

Guinness Limited
Financial statements
30 June 2014

Registered number: 510607

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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 2014.

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

Activities

The company continues to trade as a property developer in connection with the redevelopment of the group's former UK brewing site at Park Royal, London. This project includes the construction of office accommodation, a hotel and residential units. The directors foresee no changes in the company's activities.

On 13 November 2013, the company sold a part of the development site for a consideration of £2,604,000 to a third party customer.

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. Thus they have adopted the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2014 are shown on page 5.

The profit for the year transferred to reserves is £303,000 (2013 - £3,007,000).

No dividend was paid during the year.

Directors

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

N Mákos
J J Nicholls
J W Pursell
P D Tunnacliffe

On 1 August 2014, N Mákos resigned as a director 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 (2013 - £nil).

Directors' report (continued)

Auditor

On 30 June 2014, KPMG Audit Plc resigned as the company's auditor, having instigated an orderly wind down of its business. KPMG LLP, an intermediate parent, was appointed statutory auditor on 3 July 2014.

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



J W Pursell
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

12 February 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 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 2014 set out on pages 5 to 13. 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 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 2014 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.

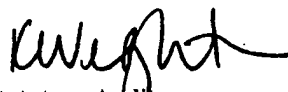
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in and 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:

24 February 2015

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Turnover	<i>1</i>	2,604	41,325
Operating costs	<i>2</i>	(2,349)	(38,327)
Operating profit		255	2,998
Interest receivable on loan from Diageo Finance plc		48	9
Profit on ordinary activities before taxation		303	3,007
Taxation on profit on ordinary activities	<i>3</i>	-	-
Profit for the financial year		303	3,007

The accounting policies and other notes on pages 8 to 13 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.

All results arise from continuing operations.

Balance sheet

		30 June 2014		30 June 2013	
	Notes	£'000	£'000	£'000	£'000
Current assets					
Stocks	4	5,609		7,293	
Debtors	5	1,175,486		1,177,779	
Cash at bank	6	3		3	
		<u>1,181,098</u>		<u>1,185,075</u>	
Creditors: amounts falling due within one year	7	(12,720)		(17,000)	
Net assets			<u>1,168,378</u>		<u>1,168,075</u>
Capital and reserves					
Called up share capital	8		1,156,100		1,156,100
Revaluation reserve	9	1,806		2,529	
Profit and loss account	9	10,472		9,446	
		<u>10,926</u>		<u>11,975</u>	
Shareholders' funds	10		<u>1,168,378</u>		<u>1,168,075</u>

The accounting policies and other notes on pages 8 to 13 form part of the financial statements.

These financial statements on pages 5 to 13 were approved by the board of directors on 12 February 2015 and were signed on its behalf by:



J W Pursell
Director

Note of historical cost profits and losses

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Profit on ordinary activities before taxation	303	3,007
Revaluation reserve realised on disposal of part of the development property	723	11,477
Historical cost profit on ordinary activities before taxation	1,026	14,484
Historical cost profit for the year	1,026	14,484

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 is currently evaluating the impact of these requirements in relation to FRS 100, FRS 101 and FRS 102.

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.

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 comprises invoiced value of sold development sites, excluding value added tax.

Profit

Operating profit comprises the results attributable to completed legal completion of contracts in respect of development properties after making provision for foreseeable losses.

Long-term contracts and contract provisions

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in development properties. 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.

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 profit on ordinary activities before taxation

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

In connection with the project, the company is contracted with a third party developer, London and Regional Properties Limited (LRP). LRP is responsible for the overall infrastructure development of the project.

Infrastructure costs are borne by the company and are included within 'development properties' in the balance sheet in the amount of £5,609,000 as at 30 June 2014 (2013 - £7,275,000).

Turnover represents the sales proceeds of £2,604,000 (2013 - £41,325,000) received in respect of a part of the development site.

2. Operating costs

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Other operating charges	2,349	38,327

Operating costs comprise infrastructure costs of £2,349,000 (2013 - £38,327,000) in respect of the development sites sold during the year.

The auditor's remuneration of £2,300 (2013 - £2,434) 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 (2013 - £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 (2013 - £nil).

Notes to the financial statements (continued)

3. Taxation

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
(i) Analysis of taxation charge for the year		
Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	-	-
	<hr/>	<hr/>
	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
(ii) Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	303	3,007
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 22.5% (2013 - 23.75%)	(68)	(714)
Group relief received for nil consideration	(65)	(2,111)
Recognition of previously unrecognised tax losses	133	2,825
	<hr/>	<hr/>
Current ordinary tax charge for the year	-	-
	<hr/>	<hr/>

The company has £11,320,752 capital losses carried forward (2013 - £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 £283,000 (2013 - £461,000) in respect of the trading stock. This is not recognised as an asset in the balance sheet as the company is uncertain to receive the benefit of this asset in the future.

4. Stocks

	30 June 2014 £'000	30 June 2013 £'000
Development properties	5,609	7,293
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The amount of development properties comprises the cost of the infrastructure incurred in respect of the part of the site that is retained.

Notes to the financial statements (continued)

5. Debtors

	30 June 2014 £'000	30 June 2013 £'000
Amounts recoverable on contracts	9,769	13,498
Amounts owed by fellow group undertakings		
Diageo Great Britain Limited	2,307	4,987
Diageo plc	1,153,785	1,153,785
Diageo Finance plc	9,625	5,509
	<hr/>	<hr/>
	1,175,486	1,177,779
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Amount owed by Diageo Finance plc comprises a loan which is unsecured, repayable on demand and bears interest.

Amounts owed by Diageo Great Britain Limited and Diageo plc comprise loans which are unsecured, repayable on demand and interest free.

6. Cash at bank

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

7. Creditors: amounts falling due within one year

	30 June 2014 £'000	30 June 2013 £'000
Other creditors	10,689	10,300
Accruals and deferred income	2,031	6,700
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	12,720	17,000
	<hr/>	<hr/>

Creditors represents costs that have been accrued or are payable in respect of completion of the development of the site.

8. Share capital

	30 June 2014 £'000	30 June 2013 £'000
<i>Allotted, called up and fully paid:</i>		
1,156,100,000 (2013 - 1,156,100,000) ordinary shares of £1 each	1,156,100	1,156,100
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Notes to the financial statements (continued)

9. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2013	2,529	9,446	11,975
Realisation of revaluation reserve	(723)	723	-
Profit for the financial year	-	303	303
At 30 June 2014	1,806	10,472	12,278

The transfer from revaluation reserve to the profit and loss account of £723,000 (2013 - £11,477,000) is the proportionate realisation part of the revaluation reserve in respect of the disposal of the part of the development property in the year ended 30 June 2014.

10. Reconciliation of movement in shareholders' funds

	30 June 2014 £'000	30 June 2013 £'000
Profit for the financial year	303	3,007
Net addition to shareholders' funds	303	3,007
Shareholders' funds at the beginning of the year	1,168,075	1,165,068
Shareholders' funds at the end of the year	1,168,378	1,168,075

11. 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.