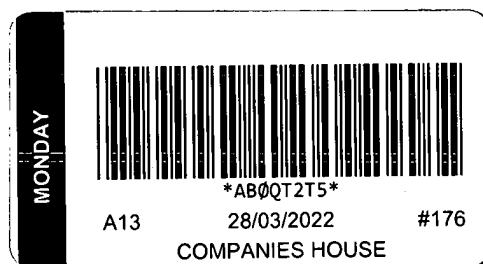


United Distillers France Limited
Annual report and financial statements
30 June 2021

Registered number: 00132792



United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

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United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2021.

Activities

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.

The principal activity of the company is to act as an investment holding company within the Diageo group ("the group"). On 1 December 2020 United Distillers France SAS, the wholly owned subsidiary of the company, declared a dividend of €24,979,000, therefore the company became active after being dormant between 2001 and 2020.

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 2021

The company's profit for the year was €24,633,000 (2020 - €nil) predominantly resulting from the accrued dividend income, in the amount of €24,979,000 that was declared by United Distillers France SAS on 1 December 2020. The company's net assets increased by €24,633,000 from €18,587,000 to €43,220,000, as a result of the above transaction.

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 2021

The principal risks identified by the group are disclosed on page 45 to 48 of Diageo plc's 2021 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 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. Two company-specific risks have been identified, which are the recoverability of the company's investment in subsidiaries and the recoverability of intercompany receivables.

Pandemics

Global outbreak of a public health threat or fear of such an event could result in increased government restrictions and regulations including the shutdown of the on-trade, restrictions to travel, and quarantining of employees resulting in a negative impact to consumer demand, or a slowdown or halting of the group business operations due to supply or logistic constraints and could adversely impact the group financial performance. To mitigate these challenges the group regularly gathers data and obtains insights which enable management to assess conditions in the markets where the group operates and to amend forecasts and investment decisions appropriately.

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2021 (continued)

Pandemics (continued)

The directors have assessed that the key impacts from the Covid-19 pandemic on the company would be in respect of any change in credit risk impacting the valuation of intercompany receivables and the recoverability of the investments in subsidiaries and the effect of Covid-19 on remote working and ability to access IT systems, along with a potentially heightened cyber risk.

The directors believe that the risk mitigation actions taken by the group in relation to the Covid-19 pandemic, which incorporate those taken on behalf of the company, have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for a recovery in consumer demand. During the year, the group took actions to protect the business and support Diageo partners and communities. Further information on the group's risk management measures in relation to Covid-19 are disclosed on pages 45 to 48 of Diageo plc's 2021 Annual Report and on pages 31 and 59 of Diageo plc's interim results for the six months ended 31 December 2021.

Brexit

The European Union and the United Kingdom have agreed the EU-UK Trade and Cooperation Agreement which fully came into force on 1 May 2021. We remain of the view that the direct financial impact to the group or the company will not be material. A cross-functional working group is in place to identify and assess the consequences of Brexit, with all major functions within our business represented, including the function of raising external funding. The group will monitor the implications of the Agreement very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate these risks wherever practical.

Climate change

Considering that the company forms part of the group's investment holding structure, the probability of climate change related risks having a significant impact on the activities and operation of the company, through its investments, is considered to be low. The group is undertaking multi-year climate risk assessments to assess the short and long-term impacts from physical and transition risks. As part of this the potential risks in France, in which the company's investment operates, will be analysed. The directors believe that the risk mitigation actions taken in relation to climate risk by the group are appropriate measures in managing direct or indirect risks posed by climate change. Further information on the group's actions to mitigate climate change are disclosed on page 46 of Diageo plc's 2021 Annual Report and on page 59 of Diageo plc's interim results for the six months ended 31 December 2021.

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

STRATEGIC REPORT (continued)

Business review (continued)

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 2021 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.

Main activities of the Board

The activities of the Board during the year include the approval of the financial statements for the year ended 30 June 2020.

On behalf of the Board



.....
D Keresztesi
Director

16 Great Marlborough Street
London
W1F 7HS

23 March 2022

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2021.

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 remain in positive net asset position for the foreseeable future. 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. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In arriving at this conclusion, the directors have also considered the potential impact that the Covid-19 pandemic may have on the company and believe that any impact would be minimal.

Financial

The result for the year ended 30 June 2021 is shown on page 13.

The profit for the year transferred to reserves was €24,633,000 (2020 - €nil).

No dividend was paid during the year (2020 - €nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2020 - €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:

J M C Edmunds

K E Major

G Kovacs (resigned 1 September 2020)

D Keresztesi (appointed 11 September 2020)

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

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 (2020 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

Branches outside the UK

The company operates United Distillers France Limited branch ("the branch") in France.

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.

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.

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 2021 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 make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

DIRECTORS' REPORT (continued)

On behalf of the Board



.....
D Keresztesi
Director

16 Great Marlborough Street
London
W1F 7HS

23 March 2022

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Independent auditors' report to the members of United Distillers France Limited

Report on the audit of the financial statements

Opinion

In our opinion, United Distillers France Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 30 June 2021 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 the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to, UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes;
- 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 its subsidiaries, and the recoverability of amounts owed by fellow group undertakings; 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.

Other matter

The financial statements for the 30 June 2020, forming the corresponding figures of the financial statements for the year ended 30 June 2021, are unaudited.

A handwritten signature in black ink, appearing to be 'Steve Reid', written over a horizontal line.

Steve Reid (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 March 2022

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2021	Year ended 30 June 2020
	Notes	€ 000	€ 000
Operating income	2	4	—
Income from shares in group undertakings	3	24,979	—
Operating profit		24,983	—
Profit before taxation on ordinary activities		24,983	—
Taxation on profit on ordinary activities	4	(350)	—
Profit for the financial year and total comprehensive income for the year		24,633	—

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

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

BALANCE SHEET

	Notes	30 June 2021 € 000	30 June 2020 € 000
Non-current assets			
Investments in subsidiaries	5	18,592	18,592
Current assets			
Trade and other receivables	6	24,979	—
Total assets		43,571	18,592
Current liabilities			
Trade and other payables	7	(351)	(5)
Net assets		43,220	18,587
Equity			
Called up share capital	8	18,550	18,550
Other reserves		32	32
Retained earnings		24,638	5
Total equity		43,220	18,587

The accounting policies and other notes on pages 16 to 22 form part of the financial statements.

These financial statements on pages 13 to 22 were approved by the Board on 23 March 2022 and were signed on its behalf by:



.....
D Keresztesi

Director

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital € 000	Other reserves € 000	Retained earnings € 000	Total € 000
Balance at 30 June 2019	18,550	32	5	18,587
Balance at 30 June 2020	18,550	32	5	18,587
Profit for the financial year and total comprehensive income for the year	—	—	24,633	24,633
Balance at 30 June 2021	18,550	32	24,638	43,220

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

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

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 EU (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).

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

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 amendments to the accounting standards, issued by the IASB which have been endorsed by the EU, have been adopted by the group and therefore by the company from 1 July 2020 with no impact on the company's results, financial position or disclosures: Amendments to References to the Conceptual Framework in IFRSs;

- Amendments to References to the Conceptual Framework in IFRSs;
- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IAS 1 and IAS 8 - Definition of Material;
- Amendments to IFRS 16 - Covid-19 - Related Rent Concessions;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (phase 1);
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement.

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

- IFRS 17 – Insurance contracts
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 2)

Functional and presentational currency

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

All financial information presented in euro (€) has been rounded to the nearest thousand unless otherwise stated.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. 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.

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities

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

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.

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.

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 are included in profit before taxation.

Dividends

The interim dividend is included in the financial statements in the year in which it is approved by the directors, and the final dividend in the year in which it is approved by shareholders. 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.

United Distillers France Limited
Registered number: 00132792
Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount.

2. OPERATING INCOME

Operating income of €4,000 (2020 - €nil) was in respect of reversed accrued liabilities.

The auditors' remuneration of €9,360 (2020 - €nil) 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 (2020 - €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 (2020 - €nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2021 € 000	Year ended 30 June 2020 € 000
Dividend income from shares in group undertakings		
United Distillers France SAS	24,979	—

The accrued dividend income, in the amount of €24,979,000 was declared by United Distillers France SAS, the wholly owned subsidiary of the company, on 1 December 2020.

United Distillers France Limited
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Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 June 2021 € 000	Year ended 30 June 2020 € 000
(a) Analysis of taxation charge for the year		
Current tax		
Foreign tax suffered	(350)	—
Total current tax	<u>(350)</u>	<u>—</u>
Deferred tax	<u>—</u>	<u>—</u>
Taxation on profit on ordinary activities	<u><u>(350)</u></u>	<u><u>—</u></u>
(b) Factors affecting total tax charge for the year		
Profit on ordinary activities before taxation	<u>24,983</u>	<u>—</u>
Taxation on profit on ordinary activities at UK corporation tax rate of 19% (2020 - 19%)	(4,747)	—
Income not taxable	4,746	—
Group relief surrendered for nil consideration	1	—
Foreign tax suffered	<u>(350)</u>	<u>—</u>
Total tax charge for the year	<u><u>(350)</u></u>	<u><u>—</u></u>

The UK corporation tax rate for the year ended 30 June 2021 is 19% which has been effective since 1 April 2017. In the Spring Budget 2021, the UK Government announced an increase in the corporation tax rate to 25% which will apply from 1 April 2023. The legislation increasing the tax rate to 25% rate was substantively enacted on 24 May 2021.

5. INVESTMENTS IN SUBSIDIARIES

	Subsidiaries € 000
Cost and carrying amount	
At 30 June 2021 and at 30 June 2020	<u><u>18,592</u></u>

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.

United Distillers France Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Name of investment	Notes	Registered office address	Proportion of ownership interest %*	Proportion of effective interest %**
Direct holdings				
<i>Subsidiary undertaking</i>				
United Distillers France SAS		73, Rue de Provence 75009 Paris, France	100%	100%

The investments in subsidiary is held at cost less, where appropriate, provision for impairment in value. In the opinion of the directors, the investment in the company's subsidiary undertaking are worth at least the amount at which they are stated in the financial statements.

6. TRADE AND OTHER RECEIVABLES

	30 June 2021 € 000	30 June 2020 € 000
Amounts owed by fellow group undertakings		
United Distillers France SAS	24,979	—
	<u>24,979</u>	<u>—</u>

The accrued dividend receivable, in the amount of €24,979,000 was declared by United Distillers France SAS, the wholly owned subsidiary of the company, on 1 December 2020. The dividend is expected to be paid in the year ended 30 June 2022.

7. TRADE AND OTHER PAYABLES

	30 June 2021 € 000	30 June 2020 € 000
Amounts owed to fellow group undertakings		
Diageo Scotland Limited	1	1
Other payables	350	4
	<u>351</u>	<u>5</u>

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

In the year ended 30 June 2021, other payables relate to capital gains tax in the amount of €350,000, arising on the dividend receivable from United Distillers France SAS. The amount was settled on 22 October 2021 by United Distillers France SAS on behalf of the company.

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

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

United Distillers France Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. CALLED UP SHARE CAPITAL

30 June 2021
€ 000

Allotted, called up and fully paid:

11,032,500 (2020 - 11,032,500) ordinary shares of £1 each at 1.68 €/£	<u>18,550</u>
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9. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

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