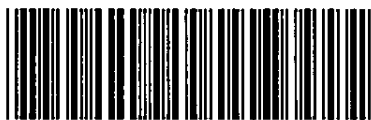


**Guinness Limited**  
**Financial statements**  
**30 June 2009**

Registered number 510607

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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 2009

### **Activities**

The company continues to trade as a property developer

The registered office address changed from 8 Henrietta Place London W1G 0NB to Lakeside Drive, Park Royal, London, NW10 7HQ effective from 7 December 2009

### **Financial**

The results for the year ended 30 June 2009 are shown on page 5

The directors do not recommend the payment of a dividend (2008 - £nil) The loss for the year transferred from reserves is £8,738,000 (2008 – profit of £11,116,000 transferred to reserves)

### **Directors**

The directors who held office during the year were as follows

A A Abigail	(appointed 7 August 2008)
C D Coase	
G P Crickmore	
S R Fletcher	
D P Gosnell	
N Mákos	
A M Smith	(appointed 29 June 2009)
P D Tunnacliffe	

A A Abigail resigned as a director of the company on 1 October 2009

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2008 - £nil)

**Directors' report (continued)**

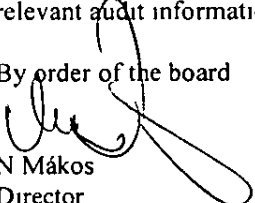
**Auditor**

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 2009

**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



N Mákos  
Director  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

22 March 2010

## **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 Guinness Limited

We have audited the financial statements of Guinness Limited for the year ended 30 June 2009, which comprise the profit and loss account, the balance sheet and the related notes. 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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of company's affairs as at 30 June 2009 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.

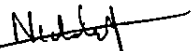
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the director's 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.



**Nicholas Frost (Senior Statutory Auditor)**

For and on behalf of KPMG Audit Plc Statutory Auditor

Chartered Accountants  
KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

22 March 2010

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2009 £'000</b>	<b>Year ended 30 June 2008 £'000</b>
<b>Turnover</b>	<i>1</i>	53	180
<b>Operating costs</b>	<i>2</i>	(58)	(180)
		<hr/>	<hr/>
<b>Operating loss</b>		(5)	-
Write down of development property	<i>3</i>	(8,500)	-
Disposal of land	<i>4</i>	-	11,350
Net interest payable	<i>5</i>	(233)	(234)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(8,738)	11,116
Taxation on (loss)/profit on ordinary activities	<i>6</i>	-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>	<i>12</i>	(8,738)	11,116
		<hr/> <hr/>	<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

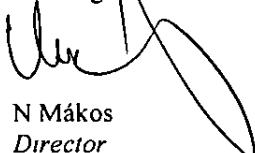
There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis

All results arise from continuing operations

**Balance sheet**

	<i>Notes</i>	30 June 2009		30 June 2008	
		£'000	£'000	£'000	£'000
<b>Current assets</b>					
Stocks	7	39,009		46,502	
Debtors due within one year	8	1,160,894		1,162,914	
Cash at bank and in hand	9	5		6	
		<u>1,199,908</u>		<u>1,209,422</u>	
<b>Creditors due within one year</b>	10	<u>(26,942)</u>		<u>(27,718)</u>	
<b>Net assets</b>			<u>1,172,966</u>		<u>1,181,704</u>
<b>Capital and reserves</b>					
Called up share capital	11		1,156,100		1,156,100
Revaluation reserve	12	14,006		14,006	
Profit and loss account	12	2,860		11,598	
		<u>16,866</u>		<u>25,604</u>	
<b>Shareholders' funds</b>	13		<u>1,172,966</u>		<u>1,181,704</u>

These financial statements on pages 5 to 13 were approved by the board of directors on 22 March 2010 and were signed on its behalf by



N Mákos  
Director

## **Accounting policies**

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 under the historical cost convention modified by the revaluation of certain land and buildings and in accordance with applicable UK accounting standards

Properties held for development are included in current assets at the lower of cost and net realisable value. For properties previously held as fixed assets, which the directors have decided are to be redeveloped and which are reclassified as development properties, the revalued amount is considered to be the latest valuation prior to their reclassification. This is not in accordance with Schedule 1 to the Statutory Instruments 2008 No 409, which requires current assets to be included at the lower of cost and net realisable value, and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The directors consider that compliance with the requirements would fail to give a true and fair view of the profit or loss to the company on disposal of such development properties from current assets, since such profit or loss would be dependent on the classification of the asset immediately prior to sale. The effect of this departure is to increase both the value of the development properties and the balance on the revaluation reserve by £14,006,000 (2008 - £14,006,000)

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

### **Long-term contracts and contract provisions**

Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress of any contract where the excess is included in creditors

Full provision is made for any estimated losses to completion having regard to the overall substance of the arrangements. Provided that the outcome of the long-term contracts can be assessed with reasonable certainty, such contracts are valued at the cost plus attributable profit earned to date

### **Turnover**

Long-term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to total sales value and stage of completion of contracts



**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 property development, all of which is carried out in the United Kingdom

The only development that the company is currently involved in is the redevelopment of the group's former UK brewing site at Park Royal, London. This project includes the construction of office accommodation and residential units

In connection with the project, the company is contracted with a third party developer, London and Regional Properties Limited (LRP), a development company. LRP are responsible for the development of infrastructure for the project overall. The cost of such infrastructure is borne by the company and is included within 'development properties' and amounts to £31,324,000 as at 30 June 2009 (30 June 2008 - £30,317,000)

Cumulative income arising on the sale of project developments is deferred and disclosed as 'deferred income' and amounts to £13,530,000 at 30 June 2009 (30 June 2008 - £13,663,000) as the overall project is still in its early stages and its successful conclusion is dependent on a number of factors including finding appropriate lessees for the sites. The redevelopment commenced in 2001 and is expected to be completed in 2016.

### **2. Operating costs**

	<b>Year ended 30 June 2009 £'000</b>	<b>Year ended 30 June 2008 £'000</b>
Other operating charges	58	180

The auditor's remuneration of £1,531 (2008 - £2,917) was settled on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2008 - £nil)

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 (2008 - £nil)

Notes to the financial statements (continued)

3. Write down of development property

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Write down of development property	8,500	-
	<u>8,500</u>	<u>-</u>

Following the economic downturn in the United Kingdom and the consequent reduction in property prices the directors determined that the future sales proceeds, less costs expected to be incurred, from the disposal of the development property at Park Royal is insufficient to cover the carrying value of the site. The carrying value of the stock has therefore been reduced by £8,500,000 to reflect the reduction in net realisable value.

4. Disposal of development land

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit on the sale of land	-	11,350
	<u>-</u>	<u>11,350</u>

5. Net interest payable

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Interest payable on loan from Diageo Finance plc	(233)	(237)
Less		
Other interest receivable	-	3
	<u>(233)</u>	<u>(234)</u>

Notes to the financial statements (continued)

6. Taxation

Factors affecting current tax charge for the year	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
(Loss)/profit on ordinary activities before taxation	(8,738)	11,116
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 28% (2009 – 29.5%)	2,447	(3,279)
Group relief (surrendered)/received for nil consideration	(2,447)	3,279
UK transfer pricing adjustment	-	-
Current ordinary tax charge for the year	-	-

7. Stocks

Development properties	30 June 2009 £'000	30 June 2008 £'000
Development properties	39,009	46,502

Development properties are held at the amount transferred from fixed assets aggregated with the additional infrastructure costs incurred to date less a provision against recoverability (see 'Basis of preparation' paragraph on page 7)

8. Debtors' due within one year

Amounts owed by fellow group undertakings	30 June 2009 £'000	30 June 2008 £'000
Diageo plc	1,153,776	-
Diageo Great Britain Limited	7,118	1,160,705
Diageo Scotland Limited	-	2,209
	1,160,894	1,162,914

Notes to the financial statements (continued)

9. Cash

	30 June 2009 £'000	30 June 2008 £'000
Cash at bank and in hand	5	6

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool

10. Creditors: due within one year

	30 June 2009 £'000	30 June 2008 £'000
Amounts owed to fellow group undertakings		
Diageo Finance plc	4,050	3,678
Diageo plc	-	9
Other taxation	-	2,013
Other creditors	9,362	8,355
Accruals and deferred income	13,530	13,663
	<u>26,942</u>	<u>27,718</u>

11. Share capital

	30 June 2009 £'000	30 June 2008 £'000
<i>Authorised</i>		
1,157,500,000 ordinary shares of £1 each	<u>1,157,500</u>	<u>1,157,500</u>
<i>Allotted, called up and fully paid:</i>		
1,156,100,000 ordinary shares of £1 each	<u>1,156,100</u>	<u>1,156,100</u>

Notes to the financial statements (continued)

12. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2008	14,006	11,598	25,604
Loss for the financial year	-	(8,738)	(8,738)
	<hr/>	<hr/>	<hr/>
At 30 June 2009	14,006	2,860	16,866
	<hr/>	<hr/>	<hr/>

The profit and loss account is non-distributable

13. Reconciliation of movement in shareholders' funds

	30 June 2009 £'000	30 June 2008 £'000
(Loss)/profit for the financial year	(8,738)	11,116
	<hr/>	<hr/>
<b>Net (reduction in)/addition to shareholders' funds</b>	(8,738)	11,116
Shareholders' funds at beginning of year	1,181,704	1,170,588
	<hr/>	<hr/>
<b>Shareholders' funds at end of year</b>	1,172,966	1,181,704
	<hr/>	<hr/>

14. 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.