Guinness Limited

Financial statements
30 June 2008

Registered number 510607

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2008.

Activities

The company continues to trade as a property developer.

Financial

The results for the year ended 30 June 2008 are shown on page 5. The directors do not recommend the payment of a dividend (2007 - £nil). The profit for the year transferred to reserves is £11,116,000 (2007 – loss of £125,000 transferred from reserves).

Directors

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

S M Bunn	(resigned 4 January 2008)
C D Coase	
G P Crickmore	(appointed 5 September 2007)
S R Fletcher	
M C Flynn	(resigned 15 June 2008)
D P Gosnell	
N Makos	
P D Tunnacliffe	(appointed 7 January 2008)

A A Abigail was appointed a director of the company on 7 August 2008.

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2007 - £nil).

Directors' report (continued)

Auditor

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. 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 2008.

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

J Nicholls
Secretary
8 Henrietta Place
London
W1G 0NB

24 March 2009

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).

The financial statements are required by law to 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 proper accounting records 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 1985. 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 2008, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 3. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

Profit and loss account

	Notes	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Turnover	*1*	180	1,603
Operating costs	*2*	(180)	(1,603)
Operating profit		-	-
Disposal of land	*3*	11,350	-
Net interest payable	*4*	(234)	(125)
Profit/(loss) on ordinary activities before taxation		11,116	(125)
Taxation on profit/(loss) on ordinary activities	*5*	-	-
Profit/(loss) for the financial year	*11*	11,116	(125)

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

	Notes	30 June 2008		30 June 2007	
		£'000	£'000	£'000	£'000
Current assets					
Stocks	*6*	46,502		43,563	
Debtors: due within one year	*7*	1,162,914		1,148,531	
Cash	*8*	6		6	
		1,209,422		1,192,100	
Creditors: due within one year	*9*	(27,718)		(21,512)	
Net assets			1,181,704		1,170,588
Capital and reserves					
Called up share capital	*10*		1,156,100		1,156,100
Revaluation reserve	*11*	14,006		14,006	
Profit and loss account	*11*	11,598		482	
			25,604		14,488
Shareholders' funds	*12*		1,181,704		1,170,588

These financial statements on pages 5 to 12 were approved by the board of directors on 24 March 2009 and were signed on its behalf by:

N Makos
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 4 to the Companies Act 1985, 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 (2007 - £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.

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. 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 £30,317,000 as at 30 June 2008 (30 June 2007 - £27,378,000).

Cumulative income arising on the sale of project developments is deferred and disclosed as 'deferred income' and amounts to £13,663,000 at 30 June 2008 (30 June 2007 - £13,479,000) 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

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Other operating charges	180	1,603

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 (2007 - £nil).

The auditor's remuneration of £2,917 (2007 - £2,341) 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 (2007 - £nil).

Notes to the financial statements (continued)

3. Disposal of development land

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Profit on the sale of land	11,350	-
	11,350	-

During the year, the company disposed of land held for development at Cumberland Avenue to a third party resulting in a development profit of £11,350,000. The tax charge on the disposal was £3,348,250.

4. Net interest payable

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Interest payable on loan from Diageo Finance plc	(237)	(125)
Less:		
Other interest receivable	3	-
	(234)	(125)

5. Taxation

Factors affecting current tax charge for the year	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Profit/(loss) on ordinary activities before taxation	11,116	(125)
Taxation on profit/(loss) on ordinary activities at UK corporation tax rate of 29.5% (2007 - 30%)	(3,279)	38
Group relief received for nil consideration	3,279	21,331
UK transfer pricing adjustment	-	(21,369)
Current ordinary tax charge for the year	-	-

Notes to the financial statements (continued)

6. Stocks

	30 June 2008 £'000	30 June 2007 £'000
Development properties	46,502	43,563

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

7. Debtors

	30 June 2008 £'000	30 June 2007 £'000
Amounts owed by fellow group undertakings:		
Diageo Great Britain Limited	1,160,705	1,146,322
Diageo Scotland Limited	2,209	2,209
	1,162,914	1,148,531

All amounts fall due within one year.

8. Cash

	30 June 2008 £'000	30 June 2007 £'000
Cash at bank	6	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.

Notes to the financial statements (continued)

9. Creditors – due within one year

	30 June 2008 £'000	30 June 2007 £'000
Amounts owed by fellow group undertakings:		
Diageo Finance plc	3,678	2,608
Diageo plc	9	9
Other taxation	2,013	-
Other creditors	8,355	5,416
Accruals and deferred income	13,663	13,479
	27,718	21,512

10. Share capital

	30 June 2008 £'000	30 June 2007 £'000
Authorised:		
1,157,500,000 ordinary shares of £1 each	1,157,500	1,157,500
Allotted, called up and fully paid:		
1,156,100,000 ordinary shares of £1 each	1,156,100	1,156,100

11. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2007	14,006	482	14,488
Profit for the financial year	-	11,116	11,116
At 30 June 2008	14,006	11,598	25,604

Within the profit and loss account, £11,347,000 is non-distributable and £251,000 is distributable.

Notes to the financial statements (continued)

12. Reconciliation of movement in shareholders' funds

	30 June 2008 £'000	30 June 2007 £'000
Profit/(loss) for the financial year	11,116	(125)
Net addition to/(reduction in) shareholders' funds	11,116	(125)
Shareholders' funds at beginning of year	1,170,588	1,170,713
Shareholders' funds at end of year	1,181,704	1,170,588

13. 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 8 Henrietta Place, London W1G 0NB.