

**Diageo Overseas Holdings Limited**  
**(Formerly Diageo Finance (Netherlands) Investment Limited)**

**Financial statements**  
**30 June 2011**

Registered number 3341331

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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 2011

The company has changed its name from Diageo Finance (Netherlands) Investment Limited to Diageo Overseas Holdings Limited by the resolution passed in a meeting of the board of directors held on 9 December 2010. The change is effective from the date of the certificate of incorporation on change of name given at Companies House on 15th December 2010.

### **Activities**

The company acts as a holding company for the group. The share capital and the principal transactions undertaken by the company are denominated in Pound Sterling and accordingly the company has a Pound functional currency. The company's operations are based in the United Kingdom.

On 12 November 2010, the company entered into a subscription agreement with Diageo Inc to issue preference shares in USD, see note 12.

### **Financial**

The results for the year ended 30 June 2011 are shown on page 5. The profit for the year transferred to reserves is £38,407,000 (2010 – profit of £nil).

Due to the implementation of various restructuring projects during the year, investments and equity balances changed significantly. The full movement in investments is described in note 9 with changes in share capital & share premium shown in notes 12 and 13 respectively.

### **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 with the support from the group undertakings. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Directors**

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

S J Bolton	(appointed 01 April 2011)
J A I Franco	(appointed 24 March 2011)
G Geiszl	(appointed 12 October 2010)
D Heginbottom	(appointed 12 October 2010)
A O M Manz	(resigned 01 September 2010)
J J Nicholls	(appointed 24 March 2011)
A M Smith	
P D Tunnacliffe	

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2010 - £nil).

**Diageo Overseas Holdings Limited**  
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**Registered number: 3341331**  
**Year ended 30 June 2011**

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## **Directors' report (continued)**

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, 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 2011

### **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



D Heginbottom  
Director  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

15 December 2011

## **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 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 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 Overseas Holdings Limited (Formerly Diageo Finance (Netherlands) Investment)**

We have audited the financial statements of Diageo Overseas Holdings Limited (Formerly Diageo Finance (Netherlands) Investment) for the year ended 30 June 2011 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 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 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 2011 and of its profit/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 matter 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.

**Lee S Edwards (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
15 December 2011



**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2011 £'000</b>	<b>Year ended 30 June 2010 £'000</b>
Income from shares in associated undertakings	4	57,696	-
Other Operating Income	5	236	-
Interest receivable	6	1	-
Interest payable	7	(19,526)	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	1,2,3	38,407	-
Taxation on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		38,407	-
		<hr/>	<hr/>

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**

		<b>30 June 2011</b>		<b>30 June 2010</b>	
	<i>Notes</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Investments	9		1,306,307		-
<b>Current assets</b>					
Debtors due within one year	10	46,043		-	
<b>Creditors: due within one year</b>	11	(7,862)		-	
<b>Net current assets</b>			38,181		-
<b>Creditors due after one year</b>	11		(485,156)		-
<b>Net assets</b>			859,332		-
<b>Capital and reserves</b>					
Called up share capital	12		22,563		-
Share premium account	13		612,367		-
Preference share capital	13		185,995		-
Profit and loss account	13		38,407		-
<b>Shareholders' funds</b>	14		859,332		-

These financial statements on pages 5 to 12 were approved by the board of directors on 15 December 2011 and were signed on its behalf by



**D Heginbottom**  
**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

### **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. The consolidated financial statements of Diageo plc, within which this Company is included, can be obtained from the address given in note 15

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

### **Fixed asset investments**

Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company. Investments are stated individually at cost less provision for impairment in value where such impairment is expected by the directors to be permanent

### **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. Any interest or penalties on tax liabilities are provided in the tax charge.

## Notes to the financial statements

### 1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking Fees in respect of services provided by the auditor were Statutory audit - £7,680 (2010 - £4,000)

### 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 (2010 - £nil)

### 4. Income from shares in associated undertakings

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Dividend from shares in associated undertakings	57,696	-

On 31 March 2011, the company received an interim dividend of £11,664,000 from Guinness Overseas Limited and on 30 June 2011, the company received an interim dividend of £46,031,984 from Diageo Australia Limited

### 5. Other Operating Profit

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Foreign exchange gain	236	-

### 6. Interest receivable

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Interest receivable on loans to fellow group undertakings	1	-

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

**7. Interest payable**

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Interest payable on loans from fellow group undertakings	19,526	-

**8. Taxation**

Factors affecting current tax charge for the year	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Profit on ordinary activities before taxation	38,407	-
Taxation on profit on ordinary activities at UK corporation tax rate of 27.5% (2010 – 28%)	(10,562)	-
Income not subject to tax	15,867	-
Group relief surrendered for nil consideration	(5,305)	-
Current ordinary tax charge for the year	-	-

**9. Fixed assets – investments**

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Cost and net book value	1,306,307	-

The subsidiary undertakings of the company and the percentage of share capital owned are as follows

	Country of Incorporation	Principal activity	Class and percentage of shares held
<b>Direct holdings:</b>			
Guinness Overseas Limited	UK	Holding company for companies engaged in brewing, marketing and distribution of beer	Ordinary shares 100%
Diageo Australia Limited	Australia	Production, importing and marketing of premium drinks	Ordinary shares 99.99%

## Notes to the financial statements (continued)

### 9. Fixed assets – investments (continued)

The investments in subsidiary undertakings are held at cost less, where appropriate, provision for impairment in value

On 15 November 2010, the company entered into a share purchase agreement and acquired 5,999,998 of the total 6,000,000 ordinary shares of AUS\$2 each in Diageo Australia Limited from Diageo Scotland Limited in consideration of £485,155,622 in cash. The company also acquired the entire issued share capital of 100 ordinary shares of £1 each of Guinness Overseas Limited from Guinness Overseas Holdings Limited in consideration of £821,151,119 in cash.

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.

### 10. Debtors: due within one year

	30 June 2011 £'000	30 June 2010 £'000
Amounts owed by fellow group undertakings		
Diageo Finance Plc	46,043	-

During the financial year, Diageo Overseas Holdings Limited put £46,031,984 on deposit with Diageo Finance Plc resulting in debtors increasing.

The amounts owed by fellow group undertakings include £46,043,000 at a floating rate of interest.

### 11. Creditors

	30 June 2011		30 June 2010	
	Due within one year £'000	Due after one year £'000	Due within one year £'000	Due after one year £'000
Amounts owed to fellow group undertakings	7,862	485,156	-	-

During the financial year, Diageo Finance Plc issued a loan of £485,155,622 to Diageo Overseas Holdings Limited, in order to acquire 5,999,998 ordinary shares in Diageo Australia Limited.

All amounts are at a fixed rate of interest.

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

**12. Share capital**

	30 June 2011 £'000	30 June 2010 £'000
<i>Allotted, called up and fully paid:</i>		
22,563,193 ordinary shares of £1 each	22,563	-
20,000,000 preference shares of \$15 each	185,995	-
<b>Total share capital</b>	<b>208,558</b>	<b>-</b>

On 12 November 2010 the company entered into 2 subscription agreements with Diageo US Limited and issued 10,000 ordinary shares of £1 each in consideration for a payment of £10,000 and 22,553,191 ordinary shares of £1 each in consideration for a payment of £634,919,820, respectively. On the same day the company entered into a subscription agreement with Diageo Incorporation to issue 20,000,000 preference shares of \$15 each in consideration for a payment of \$300,000,000.

**13. Reserves**

	Share Premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2010	-	-	-
Shares issued at a Premium	612,367	-	612,367
Profit for the year	-	38,407	38,407
At 30 June 2011	612,367	38,407	650,774

On 12 November 2010 the company entered into subscription agreement with Diageo US Limited and issued 22,553,191 ordinary shares of £1 each in consideration for a payment of £634,919,820. The ordinary shares would be subscribed at a premium of £612,366,629.

**14. Reconciliation of movement in shareholders' funds**

	30 June 2011 £'000	30 June 2010 £'000
Profit on ordinary activities after taxation	38,407	-
Ordinary shares issuance	634,930	-
Preference shares issuance	185,995	-
<b>Net addition to shareholders' funds</b>	<b>859,332</b>	<b>-</b>
Shareholders' funds at beginning of year	-	-
<b>Shareholders' funds at end of year</b>	<b>859,332</b>	<b>-</b>

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

**15. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the company is Diageo US Limited, a company incorporated and registered in the UK

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