

# **Winchester House Property Company Limited**

## **Financial statements 30 June 2011**

Registered number 313798



## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2011

### **Activities**

The company acts as a property management company. The directors foresee no changes in the company's activities.

### **Going concern**

The company is expected to continue to generate positive cash flows on its own account and 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 Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Financial**

The results for the year ended 30 June 2011 are shown on page 5.

The directors do not recommend the payment of a dividend (2010 - £nil). The loss for the year transferred from reserves is £214,000 (2010 – profit of £209,000 transferred to reserves).

### **Directors**

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

S J Bolton	(appointed 1 April 2011)
D C Carter	
C D Coase	(resigned 31 March 2011)
G P Crickmore	
D Heginbottom	(appointed 25 March 2011)
N Mákos	
S C Moore	(resigned 24 March 2011)
J J Nicholls	(appointed 25 March 2011)
A M Smith	
P D Tunnacliffe	

D C Carter resigned as a director of the company on 30 September 2011.

J A I Franco and J W Pursell were appointed as directors of the company on 16 December 2011.

S J Bolton, G P Crickmore, J A I Franco, D Heginbottom and A M Smith resigned as directors of the company on 2 February 2012.

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2010 - £nil).

**Directors' report (continued)**

**Secretary**

On 2 February 2012 J J Nicholls resigned as secretary of the company and C Kynaston was appointed in his place

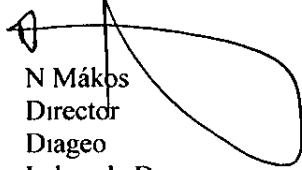
**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2011

**Disclosure of information to 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 auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

By order of the board



N Mákos  
Director  
Diageo  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

27 February 2012

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Winchester House Property Company Limited**

We have audited the financial statements of Winchester House Property Company Limited for the year ended 30 June 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of the loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**P Nichols, Senior Statutory Auditor**

**For and on behalf of KPMG Audit Plc, Statutory Auditor**

**Chartered Accountants**

15 Canada Square  
London  
E14 5GL

29 February 2012

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2011 £'000</b>	<b>Year ended 30 June 2010 £'000</b>
<b>Turnover</b>	<i>1</i>	4,970	5,235
Operating costs	<i>2</i>	(5,163)	(4,983)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		(193)	252
Finance charges	<i>3</i>	(21)	(43)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(214)	209
Taxation on (loss)/profit on ordinary activities	<i>4</i>	-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		(214)	209
		<hr/>	<hr/>

There are no recognised gains and losses other than the result for the year and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements

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

All results arise from continuing operations

**Balance sheet**

		30 June 2011		30 June 2010	
	<i>Notes</i>	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors due within one year	5	6,457		6,249	
Cash at bank		-		78	
		<u>6,457</u>		<u>6,327</u>	
<b>Creditors due within one year</b>	6	<u>(5,834)</u>		<u>(5,686)</u>	
<b>Net current assets</b>			623		641
<b>Provision for liabilities and charges</b>	7		<u>(571)</u>		<u>(375)</u>
<b>Net assets</b>			<u>52</u>		<u>266</u>
<b>Capital and reserves</b>					
Called up share capital	8		100		100
Profit and loss account	9		<u>(48)</u>		<u>166</u>
<b>Shareholders' funds</b>	10		<u>52</u>		<u>266</u>

These financial statements on pages 5 to 12 were approved by the board of directors on 27 February 2012 and were signed on its behalf by



N Mákos  
 Director

## **Accounting policies**

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

### **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996)

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not balances) with entities that are wholly owned by a member of the Diageo plc group ("group undertakings")

### **Leases**

The company is involved in lease agreements, which are treated as operating leases, with charges and income taken to the profit and loss account on a straight-line basis over the life of the lease, even if the receipts of lease income are not on such a basis

### **Provisions**

Where the company has sublet a property to a third party and the lease income is less than the lease payment a provision calculated at net present value is charged to profit and loss account and unwound over the life of the onerous lease

### **Taxation**

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



## Notes to the financial statements

### 1. Analysis of turnover and profit/loss on ordinary activities before taxation

The turnover and profit/loss on ordinary activities before taxation are attributable to one class of business, that of property management, all of which is carried out in the United Kingdom

The turnover for the current year includes credit notes of £65,000 which relate to prior years (2010 – £14,000)

The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice No 25 as the company is a wholly owned subsidiary. Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc

### 2. Operating costs

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Lease charges for land and buildings	4,348	4,349
Other operating costs (a)	941	634
Other income (b)	(126)	-
	<hr/> 5,163	<hr/> 4,983

(a) **Other operating costs** consist of service charges of £714,000 (2010 –£634,000) and vacant property provision of £227,000 (2010 - £nil)

(b) **Other income** comprises vacant property provision release of £52,000 (2010 - £nil) and liability write off of £74,000 (2010 - £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 (2010 - £nil)

The auditor's remuneration of £1,758 (2010 - £1,826) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2010 - £nil)

**Notes to the financial statements (continued)**

**3. Finance charges**

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Unwinding of discount on vacant property provision	21	24
Other interest payable	-	19
	<u>21</u>	<u>43</u>

**4. Taxation**

Factors affecting current tax charge for the year	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
(Loss)/profit on ordinary activities before taxation	(214)	209
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 27.5% (2010 – 28%)	59	(59)
Expenses not deductible for tax purposes	(8)	-
Group relief surrendered for nil consideration	(51)	(116)
Group relief adjustment in respect of prior year's restatement	-	175
Current ordinary tax charge for the year	<u>-</u>	<u>-</u>

**Notes to the financial statements (continued)**

**5. Debtors: due within one year**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	985	680
Amounts owed by Grand Metropolitan Estates Limited	4,378	4,476
Other prepayments and accrued income	1,094	1,093
	<hr/>	<hr/>
	6,457	6,249
	<hr/>	<hr/>

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

**6. Creditors: due within one year**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to Diageo Finance plc	4,305	4,305
Accruals and deferred income	1,236	1,276
Other creditors	293	105
	<hr/>	<hr/>
	5,834	5,686
	<hr/>	<hr/>

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

**Notes to the financial statements (continued)**

**7. Provisions for liabilities and charges**

	<b>Vacant property provision £'000</b>
At 30 June 2010	375
Provided during the year	227
Utilised during the year	(52)
Unwinding of discount on vacant property provision	21
	<hr/>
At 30 June 2011	571
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The provision is for the estimated discounted rental shortfall in respect of vacant properties

**8. Share capital**

	<b>30 June 2011 £'000</b>	<b>30 June 2010 £'000</b>
<i>Allotted, called up and fully paid:</i>		
100,000 ordinary shares of £1 each	100	100
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**9. Reserves**

	<b>Profit and loss account £'000</b>
At 30 June 2010	166
Loss for the financial year	(214)
	<hr/>
At 30 June 2011	(48)
	<hr/>

**Notes to the financial statements (continued)**

**10. Reconciliation of movement in shareholders' funds**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial year	(214)	209
<b>Net (reduction in) / addition to shareholders' funds</b>	<b>(214)</b>	<b>209</b>
Shareholders' funds at the beginning of the year	266	57
<b>Shareholders' funds at the end of the year</b>	<b>52</b>	<b>266</b>

**11. Commitments**

At 30 June 2011 the company had minimum annual commitments under non-cancellable operating leases as follows

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>£'000</b>	<b>£'000</b>
<b>Annual payments under leases expiring:</b>		
After five years	345	345
From one to five years	3,123	4,003
Within one year	220	-
	<b>3,688</b>	<b>4,348</b>

**12. Immediate and ultimate parent undertaking**

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

The ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at Lakeside Drive Park Royal, London NW10 7HQ