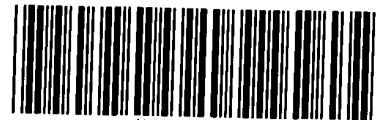


Grand Metropolitan Estates Limited
Directors' report and financial statements
30 June 2017

Registered number: 367551

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Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

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Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

DIRECTORS' REPORT

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the year ended 30 June 2017.

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Activities

The principal activity of the company is the holding and management of property interests for Diageo group. The company manages freehold and leasehold properties held in its own name or by other Diageo group companies. The portfolio comprises mainly long leasehold properties in addition to several short leasehold properties and privity contracts. Properties are sub-let to third parties through external agents.

During the financial year ended 30 June 2017, there were no significant changes to the nature or performance of the business or the property portfolio.

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

Going concern

The company is expected to continue to generate profit for its own account and to remain in a 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 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 2017 are shown on page 9.

The profit for the year transferred to reserves is £14,430,000 (2016 - £12,395,000).

Dividends paid during the year ended 30 June 2017 and 30 June 2016 were £12,500,000 and £14,000,000 respectively.

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the year ended 30 June 2017 of £13,600,000. This has not been included as a liability as it was approved after the date of the balance sheet.

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

DIRECTORS' REPORT (continued)

Directors

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

A Mahler

J J Nicholls

R Twomey

D Harlock

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2016 - £nil).

Secretary

On 23 March 2017, V Cooper was resigned as a joint secretary of the company.

C Matthews remains as secretary of the company.

Auditors

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

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the Diageo group. The internal control and risk management systems over the financial reporting process of Diageo plc, which include those of the company, are discussed in the Group's Annual Report 2017 on pages 62 to 63 at www.diageo.com, which does not form part of this report.

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.

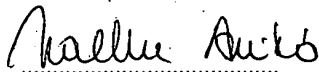
Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

DIRECTORS' REPORT (continued)

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.

By order of the board



A Mahler
Director

Lakeside Drive
Park Royal
London
NW10 7HQ

17 November 2017

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the directors' 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 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.

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.

Independent auditors' report to the members of Grand Metropolitan Estates Limited

Report on the audit of the financial statements

Opinion

In our opinion, Grand Metropolitan Estates Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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 Directors' report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2017; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2017 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 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 set out on page 5, 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.

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 received 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 November 2017

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2017	Year ended 30 June 2016
	Notes	£ 000	£ 000
Turnover	2	2,159	1,669
Operating costs	3	<u>(2,112)</u>	<u>(3,786)</u>
Gross profit/(loss)		47	(2,117)
Profit on sale of land	4	<u>237</u>	<u>-</u>
Operating profit/(loss)		284	(2,117)
Net finance income	6	<u>14,158</u>	<u>14,531</u>
Profit before taxation on ordinary activities		14,442	12,414
Taxation on profit on ordinary activities	7	<u>(12)</u>	<u>(19)</u>
Profit for the financial year and total comprehensive income for the year		<u>14,430</u>	<u>12,395</u>

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.


Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

BALANCE SHEET

	Notes	30 June 2017 £ 000	30 June 2016 £ 000
Non-current assets			
Property, plant and equipment	8	4,390	4,613
Deferred tax assets	10	<u>13</u>	<u>25</u>
		4,403	4,638
Current assets			
Trade and other receivables	11	420,132	421,431
Cash and cash equivalents		<u>18,668</u>	<u>17,339</u>
Total assets		<u>443,203</u>	<u>443,408</u>
Current liabilities			
Trade and other payables	12	(267,398)	(269,737)
Provisions	14	<u>(107)</u>	<u>(50)</u>
		(267,505)	(269,787)
Non-current liabilities			
Provisions	14	<u>(3,723)</u>	<u>(3,576)</u>
Total liabilities		<u>(271,228)</u>	<u>(273,363)</u>
Net assets		<u>171,975</u>	<u>170,045</u>
Equity			
Called up share capital	15	143,980	143,980
Other reserves		41	41
Retained earnings		<u>27,954</u>	<u>26,024</u>
Total equity		<u>171,975</u>	<u>170,045</u>

The accounting policies and other notes on pages 12 to 22 form part of the financial statements.

These financial statements on pages 9 to 22 were approved by the Board on 17 November 2017 and were signed on its behalf by:



A Mahler
Director

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
Balance at 30 June 2015	143,980	41	27,629	171,650
Profit for the year and total comprehensive income	-	-	12,395	12,395
Dividends to shareholders	-	-	(14,000)	(14,000)
Balance at 30 June 2016	143,980	41	26,024	170,045
Profit for the year and total comprehensive income	-	-	14,430	14,430
Dividends to shareholders	-	-	(12,500)	(12,500)
Balance at 30 June 2017	143,980	41	27,954	171,975

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

Grand Metropolitan Estates Limited

Registered number: 367551

Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

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 stated 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 company has taken advantage of the following exemptions from the requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

The company has taken advantage of the exemption under IAS 27, 'Consolidated and separate financial statements', 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.

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.

Turnover

Turnover comprises revenue from rents receivable and includes 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.

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Finance costs

Finance costs attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of that asset. All other finance costs are recognised primarily in the statement of comprehensive income in the year in which they are incurred.

Tangible fixed assets

Land and buildings are stated at cost less depreciation.

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other property, plant and equipment are depreciated on a straight-line basis to estimated residual values over their expected useful lives, and these values and lives are reviewed each year. Subject to these reviews, the estimated useful lives fall within the following ranges:

Hardware	10 years
Fixtures and fittings	10 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts.

Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases, with payments and receipts taken to the income statement on a straight-line basis over the life of the lease.

Investments in associates and joint ventures

Investments in associates and joint ventures are initially recorded at cost including transaction costs / less provision for impairment. Investments in associates and joint ventures are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Financial assets

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.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less at acquisition, including money market deposits, commercial paper and investments.

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial liabilities

Trade and other payables Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade payables are stated at their nominal value as they are due on demand.

Provisions

Provisions are liabilities of uncertain timing or amount. A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The company entered into long lease agreements that include tenant repairing clauses at the end of the lease term.

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. Interests and penalties on tax liabilities are provided in the tax charge.

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.

Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, management reviews each material tax benefit 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.

Dividends paid

Both interim and final dividends are included in the financial statements in the year in which it is approved by the directors.

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future of the company. The resulting accounting estimates will, by definition, seldom equate to actual results. The company's directors are of the opinion that there are no estimates and assumptions that have a significant risk of casting material adjustment to the carrying value of the assets and liabilities for the company within the next financial year due to the nature of the business.

The critical accounting policies, which the directors consider are of greater complexity and/or particularly subject to the exercise of judgements, are set out in detail in the relevant accounting policies:

- **Provision:** As part of the assessment to determine the amount of the future obligation in respect of the long term lease contracts involves management judgement and estimates for the amount expected to be paid.
- **Investment in subsidiaries, associates and joint ventures:** The carrying value of the investments was assessed to ensure that the investments are worth at least the amount at which they are stated in the financial statements. The impairment review involves management judgement and estimates.
- **Taxation:** The evaluation of deferred tax assets recoverability requires judgements to be made regarding the availability of future taxable income. The directors believe that the company will generate sufficient future taxable income.

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER

The turnover and profit 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, so turnover is rent received.

3. OPERATING COSTS

	Year ended 30 June 2017 £ 000	Year ended 30 June 2016 £ 000
Operating lease charges	1,186	1,133
Depreciation	236	118
Other operating charges	875	2,535
Other operating income	(185)	-
	<u>2,112</u>	<u>3,786</u>

Other operating charges include dilapidation provision of £nil (2016 - £1,800,000).

Following a change in approach to the allocation of statutory audit fees to Group entities, auditors' remuneration of £5,000 (2016 - £1,000) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditors in respect of non-audit services (2016 - £nil).

4. PROFIT ON SALE OF LAND

On 27 January 2017, the company sold its land adjoining Halfway House Public House, Moorhall Road, Harefield to a third party for the consideration of £237,000. Carrying value of the land was £ nil.

5. DIRECTORS AND EMPLOYEES

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 (2016 - £nil).

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. FINANCE INCOME AND CHARGES

	Year ended 30 June 2017 £ 000	Year ended 30 June 2016 £ 000
Net interest income		
Cash at bank	226	226
Interest receivable from fellow group undertakings	13,988	14,359
Total interest income	14,214	14,585
Other finance charges	(56)	(54)
Net finance income	14,158	14,531

7. TAXATION

	Year ended 30 June 2017 £ 000	Year ended 30 June 2016 £ 000
(a) Analysis of taxation charge for the year		
Current tax	-	-
Deferred tax		
Current year	(10)	(18)
Changes in tax rates	(2)	-
Adjustments in respect of prior years	-	(1)
Total deferred tax	(12)	(19)
Taxation on profit on ordinary activities	(12)	(19)

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION (continued)

	Year ended 30 June 2017 £ 000	Year ended 30 June 2016 £ 000
(b) Factors affecting total tax charge for the year		
Profit on ordinary activities before taxation	14,442	12,414
Taxation on profit on ordinary activities at UK corporation tax rate of 19.75% (2016 - 20%)	(2,852)	(2,483)
Adjustments in respect of prior periods	-	(1)
Expenses not deductible	4	(9)
Changes in tax rates	(2)	-
Group relief received for nil consideration	2,020	495
Other tax effects for reconciliation between accounting profit and tax income	818	1,979
Total tax charge for the year	(12)	(19)

The UK tax rate reduced from 20% to 19% on 1 April 2017 and so an average tax rate of 19.75% is applied for the year ended 30 June 2017. A further reduction to 17% (effective from 1 April 2020) was enacted in September 2016. Deferred taxes at 30 June 2017 have been measured using these enacted tax rate and reflected in these financial statements (note 10).

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £ 000	Fixtures and fittings £ 000	Hardware £ 000	Total £ 000
Cost				
At 30 June 2016	5,623	292	326	6,241
Additions	-	13	-	13
At 30 June 2017	5,623	305	326	6,254
Depreciation				
At 30 June 2016	1,589	16	23	1,628
Depreciation charge	159	31	46	236
At 30 June 2017	1,748	47	69	1,864
Net book value				
At 30 June 2017	3,875	258	257	4,390
At 30 June 2016	4,034	276	303	4,613

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of land and buildings comprises:

	30 June 2017 £ 000	30 June 2016 £ 000
Freehold-land	2,536	2,536
Long leasehold	1,339	1,498
	<u>3,875</u>	<u>4,034</u>

9. INVESTMENTS

Shares in group undertakings and other investments

The company has a shareholding in Trafalgar Metropolitan Homes Limited at a cost of £nil (2016 - £nil).

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 subsidiary	Notes	Registered office address	Proportion of ownership interest %
Direct holdings			
<i>Joint venture undertaking</i>			
Trafalgar Metropolitan Homes Limited		Goldsworth House, The Goldsworth Park Centre, Woking, Surrey, GU21 3LF, England	50%

The investment in joint venture is held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investment in and amounts due from the company's associated undertaking is worth at least the amount at which they are stated in the financial statements.

10. DEFERRED TAX ASSETS

The amounts of deferred tax accounted for in the balance sheet comprises the following net deferred tax assets:

	Property, plant and equipment £ 000	Other temporary differences £ 000	Total £ 000
At 30 June 2015	15	29	44
Prior year adjustment	(1)	-	(1)
Recognised in income statement	<u>6</u>	<u>(24)</u>	<u>(18)</u>
At 30 June 2016	20	5	25
Recognised in income statement	<u>(11)</u>	<u>(1)</u>	<u>(12)</u>
As at 30 June 2017	<u>9</u>	<u>4</u>	<u>13</u>

Grand Metropolitan Estates Limited
Registered number: 367551
Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEFERRED TAX ASSETS (continued)

Capital losses

Deferred tax assets have been 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:

	Capital losses
	£ 000
Deferred tax assets	<u>15,135</u>

11. TRADE AND OTHER RECEIVABLES

	30 June 2017	30 June 2016
	£ 000	£ 000
Trade receivables	712	1,149
Amounts owed by fellow group undertakings		
Diageo Finance plc	417,663	419,558
Diageo Brands B.V.	244	101
Diageo Scotland Limited	283	116
Justerini & Brooks, Limited	708	293
Diageo Ireland	121	50
Diageo North America, Inc.	220	-
R & A Bailey & Co	48	20
Prepayments and accrued income	<u>133</u>	<u>144</u>
	<u>420,132</u>	<u>421,431</u>

All amounts fall due within one year.

The amounts owed by Diageo Finance plc includes £167,549,000 (2016 - £169,558,000) which bears interest at floating rates and £250,000,000 (2016 - £250,000,000) which bears interest at fixed 5.4%. All amounts are unsecured and repayable on demand. Amounts owed by other fellow group undertakings are unsecured, interest free and repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	£ 000	£ 000
Amounts owed to fellow group undertakings		
Diageo plc	2,275	2,849
Grand Metropolitan Limited	263,141	263,141
Grand Met Foods (UK) Limited	1,368	1,368
Diageo Great Britain Limited	138	2,028
Accruals and deferred income	442	176
Tax and social security excluding income tax	-	110
Other payables	34	65
	<u>267,398</u>	<u>269,737</u>

Amounts owed to Diageo plc includes £198,000 (2016 - £195,000) which bears interest at floating rates, is unsecured and repayable on demand.

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

13. COMMITMENTS

Operating lease commitments

The minimum lease rentals to be paid under non-cancellable leases are as follows:

	30 June 2017	30 June 2016
	Land and buildings	Land and buildings
	£ 000	£ 000
Annual payments under lease expiring:		
Within one year	1,310	1,300
Between one and two years	1,310	1,300
Between two and three years	1,310	1,300
Between three and four years	1,310	1,311
Between four and five years	1,310	1,435
After five years	16,360	18,139
	<u>22,910</u>	<u>24,785</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

14. PROVISIONS

	Dilapidation provision £ 000	Vacant property provision £ 000	Total £ 000
At 30 June 2016	1,922	1,704	3,626
Utilised during the year	-	(62)	(62)
Released during the year	-	(52)	(52)
Unwinding of discounts	-	56	56
Increase (decrease) in existing provisions	-	262	262
At 30 June 2017	<u>1,922</u>	<u>1,908</u>	<u>3,830</u>
Current liabilities	<u>-</u>	<u>107</u>	<u>107</u>
Non-current liabilities	<u>1,922</u>	<u>1,801</u>	<u>3,723</u>

The vacant property provision represents the estimated discounted rental shortfall in respect of long leased properties not in a sub-lease arrangement for the whole life of the head-lease contract.

The vacant property provision is expected to be utilised by 30 June 2068.

The dilapidation provision is expected to be utilised by 30 June 2068.

15. SHARE CAPITAL

Allotted, called up and fully paid:

30 June 2017
£ 000

143,979,570 (2016 - 143,979,570) ordinary shares of £1 each

143,980

16. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

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

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