group undertakings not wholly owned by Diageo group) are made on terms equivalent to those that prevail in arm's length transactions.

Transactions between the company and other group undertakings not wholly owned by Diageo group were as follows:

At 30 June 2014, equity contributions to group undertakings not wholly owned by Diageo group amounted to £859,000 (2013 - £nil).

10. Post balance sheet events

On 30 October 2014, the company agreed to provide additional financing to Belsazar GmbH by way of a convertible loan in the amount of €533,000 (£403,000).

On 23 December 2014, the company subscribed for 1,000,000 redeemable preference shares in The Regal Group Limited for a consideration of the AU\$ equivalent of £91,000.

11. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Grand Metropolitan Limited, a company incorporated and registered in England.

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 Lakeside Drive, Park Royal, London, NW10 7HQ.