

Grand Metropolitan Capital Company Limited

Directors' report and financial statements

30 June 2019

Registered number: 03249862



Grand Metropolitan Capital Company Limited
Registered number: 03249862
Year ended 30 June 2019

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Grand Metropolitan Capital Company Limited

Registered number: 03249862

Year ended 30 June 2019

DIRECTORS' REPORT

The directors are pleased to submit their directors' report, together with the audited financial statements for the year ended 30 June 2019.

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 principal activity of the company is to act as an investment holding company for the Diageo group ("the group").

On 12 March 2019, the company's share capital was reduced from £3,005,000,000 to £2, through cancelling and extinguishing £3,004,999,998 ordinary shares of £1 each in the company. The amount was credited to retained earnings.

The company is incorporated and domiciled as a private limited company in the United Kingdom. The registered address is Lakeside Drive, Park Royal, London, NW10 7HQ.

Going concern

The company is expected to continue to generate profit on its own account and to remain in 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 2019 is shown on page 8.

The profit for the year transferred to reserves was £3,491,000 (2018 - £2,050,000).

Dividends paid during the year ended 30 June 2019 and 30 June 2018 were £1,976,000 (0.0007p per share) and £1,411,000 (0.0005p per share) respectively.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M C Edmunds

K E Major (appointed 1 August 2018)

D F Harlock (resigned 1 August 2018)

V Rao (resigned 26 February 2019)

P Viswanathan (resigned 26 February 2019)

Grand Metropolitan Capital Company Limited

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Year ended 30 June 2019

DIRECTORS' REPORT (continued)

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2018 - £nil).

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.

Post balance sheet events

On 1 August 2019 the wholly owned subsidiary of the company, Grand Metropolitan (Cayman Islands) Limited, cancelled and extinguished £2,560,000,001 ordinary shares of £1 each and the share premium account of £240,000. The equivalent amount was credited to retained earnings in the subsidiary company.

At the beginning of calendar year 2020 a new coronavirus, referred to as 'COVID-19', emerged and has been classified as a pandemic due to its spread across the world. Given the global nature of the COVID-19 pandemic, and the uncertainty as to the severity and duration of the impact across multiple markets, it is difficult to accurately assess the impact the virus will have on the future financial performance of the company, although it is expected that the pandemic will not affect the ability of the group to operate as a going concern. On 9 April 2020 Diageo plc, the ultimate parent of the Company, issued an announcement relating to the impact of the COVID-19 outbreak. The announcement emphasised that the group has a strong balance sheet and is taking actions to maintain good liquidity of the group and will invest prudently to ensure that it is strongly positioned for a recovery in consumer demand. The directors are therefore comfortable that the group is able to provide support for a period of at least 12 months from the date of the signed financial statements, should it be required.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the group. Diageo plc's internal control and risk management systems including its financial reporting process of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2019 on page 75 at www.diageo.com, which does not form part of this report.

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DIRECTORS' REPORT (continued)

Principal risks and uncertainties facing the company as at 30 June 2019

The company believes the following to be the principal risks and uncertainties it faces. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole and are managed by the group's treasury department.

The process surrounding the United Kingdom's future trading relationship with the European Union continues. The group remains of the view that, in the event of either a future free trade agreement (FTA) or a 'no FTA' outcome at the end of the implementation period between the UK and the EU, the direct financial impact to the company will not be material. The full implications of Brexit will not be understood until future trade, regulatory and tax arrangements to be entered into by the United Kingdom are established. Furthermore, the group could experience changes to laws and regulations post Brexit, in areas such as intellectual property rights, employment, environment, supply chain logistics, data protection, and health and safety.

A cross-functional working group is in place that meets on a regular basis to identify and assess the consequences of Brexit, with all major functions within the group's business represented. The group continues to monitor this risk area very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and takes prudent actions to mitigate these risks wherever practical. More specific details on the impact of Brexit are included in the 2020 interim results presentation of Diageo plc which are publicly available.

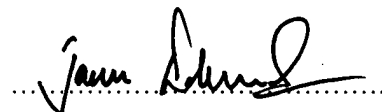
Auditors

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



J M C Edmunds
Director

Lakeside Drive
Park Royal
London
NW10 7HQ

29 April 2020

Grand Metropolitan Capital Company Limited

Registered number: 03249862

Year ended 30 June 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the directors' report and the financial statement 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 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.

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.

Independent auditors' report to the members of Grand Metropolitan Capital Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Grand Metropolitan Capital Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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 Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 where:

- 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.

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 2019 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 directors' responsibilities in respect of the financial statements set out on page 5, 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. 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.

Other required reporting

Companies Act 2006 exception reporting

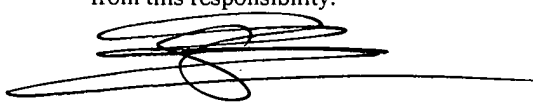
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

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.



Steve Reid (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 April 2020

Grand Metropolitan Capital Company Limited
Registered number: 03249862
Year ended 30 June 2019

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2019	Year ended 30 June 2018
	Notes	£ 000	£ 000
Finance income	3	<u>3,491</u>	<u>2,050</u>
Profit before taxation on ordinary activities		3,491	2,050
Taxation on profit on ordinary activities	4	<u>—</u>	<u>—</u>
Profit for the financial year and total comprehensive income for the year		<u>3,491</u>	<u>2,050</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.

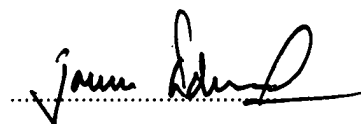
Grand Metropolitan Capital Company Limited
Registered number: 03249862
Year ended 30 June 2019

BALANCE SHEET

		30 June 2019	30 June 2018
		£ 000	£ 000
Non-current assets			
Investments in subsidiaries	5	2,561,500	2,561,500
Current assets			
Trade and other receivables	6	447,196	445,681
Total assets		3,008,696	3,007,181
Equity			
Called up share capital	7	—	3,005,000
Retained earnings		3,008,696	2,181
Total equity		3,008,696	3,007,181

The accounting policies and other notes on pages 11 to 16 form part of the financial statements.

These financial statements on pages 8 to 16 were approved by the Board on 29 April 2020 and were signed on its behalf by:



J M C Edmunds

Director

Grand Metropolitan Capital Company Limited
Registered number: 03249862
Year ended 30 June 2019

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
Balance at 30 June 2017	3,005,000	1,542	3,006,542
Profit for the financial year	—	2,050	2,050
Dividends to shareholders	—	(1,411)	(1,411)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	3,005,000	2,181	3,007,181
Profit for the financial year	—	3,491	3,491
Capital reduction	(3,005,000)	3,005,000	—
Dividends to shareholders	—	(1,976)	(1,976)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	—	3,008,696	3,008,696

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

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 measured 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 preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).
- The following paragraphs of IAS 24 'Related party disclosures':
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB which have been endorsed by the EU, have been adopted by the group and therefore by the company from 1 July 2018 with no impact on the company's results, financial position or disclosures:

- Amendments to IAS 40 - Transfers of Investment Property;
- Amendments to IFRS 2 - Classification and Measurement of Share-based payment transactions;
- Amendments to IFRS 4 - Applying IFRS 9 with IFRS 4 Insurance contracts;
- Improvements to IFRS 1 - First-time Adoption of International Financial Reporting Standards: Deletion of short-term exemptions for first-time adopters;
- Improvements to IAS 28 - Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice;
- IFRIC 23 Uncertainty over Income Tax Treatments.

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.

Finance income

Finance income is recognised in the statement of comprehensive income in the year in which it is earned.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are initially recorded at fair value, where permitted by IFRS 9, including any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets into the following categories: financial assets at amortised cost, financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets are eligible to be carried at either amortised cost or fair value, the company does not apply the fair value option.

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. Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

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. Penalties and interest on tax liabilities are included in profit before taxation.

Dividends

The interim dividend is included in the financial statements in the year in which it is approved by the directors, and the final dividend in the year in which it is approved by shareholders.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

The auditors' remuneration of £3,000 (2018 - £3,000) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditors in respect of non-audit services (2018 - £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 (2018 - £nil).

3. FINANCE INCOME

	Year ended 30 June 2019 £ 000	Year ended 30 June 2018 £ 000
Interest income from fellow group undertakings		
Diageo Finance plc	3,491	2,050
Total finance income	<u>3,491</u>	<u>2,050</u>

4. TAXATION

	Year ended 30 June 2019 £ 000	Year ended 30 June 2018 £ 000
(a) Analysis of taxation for the year		
Current tax		—
Deferred tax	—	—
Taxation on profit on ordinary activities	<u>—</u>	<u>—</u>
(b) Factors affecting total tax for the year		
Profit on ordinary activities before taxation	3,491	2,050
Taxation on profit on ordinary activities at UK corporation tax rate of 19% (2018-19%)	(663)	(390)
Group relief received for nil consideration	663	390
Total tax for the year	<u>—</u>	<u>—</u>

The UK tax rate is 19% effective from 1 April 2017 which is applied for the year ended 30 June 2019. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Grand Metropolitan Capital Company Limited
Registered number: 03249862
Year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES

Shares in group undertakings

	Subsidiaries
	£ 000
Cost and carrying amount	
At 30 June 2019 and at 30 June 2018	<u>2,561,500</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

Name of investment	Notes	Registered office address	Proportion of ownership interest %*
Direct holdings			
<i>Subsidiary undertakings</i>			
Grand Metropolitan (Cayman Islands) Limited	(i)	Second Floor, Century Yard, P O Box 448GT, Cricket Square, Grand Cayman, Cayman Islands	100%

(i) Dormant company.

The investment in subsidiary is held at cost less, where appropriate, provision for impairment in value.

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

6. TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2019 £ 000	Year ended 30 June 2018 £ 000
Amounts owed by fellow group undertakings		
Diageo Finance plc	<u>447,196</u>	<u>445,681</u>
	<u>447,196</u>	<u>445,681</u>

Amounts owed by fellow group undertaking bear interest at floating rates, are unsecured and repayable on demand.

*The percentage of shares held owned by the immediate shareholder(s) of the subsidiary and the effective percentage of shares held owned by the company are the same.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. SHARE CAPITAL

30 June 2019
£ 000

Allotted, called up and fully paid:

2 (2018 - 3,005,000,000) ordinary shares of £1 each

—

On 12 March 2019, the company's share capital was reduced from £3,005,000,000 to £2, through cancelling and extinguishing £3,004,999,998 ordinary shares of £1 each in the company. The amount was credited to retained earnings.

8. POST BALANCE SHEET EVENTS

On 1 August 2019 the wholly owned subsidiary of the company, Grand Metropolitan (Cayman Islands) Limited, cancelled and extinguished £2,560,000,001 ordinary shares of £1 each and the share premium account of £240,000. The equivalent amount was credited to retained earnings in the subsidiary company.

At the beginning of calendar year 2020 a new coronavirus, referred to as 'COVID-19', emerged and has been classified as a pandemic due to its spread across the world. Given the global nature of the COVID-19 pandemic, and the uncertainty as to the severity and duration of the impact across multiple markets, it is difficult to accurately assess the impact the virus will have on the future financial performance of the company, although it is expected that the pandemic will not affect the ability of the group to operate as a going concern. On 9 April 2020 Diageo plc, the ultimate parent of the Company, issued an announcement relating to the impact of the COVID-19 outbreak. The announcement emphasised that the group has a strong balance sheet and is taking actions to maintain good liquidity of the group and will invest prudently to ensure that it is strongly positioned for a recovery in consumer demand. The directors are therefore comfortable that the group is able to provide support for a period of at least 12 months from the date of the signed financial statements, should it be required.

9. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertakings of the company are Grand Metropolitan Limited and Justerini & Brooks, Limited. The companies are incorporated and registered in England.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the 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.