

# **Diageo Investment Holdings Limited**

## **Financial statements 30 June 2014**

Registered number: 2476751

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

### **Activities**

The principal activity of the company is to act as an investment holding company. The directors foresee no changes in the company's activities. The company is incorporated and its operations are based in the United Kingdom.

### **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 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 2014 are shown on page 5.

The profit for the year transferred to reserves is £7,678,259,000 (2013 - loss of £38,496,000 transferred from reserves).

Dividends of £7,751,870,000 (2013 - £nil) were paid during the year.

### **Directors**

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

G Geiszl (resigned 1 October 2013)  
D Heginbottom  
J J Nicholls  
M Pais  
P D Tunnacliffe

On 1 October 2014, D Heginbottom and M Pais resigned and S Fennessy and E McShane were appointed as directors 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 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 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



S Fennessy  
*Director*  
Lakeside Drive  
Park Royal  
London,  
NW10 7HQ

11 December 2014

## **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 its 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 Investment Holdings Limited**

We have audited the financial statements of Diageo Investment Holdings 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 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 (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](http://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 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: 11 December 2014

## Profit and loss account

	<i>Notes</i>	<b>Year ended 30 June 2014 £'000</b>	<b>Year ended 30 June 2013 £'000</b>
<b>Operating loss</b>	<i>1</i>	(1)	-
Income from shares in group undertakings	<i>4</i>	7,751,870	27,047
Interest payable	<i>5</i>	(73,610)	(65,543)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>7,678,259</u>	<u>(38,496)</u>
Taxation on profit/(loss) on ordinary activities	<i>6</i>	-	-
<b>Profit/(loss) for the financial year</b>		<u><u>7,678,259</u></u>	<u><u>(38,496)</u></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 a historical cost basis.

All results arise from continuing operations.

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

## Balance sheet

		30 June 2014		30 June 2013	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	7		19,334,253		19,334,253
<b>Creditors: amounts falling due within one year</b>	8	(3,292,902)		(3,219,291)	
<b>Net current liabilities</b>			(3,292,902)		(3,219,291)
<b>Net assets</b>			16,041,351		16,114,962
<b>Capital and reserves</b>					
Called up share capital	9		3,794		3,794
Share premium account	10	15,750,744		15,750,744	
Profit and loss account	10	286,813		360,424	
			16,037,557		16,111,168
<b>Shareholders' funds</b>	11		16,041,351		16,114,962

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 11 December 2014 and were signed on its behalf by:

*Sham Fennessy*

S Fennessy  
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 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 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").

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group.

### **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 only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings.

### **Dividends paid and received**

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

### **Fixed asset investments**

Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

## **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. Operating costs

Other external charges include bank charges of £1,000 (2013 - £nil).

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. Fees in respect of services provided by the auditors were £1,800 (2013 - £1,800).

### 2. Staff costs

The company did not employ any staff during either the current or prior year.

### 3. Directors' remuneration

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2013 - £nil).

### 4. Income from shares in group undertakings

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Dividend income from shares in group undertakings Diageo Holdings Netherlands B.V.	7,751,870	27,047

### 5. Interest payable

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Interest payable on loans from fellow group undertakings	73,610	65,543

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

**6. Taxation**

	<b>Year ended 30 June 2014 £'000</b>	<b>Year ended 30 June 2013 £'000</b>
<b>(i) Analysis of taxation (charge)/credit for the year</b>		
Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities	-	-
	<hr/>	<hr/>

	<b>Year ended 30 June 2014 £'000</b>	<b>Year ended 30 June 2013 £'000</b>
<b>(ii) Factors affecting current tax (charge)/credit for the year</b>		
Profit/(loss) on ordinary activities before taxation	7,678,259	(38,496)
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities at UK corporation tax rate of 22.5% (2013 - 23.75%)	(1,727,713)	9,143
Expenses not deductible for tax purposes	-	(13,417)
Items not chargeable to tax	1,744,276	(1,647)
Group relief surrendered for nil consideration	(14,274)	-
Double tax relief	-	5,921
Foreign income subject to UK tax	(2,289)	-
	<hr/>	<hr/>
Current ordinary tax (charge)/credit for the year	-	-
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## Notes to the financial statements (continued)

### 7. Fixed assets – investments

	Subsidiary undertakings
	£'000
<b>Cost and net book value</b>	
At 30 June 2013 and 30 June 2014	19,334,253

The subsidiary undertakings and the percentage of equity owned are as follows:

#### *Direct holdings:*

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Diageo Holdings Netherlands B. V.	Netherlands	Investment company	100% of Class A, B, C and D Ordinary
Diageo Overseas Holdings Limited	England	Investment company	100% of Ordinary

The investments in subsidiary undertakings are 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 subsidiary undertakings are worth at least the amounts at which they are stated in the financial statements.

Certain undertakings have been omitted from the lists above as they are either dormant or not material. A full list of subsidiary (and associate) undertakings will be annexed to the company's next annual return.

## Notes to the financial statements (continued)

### 8. Creditors: amounts falling due within one year

	30 June 2014 £'000	30 June 2013 £'000
Amounts owed to fellow group undertakings		
Diageo Finance plc	2,119,175	2,065,230
UDV (SJ) Limited	1,173,727	1,154,061
	<hr/>	<hr/>
	3,292,902	3,219,291
	<hr/>	<hr/>

All amounts owed to fellow group understanding are unsecured, at a floating rate of interest and repayable on demand.

### 9. Share capital

	30 June 2014 £'000	30 June 2013 £'000
<i>Allotted, called up and fully paid:</i>		
3,794,163 (2013 - 3,794,163) ordinary shares of £1 each	3,794	3,794
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### 10. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2013	15,750,744	360,424	16,111,168
Profit for the financial year	-	7,678,259	7,678,259
Dividends paid	-	(7,751,870)	(7,751,870)
	<hr/>	<hr/>	<hr/>
At 30 June 2014	15,750,744	286,813	16,037,557
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On 13 March 2014 and on 17 June 2014, the company paid interim dividends of £5,632,929,000 and £2,118,941,000 respectively to UDV (SJ) Limited.

## Notes to the financial statements (continued)

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

	30 June 2014 £'000	30 June 2013 £'000
Profit/(loss) for the financial year	7,678,259	(38,496)
Net proceeds of issue of ordinary share capital	-	292,595
Dividends paid	(7,751,870)	-
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(73,611)</b>	<b>254,099</b>
Shareholders' funds at beginning of year	16,114,962	15,860,863
<b>Shareholders' funds at end of year</b>	<b>16,041,351</b>	<b>16,114,962</b>

### 12. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is UDV (SJ) 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.