

Otford Estates Limited

Financial statements 30 June 2007

Registered number 407127

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Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2007

Activities

During the year ended 30 June 2006, the company ceased its trading activity. The company has a number of intercompany foreign currency balances with other fellow group undertakings on which it earns interest and on which exchange gains and losses arise. These items are all transferred to R&A Bailey & Co, a fellow group undertaking. The net income of the company for the year ended 30 June 2007 represents interest earned on cash held.

Financial

The results for the year ended 30 June 2007 are shown on page 5.

The directors do not recommend the payment of a dividend (2006 - £nil).

The profit for the year transferred to reserves is £116,830 (2006 - £1,216,566 loss transferred from reserves).

Directors

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

S M Bunn
C D Coase
I Corral
G P Crickmore (appointed 28 June 2007)
M C Flynn
J Kyne (appointed 28 June 2007)
M J Lester (resigned 31 August 2006)
N Makos (appointed 27 July 2006)
C R R Marsh
S C Moore (appointed 28 June 2007)

C R R Marsh resigned as a director of the company on 30 September 2007.

S M Bunn resigned as a director of the company on 4 January 2008.

P D Tunnacliffe was appointed a director of the company on 7 January 2008.

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2006 - £nil).

Directors' report (continued)

Auditor

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. 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 2007.

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



J Nicholls
Secretary
8 Henrietta Place, London W1G 0NB

January 2008

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)

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 Otford Estates Limited

We have audited the financial statements of Otford Estates Limited for the year ended 30 June 2007 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
24 April 2008

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Turnover	<i>1</i>	-	10,168,433
Operating income / (costs)	<i>2</i>	2,047,779	(9,083,536)
Operating profit		<u>2,047,779</u>	<u>1,084,897</u>
Net interest payable	<i>4</i>	(1,930,949)	(2,301,463)
Profit/(loss) on ordinary activities before taxation		<u>116,830</u>	<u>(1,216,566)</u>
Taxation on profit/(loss) on ordinary activities	<i>5</i>	-	-
Amounts transferred to/from reserves	<i>10</i>	<u>116,830</u>	<u>(1,216,566)</u>

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

	<i>Notes</i>	30 June 2007 £	30 June 2006 £
Current assets			
Debtors due within one year	6	36,906,867	42,872,272
Cash at bank	7	2,069,488	1,953,919
		<hr/>	<hr/>
		38,976,355	44,826,191
Creditors: due within one year	8	(37,912,704)	(43,879,370)
		<hr/>	<hr/>
Net assets		1,063,651	946,821
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	2,000	2,000
Profit and loss account	10	1,061,651	944,821
		<hr/>	<hr/>
Equity shareholders' funds	11	1,063,651	946,821
		<hr/>	<hr/>

These financial statements on pages 5 to 11 were approved by the board of directors on 14 January 2008 and were signed on its behalf by


N Makos
Director

Accounting policies

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

The accounting policies of the company are consistent with those applied last year

Basis of preparation

The financial statements are prepared 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 part of the Diageo plc group ("group undertakings") or investees of the Diageo plc group

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates

Exchange gains and losses are taken to the profit and loss account

Turnover

Turnover represents the net invoice value of goods and services including excise duties and royalties receivable, but excluding value added tax

Turnover for goods is recognised at the fair value of the right to consideration. The point at which ownership transfers may be at the time of despatch, delivery or some other specified point depending upon individual customer terms. Provision is made for returns where appropriate. Turnover for goods is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items

Notes to the financial statements

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

There was no turnover in the financial year ended 30 June 2007 as the company ceased its trading activity

Geographical analysis of turnover

Turnover in the previous year originated from the United Kingdom and the geographical analysis of turnover by destination is given below

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Europe	-	6,299,968
Rest of world	-	3,868,465
	<hr/>	<hr/>
	-	10,168,433
	<hr/>	<hr/>

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 income/(costs)

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Raw materials and consumables	-	(10,168,433)
Other operating income (a)	12,984,904	1,275,091
Other operating charges (b)	(10,937,125)	(190,194)
	<hr/>	<hr/>
	2,047,779	(9,083,536)
	<hr/>	<hr/>

(a) **Other operating income** comprises foreign exchange gains on intercompany loans

(b) **Other operating charges** comprises intercompany recharges of foreign exchange gains on intercompany loans less interest earned on intercompany loans

The auditor's remuneration of £2,341 (2006 - £2,341) 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 (2006 - £nil)

Notes to the financial statements (continued)

3. 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 (2006 - £nil)

4. Net interest payable

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Interest payable on loans from fellow group undertakings	(5,479,634)	(5,667,879)
Less		
Interest receivable on loans to fellow group undertakings	3,431,855	3,262,624
Other interest receivable	116,830	103,792
	<u>(1,930,949)</u>	<u>(2,301,463)</u>

5. Taxation

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
(ii) Factors affecting current tax charge for the year		
Profit/(loss) on ordinary activities before taxation	116,830	(1,216,566)
	<u> </u>	<u> </u>
Taxation on profit/(loss) on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	(35,049)	364,970
Items not deductible for tax purposes	(1,643,890)	-
Group relief received/(surrendered) for nil consideration	1,678,939	(364,970)
	<u> </u>	<u> </u>
Current ordinary tax charge for the year	-	-
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

6. Debtors: due within one year

	30 June 2007 £	30 June 2006 £
Amounts owed by fellow group undertakings		
Diageo Finance plc	36,906,867	41,597,181
R&A Bailey & Co	-	1,275,091
	<hr/>	<hr/>
	36,906,867	42,872,272
	<hr/>	<hr/>

All amounts fall due within one year

7. Cash

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool

8. Creditors: due within one year

	30 June 2007 £	30 June 2006 £
Amounts owed to fellow group undertakings		
Diageo Venezuela C A and its subsidiaries	27,233,809	42,862,894
R&A Bailey & Co	9,661,752	-
Other fellow group undertakings	1,017,143	1,016,476
	<hr/>	<hr/>
	37,912,704	43,879,370
	<hr/>	<hr/>

9. Share capital

	30 June 2007 £	30 June 2006 £
Authorised, allotted, called up and fully paid		
Equity 2,000 ordinary shares of £1 each	2,000	2,000
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Notes to the financial statements (continued)

10. Reserves

	Profit and loss account £
At 30 June 2006	944,821
Retained profit for the year	116,830
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At 30 June 2007	1,061,651
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11. Reconciliation of movement in shareholders' funds

	30 June 2007 £	30 June 2006 £
Profit/ (loss) on ordinary activities after taxation	116,830	(1,216,566)
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Net addition to/(reduction in) shareholders' funds	116,830	(1,216,566)
Shareholders' funds at beginning of year	946,821	2,163,387
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Shareholders' funds at end of year	1,063,651	946,821
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12. Immediate and ultimate parent undertaking

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

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 8 Henrietta Place, London W1G 0NB