

**Cellarers (Wines) Limited**  
**Directors' report and financial statements**  
**30 June 2016**

Registered number: 01083023



**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

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**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2016.

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 acts as an agent for Justerini & Brooks, Limited, a fellow group company. The existence of the agency has not been disclosed to the parties with which the company deals.

The directors foresee no changes in the company's activities. The company is incorporated and its operations are based in the United Kingdom.

### **Going concern**

The company is expected to continue to remain in positive net asset position for the foreseeable future. The only liabilities at the balance sheet date are in respect of balances due to fellow group undertakings. 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. 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 2016 are shown on page 7.

The company made neither a profit nor a loss for the year (2015 - £nil).

No dividend was paid during the year (2015 - £nil).

The transition to FRS 101 did not change the reported figures as at 30 June 2016 and 30 June 2015, nor for the year ended 30 June 2014.

### **Directors**

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

D F Harlock (appointed 26 May 2016)

I A Hockney (resigned 5 November 2015)

A Mahler (appointed 5 November 2015)

J J Nicholls

P D Tunnacliffe (resigned 30 June 2016)

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2015 - £nil).

**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

## **DIRECTORS' REPORT (continued)**

### **Secretary**

On 5 November 2015, V Cooper was appointed as joint company secretary.

### **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.

### **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 2016 on pages 60 to 61 at [www.diageo.com](http://www.diageo.com), which does not form part of this report.

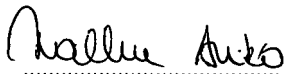
### **Auditors**

Following an audit tender conducted during last year, PricewaterhouseCoopers LLP were selected as auditors for the Diageo group. Accordingly, PricewaterhouseCoopers LLP were appointed to replace KPMG LLP as auditors for the year ended 30 June 2016.

### **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

Lakeside Drive  
Park Royal  
London  
NW10 7HQ

28 February 2017

**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

**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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101).

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 accounting 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;
- notify its shareholder in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 auditors' report to the members of Cellarers (Wines) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Cellarers (Wines) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its result for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. 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.

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## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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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### What an audit of financial statements involves

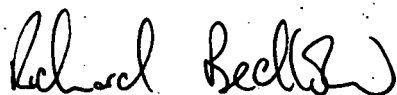
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

28 February 2017

**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

## **STATEMENT OF COMPREHENSIVE INCOME**

During the financial year and the preceding financial year the company acted as an undisclosed agent for Justerini & Brooks, Limited, a fellow group company. As it received no income and incurred no expenditure on its own account, the company made neither a profit nor a loss, and there were no other comprehensive income or expenses.

Accordingly, neither an income statement, a statement of other comprehensive income nor a statement of changes in equity has been presented.

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.



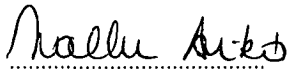
**Cellarers (Wines) Limited**  
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**Year ended 30 June 2016**

**BALANCE SHEET**

	Notes	30 June 2016 £	30 June 2015 £
<b>Current assets: due within one year</b>			
Trade and other receivables	4	<u>2</u>	<u>2</u>
<b>Net current assets</b>		<u>2</u>	<u>2</u>
<b>Net assets</b>		<u>2</u>	<u>2</u>
<b>Equity</b>			
Called up share capital	5	<u>2</u>	<u>2</u>
<b>Total equity</b>		<u>2</u>	<u>2</u>

The accounting policies and other notes on pages 9 to 12 form part of the financial statements.

These financial statements on pages 7 to 12 were approved by the Board on 28 February 2017 and were signed on its behalf by:



A Mahler  
Director

**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

## **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.

#### **Transition to FRS 101**

The company has applied FRS 101 for the first time for the year ended 30 June 2016 with comparative information for the year ended 30 June 2015 also prepared under FRS 101. The accounting policies applicable to the company from 1 July 2014 are set out below. This involved preparation of an opening FRS 101 balance sheet as at 1 July 2014, which is the company's date of transition to FRS 101 reporting.

The transition to FRS 101 did not change the reported figures as at 30 June 2016 and 30 June 2015, nor for the year ended 30 June 2014.

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;
- 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*;

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

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

**Cellarers (Wines) Limited**  
**Registered number: 01083023**  
**Year ended 30 June 2016**

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

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

#### **Turnover**

During the financial year and the preceding financial year the company acted as an undisclosed agent for Justerini & Brooks, Limited, a fellow group company. As it received no income and incurred no expenditure on its own account, the company made neither a profit nor a loss.

#### **Financial assets**

*Trade receivables* Trade receivables are non-interest bearing and are stated at their nominal amount that is usually the original invoiced amount less provisions made for bad and doubtful receivables. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are provided against when management deems them not to be collectable.

Amounts owed from other group companies are reported at initial cost, subject to impairment, as they are repayable on demand.

#### **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. Interests 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.

### **2. OPERATING COSTS**

The auditors' remuneration of £1,000 (2015 - £2,000) 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 (2015 - £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 (2015 - £nil).

**Cellarers (Wines) Limited**  
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**Year ended 30 June 2016**

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

**3. TAXATION**

	<b>Year ended 30 June 2016 £</b>	<b>Year ended 30 June 2015 £</b>
<b>(a) Analysis of taxation (credit)/charge for the year</b>		
Current tax	-	-
Deferred tax	-	-
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>-</b>	<b>-</b>
	<b>Year ended 30 June 2016 £</b>	<b>Year ended 30 June 2015 £</b>
<b>(b) Factors affecting total tax (credit)/charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	-	-
Taxation on (loss)/profit on ordinary activities at UK corporation tax rate of 20% (2015 - 20.75%)	-	-
Increase from transfer pricing adjustments	8,185	8,311
Group relief surrendered for nil consideration	(8,185)	(8,311)
<b>Total tax (credit)/charge for the year</b>	<b>-</b>	<b>-</b>

The UK tax rate reduced from 21% to 20% on 1 April 2015. In November 2015 a reduction to 19% was substantively enacted (effective from 1 April 2017), whilst a further reduction to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

Income taxable not in profit and loss account represents imputed income for tax purposes as part of a transfer pricing adjustment in relation to agency activity undertaken by the company on behalf of a fellow group undertaking.

**Cellarers (Wines) Limited**  
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**Year ended 30 June 2016**

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

**4. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>£</b>	<b>£</b>
Amounts owed by fellow group undertakings		
Diageo Great Britain Limited	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

All amounts fall due within one year.

**5. SHARE CAPITAL**

*Allotted, called up and fully paid:*

	<b>30 June 2016</b>
	<b>£</b>
2 (2015 - 2) ordinary shares of £1 each	<u>2</u>

**6. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

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

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.