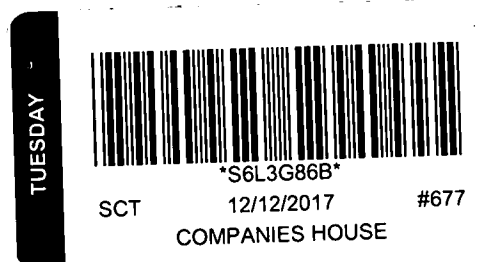


**Zepf Technologies UK Limited**  
**Directors' report and financial statements**  
**30 June 2017**

Registered number: SC002816



**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

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**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the year ended 30 June 2017.

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### **Activities**

The company is engaged in manufacturing container handling change part systems mainly for rotary packaging machines for liquid filling, capping and labelling. The company also provides engineering services in respect of product development to Diageo Scotland Limited and third party customers.

### **Going concern**

The company is expected to continue to generate profit for its own account and to remain in a positive net asset position 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 company 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 result for the year ended 30 June 2017 is shown on page 7.

The profit for the year is £393,000 (2016 - £1,454,000).

Dividends paid during the year ended 30 June 2017 was £1,371,000 (2016 - £nil).

### **Directors**

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

D F Harlock

K L Haynes

A Mahler

J J Nicholls

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2016 - £nil).

### **Secretary**

On 23 March 2017, V Cooper resigned as a joint secretary of the company.

C Matthews remains as secretary of the company.

### **Directors' indemnity**

The Articles of Association permit qualifying third-party indemnities for the directors as defined by Section 234 of the Companies Act 2006. No such indemnity was in force during the last financial year, nor is any currently in force.

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**DIRECTORS' REPORT (continued)**

**Internal control and risk management over financial reporting**

The company operates under the financial reporting processes and controls of the Diageo group. The internal control and risk management systems over the financial reporting process of Diageo plc, which include those of the company, are discussed in the Group's Annual Report 2017 on pages 62 to 63 at [www.diageo.com](http://www.diageo.com), which does not form part of this report.

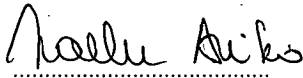
**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, have been reappointed and will continue in office as auditors of the company.

**Disclosure of information to the 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 auditors are 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 auditors are aware of that information.

By order of the board



A Mahler  
Director

Edinburgh Park  
5 Lochside Way  
Edinburgh  
EH12 9DT

8 December 2017

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members of Zepf Technologies UK Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Zepf Technologies UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet, the statement of comprehensive income, the statement of changes in equity, and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of director's responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kenneth Wilson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow 08 December 2017

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Year ended 30 June 2017 £ 000	Year ended 30 June 2016 £ 000
Turnover	2	3,403	4,706
Cost of sales	3	<u>(2,641)</u>	<u>(3,106)</u>
<b>Gross profit</b>		762	1,600
Operating costs	3	<u>(377)</u>	<u>(146)</u>
<b>Operating profit</b>		385	1,454
Gain on sale of fixed assets		2	-
Net finance income	5	<u>2</u>	<u>-</u>
<b>Profit before taxation on ordinary activities</b>		389	1,454
Taxation on profit on ordinary activities	6	<u>4</u>	<u>-</u>
<b>Profit for the financial year and total comprehensive income for the year</b>		<u><u>393</u></u>	<u><u>1,454</u></u>

The accompanying notes are an integral part of these financial statements.

The company had no other comprehensive income or expense during the current and previous year.



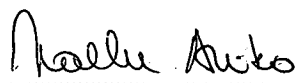
**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**BALANCE SHEET**

	Notes	30 June 2017 £ 000	30 June 2016 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	7	66	124
Deferred tax assets	12	4	-
		<u>70</u>	<u>124</u>
<b>Current assets</b>			
Inventories	8	388	637
Trade and other receivables	9	738	1,052
Cash and cash equivalents		729	671
		<u>1,925</u>	<u>2,484</u>
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(717)	(285)
Provisions	11	(20)	(33)
		<u>(737)</u>	<u>(318)</u>
<b>Non-current liabilities</b>			
Provisions	11	(150)	(150)
		<u>(887)</u>	<u>(468)</u>
<b>Total liabilities</b>			
<b>Net assets</b>		<u>1,038</u>	<u>2,016</u>
<b>Equity</b>			
Called up share capital	13	500	500
Retained earnings		538	1,516
		<u>1,038</u>	<u>2,016</u>
<b>Total equity</b>		<u>1,038</u>	<u>2,016</u>

The accounting policies and other notes on pages 10 to 20 form part of the financial statements.

These financial statements on pages 7 to 20 were approved by the Board on 8 December 2017 and were signed on its behalf by:



A Mahler  
 Director

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **STATEMENT OF CHANGES IN EQUITY**

### **ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

	<b>Called up share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
Balance at 30 June 2015	500	62	562
Profit for the financial year and total comprehensive income for the year	-	1,454	1,454
Balance at 30 June 2016	500	1,516	2,016
Profit for the financial year and total comprehensive income for the year	-	393	393
Dividends to shareholders	-	(1,371)	(1,371)
<b>Balance at 30 June 2017</b>	<b>500</b>	<b>538</b>	<b>1,038</b>

The accompanying notes are an integral part of these financial statements.

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

These financial statements are prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are stated at their fair value.

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.

The company has taken advantage of the following exemptions from the requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Diageo plc include equivalent disclosures, the company has also utilised exemptions available under FRS 101 in respect of the following disclosures:

- the disclosures required by *IFRS 7 Financial Instruments Disclosures*.
- the disclosures required by *IFRS 13 Fair Value Measurement*.

#### **Functional and presentational currency**

These financial statements are presented in sterling (£), which is the company's functional currency.

All financial information presented in sterling (£) has been rounded to the nearest thousand unless otherwise stated.

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Turnover**

Turnover comprise revenue from the sale of goods and services. Revenue from the sale of goods includes excise and other duties which the company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax. Sales are recognised depending upon individual customer terms at the time of dispatch, delivery or some other specific point when the risk of loss transfers. Provision is made for returns where appropriate. Sales are stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items. For sale of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### **Pensions and other post employment benefits**

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation.

Plant and equipment are depreciated on a straight-line basis to estimated residual values over their expected useful lives, and these values and lives are reviewed each year. Subject to these reviews, the estimated useful lives fall within the following ranges:

Plant and equipment	5 years
---------------------	---------

Reviews are carried out if there is an indication that assets may be impaired, to ensure that property, plant and equipment are not carried at above their recoverable amounts.

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value.

#### **Leases**

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases, with payments and receipts taken to the income statement on a straight-line basis over the life of the lease.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads, but not borrowing costs. Cost is calculated at the weighted average cost incurred in acquiring inventories. Maturing inventories which are retained for more than one year are classified as current assets, as they are expected to be realised in the normal operating cycle.

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Financial assets**

*Trade and other receivables* Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade receivables are stated at their nominal value as they are due on demand.

*Cash and cash equivalents* Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less at acquisition, including money market deposits, commercial paper and investments.

#### **Financial liabilities**

*Trade payables* Amounts owed to and from other group companies are reported at initial cost, subject to impairment, as they are repayable on demand. Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade payables are stated at their nominal value.

#### **Provisions**

Provisions are liabilities of uncertain timing or amount. A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are calculated on a discounted basis, where the effect is material to the original undiscounted provision. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **Taxation**

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, tax benefits are reviewed each year to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided in the tax charge.

Full provision for deferred tax is made for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised where it is more likely than not that the asset will not be realised in the future.

Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Taxation (continued)**

full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation.

#### **Dividends paid and received**

Interim dividends are included in the financial statements in the year in which they are approved by the directors, and the final dividend in the year in which it is approved by shareholders. Dividends received are included in the financial statements in the year in which they are receivable.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors make estimates and assumptions concerning the future of the company. The resulting accounting estimates will, by definition, seldom equate to actual results. The company's directors are of the opinion that there are no estimates and assumptions that have a significant risk of casting material adjustment to the carrying value of the assets and liabilities for the company within the next financial year due to the nature of the business.

The critical accounting policies, which the directors consider are of greater complexity and/or particularly subject to the exercise of judgements, are set out in detail in the relevant accounting policies:

- Provison: As part of the assessment to determine the amount of the future obligation in respect of the long term operating lease contract involves management judgement and estimates for the amount expected to be paid.

### **2. TURNOVER**

For the year ended 30 June 2017 the turnover and profit on ordinary activities before taxation are attributable to one class of business, that of engineering services.

#### **Geographical analysis of turnover**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
	<b>£ 000</b>	<b>£ 000</b>
United Kingdom	1,639	2,001
Ireland	29	38
Rest of Europe	601	858
Central and South America	885	1,461
Asia	238	290
Africa	6	54
Rest of world	5	4
	<u>3,403</u>	<u>4,706</u>

Segmental information is provided in the consolidated accounts of the ultimate parent company, Diageo plc.

Sales to fellow group undertakings included in turnover amounted to £487,000 (2016 - £911,000).

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. OPERATING COSTS**

	<b>Year ended 30 June 2017 £ 000</b>	<b>Year ended 30 June 2016 £ 000</b>
Cost of sales	2,641	3,106
Other operating expenses	<u>377</u>	<u>146</u>
	<u><u>3,018</u></u>	<u><u>3,252</u></u>
<b>Comprising:</b>		
Raw materials and consumables	794	1,202
Other external charges (a)	681	505
Staff costs	1,485	1,476
Depreciation	<u>58</u>	<u>69</u>
	<u><u>3,018</u></u>	<u><u>3,252</u></u>

(a) **Other external charges** include facilities costs of £34,000 (2016 - £50,000), maintenance and repairs of £69,000 (2016 - £108,000), operating lease rentals of land and buildings of £47,000 (2016 - £23,000) and other equipment of £41,000 (2016 - £39,000), computer system costs of £37,000 (2016 - £73,000), other staff related costs of £38,000 (2016 - £85,000) and other professional costs of £19,000 (2016 - £57,000).

Following a change in approach to the allocation of statutory audit fees to Group entities, auditors' remuneration of £15,000 has been paid (2016 - £12,500). There were no fees payable to the auditors in respect of non-audit services (2016 - £nil).

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2016 - £nil).

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. EMPLOYEES**

The average number of employees on a full time basis, directors during the year was:

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Operation and logistics	28	28
Selling and distribution	5	5
Finance and administration	3	3
	<u>36</u>	<u>36</u>
	<b>Year ended 30 June 2017 £ 000</b>	<b>Year ended 30 June 2016 £ 000</b>
<b>Aggregate remuneration</b>		
Wages and salaries	1,286	1,289
Employer's social security	154	143
Employer's pension	45	44
	<u>1,485</u>	<u>1,476</u>

**Retirement benefits**

The company operates a defined contribution stakeholder pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £45,000 (2016 - £44,000).

**5. NET FINANCE INCOME**

	<b>Year ended 30 June 2017 £ 000</b>	<b>Year ended 30 June 2016 £ 000</b>
<b>Net interest</b>		
Interest income from fellow group undertakings: Diageo Scotland Limited	<u>2</u>	<u>-</u>
<b>Net finance income</b>	<u>2</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. TAXATION**

	<b>Year ended 30 June 2017 £ 000</b>	<b>Year ended 30 June 2016 £ 000</b>
<b>(a) Analysis of taxation (credit)/charge for the year</b>		
<b>Current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	4	-
Changes in tax rates	(1)	-
Adjustments in respect of prior years	<u>1</u>	<u>-</u>
<b>Deferred tax</b>	<u>4</u>	<u>-</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>4</u>	<u>-</u>
	<b>Year ended 30 June 2017 £ 000</b>	<b>Year ended 30 June 2016 £ 000</b>
<b>(b) Factors affecting total tax (credit)/charge for the year</b>		
Profit on ordinary activities before taxation	<u>389</u>	<u>1,454</u>
Taxation on profit on ordinary activities at UK corporation tax rate of 19.75% (2016 - 20%)	(77)	(291)
Adjustments in respect of prior periods	1	-
Items not deductible for tax purposes	(11)	(14)
Group relief received for nil consideration	91	304
Deferred tax credit relating to changes in tax rates or laws	(1)	-
Other tax effects for reconciliation between accounting profit and tax expense	<u>1</u>	<u>1</u>
<b>Total tax (credit)/charge for the year</b>	<u>4</u>	<u>-</u>

The UK tax rate reduced from 20% to 19% on 1 April 2017 and so an average tax rate of 19.75% applied for the year ended 30 June 2017. A further reduction to 17% (effective from 1 April 2020) was enacted in September 2016. Deferred taxes at 30 June 2017 have been measured using these enacted tax rates and reflected in these financial statements (note 12).

**Zepf Technologies UK Limited**  
**Registered number: SC002816**  
**Year ended 30 June 2017**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant and equipment £ 000</b>
<b>Cost</b>	
At 30 June 2016	<u>193</u>
<b>At 30 June 2017</b>	<u>193</u>
<b>Depreciation</b>	
At 30 June 2016	(69)
Depreciation charge	<u>(58)</u>
<b>At 30 June 2017</b>	<u>(127)</u>
<b>Carrying amount</b>	
At 30 June 2016	<u>124</u>
<b>At 30 June 2017</b>	<u>66</u>

**8. INVENTORIES**

	<b>30 June 2017 £ 000</b>	<b>30 June 2016 £ 000</b>
Raw materials and consumables	234	307
Work in progress	<u>154</u>	<u>330</u>
	<u>388</u>	<u>637</u>

Inventories are disclosed net of provision of £9,000 (2016 - £nil) for obsolescence.

**9. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2017 £ 000</b>	<b>30 June 2016 £ 000</b>
Trade receivables	690	639
Prepayments and accrued income	36	35
Amounts owed by fellow group undertakings	<u>12</u>	<u>378</u>
	<u>738</u>	<u>1,052</u>

Amounts owed by fellow group undertakings are unsecured, repayable on demand and bears interest at a floating rate.

**Zepf Technologies UK Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. TRADE AND OTHER RECEIVABLES (continued)**

The aged analysis of trade receivables is as follows:

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Not overdue	552	628
Overdue 1-30 days	93	3
Overdue 31-60 days	20	-
Overdue 61-90 days	27	5
Overdue 91-180 days	1	3
Overdue more than 180 days	9	-
	<u>702</u>	<u>639</u>

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Provided	<u>25</u>	<u>-</u>

**10. TRADE AND OTHER PAYABLES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts owed to fellow group undertakings	482	-
Trade payables	123	157
Accruals and deferred income	63	52
Tax and social security excluding income tax	-	25
Other payables	<u>49</u>	<u>51</u>
	<u>717</u>	<u>285</u>

Amounts owed by fellow group undertakings are unsecured, repayable on demand and bears interest at a floating rate.

**Zepf Technologies UK Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. PROVISIONS**

	<b>Warranty claims £ 000</b>	<b>Dilapidation provision £ 000</b>	<b>Total £ 000</b>
At 30 June 2016	33	150	183
Decrease in existing provisions	(13)	-	(13)
At 30 June 2017	<u>20</u>	<u>150</u>	<u>170</u>
Non-current liabilities	<u>-</u>	<u>150</u>	<u>150</u>
Current liabilities	<u>20</u>	<u>-</u>	<u>20</u>

**12. DEFERRED TAX ASSETS**

The amounts of deferred tax accounted for in the balance sheet comprises the following net deferred tax assets:

	<b>Property, plant and equipment £ 000</b>	<b>Other temporary differences £ 000</b>	<b>Total £ 000</b>
Prior year adjustment	-	1	1
Recognised in income statement	3	-	3
At 30 June 2017	<u>3</u>	<u>1</u>	<u>4</u>

**13. SHARE CAPITAL**

*Allotted, called up and fully paid:*

	<b>30 June 2017 £ 000</b>
500,000 (2016 - 500,000) ordinary shares of £1 each	<u>500</u>

**Zepf Technologies UK Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. COMMITMENTS**

**Operating lease commitments**

The minimum lease rentals to be paid under non-cancellable leases are as follows:

	2017	2017		2016	2016	
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Annual payments under lease expiring as at 30 June:</b>						
Within one year	47	41	88	23	39	62
Between one and two years	47	26	73	47	29	76
Between two and three years	-	8	8	47	12	59
	<u>94</u>	<u>75</u>	<u>169</u>	<u>117</u>	<u>80</u>	<u>197</u>

The company leases land and buildings and various other equipment under non-cancellable operating lease agreement. The lease terms are between 1 July 2004 and 30 June 2019 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

**15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

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

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the Diageo group. Diageo plc is incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, Lakeside Drive, Park Royal, London, NW10 7HQ.