Diageo Capital plc

Financial statements
30 June 2011

Registered number: SC040795

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2011.

Activities

The company is engaged in treasury management for Diageo plc and its subsidiary undertakings. The company's operations are based in the United Kingdom. It raises the external funds it requires principally using the London and New York financial markets.

The company forms part of the Diageo group's treasury operations which manage the Diageo group's funding, liquidity and exposure to treasury and foreign exchange risks. Further information on the risk management policies of the Diageo group is included in the annual report of Diageo plc (see note 23 of the financial statements). The results of the company and the development of its business are, therefore, influenced to a considerable extent by group financing requirements. The directors foresee no changes in the company's activities.

Business Review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2011

Diageo Capital plc's principal activity is to raise external funds, principally using the London and New York financial markets. The company finances other companies of the Group via internal loans and deposits.

Principal risks and uncertainties facing the company as at 30 June 2011

The principal risks and uncertainties facing the company are foreign currency risk associated with certain foreign currency denominated bonds and interest rate risk arising principally on changes in US dollar, Euro and sterling interest rates. The company uses derivative financial instruments to hedge its exposures to fluctuations in interest and exchange rates. Fair value hedging deals are entered into to manage the interest rate risks to which the fair value of certain assets and liabilities are exposed. Cash flow hedges are carried out to hedge the currency risk of highly probable future foreign currency cash flows, as well as the cash flow risk from changes in interest rates.

Financial and other key performance indicators

Comparing average value of the bond portfolio during the year against interest expenses on bonds shows no change in average interest rates on bonds, it remained 5.6% (2010 - 5.6%). Additionally, the average interest rate of commercial paper debt remained 0.3% (2010 - 0.3%). The average interest rate of the floating payable leg of the interest rate swaps decreased from an average of 1.1% to 0.5%, while the interest on the fixed income leg of these swaps decreased from an average of 3.6% to 3.2%. Overall the net interest charge on external debt decreased from 5.14% in financial year 2010 to an average of 3.47% in financial year 2011.

Directors' report (continued)

Going concern

The company participates in the group's centralised treasury arrangements and so the parent and fellow group undertakings have agreed to provide financial support for the foreseeable future. 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. In June 2011, Diageo plc, the parent company of Diageo Capital plc, was issued a further 100,000 ordinary, £1 each shares of the company for a payment of £250m. As of 1 July 2011, loans with related parties have been restructured. Directors' expectation is that after the restructuring Diageo Capital plc will operate at breakeven in the future.

Financial

The results for the year ended 30 June 2011 are shown on page 6.

The directors do not recommend the payment of a dividend for the year ended 30 June 2011. No dividend was paid during the year for the year ended 30 June 2010.

The loss for the year transferred from reserves is £146 m (2010 – loss of £127m).

Directors

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

S J Bolton	(appointed 1 April 2011)
C D Coase	(resigned 31 March 2011)
J A I Franco	(appointed 24 March 2011)
G Geiszl	(appointed 9 September 2010)
D Heginbotton	(appointed 9 September 2010)
D A Mahlan	(resigned 13 December 2010)
A O M Manz	(resigned 1 September 2010)
S C Moore	(resigned 24 March 2011)
J J Nicholls	(appointed 24 March 2011)
M Pais	
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).

Auditor

The auditor, KPMG Audit Plc, is willing to continue in office and a resolution for its re-appointment as auditor of the company will be submitted to the Annual General Meeting.

Directors' report (continued)

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

M Pais
Director
Edinburgh Park,
5 Lochside Way,
Edinburgh EH12 9DT
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 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 Capital plc

We have audited the financial statements of Diageo Capital Plc for the year ended 30 June 2011 set out on pages 6 to 19. 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 4, 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.

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 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

	Notes	**Year ended 30 June 2011 £'m**	Year ended 30 June 2010 £'m
Interest income	*1*	**139**	344
Interest expense	*2*	**(282)**	(512)
Net interest expense		**(143)**	(168)
Other operating income/(costs)	*3*	**2**	(4)
Loss on ordinary activities before taxation		**(141)**	(172)
Taxation on loss on ordinary activities	*5*	**(5)**	45
Loss for the financial year		**(146)**	(127)

All results arise from continuing operations.

Balance sheet

	Notes	30 June 2011 £'m	30 June 2011 £'m	30 June 2010 £'m	30 June 2010 £'m
Fixed assets					
Other financial assets	6	**263**		405	
Deferred tax	7	**1**		6	
		264		411	
Current assets					
Other financial assets and liabilities	6	**1**		-	
Debtors: due within one year	8	**5,696**		5,553	
		5,697		5,553	
Creditors: due within one year					
Borrowings	9	**(378)**		-	
Other creditors	10	**(2,397)**		(2,213)	
		(2,775)		(2,213)	
Net current assets			**2,922**		3,340
Net assets less current liabilities			**3,186**		3,751
Creditors: due after one year					
Borrowings	9	**(3,079)**		(3,723)	
Other financial liabilities	6	**(56)**		(67)	
			(3,135)		(3,790)
Net asset/(liabilities)			**51**		(39)
Capital and reserves					
Called up share capital	11		**-**		-
Share premium	12		**250**		-
Reserves	12		**(199)**		(39)
Shareholders' (deficit)/funds	13		**51**		(39)

These financial statements on pages 6 to 19 were approved by the board of directors on 15 December 2011 and were signed on its behalf by:

M Pais
Director

Statement of total recognised gains and losses

	Notes	Year ended 30 June 2011 £'m	Year ended 30 June 2010 £'m
Effective portion of changes in fair value of interest rate cash flow hedges transferred to interest receivable and payable for the year	*13*	**(14)**	3
Loss for the year	*13*	**(146)**	(127)
Total recognised losses for the financial year		**(160)**	(124)

Note of historical cost profits and losses

	Year ended 30 June 2011 £'m	Year ended 30 June 2010 £'m
Reported loss on ordinary activities before taxation	**(141)**	(172)
Market value gain on external derivative interest rate instruments	**(1)**	(7)
Market value loss/(gain) on intra-group derivative interest rate instruments	**12**	(92)
Fair value of monetization of derivatives	**50**	62
Fair value adjustment to borrowings - (gain)/loss	**(2)**	88
Amortization of bonds	**(17)**	(10)
Historical cost loss on ordinary activities before taxation	**(99)**	(131)

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 on a going concern basis under the historical cost convention except that derivative financial instruments are stated at their fair value. The financial statements are 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.

Dividends paid and received

The dividend is recorded in the financial statements in the period in which it is approved.

Foreign currencies

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

Financial liabilities

Borrowings are initially recorded at cost (where cost is equal to fair value at inception), and are subsequently amortised using the effective interest rate method. The fair value adjustment for all loans designated as hedged items in a fair value hedge are shown separately as a net figure. Any difference between the proceeds, net of transactions costs and the settlement or redemption of borrowings is recognised over the term of the borrowings using the effective interest rate method.

Financial instruments

The company's accounting policies under UK GAAP namely *FRS 26 – Financial instruments: measurement* and *FRS 29 – Financial instruments: disclosure* are the same as the group's accounting policies under IFRS, namely *IAS 32 – Financial instruments: disclosure and presentation* and *IAS 39 – Financial instruments: recognition and measurement*. These standards are effective from 1 July 2005. The company has taken the exemption not to provide all the financial instrument disclosures, as IFRS 7 disclosures are given in note 23 to the group financial statements.

Accounting policies (continued)

Derivative financial instruments

On behalf of Diageo plc and its subsidiaries ('the group') the company participates in the group's interest rate management and uses interest rate and cross currency swaps in the management of the interest rate exposure arising on the group's borrowings.

At the group and company level derivative financial instruments are recognised in the balance sheet at fair value that is calculated using discounted cash flow techniques taking into consideration assumptions based on market data.

The purpose of hedge accounting is to mitigate the impact of potential volatility in the profit and loss account of the changes in exchange rates or interest rates, by matching the impact of the hedged item and the hedging instrument in the profit and loss account. To qualify for hedge accounting, the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. At the inception of the transaction for group purposes, the company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities. For group purposes the company also documents its assessment, both at the hedge inception and on a quarterly basis, as to whether the derivatives that are used in hedging transactions have been, and are likely to continue to be, highly effective in offsetting changes in fair value or cash flows of hedged items.

For the purposes of the group consolidated financial statements, prepared under International Financial Reporting Standards, the company designates derivatives which qualify as hedges for accounting purposes as either: (a) a hedge of the fair value of a recognised asset or liability (fair value hedge); or (b) a hedge of the cash flow risk from a change in interest rates (cash flow hedge).

Derivative financial instruments are used to manage the currency and/or interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of derivatives that are fair value hedges are recognised in the profit and loss account, along with any changes in the relevant fair value of the underlying hedged asset or liability that is attributable to the hedged risk. If a hedge relationship is de-designated, fair value movements on the derivative continue to be taken to the profit and loss account while any fair value adjustments made to the underlying hedged item to that date are amortised through the profit and loss account over its remaining life.

Derivative financial instruments are used to hedge the currency risk of highly probable future foreign currency cash flows. The effective part of the changes in fair value of cash flow hedges is recognised in the statement of total recognised gains and losses, while any ineffective part is recognised immediately in the profit and loss account. Amounts recorded in the statement of total recognised gains and losses are transferred to the profit and loss statement in the same period in which the underlying foreign exchange exposure affects the profit and loss account.

Deferred taxation

Full provision is made for timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations using current tax rates. The company does not discount these balances.

Notes to the financial statements

1. Interest income

	Year ended 30 June 2011 £'m	Year ended 30 June 2010 £'m
Market value gain on intra-group derivative interest rate instruments	**31**	206
Interests from fellow group undertakings	**88**	114
Other deposits and swaps	**-**	11
Market value gain on external derivative interest rate instruments	**1**	13
Fair value adjustments to borrowings	**2**	-
Amortization of bonds	**17**	10
	139	354

2. Interest expense

	Year ended 30 June 2011 £'m	Year ended 30 June 2010 £'m
Other loans and swaps	**(199)**	(240)
Market value loss on internal derivative interest rate instruments	**(43)**	(114)
Fair value adjustment to borrowings	**-**	(88)
Interests to fellow group undertakings	**(40)**	(74)
Market value loss on external derivative interest rate instruments	**-**	(6)
	(282)	(522)

3. Other operating income/(costs)

Operating income include a foreign exchange gain for the year ended 30 June 2011 of £2m (2010 - loss of £4m).

Fees in respect of services provided by the auditor: statutory audit - £22,500 (2010 - £22,500), group audit £40,900 (2010 - £40,900) were 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 (2010 - £nil).

Notes to the financial statements (continued)

4. Directors and employees

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 (2010 - £nil).

5. Taxation on profit on ordinary activities

Analysis of tax (charge)/credit for the year	**Year ended 30 June 2011 £'m**	Year ended 30 June 2010 £'m
Current tax		
Loss on ordinary activities before taxation	**(141)**	(172)
UK corporation tax at 27.5 % (2010 – 28 %)	**39**	48
Group relief to fellow group companies	**(39)**	(48)
Payment receivable in respect of group relief	**-**	48
Adjustment in respect of previous years	**-**	(7)
Total current tax credit	**-**	41
Deferred tax		
UK	**(5)**	4
Total deferred tax	**(5)**	4
Taxation on loss on ordinary activities	**(5)**	45

The deferred tax charge for the year ended 30 June 2011 amounts to £5m (2010 - £4m credit).

Notes to the financial statements (continued)

6. Other financial assets and liabilities

30 June 2011

	Current financial assets £'m	Fixed financial assets £'m	Current financial liabilities £'m	Non-current financial liabilities £'m
External derivative assets/(liabilities)				
Designated in a cash flow hedge	-	12	-	-
	-	12	-	-
Intra-group derivative assets/(liabilities)				
Designated in a fair value hedge	1	45	-	(8)
Designated in a cash flow hedge	-	159	-	(7)
Not designated in a hedge relationship	-	47	-	(41)
	1	251	-	(56)
Total derivative assets/(liabilities)	1	263	-	(56)

Derivative assets and liabilities have been recognised at fair value since the adoption of FRS 26 on 1 July 2005. The company does not use derivatives for speculative purposes. All transactions in derivative financial instruments are undertaken to manage risk arising from underlying business activities.

Notes to the financial statements (continued)

6. Other financial assets and liabilities (continued)

30 June 2010

	Current financial assets £'m	Non-current financial assets £'m	Current financial liabilities £'m	Non-current financial liabilities £'m
External derivative assets/(liabilities)				
Designated in a cash flow hedge	-	17	-	-
	-	17	-	-
Intra-group derivative assets/(liabilities)				
Designated in a fair value hedge	-	96	-	-
Designated in a cash flow hedge	-	217	-	(2)
Not designated in a hedge relationship	-	75	-	(65)
	-	388	-	(67)
Total derivative assets/(liabilities)	-	405	-	(67)

7. Deferred tax

	30 June 2011 £'m	30 June 2010 £'m
Deferred taxation at the beginning of the year	6	2
Recognised in profit and loss account	(5)	4
Deferred taxation at the end of the year	1	6

Deferred taxation assets representing other timing differences 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. The deferred tax charge recognised in the profit and loss account for the year ended 30 June 2011 amounts to £ 5m (2010 - £4m credit).

Notes to the financial statements (continued)

8. Debtors: due within one year

	30 June 2011 £'m	30 June 2010 £'m
Amounts owed by fellow group undertakings	**5,690**	5,506
Corporation tax	-	41
Other debtors	**6**	6
	5,696	5,553

Amounts owed by fellow group undertakings represent transactions with companies in the Diageo group with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. For the purposes of financial statement classification, amounts owed by group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

9. Borrowings, facilities and financial liabilities

Financial instruments comprise net borrowings, including borrowings from group undertakings, together with other instruments deemed to be financial instruments under FRS 26, including long term debtors and other long term creditors. Disclosures dealt with in this note exclude where permitted by FRS 26 the short term debtors and creditors, but include short term borrowings to and from group undertakings.

Notes to the financial statements (continued)

9. Borrowings, facilities and financial liabilities (continued)

External borrowings

	Currency	Year end interest rate	30 June 2011	30 June 2010
		%	£'m	£'m
Guaranteed bond 2012	**US dollar**	**5.125**	**(372)**	-
Fair value adjustment			**(6)**	-
Borrowings due within one year			**(378)**	-
Guaranteed bond 2012	**US dollar**	**5.125**	-	(400)
Guaranteed bond 2013	**US dollar**	**5.200**	**(466)**	(500)
Guaranteed bond 2014	**US dollar**	**7.375**	**(502)**	(540)
Guaranteed bond 2016	**US dollar**	**5.500**	**(372)**	(399)
Guaranteed bond 2017	**US dollar**	**5.750**	**(775)**	(831)
Guaranteed bond 2020	**US dollar**	**4.828**	**(363)**	(390)
Guaranteed bond 2036	**US dollar**	**5.875**	**(370)**	(397)
Medium term notes	**US dollar**	**4.850**	**(124)**	(133)
Fair value adjustment			**(107)**	(133)
Borrowings due after one year			**(3,079)**	(3,723)
			(3,457)	(3,723)

The interest rates shown above are contracted on the underlying borrowings before taking into account any interest rate protection. The above loans are stated net of unamortised finance costs of £6.4m (2010- £5.6m). None of the borrowings are secured on assets of the Diageo group.

There are no financial covenants on the above short term and long term borrowings.

Notes to the financial statements (continued)

9. Borrowings, facilities and financial liabilities (continued)

The company had, along with other financing companies in the Diageo group, available undrawn committed bank facilities with third parties as follows:

	30 June 2011	30 June 2010
	£'m	£'m
Expiring:		
within one year	**776**	920
between one and two years	**727**	833
after two years	**671**	780
	2,174	2,533

Commitment fees are paid on the undrawn portion of these facilities and accounted for on an accruals basis. Borrowings under these facilities will be at prevailing LIBOR rates (dependent on the period of drawdown) plus an agreed margin. These facilities can be used for general corporate purposes and, together with cash and cash equivalents, support the group's commercial paper programmes.

There are no financial covenants on the group's short and long term borrowings. Certain of these borrowings contain cross default provisions and negative pledges.

The committed bank facilities are subject to a single financial covenant, being minimum interest cover ratio of two times (defined as the ratio of operating profit before exceptional items, aggregated with share of associates' profits after tax, to net interest). They are also subject to pari passu ranking and negative pledge covenants.

Any non-compliance with covenants underlying Diageo's financing arrangements could, if not waived, constitute an event of default with respect to any such arrangements, and any non-compliance with covenants may, in particular circumstances, lead to an acceleration of maturity on certain notes and the inability to access committed facilities. Diageo was in full compliance with its financial, pari passu ranking and negative pledge covenants throughout each of the years presented.

Notes to the financial statements (continued)

10. Other creditors: due within one year

	30 June 2011 **£'m**	30 June 2010 £'m
Amounts owed to fellow group undertakings	**(2,333)**	(2,151)
Accruals and deferred income	**(64)**	(62)
	(2,397)	(2,213)

Amounts owed to fellow group undertakings represent transactions with companies in the Diageo group with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. For the purposes of financial statements classification, amounts owed to group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

11. Share capital

	30 June 2011 **£'000**	30 June 2010 £'000
Allotted, called up and fully paid:		
200,000 ordinary shares of £1 each	**200**	100

On 29 June 2011, Diageo Capital plc issued 100,000 new ordinary shares of £1 each to Diageo plc at a premium.

12. Reserves

	Share premium account £'m	**Cash flow reserve £'m**	**Other Reserves £'m**	**Profit and loss account £'m**	**Total £'m**
At 30 June 2010	-	91	70	(200)	(39)
Fair value of cross currency swaps	-	(14)	-	-	(14)
Retained loss for the year	-	-	-	(146)	(146)
Issuance of shares	250	-	-	-	250
At 30 June 2011	250	77	70	(346)	51

Notes to the financial statements (continued)

13. Reconciliation of movement in shareholders' deficit/funds

	30 June 2011 £'m	30 June 2010 £'m
Loss on ordinary activities after taxation	**(146)**	(127)
Dividends paid	**-**	-
Cash flow hedging reserve	**(14)**	3
Capital contribution	**-**	70
Issuance of shares	**250**	-
Net addition to/(reduction in) shareholders' funds	**90**	(54)
Shareholders' (deficit)/funds at the beginning of the year	**(39)**	15
Shareholders' funds/(deficit) at the end of the year	**51**	(39)

In June 2011, Diageo plc, the parent company of Diageo Capital plc, was issued a further 100,000 ordinary, £1 each shares of the company for a payment of £250m.

14. Post balance sheet events

As of 1 July 2011, loans with related parties have been restructured. Management's expectation is that after the restructuring Diageo Capital plc will operate at breakeven in the future.

15. 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.