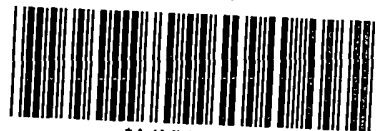


Diageo Balkans Limited

Financial statements 30 June 2015

Registered number: 2036686

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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 2015.

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

Activities

The company provides certain marketing, promotional and brand management services to other brand holding Diageo entities through its Romanian branch.

Going concern

The company is expected to generate profit for its own account in the future. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future as a fellow group undertaking has agreed to provide financial support for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2015 are shown on page 5.

The loss for the year transferred from reserves is £14,000 (2014 - £23,000 profit for the year transferred to reserves).

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

Directors

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

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

On 5 November 2015, I A Hockney resigned and A Mahler was appointed 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 (2014 - £nil).

Directors' report (continued)

Branches outside the UK

The company has a branch registered in Romania that provides certain marketing, promotional and brand management services to other brand holding Diageo entities.

Secretary

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

Auditor

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

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



A Mahler
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

3 December 2015

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

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

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

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

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

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

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

We have audited the financial statements of Diageo Balkans Limited for the year ended 30 June 2015 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 directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Karen Wightman, Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants



15 Canada Square
 London
 E14 5GL

Date:

7 December 2015

Profit and loss account

		Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
	<i>Notes</i>		
Turnover	<i>1</i>	591	605
Operating costs	<i>2-4</i>	(625)	(566)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(34)	39
Taxation on (loss)/profit on ordinary activities	<i>5</i>	20	(16)
		<hr/>	<hr/>
(Loss)/profit for the financial year	<i>11</i>	(14)	23
		<hr/>	<hr/>

The accounting policies and other notes on pages 7 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.

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 2015		30 June 2014	
		£'000	£'000	£'000	£'000
	<i>Notes</i>				
Fixed assets					
Tangible assets	6		8		9
Current assets					
Debtors	7	259		325	
Cash at bank		231		240	
		<u>490</u>		<u>565</u>	
Creditors: amounts falling due within one year	9	<u>(3,477)</u>		<u>(3,539)</u>	
Net current liabilities			(2,987)		(2,974)
Net liabilities			<u>(2,979)</u>		<u>(2,965)</u>
Capital and reserves					
Called up share capital	10		90		90
Profit and loss account	11		(3,069)		(3,055)
Shareholders' deficit	12		<u>(2,979)</u>		<u>(2,965)</u>

The accounting policies and other notes on pages 7 to 13 form part of the financial statements.

These financial statements on pages 5 to 13 were approved by the board of directors on 3 December 2015 and were signed on its behalf by:


A Mahler
Director

Accounting policies

Future changes to accounting policies

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

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

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996).

The company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions (but not balances) with entities that are wholly owned by a member of the Diageo plc group ("group undertakings").

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future. The majority of the liabilities at the balance sheet date are in respect of balances due to fellow group undertakings.

Turnover

Turnover comprises revenue from provision of services. Turnover represents the net invoice value of services excluding value added tax.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. 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.

Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are depreciated on a straight-line basis to estimated residual values over their expected useful lives within the following ranges:

Plant and machinery	5 to 25 years
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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.

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 the provision of services to other Diageo companies.

2. Operating costs

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Other external charges	198	265
Staff costs (note 3)	426	300
Depreciation and other amounts written off fixed assets	1	1
	<hr/>	<hr/>
	625	566
	<hr/>	<hr/>

Other external charges include fees in respect of consultancy services of £51,000 (2014 - £74,000), intercompany management charges of £15,000 (2014 - £79,000) and foreign exchange loss of £53,000 (2014 - £17,000).

Fees in respect of services provided by the auditor are £5,035 (2014 - £6,895), including statutory audit fee of £2,000 (2014 - £2,300) settled on behalf of the company by a fellow group undertaking, and fee in respect of management audit of £3,035 (2014 - £4,595). There were no fees payable to the auditor in respect of non-audit services (2014 - £nil.)

3. Staff costs

The average number of employees during the year was:

	Year ended 30 June 2015	Year ended 30 June 2014
Administration	3	3
	<hr/>	<hr/>

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Wages and salaries	383	270
Employer's social security costs	43	30
	<hr/>	<hr/>
	426	300
	<hr/>	<hr/>

Notes to the financial statements (continued)

4. Directors' remuneration

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

5. Taxation

	Year ended 30 June 2015	Year ended 30 June 2014
(i) Analysis of taxation credit/(charge) for the year	£'000	£'000
Current tax		
UK corporation tax	6	(11)
Adjustment in respect of prior years	19	-
Double tax relief	-	11
Overseas tax suffered	(5)	(16)
	<hr/>	<hr/>
Total current tax	20	(16)
	<hr/>	<hr/>
Deferred tax	-	-
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	20	(16)
	<hr/>	<hr/>

	Year ended 30 June 2015	Year ended 30 June 2014
(ii) Factors affecting current tax credit/(charge) for the year	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(34)	39
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 20.75% (2014 - 22.5%)	7	(9)
Expenses not deductible for tax purposes	(2)	(1)
Items not chargeable for tax purposes	1	-
Income taxable not in the P&L	-	(1)
Overseas tax suffered	(5)	(5)
Adjustment in respect of prior years	19	-
	<hr/>	<hr/>
Current ordinary tax credit/(charge) for the year	20	(16)
	<hr/>	<hr/>

Notes to the financial statements (continued)

6. Fixed assets – tangible assets

	Plant and machinery £'000
Cost	
At 30 June 2014 and 30 June 2015	13
Depreciation	
At 30 June 2014	(4)
Charge for the year	(1)
At 30 June 2015	(5)
Net book value	
At 30 June 2015	8
At 30 June 2014	9

7. Debtors

	30 June 2015 £'000	30 June 2014 £'000
Amounts owed by fellow group undertakings:		
Diageo Brands B.V.	136	194
R & A Bailey & Co	46	33
Diageo Scotland Limited	31	27
Diageo North America, Inc.	10	17
VAT recoverable	13	43
Other debtors	13	9
Other prepayments and accrued income	7	-
Deferred taxation (note 8)	2	2
Corporate taxation	1	-
	<u>259</u>	<u>325</u>

All amounts are due within one year except for deferred taxation.

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

Notes to the financial statements (continued)

8. Deferred taxation

	30 June 2015 £'000	30 June 2014 £'000
Accelerated capital allowances	2	2

Deferred taxation 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. Deferred taxation assets, where realisation does not meet the more likely than not criterion, have not been recognised.

9. Creditors: amounts falling due within one year

	30 June 2015 £'000	30 June 2014 £'000
Trade creditors	6	30
Amounts owed to fellow group undertaking: Diageo Great Britain Limited	3,469	3,467
Corporate taxation	-	22
Accruals	2	20
	<u>3,477</u>	<u>3,539</u>

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

10. Share capital

	30 June 2015 £'000	30 June 2014 £'000
<i>Allotted, called up and fully paid:</i>		
90,000 (2014 - 90,000) ordinary shares of £1 each	90	90

Notes to the financial statements (continued)

11. Reserves

	Profit and loss account £'000
At 30 June 2014	(3,055)
Loss for the financial year	(14)
	<hr/>
At 30 June 2015	(3,069)
	<hr/>

12. Reconciliation of movement in shareholders' deficit

	30 June 2015 £'000	30 June 2014 £'000
(Loss)/profit for the financial year	(14)	23
	<hr/>	<hr/>
Net (reduction in)/addition to shareholder's deficit	(14)	23
Shareholders' deficit at the beginning of the year	(2,965)	(2,988)
	<hr/>	<hr/>
Shareholders' deficit at the end of the year	(2,979)	(2,965)
	<hr/>	<hr/>

13. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Diageo Great Britain 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 Lakeside Drive, Park Royal, London, NW10 7HQ.