

**Guinness Limited**  
**Financial statements**  
**30 June 2012**

Registered number 510607

THURSDAY



\*A24M0SKA\*

A20

21/03/2013

#364

COMPANIES HOUSE

## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2012

### **Activities**

The company continues to trade as a property developer. The directors foresee no changes in the company's activities.

### **Going concern**

The company participates in the group's centralised treasury arrangements. 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 2012 are shown on page 5.

The directors do not recommend the payment of a dividend (2011 - £nil). The loss for the year transferred from reserves is £7,788,000 (2011 - profit of £8,000 transferred to reserves).

### **Directors**

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

S J Bolton	(resigned 2 February 2012)
D C Carter	(resigned 30 September 2011)
G P Crickmore	(resigned 2 February 2012)
J A I Franco	(appointed 16 December 2011, resigned 2 February 2012)
D Heginbottom	(resigned 2 February 2012)
N Mákos	
J J Nicholls	
J W Pursell	(appointed 16 December 2011)
A M Smith	(resigned 2 February 2012)
P D Tunnaclyffe	

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2011 - £nil).

### **Secretary**

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

**Directors' report (continued)**

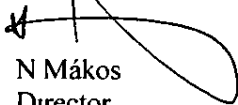
**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is deemed to be reappointed and will continue in office

**Disclosure of information to auditor**

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  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

28 February 2013

## **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 Guinness Limited**

We have audited the financial statements of Guinness Limited for the year ended 30 June 2012 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, 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 (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 2012 and of the result 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.

**Paul Nichols (Senior Statutory Auditor)**

For and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants



15 Canada Square  
London E14 5GL

4/5/13

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2012 £'000</b>	<b>Year ended 30 June 2011 £'000</b>
<b>Turnover</b>	<i>1</i>	70	38
<b>Operating costs</b>	<i>2</i>	(70)	(38)
		<hr/>	<hr/>
<b>Operating profit</b>		-	-
Write down of development property	<i>3</i>	(7,800)	-
Interest receivable on loan from Diageo Finance plc		12	8
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(7,788)	8
Taxation on (loss)/profit on ordinary activities	<i>4</i>	-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>	<i>11</i>	(7,788)	8
		<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

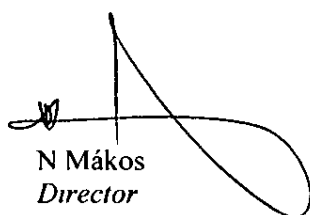
All results arise from continuing operations

**Balance sheet**

		30 June 2012		30 June 2011	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Stocks	5	34,053		40,981	
Debtors due within one year	6	1,155,420		1,155,531	
Cash at bank	7	4		-	
		1,189,477		1,196,512	
<b>Creditors due within one year</b>	8	(24,409)		(23,656)	
<b>Net assets</b>			1,165,068		1,172,856
<b>Capital and reserves</b>					
Called up share capital	9		1,156,100		1,156,100
Revaluation reserve	10	14,006		14,006	
Profit and loss account	10	(5,038)		2,750	
			8,968		16,756
<b>Shareholders' funds</b>	11		1,165,068		1,172,856

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 28 February 2013 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 modified by the revaluation of certain land and buildings and in accordance with applicable UK accounting standards

Properties held for development are included in current assets at the lower of cost and net realisable value. For properties previously held as fixed assets at a cost of £2,179,000, which the directors have decided are to be redeveloped and therefore reclassified as development properties, the revalued amount is considered to be the latest valuation prior to their reclassification. This is not in accordance with Schedule 1 to the Statutory Instruments 2008 No 409, which requires current assets to be included at the lower of cost and net realisable value, and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The directors consider that compliance with the requirements would fail to give a true and fair view of the profit or loss to the company on disposal of such development properties from current assets, since such profit or loss would be dependent on the classification of the asset immediately prior to sale. The effect of this departure is to increase both the value of the development properties before impairment and the balance on the revaluation reserve by £14,006,000 (2011 - £14,006,000)

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")

### **Long-term contracts and contract provisions**

Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress of any contract where the excess is included in creditors

Full provision is made for any estimated losses to completion having regard to the overall substance of the arrangements. Provided that the outcome of the long-term contracts can be assessed with reasonable certainty, such contracts are valued at cost

### **Turnover**

Turnover represents release from the deferred cumulative income arising on the sale of project developments to offset costs incurred during the year

## **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 are attributable to one class of business, that of property development, all of which is carried out in the United Kingdom

The only development that the company is currently involved in is the redevelopment of the group's former UK brewing site at Park Royal, London. This project includes the construction of office accommodation and residential units

In connection with the project, the company is contracted with a third party developer, London and Regional Properties Limited (LRP), a development company. LRP are responsible for the development of infrastructure for the project overall. The cost of such infrastructure is borne by the company and is included within 'development properties' and amounts to £34,168,000 as at 30 June 2012 (30 June 2011 - £33,296,000)

Cumulative income arising on the sale of project developments is deferred and disclosed as 'deferred income' and amounts to £13,325,000 at 30 June 2012 (30 June 2011 - £13,395,000) as the overall project is still in progress. The redevelopment commenced in 2001 and is expected to be completed in 2017. Planning permission which includes additional residential housing was granted by Brent Local Planning authority in March 2012.

The planning consent and permission have created value which has been delivered through a competitive bidding process as a result of which the company signed pre-sale agreements with two companies for sale of part of the property for residential housing on 7 November 2012, for a total consideration of £28 million. Legal completion for both contracts is expected to take place in the year ending 30 June 2013.

### **2. Operating costs**

	<b>Year ended 30 June 2012 £'000</b>	<b>Year ended 30 June 2011 £'000</b>
Other operating charges	70	38

The auditor's remuneration of £1,721 (2011 - £1,758) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2011 - £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 (2011 - £nil).

## Notes to the financial statements (continued)

### 3. Write down of development property

The directors determined that the future sales proceeds, less costs expected to be incurred, from the disposal of the development property at Park Royal is insufficient to cover the carrying value of the site. The carrying value of the development properties included in stock has therefore been reduced by £7,800,000 to reflect the reduction in net realisable value.

### 4. Taxation

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
<b>Factors affecting current tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(7,788)	8
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 25.5% (2011 - 27.5%)	1,986	(2)
Group relief (surrendered)/received for nil consideration	(1,986)	2
Current ordinary tax charge for the year	-	-

The company has £11,320,752 capital losses carried forward (2011 - £11,320,752). The company has not recognised a deferred tax asset on these losses as their recoverability is uncertain. The company also has a deferred tax asset of £6,534,000 (2011 - £7,924,000) on the trading stock. This is not recognised as the company is unlikely to receive the benefit of this asset in the future.

### 5. Stocks

	30 June 2012 £'000	30 June 2011 £'000
Development properties	34,053	40,981

Development properties are held at the amount of £16,185,000 (2011 - £16,185,000) transferred from fixed assets (see 'Basis of preparation' paragraph on page 7) aggregated with the additional infrastructure costs of £34,168,000 (2011 - £33,296,000) incurred to date (see note 1 on page 9) less a provision of £16,300,000 (2011 - £8,500,000).

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

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

	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by fellow group undertakings		
Diageo GB Limited	13	-
Diageo plc	1,153,785	1,153,785
Diageo Finance plc	1,622	1,746
	<hr/>	<hr/>
	1,155,420	1,155,531
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured and repayable on demand

Amounts owed by Diageo plc are interest free, and the amounts owed by Diageo Finance plc are interest bearing

**7. Cash at bank**

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. The amount shown in the balance sheet of 30 June 2012 includes bank accounts outside the cashpool amounting to £4,000 (2011 - £nil)

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

	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to fellow group undertaking		
Diageo Great Britain Limited	-	12
Other creditors	11,084	10,249
Deferred income	13,325	13,395
	<hr/>	<hr/>
	24,409	23,656
	<hr/>	<hr/>

Amounts owed to Diageo Great Britain Limited are unsecured, interest free and repayable on demand

## Notes to the financial statements (continued)

### 9. Share capital

	30 June 2012 £'000	30 June 2011 £'000
<i>Allotted, called up and fully paid:</i>		
1,156,100,000 ordinary shares of £1 each	1,156,100	1,156,100

### 10. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2011	14,006	2,750	16,756
Loss for the financial year	-	(7,788)	(7,788)
At 30 June 2012	14,006	(5,038)	8,968

The profit and loss account is non-distributable

The revaluation reserve will be transferred to the profit and loss account reserve on the sale of the properties

### 11. Reconciliation of movement in shareholders' funds

	30 June 2012 £'000	30 June 2011 £'000
(Loss)/profit for the financial year	(7,788)	8
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(7,788)</b>	<b>8</b>
Shareholders' funds at the beginning of the year	1,172,856	1,172,848
<b>Shareholders' funds at the end of the year</b>	<b>1,165,068</b>	<b>1,172,856</b>

### 12. Immediate and ultimate parent undertaking

The immediate and 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