

Diageo DV Limited
Annual report and financial statements
30 June 2022

Registered number: 00014172



Diageo DV Limited
Registered number: 00014172
Year ended 30 June 2022

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Diageo DV Limited
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STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2022.

Activities

The principal activity of the company is to act as an investment holding company within the Diageo group ("the group").

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address changed from Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom to 16 Great Marlborough Street, London, W1F 7HS, United Kingdom on 21 March 2022.

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 (London) Limited, manages the programme and discovers potential business opportunities for the group.

The directors foresee no changes in the company's activities.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2022

Loss for the year decreased by £6,324,000 from £7,941,000 in the year ended 30 June 2021 to £1,617,000 in the year ended 30 June 2022, mainly driven by income from shares in group undertakings of £1,324,000, a decrease in provision of £2,933,000 in respect of investments in the incubator programme and an increase in net finance income of £1,235,000. The company's net assets decreased by £1,617,000 from £98,709,000 to £97,092,000.

During the financial year, as part of the incubator programme, the company acquired ordinary shares for cash consideration in Komasa Kanosuke Distillery Company Limited. As a result of the acquisition, the company holds an 12.5% equity stake in the investment.

The company subscribed for additional convertible shares for cash consideration in Caleno Drinks Ltd, El Bandarra S.L., Mr Black Spirits Pty Ltd., Niococktails S.r.l., London Botanical Drinks Limited, Rheinland Distillers GmbH, The Southwest Fermentarium Limited, Komasa Kanosuke Distillery Company Limited and Stauning Whisky Holding ApS in the amount of £30,894,000 (2021 - £19,790,000).

During the financial year, the company recognised a provision of £1,922,000 in respect of one of its investments in the incubator programme for which the carrying amount may not be recoverable (2021 - £4,855,000).

On 29 June 2022, Tipplesworth Limited, the company's wholly owned subsidiary undertaking, declared a distribution in the amount of £6,520,000 to the company. Following an assessment of the substance of the distribution, the directors determined that £5,196,000 of the total distribution amount, equal to the carrying value to company's investment in Tipplesworth Limited, was a return of capital. The excess distribution received of £1,324,000 has been recognised in the statement of comprehensive income as dividend income.

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STRATEGIC REPORT (continued)

Business review (continued)

Financial and other key performance indicators

As the company is an intermediary holding company within the group, the principal key performance indicator used by management to analyse the development, performance and position of the company's business is adherence to the group dividend policy.

Principal risks and uncertainties facing the company as at 30 June 2022

The principal risks identified by the group are disclosed on page 42 to 45 of Diageo plc's 2022 Annual Report. The most relevant of the group risks to this entity are the ones we have selected and articulated below, together with specific considerations relating to the company's operations and environment. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's investment holding and financing structure, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole. The directors consider that the following risks might impact the performance and the solvency or liquidity of the company through its investments and intercompany financing structure. In addition, the company-specific risk which has been identified is the recoverability of the company's investment in subsidiaries, associates and other investments, as the company invests in start-up companies, that needs significant investment and represents inherently higher risk of recoverability. The company together with Independents United provides expertise and funding for the initial years and ensures adequate governance over the incubator investment portfolio.

Pandemic and business interruption

A significant interruption to business due to external events, such as a public health threat, pandemic, war or natural hazard, could restrict access to Diageo's products, that would negatively affect the operations and brands, or pose a threat to the safety of employees; any of which could have a negative impact on the group's commercial and financial performance.

To mitigate these challenges the group operates global crisis management and business continuity management programmes, to enhance the capability to react effectively to a crisis and minimise damage and disruption.

The directors believe that the risk mitigation actions taken by the group in relation to the recent Covid-19 pandemic and associated business interruption have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for further growth and a resilient and sustainable business. Further information on the group's risk management measures in relation to Covid-19 are disclosed on page 43 of Diageo plc's 2022 Annual Report.

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STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2022 (continued)

Geopolitical and macroeconomic volatility

Failure to react quickly enough to changing economic and/or political conditions, e.g., inflationary pressures, currency instability, global trade tensions, heightened political protectionism, changes to customs duties and tariffs, and/or eroded consumer confidence, may impact on the freedom to operate in a market and could adversely impact financial performance. The global recovery from Covid-19 is continuing, but momentum has slowed and there is a risk of imbalanced recovery across geographies. The Russian invasion of Ukraine has caused significant volatility in the region and beyond.

The group monitors key business drivers and performance, to prepare for rapid changes in the external environment and there is an enhanced group-level strategic analysis and scenario planning to strengthen market strategies and risk management.

The group has continued to improve long-term forecasting and planning capabilities, to better assess and respond to long-term opportunities and risks. The group has introduced a new strategic planning and performance function with a stronger governance model for financial and non-financial decision-making, which will enable closer monitoring of external volatility/risk and multi-country investment strategy with a central hedging and currency monitoring to manage volatility.

Cyber and IT resilience

Cyber-attacks are becoming more prevalent, and there is an increased dependency on third-party IT services and solutions. As geopolitical tensions are growing, there is a rise in more sophisticated cyber threats affecting all organisations, therefore the risk of a cyber-attack is heightened.

The group has strong enterprise-wide cyber risk management processes and policies and next generation security technologies to tackle advanced attacks. There is an IT disaster recovery and business continuity testing across the key systems. The group continue to enhance and deploy next-generation security technologies to tackle advanced attacks.

Investments in associates companies store most information on 3rd party cloud based software and file hosting services, designed to facilitate automated policy provisioning and centralised management. They use services that have advanced cyber security and automatic data recovery to ensure business continuity.

Climate risk

Physical and transition climate change risks, including water stress, extreme weather events, temperature rises and increased regulation, may result in increased volatility in the supply of raw materials, production costs, capacity constraints and higher costs of compliance. In addition, the failure to meet sustainability goals could result in loss of licence to operate, financial loss and reputational damage amongst customers, consumers, investors and other stakeholders.

The group conducted a detailed climate change risk assessment (CCRA) and scenario analysis to evaluate short- and long-term impacts from physical and transition risks.

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STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2022 (continued)

Climate risk (continued)

The group operates a cross-functional Climate Risk Steering Group that sets the strategy for ongoing climate risk assessment, and manages associated opportunities and risks, while continuing to develop the approach to climate change risk reporting. CCRA review found that, with respect to the group, risks related to wildfires, storm winds, high temperature, water stress, rising sea level hazards are projected to significantly increase in the future. Results of the CCRA were shared with the business to assess the results and recommendations, incorporate these risks to the market risk register, and to develop mitigation plans and document these within the existing risk management process. The Climate Risk Steering Group tracks climate risk mitigation efforts.

Further information on the group's risk assessment and risk management measures in relation to climate change is disclosed on page 47-56 of Diageo plc's 2022 Annual Report.

With respect to investments in associates, climate risk has been identified primarily with respect to supply chain disruption as a result of weather events. Mitigations to include availability of raw materials include minimum levels of stockholding and alternative suppliers. The risk is not considered to be material.

Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making. In making decisions, the directors consider what is most likely to promote the success of the company for its shareholders in the long term, as well as the interests of the group's stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the company's activities on local communities, the environment, including climate change, and the group's reputation.

The company is a member of the group of companies (the "group") whose ultimate holding company is Diageo plc ("Diageo"). In accordance with the requirements of UK company law, Diageo has included in its 2022 Annual Report and Accounts on page 7 a statement as to how the directors of Diageo have had regard to the matters set out in Section 172 of the Companies Act 2006.

In order to ensure consistency in how the group operates with regard to its wider stakeholders, the group has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders in a consistent manner.

The company has therefore had regard to the matters set out in Section 172 of the Act in a manner that is consistent with the approach adopted by Diageo, while at the same time ensuring the directors of the company are fulfilling their duties.

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STRATEGIC REPORT (continued)

Business review (continued)

Main activities of the Board

The activities of the Board during the year include:

- Approval of investments in new business and additional funding requests in relation to various portfolio companies; and
- Approval of financial statements for the financial year ended 30 June 2021.



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J M C Edmunds
Director

16 Great Marlborough Street
London
United Kingdom
W1F 7HS

9 December 2022

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DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2022.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company is expected to continue to remain in positive net asset position for the foreseeable future. The company participates in the group's centralised treasury arrangements and the parent and fellow group undertakings are expected to provide financial support for the foreseeable future. The company is not reliant on external third party financing. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company 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 a period of at least 12 months from the date the financial statements are approved and signed, as a fellow group undertaking has agreed its policy to provide financial support for this period. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The result for the year ended 30 June 2022 is shown on page 14.

The loss for the year transferred to reserves was £1,617,000 (2021 - £7,941,000).

No dividend was paid during the year (2021 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards 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:

E A Brown (resigned 29 June 2022)
C Diezhandino
J M C Edmunds
G Ghisetti (appointed 13 October 2022)
D Keresztesi
K E Major
D Nayager (resigned 1 July 2022)
M Paolo (appointed 13 October 2022)
N M Pinho de Teles (appointed 13 October 2022)
M Sandys (appointed 13 October 2022)

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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). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

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 during the last financial year, nor is any currently in force.

Post balance sheet events

Subsequent to year-end, the company acquired further shareholding in Mr Black Spirits Pty Ltd., therefore the percentage owned by the company increased to 100%. As a consequence, Mr Black Spirits Pty Ltd. became subsidiary of the company.

Subsequent to year-end, the company entered into an agreement with premium spiced rum and tequila cocktail companies for the right to subscribe for certain of their equity shares.

Subsequent to year-end, additional consideration was paid in the form of subscription for convertible shares to certain associate undertakings of the company in the total amount of £12,566,000.

Subsequent to year-end, as part of the incubator programme, the company acquired ordinary shares for cash consideration in Still on the Hill Limited. As a result of the acquisition, the company holds an 28.57% equity stake in the investment.

Subsequent to year-end, the company acquired ordinary shares for cash consideration in Las Olas Limited, and the amounts advanced by the company pursuant to the SAFEs converted into ordinary shares, therefore the percentage owned by the company increased to 33.33%. As a consequence, Las Olas Limited became associate of the company.

Subsequent to year-end, part of the contingent consideration was paid in respect of Anna Seed Limited in the amount of £5,000,000.

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 of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2022 on page 97 at www.diageo.com, which does not form part of this report.

Independent auditors

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

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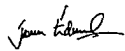
make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT (continued)

Business relationship statement

The business of the company is that of an intermediate holding company and as such it has a more limited number of third-party business relationships than other companies within the group. However, in order to ensure consistency in how the group operates, the company has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders, including those in a business relationship with the company, in a consistent manner. Decisions taken by directors are informed by the interests of its wider stakeholders, including those in a business relationship with the company, as guided by, amongst other things, the Code of Business Conduct and framework of policies and standards.

On behalf of the Board



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J M C Edmunds
Director

16 Great Marlborough Street
London
United Kingdom
W1F 7HS

9 December 2022

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Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual 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 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Independent auditors' report to the members of Diageo DV Limited

Report on the audit of the financial statements

Opinion

In our opinion, Diageo DV Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its result 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 Annual report and financial statement (the "Annual Report"), which comprise: the balance sheet as at 30 June 2022; the statement of comprehensive income, 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 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 Strategic report and 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 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 Companies Act 2006 and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management, 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;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to the recoverability of the company's investments in subsidiaries and associates, the recoverability of amounts owed by fellow group undertakings, and the valuation of contingent consideration; 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. 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.



Catherine Schroeder (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 December 2022

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STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2022	Year ended 30 June 2021
	Notes	£ 000	£ 000
Other operating expense	2	(1,904)	(2,008)
Income from shares in group undertakings	3	1,324	—
Loss on sale of investment	6	—	(99)
Provision against associate undertakings	6	(1,922)	(4,855)
Fair value losses on other investments	6	(119)	(748)
Operating loss		(2,621)	(7,710)
Net finance income/(charges)	4	1,004	(231)
Loss before taxation on ordinary activities		(1,617)	(7,941)
Taxation on loss on ordinary activities	5	—	—
Loss for the financial year and total comprehensive expense for the year		(1,617)	(7,941)

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.

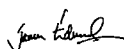
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BALANCE SHEET

	Notes	30 June 2022 £ 000	30 June 2021 £ 000
Non-current assets			
Investments in subsidiaries	6	63,136	76,837
Investments in associates	6	116,806	83,539
Other investments	6	1,587	263
		181,529	160,639
Current assets			
Trade and other receivables	7	5,927	4,482
Cash and cash equivalents		313	103
Total assets		187,769	165,224
Current liabilities			
Trade and other payables	9	(74,928)	(36,523)
Non-current liabilities			
Other payables	9	(15,749)	(29,992)
Total liabilities		(90,677)	(66,515)
Net assets		97,092	98,709
Equity			
Called up share capital	11	15,139	15,139
Share premium		772	772
Other reserves		2,937	2,937
Retained earnings		78,244	79,861
Total equity		97,092	98,709

The accounting policies and other notes on pages 17 to 32 form part of the financial statements.

These financial statements on pages 14 to 32 were approved by the Board on 9 December 2022 and were signed on its behalf by:



J M C Edmunds
 Director

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STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
Balance at 30 June 2020	<u>15,139</u>	<u>772</u>	<u>2,937</u>	<u>87,802</u>	<u>106,650</u>
Loss for the financial year and total comprehensive expense for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,941)</u>	<u>(7,941)</u>
Balance at 30 June 2021	<u>15,139</u>	<u>772</u>	<u>2,937</u>	<u>79,861</u>	<u>98,709</u>
Loss for the financial year and total comprehensive expense for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,617)</u>	<u>(1,617)</u>
Balance at 30 June 2022	<u>15,139</u>	<u>772</u>	<u>2,937</u>	<u>78,244</u>	<u>97,092</u>

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

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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.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are measured at their fair value.

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.

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 requirements 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);
 - 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).
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

Diageo DV Limited
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Year ended 30 June 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.

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

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

- Amendments to IFRS 16 - Covid-19 - Related Rent Concessions beyond 30 June 2021;

The following amendment issued by the IASB and endorsed by the UK and EU, has been adopted by the company:

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

The following standard issued by the IASB has been endorsed by the UK and the EU and has not been adopted by the company:

- IFRS 17 – Insurance contracts (effective from the year ending 30 June 2024) is ultimately intended to replace IFRS 4.

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

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future which is for a period of at least 12 months from the date the financial statements are approved and signed.

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Functional and presentational currency

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

All financial information presented in sterling £ has been rounded to the nearest thousand unless otherwise stated.

Finance income/costs

Finance income/costs are recognised in the statement of comprehensive income in the year in which they are earned/incurred.

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 financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value, incorporating the fair value of any contingent consideration. Contingent consideration is an obligation of the acquirer to transfer additional consideration if specified future events occur or conditions are met. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the assets' recoverable amounts are estimated to ensure that the investments are not carried at above their recoverable amounts. The higher of value in use or fair value less costs of disposal are considered for these reviews. The tests are dependent on management's judgements in respect of the forecasting of future cash flows, the discount rates applicable to the future cash flows and what expected growth rates are reasonable. Such judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods. The amount of contingent consideration is reassessed at year-end and the subsequent changes in the probabilities or expectations are recognised in line with the cost base approach, with any changes accounted for against the cost of investment in subsidiary undertakings.

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Investments in associates

Investments in associates are stated at historical cost less impairment provisions for any permanent decrease in value. Investments in associates balance includes ordinary, convertible shares and net derivatives that include the fair value of the option of conversion, which is presented in net with the associated assumed liability. The value of ordinary shares incorporates all directly attributable costs of the acquisition. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods. Investments in associates balance includes convertible shares invested in associates. The value of these is derived from the conversion option and subsequent discount on purchase price. As such these are accounted for under IFRS 9 and are subsequently measured at fair value through the statement of comprehensive income. These convertible shares are also disclosed in the Financial instruments note as they are measured accordingly.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value, where permitted by IFRS 9, including 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.

Trade and other receivables Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest-bearing trade receivables are stated at their nominal value as they are due on demand. Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Other investments Other investments represent equity instruments, which are non-derivative financial assets that are either designated as such upon initial recognition or not classified in any of the other financial asset categories. Other investments are included in non-current assets as they are held not for trading. Subsequent to initial measurement, other investments are stated at fair value. Under IFRS 9, gains and losses arising from the changes in fair value of other investments are recognised in the statement of comprehensive income as the company has not elected the option to recognise fair value gains and losses through other comprehensive income.

Diageo DV Limited
Registered number: 00014172
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Trade and other payables Trade payables are non-interest bearing and are stated at their nominal value as they are due on demand. Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Contingent considerations are measured at fair value, with any changes accounted for against the cost of investment in subsidiary undertakings. The unwinding of the discount is recognised as finance income/costs.

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. Tax provisions are included in current liabilities. Penalties and interest on tax liabilities

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 recoverable amount and is based on the expected manner of realisation 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.

Dividends

Dividends received are included in the financial statements in the year in which they are receivable.

Judgements 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.

The directors make estimates and assumptions concerning the future of the company. The resulting accounting estimates will, by definition, seldom equate to actual results.

Critical accounting policies, which the directors consider are of greater complexity and particularly subject to the exercise of judgements and estimates, are set out in detail in the relevant accounting policies:

- Investment in subsidiaries, associates and other investments, including convertible shares: There is judgment in determining whether an investment should be assessed for impairment, and estimation techniques applied when determining assumptions that support the fair value of investments as part of an impairment assessment.

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Contingent consideration: Management need to consider the key inputs in respect of the business performance and future forecasts including market projections when developing the assumptions used to determine the fair value. This includes the need to estimate the likelihood and timing of achieving the arrangement's relevant milestones. Management also need to exercise judgement when applying a probability assessment for each of the potential outcomes. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts.

2. OTHER OPERATING EXPENSE

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Other operating expense	<u>1,904</u>	<u>2,008</u>

Other operating expense include a foreign exchange loss of £47,000 (2021 - gain of £409,000) in respect of contingent consideration (see note 9), and professional fees in respect of the incubator programme and acquisitions of £1,858,000 (2021 - £1,988,000).

The auditors' remuneration of £11,000 (2021 - £11,000) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the independent auditors in respect of non-audit services (2021 - £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 (2021 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

On 29 June 2022, Tipplesworth Limited, the company's wholly owned subsidiary undertaking, declared a distribution in the amount of £6,520,000 to the company. Following an assessment of the substance of the distribution, the directors determined that £5,196,000 of the total distribution amount, equal to the carrying value to company's investment in Tipplesworth Limited, was a return of capital. The excess distribution received of £1,324,000 has been recognised in the statement of comprehensive income as dividend income.

Diageo DV Limited
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Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. NET FINANCE INCOME / (CHARGES)

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
Net finance income/(charges)		
Interest income from fellow group undertakings		
Unwinding of discounts	1,180	—
Total interest income	1,180	—
Finance charge to fellow group undertakings		
Diageo Finance plc	(176)	(27)
Unwinding of discounts	—	(204)
Total interest charges	(176)	(231)
Net finance income/(charges)	1,004	(231)

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 June 2022 £ 000	Year ended 30 June 2021 £ 000
(a) Analysis of taxation for the year		
Current tax	—	—
Deferred tax	—	—
Taxation on loss on ordinary activities	—	—
(b) Factors affecting total tax for the year		
Loss on ordinary activities before taxation	(1,617)	(7,941)
Taxation on loss on ordinary activities at UK corporation tax rate of 19% (2021 - 19%)	307	1,509
Income not taxable	476	77
Items not deductible for tax purposes	(401)	(1,122)
Group relief surrendered for nil consideration	(911)	(676)
Other tax effects for reconciliation between accounting profit and tax income	529	212
Total tax for the year	—	—

The UK corporation tax rate for the year ended 30 June 2022 is 19% which has been effective since 1 April 2017. Legislation increasing the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021. Deferred taxes at 30 June 2022 have been measured using this enacted tax rate which are reflected in these financial statements (note 10).

Diageo DV Limited
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Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS

Shares in group undertakings and other investments

	Subsidiaries	Associates	Other investments	Total
	£ 000	£ 000	£ 000	£ 000
Cost				
At 30 June 2021	76,837	88,602	263	165,702
Additions	—	35,189	1,443	36,632
Disposals	—	(4,855)	—	(4,855)
Return of capital	(5,196)	—	—	(5,196)
Fair value remeasurement of contingent considerations	(8,505)	—	—	(8,505)
Fair value remeasurement of other investments	—	—	(119)	(119)
At 30 June 2022	63,136	118,936	1,587	183,659
Provisions				
At 30 June 2021	—	(5,063)	—	(5,063)
Provided	—	(1,922)	—	(1,922)
Disposals	—	4,855	—	4,855
At 30 June 2022	—	(2,130)	—	(2,130)
Carrying amount				
At 30 June 2022	63,136	116,806	1,587	181,529
At 30 June 2021	76,837	83,539	263	160,639

The additions in the associates balance includes convertible shares invested in associates of £30,894,000 (2021 - £19,790,000). Investments in associates includes convertible shares in the total amount of £102,804,000 (2021 - £73,311,000) that are disclosed as financial instruments (see note 8).

The other investment represents an equity instrument, which is a non-derivative financial asset that is either designated as such upon initial recognition or not classified in any of the other financial asset categories. It is included in non-current assets. Subsequent to initial measurement, the investment is stated at fair value. The company values its other investment using unobservable inputs for the asset (Level 3). The fair value of the investments is £1,587,000 at 30 June 2022 (2021 - £263,000). Gains and losses arising from the changes in fair value of the investments are recognised in the statement of comprehensive income. The loss of revaluation at 30 June 2022 was £119,000 (2021 - £748,000).

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of interest in convertible shares %	Proportion of effective interest %**
Direct holdings					
Subsidiary undertakings					
Anna Seed 83 Limited		16 Great Marlborough St, London, W1F 7HS, United Kingdom	100%	—	100%
Belsazar GmbH		Reeperbahn 1., 20359 Hamburg, Germany	100%	—	100%
Seedlip Ltd		16 Great Marlborough St, London, W1F 7HS, United Kingdom	91%	—	91%
Tipplesworth Limited		16 Great Marlborough St, London, W1F 7HS, United Kingdom	100%	—	100%
Associate undertakings					
Caleno Drinks Ltd		470 Bath Road, Arnos Vale, Bristol, England, BS4 3AP, United Kingdom	20%	100%	20%
El Bandarra S.L.		Calle General Vara del Rey 5, 1 Piso, 26003 Logroño, La Rioja, Spain	25%	100%	25%
El Rayo Limited		20 King Street Prince Albert House Maidenhead SL6 1DT, United Kingdom	20%	—	20%
Komasa Kanosuke Distillery Company Limited		845-3 Kaminokawa, Hiyoshi-cho, Hioki-shi, Kagoshima, Japan	12.5%	100%	12.5%
Las Olas Limited	(v)	International House, 64 Nile Street, London, England, N1 7SR, United Kingdom	33.33%	—	33.33%
London Botanical Drinks Limited	(i)	39-45 Bermondsey Street, London, SE1 3XF, United Kingdom	21.25%	100%	21.25%
Mr Black Spirits Pty Ltd.	(ii)	Cabel Partners, Level 5, 1 James Place, North Sydney, NSW 2060, Australia	45%	100%	45%

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.

** Effective percentage of shares held by the company directly and indirectly.

Diageo DV Limited
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Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of interest in convertible shares %	Proportion of effective interest %**
Direct holdings (continued)					
Associate undertakings (continued)					
New World Whisky Distillery PTY Limited		50 Bertie Street, Port Melbourne, Victoria 3207, Australia	30%	100%	30%
Nicocktails S.r.l.		Via Tortona 15, 20144, Milan, Italy	20%	100%	20%
Rheinland Distillers GmbH	(iii)	Mozartstr. 7, 53115 Bonn, Germany	20%	100%	20%
Stauning Whisky Holding ApS		Stauningvej 38, 6900 Skjern, Denmark	40%	100%	40%
Still on the Hill Limited	(vi)	8 King Edward Street, Oxford, England, OX1 4HL, United Kingdom	28.57%	—	28.57%
The Southwest Fermentorium Limited		Harbour Brewing Company, Harbourside Brewery, Tretoil Farm, Bodmin, Cornwall, PL30 5BA, United Kingdom	25%	100%	25%
Valdomino Premium Spirits, S.L.		Tomino (Pontevedra), 36750, Parroquia de Goian, Barrio de Centinela, 1, Spain	20%	—	20%
Indirect holdings					
Subsidiary undertakings					
Seedlip Inc		175 Greenwich Street, Three World Trade Center, New York, NY 10007, United States	100%	—	91%
Seedlip Australia Pty Ltd	(iv)	Bentleys SA, Level 5, 63 Pirie Street, Adelaide SA 5000, Australia	100%	—	91%

(i) On 17 March 2022, the shareholding in London Botanical Drinks Limited increased from 20% to 21.25%.

(ii) On 29 September 2022, the company acquired ordinary shares for cash consideration in Mr Black Spirits Pty Ltd.. As a result of the acquisition, the company holds 100% equity stake in the investment.

(iii) On 13 June 2022, the shareholding in Rheinland Distillers GmbH increased from 18% to 20%.

(iv) Dissolved on 22 September 2022.

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.

** Effective percentage of shares held by the company directly and indirectly.

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS (continued)

(v) On 22 November 2022, the company acquired ordinary shares for cash consideration in Las Olas Limited, and the amounts advanced by the company pursuant to the SAFEs converted into ordinary shares. As a result, the company holds 33.33% equity stake in the investment.

(vi) On 3 November 2022, the company acquired ordinary shares for cash consideration in Still on the Hill Limited. As a result of the acquisition, the company holds an 28.57% equity stake in the investment.

During the financial year, the 33% shareholding in Cambridge Distillery Limited was fully re-designated to convertible shares. As a consequence, Cambridge Distillery Limited became other investment of the company.

During the financial year, as part of the incubator programme, the company acquired ordinary shares for cash consideration in Komasa Kanosuke Distillery Company Limited. As a result of the acquisition, the company holds an 12.5% equity stake in the investment.

The company subscribed for additional convertible shares for cash consideration in Caleno Drinks Ltd, El Bandarra S.L., Mr Black Spirits Pty Ltd., Niococktails S.r.l., London Botanical Drinks Limited, Rheinland Distillers GmbH, The Southwest Fermentarium Limited, Komasa Kanosuke Distillery Company Limited and Stauning Whisky Holding ApS in the amount of £30,894,000 (2021 - £19,790,000).

All the above transactions impacting investments in associates, resulted in as additional investment in the amount of £35,189,000 (2021 - £21,205,000).

During the financial year, the company recognised a provision of £1,922,000 in respect of one of its investments in the incubator programme for which the carrying amount may not be recoverable (2021 - £4,855,000).

On 29 June 2022, Tipplesworth Limited, the company's wholly owned subsidiary undertaking, declared a distribution in the amount of £6,520,000 to the company. The distribution was declared from the distributable reserves of Tipplesworth Limited and therefore legally represented a dividend paid to the company. However, following an assessment of the substance of the distribution, the directors determined that £5,196,000 of the total distribution amount, equal to the carrying value to company's investment in Tipplesworth Limited, was a return of capital. This amount has therefore been recognised as a reduction in the value of the investment in Tipplesworth Limited, which has reduced the carrying value to £nil. The excess distribution received of £1,324,000 has been recognised in the statement of comprehensive income as dividend income.

For Belsazar GmbH, Seedlip Ltd, Anna Seed 83 Limited and Tipplesworth Limited a contingent consideration is presented as part of the investment value (see note 9).

The investments in subsidiaries are held at cost less, where appropriate, provision for impairment in value. The management performed this year's impairment analysis and no impairment was identified.

The investments in associates balance includes convertible shares invested in associates, which are subsequently measured at fair value through the statement of comprehensive income.

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

* The percentage of shares held by the immediate shareholder(s) of the subsidiary.

** Effective percentage of shares held by the company directly and indirectly.

Diageo DV Limited
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Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES

	30 June 2022	30 June 2021
	£ 000	£ 000
Amounts owed by fellow group undertakings		
Diageo Finance plc	5,208	3,505
Other receivables	55	53
Prepayments and accrued income	664	924
	<u>5,927</u>	<u>4,482</u>

The amount owed by Diageo Finance plc is unsecured, repayable on demand and bears interest at variable rates from 4.45% to 6.36% for the year ended 30 June 2022 (2021 - from 6.22% to 6.24%).

Diageo DV Limited
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Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. FINANCIAL INSTRUMENTS

Reconciliation of financial instruments

The table below sets out the company's accounting classification of each class of financial assets and liabilities.

	At cost	Fair value through profit and loss	Total	Current	Non- current
	£ 000	£ 000	£ 000	£ 000	£ 000
2022					
Shares in associates	14,002	—	14,002	—	14,002
Shares in other investments	—	1,587	1,587	—	1,587
Convertible shares at fair value through profit and loss	—	102,804	102,804	—	102,804
Trade and other receivables	5,263	—	5,263	5,263	—
Cash and cash equivalents	313	—	313	313	—
Total financial assets	19,578	104,391	123,969	5,576	118,393
Trade and other payables	(66,069)	(24,608)	(90,677)	(74,928)	(15,749)
Total financial liabilities	(66,069)	(24,608)	(90,677)	(74,928)	(15,749)
Total net financial assets	(46,491)	79,783	33,292	(69,352)	102,644
2021					
Shares in associates	10,228	—	10,228	—	10,228
Shares in other investments	—	263	263	—	263
Convertible shares at fair value through profit and loss	—	73,311	73,311	—	73,311
Trade and other receivables	4,482	—	4,482	4,482	—
Cash and cash equivalents	103	—	103	103	—
Total financial assets	14,813	73,574	88,387	4,585	83,802
Trade and other payables	(29,381)	(37,134)	(66,515)	(36,523)	(29,992)
Total financial liabilities	(29,381)	(37,134)	(66,515)	(36,523)	(29,992)
Total net financial assets	(14,568)	36,440	21,872	(31,938)	53,810

The convertible shares represent equity instruments, which are non-derivative financial assets that are presented as part of investments. Convertible shares are measured initially and subsequently at fair value through profit and loss. Convertible shares represent a potential equity stake at the future date of conversion, where the total amount of convertible shares can be converted to ordinary shares, therefore the net book value of convertible shares is considered to be a reasonable estimation for fair value.

The value of the combination of convertible shares not paid for and the associated assumed liability is £nil (2021 - £nil).

Diageo DV Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. TRADE AND OTHER PAYABLES

	30 June 2022		30 June 2021	
	Amounts falling due within one year £ 000	Amounts falling due after one year £ 000	Amounts falling due within one year £ 000	Amounts falling due after one year £ 000
Amounts owed to fellow group undertakings				
Grand Metropolitan Limited	64,374	—	28,506	—
Diageo Great Britain Limited	747	—	679	—
Tipplesworth Limited	948	—	—	—
	66,069	—	29,185	—
Accruals and deferred income	—	—	196	—
Contingent consideration	8,859	15,749	7,142	29,992
	8,859	15,749	7,338	29,992
	74,928	15,749	36,523	29,992

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

The movements in contingent consideration balances are as follows:

	30 June 2022	30 June 2021
	£ 000	£ 000
At the beginning of the year	37,134	31,359
Fair value remeasurement	(8,505)	5,980
Unwinding of discount	(1,180)	204
Settlement of liabilities	(2,888)	—
Currency translation adjustment	47	(409)
At the end of the year	24,608	37,134

Management assess the fair value of the contingent consideration based on business performance and future forecasts including market projections. This includes the need to estimate the likelihood and timing of achieving the arrangement's relevant milestones. Management need to exercise judgement when applying a probability assessment for each of the potential outcomes.

For Anna Seed 83 Limited, Belsazar GmbH, Seedlip Ltd and Tipplesworth Limited, the subsidiaries of the company, part of the consideration is contingent in the amount of investments in subsidiaries in the value of £22,442,000 (2021 - £33,898,000). Out of the total balance of contingent consideration of £24,608,000 (2021 - £37,134,000), the contingent consideration for Belsazar GmbH is presented at the exchange rate of the financial year end date, 1.16 EUR/GBP (2021 - 1.17 EUR/GBP), in the amount of £330,000 (2021 - £4,314,000) within trade and other payables.

During the financial year, part of the contingent consideration linked to performance targets was paid to Belsazar GmbH in the amount of £2,888,000 (2021 - £nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEFERRED TAX ASSETS

Unrecognised deferred tax assets

Deferred tax assets are only 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 set out below:

	30 June 2022		30 June 2021	
	Gross amount £ 000	Tax effected £ 000	Gross amount £ 000	Tax effected £ 000
Losses - available indefinitely	63,532	15,883	63,532	15,883
Other investment undertakings - available indefinitely	852	213	732	183
	64,384	16,096	64,264	16,066

11. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2022 £ 000
15,139,256 (2021 - 15,139,256) ordinary shares of £1 each	15,139

12. COMMITMENTS

The company has agreed funding to be released based on milestone targets in respect of its investments in associate undertakings in the maximum amount of £17,546,000 (2021 - £22,518,000).

13. RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

At 30 June 2022, equity contributions provided during the year to associate undertakings amounted to £33,417,000 (2021 - £20,280,000).

Diageo DV Limited
Registered number: 00014172
Year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. POST BALANCE SHEET EVENTS

Subsequent to year-end, the company acquired further shareholding in Mr Black Spirits Pty Ltd., therefore the percentage owned by the company increased to 100%. As a consequence, Mr Black Spirits Pty Ltd. became subsidiary of the company.

Subsequent to year-end, the company entered into an agreement with premium spiced rum and tequila cocktail companies for the right to subscribe for certain of their equity shares.

Subsequent to year-end, additional consideration was paid in the form of subscription for convertible shares to certain associate undertakings of the company in the total amount of £12,566,000.

Subsequent to year-end, as part of the incubator programme, the company acquired ordinary shares for cash consideration in Still on the Hill Limited. As a result of the acquisition, the company holds an 28.57% equity stake in the investment.

Subsequent to year-end, the company acquired ordinary shares for cash consideration in Las Olas Limited, and the amounts advanced by the company pursuant to the SAFEs converted into ordinary shares, therefore the percentage owned by the company increased to 33.33%. As a consequence, Las Olas Limited became associate of the company.

Subsequent to year-end, part of the contingent consideration was paid in respect of Anna Seed Limited in the amount of £5,000,000.

15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

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

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. 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.