

# **Diageo (IH) Limited**

## **Financial statements 30 June 2007**

Registered number 4222753

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## **Directors' report**

The directors have pleasure in submitting their annual report, together with the audited financial statements, for the year ended 30 June 2007

### **Activities**

The company is an investment holding company. The directors foresee no changes in the company's activities.

### **Issue of share capital**

The company allotted and issued at par 495,090 ordinary shares of £1 each to Diageo Venture Holdings Limited, its immediate parent undertaking, the proceeds of which were used to make a capital contribution to the company's subsidiary, Trelawny Estates Limited.

### **Financial**

The results for the year ended 30 June 2007 are shown on page 5. The directors do not recommend the payment of a dividend (2006 - £nil). The loss for the year transferred from reserves is £76,000 (2006 - £1,866,000 profit transferred to reserves).

### **Directors**

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

S M Bunn  
C D Coase  
G P Crickmore (appointed 28 June 2007)  
M C Flynn  
J Kyne (appointed 28 June 2007)  
M J Lester (resigned 31 August 2006)  
N Makos (appointed 27 July 2006)  
C R R Marsh  
S C Moore (appointed 28 June 2007)

C R R Marsh resigned as a director of the company on 30 September 2007.

S M Bunn resigned as a director of the company on 4 January 2008.

P D Tunnacliffe was appointed a director of the company on 7 January 2008.

### **Directors' emoluments**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2006 - £nil).

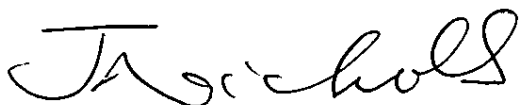
**Directors' report (continued)**

**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 re-appointed on the expiry of its term in office in respect of the year ended 30 June 2007.

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  
January 2008

## **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 Diageo (IH) Limited

We have audited the financial statements of Diageo (IH) Limited for the year ended 30 June 2007, 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 2007 and of its loss 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  
 24 April 2008

**Profit and loss account**

		<b>Year ended 30 June 2007 £'000</b>	<b>Year ended 30 June 2006 £'000</b>
	<i>Notes</i>		
Foreign exchange loss		<u>(598)</u>	<u>(2,260)</u>
<b>Operating loss</b>		<u>(598)</u>	<u>(2,260)</u>
Gain on liquidation of Myers Rum Company, Limited		-	3,585
Interest received from group undertaking - Diageo Finance plc		343	165
Amounts written off investments		<u>-</u>	<u>(252)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(255)</u>	<u>1,238</u>
Taxation on (loss)/profit on ordinary activities	3	<u>179</u>	<u>628</u>
<b>(Loss)/profit for the financial year transferred (from)/to reserves</b>	8	<u>(76)</u>	<u>1,866</u>

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 activities

**Balance sheet**

	<i>Notes</i>	<b>30 June 2007</b>		<b>30 June 2006</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Investments	4		1,119		613
<b>Current assets</b>					
Debtors – due within one year	5	119,511		119,599	
Creditors - amounts due within one year	6	<u>(148,588)</u>		<u>(148,589)</u>	
<b>Net current liabilities</b>			<u>(29,077)</u>		<u>(28,990)</u>
<b>Net liabilities</b>			<u>(27,958)</u>		<u>(28,377)</u>
<b>Capital and reserves</b>					
Called up share capital	7		552		57
<b>Reserves</b>					
Profit and loss account	8		<u>(28,510)</u>		<u>(28,434)</u>
<b>Equity shareholder's deficit</b>	9		<u>(27,958)</u>		<u>(28,377)</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 14 January 2008 and were signed on its behalf by



N Makos  
*Director*

## **Notes to the financial statements**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

The accounting policies of the company are consistent with those applied last year

#### **Basis of preparation**

The financial statements are prepared 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 part of the Diageo plc group ("group undertakings") or investees of the Diageo plc group

The company is exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985 as its results are included in the consolidated accounts of Diageo plc

#### **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 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. 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



**Notes to the financial statements (continued)**

**2. Operating costs**

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 (2006 - £nil)

The auditor's remuneration of £2,341 (2006 - £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 (2006 - £nil)

**3. Taxation**

<b>(i) Analysis of taxation credit for the year</b>	<b>Year ended 30 June 2007 £'000</b>	<b>Year ended 30 June 2006 £'000</b>
<b>Current tax</b>		
UK corporation tax at 30% (2006 - 30%)	179	628
	<hr/>	<hr/>
Taxation on profit on ordinary activities	179	628
	<hr/> <hr/>	<hr/> <hr/>

<b>(ii) Factors affecting current tax credit for the year</b>	<b>Year ended 30 June 2007 £'000</b>	<b>Year ended 30 June 2006 £'000</b>
(Loss)/profit on ordinary activities before taxation	(255)	1,238
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	77	(371)
Items not chargeable for tax purposes	102	1,075
Amounts written off investments	-	(76)
	<hr/>	<hr/>
Current ordinary tax credit for the year	179	628
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements (continued)**

**4. Fixed assets – investments**

**Shares in subsidiary undertakings**

	<b>30 June 2007</b>
	<b>£'000</b>
<b>Cost</b>	
At beginning of the year	922
Additions	<u>506</u>
At end of the year	<u>1,428</u>
<b>Provision</b>	
At beginning and end of the year	<u>(309)</u>
<b>Net book value</b>	
At 30 June 2006	<u>613</u>
At 30 June 2007	<u>1,119</u>

The company's subsidiary undertakings are as follows

<b>Subsidiary undertakings</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class of shares held</b>
<b>Direct:</b>			
Trelawny Estates Limited	Jamaica	Administrative company	Ordinary shares
<b>Indirect:</b>			
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.

All subsidiary undertakings are wholly owned.

In the opinion of the directors of the company, the investment in and amounts due from 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)**

**5. Debtors – due within one year**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings		
Justerini & Brooks, Limited	1,201	1,022
Diageo Canada Holdings Inc	1,170	1,216
Diageo Finance plc	6,620	6,841
Diageo Scotland Limited	<u>110,520</u>	<u>110,520</u>
	<u>119,511</u>	<u>119,599</u>

**6. Creditors – amounts due within one year**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>£'000</b>	<b>£'000</b>
Amount owed to parent undertaking (Diageo Venture Holdings Limited)	145,075	145,086
Amounts owed to other group undertakings		
Diageo plc	3,503	3,503
Diageo Canada Inc	<u>10</u>	<u>-</u>
	<u>148,588</u>	<u>148,589</u>

**7. Called up share capital**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
Equity—552,100 (2006 57,010) ordinary shares of £1 each	<u>552</u>	<u>57</u>

**8. Reserves**

	<b>Profit and loss account</b>
	<b>£'000</b>
At 30 June 2006	(28,434)
Loss for the year	<u>(76)</u>
At 30 June 2007	<u>(28,510)</u>

**Notes to the financial statements (continued)**

**9. Reconciliation of movement in shareholders' deficit**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial year	<u>(76)</u>	<u>1,866</u>
Net (addition to)/reduction in shareholders' deficit	(76)	1,866
New share capital issued	495	55
Shareholders' deficit at beginning of the year	<u>(28,377)</u>	<u>(30,298)</u>
Shareholders' deficit at end of the year	<u>(27,958)</u>	<u>(28,377)</u>

**10. 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 8 Henrietta Place, London W1G 0NB.