

Diageo Financing Turkey Limited

Financial statements 30 June 2015

Registered number: 8189798

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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 acts as a financing vehicle for the Diageo group. The directors do not anticipate that these activities will change in the foreseeable future. The company is incorporated and its operations are based in the United Kingdom.

The functional currency of the company is GBP.

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 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 profit for the year transferred to reserves is £950,000 (2014 - loss of £5,340,000 transferred from reserves).

Dividends paid during the year ended 30 June 2015 and 30 June 2014 were £2,600,000 (£10.92 per share) and £nil respectively.

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the year ended 30 June 2015 of £1,800,000. This has not been included as a liability as it was not approved before the balance sheet date.

Directors

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

S L Fennessy	(appointed 1 October 2014)
D Heginbottom	(resigned 1 October 2014)
E McShane	(appointed 1 October 2014)
J J Nicholls	
M Pais	(resigned 1 October 2014)
P D Tunnacliffe	

Directors' report (continued)

Directors' remuneration

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

Secretary

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

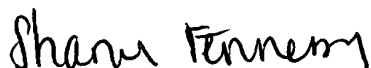
Auditor

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



S L Fennessy
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

12 November 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 Financing Turkey Limited

We have audited the financial statements of Diageo Financing Turkey Limited for the year ended 30 June 2015 set out on pages 5 to 11. 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 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:

19 November 2015

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Operating loss	<i>1</i>	(3,225)	(6,784)
Loss on ordinary activities before interest and taxation		(3,225)	(6,784)
Interest receivable	<i>2</i>	4,175	2,522
Profit/(loss) on ordinary activities before taxation		950	(4,262)
Taxation on profit/(loss) on ordinary activities	<i>3</i>	-	(1,078)
Profit/(loss) for the financial year		950	(5,340)

The accounting policies and other notes on pages 7 to 11 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.

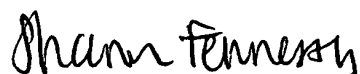
All results arise from continuing operations.

Balance sheet

	<i>Notes</i>	30 June 2015 £'000	30 June 2014 £'000
Current assets			
Debtors: amounts due within one year	4	2,844	1,793
Debtors: amounts due after more than one year	4	344,419	27,624
		<hr/>	<hr/>
Net assets		347,263	29,417
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	2,826	238
Share premium account	6	316,908	-
Profit and loss account	6	27,529	29,179
		<hr/>	<hr/>
Shareholders' funds	7	347,263	29,417
		<hr/>	<hr/>

The accounting policies and other notes on pages 7 to 10 form part of the financial statements.

These financial statements on pages 5 to 10 were approved by the board of directors on 12 November 2015 and were signed on its behalf by:



S L 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 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").

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or if hedged forward, at the rate of exchange under the related foreign currency contract. 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.

Dividends paid

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

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 loss

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Foreign exchange loss	3,225	6,784

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 £2,000 (2014 - £2,300). There were no fees payable to the auditor in respect of non-audit services (2014 - £nil).

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

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

2. Interest receivable

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Interest receivable on loans to fellow group undertakings:		
Diageo UK Turkey Holdings Limited	4,095	2,516
Diageo Finance plc	80	6
	<u>4,175</u>	<u>2,522</u>

3. Taxation

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
(i) Analysis of taxation charge for the year		
Current tax - prior year adjustment	-	(1,078)
Deferred tax	-	-
	<u>-</u>	<u>(1,078)</u>
Taxation on profit/(loss) on ordinary activities	-	(1,078)

Notes to the financial statements (continued)

3. Taxation (continued)

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
(ii) Factors affecting current tax charge for the year		
Profit/(loss) on ordinary activities before taxation	950	(4,262)
Taxation (charge)/credit on profit/(loss) on ordinary activities at UK corporation tax rate of 20.75% (2014 - 22.50%)	(197)	959
Expenses not deductible for tax purposes	(669)	(1,527)
Group relief received for nil consideration	866	568
Adjustment in respect of prior years	-	(1,078)
Current ordinary tax charge for the year	-	(1,078)

4. Debtors

	30 June 2015		30 June 2014	
	Amounts due within one year £'000	Amounts due after more than one year £'000	Amounts due within one year £'000	Amounts due after more than one year £'000
Amounts owed by fellow group undertakings				
Diageo UK Turkey Holdings Limited	882	344,419	63	27,624
Diageo Finance plc	1,962	-	1,730	-
	<u>2,844</u>	<u>344,419</u>	<u>1,793</u>	<u>27,624</u>

The loan with Diageo UK Turkey Holdings Limited is unsecured, repayable in 3 years and bears interest at a floating rate. The amount owed by Diageo UK Turkey Holdings Limited due within one year represents accrued interest receivable.

The amount owed by Diageo Finance plc includes a loan of £1,895,000 (2014 - £1,652,000) which is unsecured, at a floating rate of interest and repayable on demand and an interest free promissory note of £67,000 (2014 - £78,000).

Notes to the financial statements (continued)

5. Share capital

	30 June 2015 £'000	30 June 2014 £'000
<i>Allotted, called up and fully paid:</i>		
2,826,191 (2014 - 238,128) ordinary shares of £1 each	2,826	238

On 23 June 2015, the company allotted 2,588,063 ordinary shares of £1 each, at an aggregate premium of £316,908,000, to UDV (SJ) Limited in consideration for the assignment of a loan note of TRY1,350,000,000 receivable from Diageo UK Turkey Holdings Limited, a fellow group undertaking.

6. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2014	-	29,179	29,179
Profit for the financial year	-	950	950
Dividends paid	-	(2,600)	(2,600)
Premium on ordinary shares issued (note 5)	316,908	-	316,908
At 30 June 2015	316,908	27,529	344,437

On 1 April 2015, the company paid a final dividend of £2,600,000 (£10.92 per share) to UDV (SJ) Limited in respect of the year ended 30 June 2014.

7. Reconciliation of movement in shareholders' funds

	30 June 2015 £'000	30 June 2014 £'000
Profit/(loss) for the financial year	950	(5,340)
Dividends paid	(2,600)	-
Net proceeds of issue of ordinary share capital (note 5)	319,496	-
Net addition to/(reduction in) shareholders' funds	317,846	(5,340)
Shareholders' funds at the beginning of year	29,417	34,757
Shareholders' funds at the end of the year	347,263	29,417

8. 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.