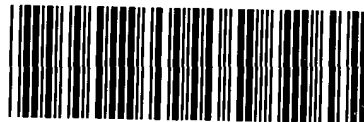


**Winchester House Property
Company Limited**

**Financial statements
30 June 2015**

Registered number: 313798

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Director's report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2015.

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

Activities

The company ceased its business activity on 13 June 2014 with the termination of its last lease contract and became dormant.

Amounts owed by fellow group undertakings in the amount of £3,390,655 were repaid on 29 June 2015. The company used the proceeds to repay a part of its intercompany loan payable to Diageo Finance plc in the same amount.

In order to address the insolvency of the Company, on 29 June 2015 the outstanding loans of Winchester were assigned to its immediate parent company, Diageo Scotland Limited, which then released Winchester's outstanding net debt of £914,743. On the same day, following a capital contribution of £2 by Diageo Scotland Limited, Winchester reached a net asset and shareholders' funds position of £2. Accordingly, the share capital of Winchester was reduced to £2 to correctly reflect the financial position of Winchester leaving a fully dormant company.

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future as a fellow group undertaking has agreed to provide financial support 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 2015 are shown on page 5.

The profit for the year transferred to reserves is £914,743 (2014 - loss of £165,599 transferred from reserves).

No dividend was paid during the year (2014 - £nil).

Directors' report (continued)

Directors

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

N Mákos	(resigned 1 August 2014)
J J Nicholls	
J W Pursell	
P D Tunnacliffe	
I A Hockney	(appointed 1 October 2014)

On 5 November 2015, I A Hockney and J W Pursell resigned and R Twomey and A Mahler were appointed as directors of the company.

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2014 - £nil).

Secretary

On 5 November 2015, V Cooper was appointed as joint Company Secretary.


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant audit information that they know of and of which they know the auditor is unaware.

Auditor

Following an audit tender conducted during the year, PricewaterhouseCoopers LLP were selected as auditor for the Diageo group. Accordingly, it is intended that PricewaterhouseCoopers LLP will be appointed to replace KPMG LLP as auditor for the year ending 30 June 2016.

By order of the board


A Mahler
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

10 December 2015

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

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

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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 2015 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 directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit 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, or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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



15 Canada Square
London
E14 5GL
Date:

16 December 2015

Profit and loss account

	<i>Notes</i>	30 June 2015 £	30 June 2014 £
Turnover	<i>1</i>	-	98,824
Operating costs	<i>2</i>	-	(261,526)
		<hr/>	<hr/>
Operating loss		-	(162,702)
Income from release of loan by Diageo Scotland Limited	<i>3</i>	914,743	-
Finance charges	<i>4</i>	-	(31,838)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		914,743	(194,540)
Taxation on loss on ordinary activities	<i>5</i>	-	28,941
		<hr/>	<hr/>
Profit/(loss) for the financial year		914,743	(165,599)
		<hr/>	<hr/>

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

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

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

All results arise from discontinued operations.

Balance sheet

	<i>Notes</i>	30 June 2015		30 June 2014	
		£	£	£	£
Current assets					
Debtors	6	2	3,390,655		
Creditor - amount falling due within one year	7				
Diageo Finance plc		-	(4,305,398)		
Net current assets/(liabilities)			2	(914,743)	
Net assets/(liabilities)			2	(914,743)	
Capital and reserves					
Called up share capital	8	2	100,000		
Profit and loss account	9	-	(1,014,743)		
Shareholders' funds/(deficit)	10	2	(914,743)		

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

These financial statements on pages 5 to 12 were approved by the board of directors on 10 December 2015 and were signed on its behalf by:



A Mahler
 Director

Accounting policies

Future changes to accounting policies

The Financial Reporting Council recently issued *FRS 100 – Application of Financial Reporting Requirements*, *FRS 101 – Reduced Disclosure Framework* and *FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland* which will be first effective for the company for the year ending 30 June 2016. FRS 100 sets out the overall financial reporting framework whereas FRS 101 applies to the company financial statements allowing them to apply the same accounting policies as the IFRS group accounts but with less disclosure. FRS 102 will replace the current UK GAAP standards with an IFRS based new standard and include a set of disclosure exemptions for qualifying entities formerly preparing UK GAAP financial standards. The company will adopt FRS 101, for its financial statements, for the year ending 30 June 2016. Based on a preliminary assessment the company believes the change will have no significant impact on its results or financial position.

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").

Turnover

Turnover comprised revenue from rents receivable and included amounts receivable from external companies and other group companies, net of value added tax. The revenue is recognised in the period in which the services are rendered.

Leases

The company was involved in lease agreements, which were 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 were not on such a basis.

Accounting policies (continued)

Taxation

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

Notes to the financial statements

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

The turnover and loss on ordinary activities before taxation were attributable to the discontinued activities of property management, all of which was carried out in the United Kingdom.

2. Operating costs

	2015 £	2014 £
Lease charges for land and buildings	-	345,000
Other operating costs (a)	-	740,784
Other income (b)	-	(824,258)
	<hr/>	<hr/>
	-	261,526
	<hr/>	<hr/>

(a) **Other operating costs** consists of service charges of £nil (2014 - £93,273) and surrender fees of £nil (2014 - £647,511).

(b) **Other income** includes vacant property provision release of £nil (2014 - £824,258).

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 (2014 - £nil).

The auditor's remuneration of £2,000 (2014 - £2,300) 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 (2014 - £nil).

3. Income from release of loan by Diageo Scotland Limited

Amounts owed by fellow group undertakings in the amount of £3,390,655 were repaid on 29 June 2015. The company used the proceeds to repay a part of its intercompany loan payable to Diageo Finance plc in the same amount.

The company assigned the remaining loan payable to Diageo Finance plc of £914,743 to Diageo Scotland Limited, the immediate parent undertaking of the company. Diageo Scotland Limited released the Company from any further obligation in relation to this loan (note 6 and 7).

4. Finance charges

	2015 £	2014 £
Unwinding of discount on vacant property provision	-	31,838
	<hr/>	<hr/>

Notes to the financial statements (continued)

5. Taxation

	2015	2014
	£	£
(i) Tax on profit/(loss) on ordinary activities		
Current tax	-	28,941
Deferred tax	-	-
	<hr/>	<hr/>
Total tax on profit/(loss) on ordinary activities	-	28,941
	<hr/>	<hr/>
 (ii) Factors affecting current tax credit/charge for the year	 2015	 2014
	£	£
Profit/(loss) on ordinary activities before taxation	914,743	(194,540)
	<hr/>	<hr/>
Taxation on profit/loss on ordinary activities at UK corporation tax rate of 20.75% (2014 - 22.5%)	(189,815)	43,772
Expenses not deductible for tax purposes	-	(14,831)
Income not taxable for tax purposes	189,815	-
	<hr/>	<hr/>
Current ordinary tax credit for the year	-	28,941
	<hr/>	<hr/>

6. Debtors

	2015	2014
	£	£
Amounts owed by Grand Metropolitan Estates Limited	-	3,361,714
Amounts owed by Diageo Scotland Limited	2	28,941
	<hr/>	<hr/>
	2	3,390,655
	<hr/>	<hr/>

Amount owed by the fellow group undertaking is unsecured, interest free and repayable on demand.

Amounts owed by fellow group undertakings in the amount of £3,390,655 were repaid on 29 June 2015. The company used the proceeds to repay a part of its intercompany loan payable to Diageo Finance plc in the same amount.

The company assigned the remaining loan payable to Diageo Finance plc of £914,743 to Diageo Scotland Limited, the immediate parent undertaking of the company. Diageo Scotland Limited released the Company from any further obligation in relation to this loan (note 3 and 7).

Notes to the financial statements (continued)

7. Creditor - amount falling due within one year

Amount owed to the fellow group undertaking is unsecured, interest free and repayable on demand.

8. Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid:</i>		
2 (2014 - 100,000) ordinary shares of £1 each	2	100,000
	<u>2</u>	<u>100,000</u>

On 29 June 2015, the company issued 2 ordinary shares of £1 each to Diageo Scotland Limited. On the same day, it undertook a share capital reduction by cancelling 100,000 ordinary shares of £1 each with the intention that any reserve arising from the capital reduction is treated as distributable reserves. (Note 9)

9. Reserves

	Profit and loss account £
At 30 June 2014	(1,014,743)
Share capital reduction and conversion to distributable reserves	100,000
Profit for the financial year	914,743
	<u> </u>
At 30 June 2015	<u> </u>

Notes to the financial statements (continued)

10. Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Profit/(loss) for the financial year	914,743	(165,599)
Net proceeds of issue of ordinary share capital	2	-
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds	914,745	(165,599)
Shareholders' deficit at the beginning of the year	(914,743)	(749,144)
	<hr/>	<hr/>
Shareholders' funds/(deficit) at the end of the year	2	(914,743)
	<hr/>	<hr/>

11. 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.