

Diageo (IH) Limited
Financial statements
30 June 2010

Registered number 4222753



Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2010

Activities

The company is an investment holding company. The company incurred foreign exchange losses but did not receive any interest or dividends during the year. The directors foresee no changes in the company's activities.

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.

Financial

The results for the year ended 30 June 2010 are shown on page 5.

The directors do not recommend the payment of a dividend (2009 - £nil).

The loss for the year transferred from reserves is £601,000 (2009 - profit of £1,665,000 transferred to reserves).

Directors

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

A A Abigail (resigned 1 October 2009)
C D Coase
G P Crickmore
N Mákos
S C Moore
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 (2009 - £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 2010

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 Makos
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

24 February 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 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 (IH) Limited

We have audited the financial statements of Diageo (IH) Limited for the year ended 30 June 2010, 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 relevant 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.

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 2010 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.



John Cain, Senior Statutory Auditor
 for and on behalf of KPMG Audit Plc, Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL

7 March 2011

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Operating (loss)/profit	<i>1</i>	(71)	1,554
Interest received from fellow group undertaking - Diageo Finance plc		-	111
Provision against subsidiary undertaking	<i>3</i>	(550)	-
(Loss)/profit on ordinary activities before taxation		(621)	1,665
Taxation on (loss)/profit on ordinary activities	<i>2</i>	20	-
(Loss)/profit for the financial year	<i>6</i>	(601)	1,665

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 2010		30 June 2009	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	3		569		1,119
Current assets					
Debtors due within one year - Diageo Scotland Limited		20		-	
Creditors due within one year - Diageo Venture Holdings Limited		<u>(27,106)</u>		<u>(27,035)</u>	
Net current liabilities			<u>(27,086)</u>		<u>(27,035)</u>
Net liabilities			<u>(26,517)</u>		<u>(25,916)</u>
Capital and reserves					
Called up share capital	4		552		552
Profit and loss account	5		<u>(27,069)</u>		<u>(26,468)</u>
Shareholders' deficit	6		<u>(26,517)</u>		<u>(25,916)</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 24 February 2011 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 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")

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

Going concern

The financial statements have been prepared on a going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings

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, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent

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

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)/profit

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Foreign exchange (loss)/gain	(71)	1,554
	<u>(71)</u>	<u>1,554</u>

The auditor's remuneration of £1,826 (2009 - £1,531) 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 (2009 - £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 (2009 - £nil)

2 Taxation

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Factors affecting current tax credit for the year		
(Loss)/profit on ordinary activities before taxation	(621)	1,665
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 28% (2009 - 28%)	174	(466)
UK transfer pricing adjustment	-	31
Group relief received for nil consideration	-	435
Expenses not deductible for tax purposes	(154)	-
Current ordinary tax credit for the year	<u>20</u>	<u>-</u>

Notes to the financial statements (continued)

3. Fixed assets – investments

	Subsidiary undertakings £'000
Cost	
At 30 June 2009 and 30 June 2010	1,428
Provision	
At 30 June 2009	(309)
Provided during the year	(550)
At 30 June 2010	(859)
Net book value	
At 30 June 2010	569
At 30 June 2009	1,119

The company's subsidiary undertakings are as follows

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held
Direct holdings:				
Trelawny Estates Limited	Jamaica	Administrative company	Ordinary shares	100%
Indirect holdings:				
Myers Rum Company (Jamaica) Limited *	Jamaica	Dormant		

* Subsidiary of Trelawny Estates Limited

Diageo (IH) Limited has an indirect interest in Clarendon Distillers Limited, a company incorporated in Jamaica, which is an associate of Trelawny Estates Limited. Clarendon Distillers Limited produces and exports bulk rum.

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

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Notes to the financial statements (continued)

4. Share capital

	30 June 2010	30 June 2009
	£'000	£'000
<i>Allotted, called up and fully paid:</i>		
552,100 ordinary shares of £1 each	552	552

5. Reserves

	Profit and loss account £'000
At 30 June 2009	(26,468)
Loss for the financial year	(601)
At 30 June 2010	(27,069)

6. Reconciliation of movement in shareholders' deficit

	30 June 2010	30 June 2009
	£'000	£'000
(Loss)/profit for the financial year	(601)	1,665
Net (addition to)/reduction in shareholders' deficit	(601)	1,665
Shareholders' deficit at the beginning of the year	(25,916)	(27,581)
Shareholders' deficit at the end of the year	(26,517)	(25,916)

7. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Diageo Venture Holdings Limited, a company incorporated and registered in Scotland

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