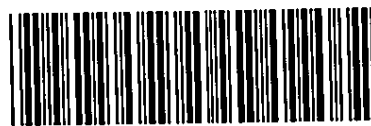


# Guinness Overseas Limited

## Financial statements 30 June 2007

Registered number 778398

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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 the holding company for companies engaged in the brewing and marketing of alcoholic beverages, including Guinness Stout and Harp Lager in overseas countries (except Western Europe and the USA) and in the production and marketing of soft drinks in certain territories

The company's activities are primarily carried out through related companies (Guinness Overseas Limited's direct and indirect interests are shown in brackets), which are principally

#### **Guinness Nigeria PLC (53.80%)**

Marketing and distribution activities in Nigeria Brewing and packaging operations at Benin, Ogba and Aba

#### **GAPL Pte Limited (49.99%)**

Markets and distributes Foreign Extra Stout, Draught Guinness, Canned Draught Guinness and ABC Stout to the Singapore domestic market and Balam

#### **Guinness Anchor Berhad (25.49%)**

Operates a brewery in Kuala Lumpur and sells and distributes Guinness Foreign Extra Stout, Draught Guinness, Guinness Malta and Anglia Shandy in Malaysia and certain export territories

### **Financial**

The results for the year ended 30 June 2007 are shown on page 5

The profit for the year transferred to reserves is £21,147,000 (2006 - £20,526,000)

An ordinary dividend of £20,446,000 proposed in relation to the year ended 30 June 2006 was approved by the shareholder and paid in the year

## **Directors' report (continued)**

### **Directors**

The directors who held office during the year were as follows

N B Blazquez  
S M Bunn  
C D Coase  
G P Crickmore (appointed 28 June 2007)  
S R Fletcher  
M C Flynn  
R J Joy (resigned 22 June 2007)  
T Knopp (resigned 19 January 2007)  
J Kyne (appointed 28 June 2007)  
M J Lester (resigned 31 August 2006)  
N Mákos  
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**

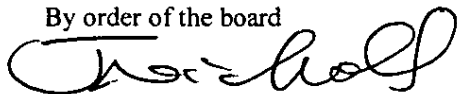
None of the directors received any remuneration during the year in respect of their services as directors of the company (2006 - £nil)

### **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 reappointed 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 Guinness Overseas Limited

We have audited the financial statements of Guinness Overseas 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 profit 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**

	<i>Notes</i>	<b>Year ended 30 June 2007 £000</b>	<b>Year ended 30 June 2006 £000</b>
Operating costs	<i>1</i>	(599)	(1,013)
<b>Operating (loss)</b>		<u>(599)</u>	<u>(1,013)</u>
Disposal of fixed assets	<i>3</i>	302	-
Dividend from shares in group undertakings		11,953	7,320
Dividend from shares in associated undertakings		1,449	1,097
Dividend from shares in joint ventures		5,624	5,093
Dividend from other fixed asset investments		23	27
Amounts written off investments		-	(359)
Net interest receivable	<i>4</i>	3,353	6,732
<b>Profit on ordinary activities before taxation</b>		<u>22,105</u>	<u>18,897</u>
Taxation on profit on ordinary activities	<i>5</i>	(958)	1,629
<b>Profit on ordinary activities after taxation</b>		<u><u>21,147</u></u>	<u><u>20,526</u></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 operations

**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>					
Tangible assets	6		4,040		6,477
Investments	7		18,153		18,153
			<hr/>		<hr/>
			22,193		24,630
<b>Current assets</b>					
Debtors due within one year	8	84,053		69,065	
Investments	9	247		286	
Cash at bank and in hand	10	4,393		3,938	
		<hr/>		<hr/>	
		88,693		73,289	
<b>Creditors due within one year</b>	11	(37,393)		(25,127)	
		<hr/>		<hr/>	
<b>Net current assets</b>			51,300		48,162
			<hr/>		<hr/>
<b>Net assets</b>			73,493		72,792
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	12	-		-	
Profit and loss account	13	73,493		72,792	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>	14		73,493		72,792
			<hr/>		<hr/>

These financial statements on pages 5 to 16 were approved by the board of directors on 24 January 2008 and were signed on its behalf by



N Mákos  
Director

## 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 published consolidated financial statements of Diageo plc

### Tangible fixed assets

Land and buildings are stated at cost less depreciation

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. An impairment charge of £350k has been provided against Auberger buildings based on the most recent offer for its disposal subsequent to the balance sheet date

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other tangible fixed assets are depreciated on a straight-line basis to estimated residual values over their expected useful lives within the following ranges

Industrial and other buildings	10 to 50 years
Fixtures and fittings	5 to 10 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets 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

### 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



**Accounting policies (continued)**

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction  
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates

Exchange gains and losses are taken to the profit and loss account

## Notes to the financial statements

### 1. Operating costs

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Other operating income (a)	1	6
Other operating charges (b)	(183)	(952)
Depreciation and other amounts written off fixed assets (c)	(417)	(67)
	<u>(599)</u>	<u>(1,013)</u>

(a) **Other operating income** comprises rental income for properties in the Seychelles of £1,200 (2006 - £6,000)

(b) **Other operating charges** comprise losses in respect of foreign exchange of £224,000 (2006 - £612,000 (net)) and other operating income of £ 41,000 (2006 - £334,000 expense)

(c) **Depreciation and other amounts written off fixed assets** comprise the depreciation charge for the financial year for buildings of £ 59,000 (2006 - £59,000), for fixtures and fittings of £8,000 (2006 - £8,000) and loss from impairment of a property of £ 350,000 (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 to the company (2006 - £nil)

### 2. Directors and employees

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)

### 3. Disposal of fixed assets

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Profit on the sale of property	302	-
	<u>302</u>	<u>-</u>

The tax charge on this item amounted to £nil (2006 - £ nil)

Notes to the financial statements (continued)

4. Net interest receivable

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
On loans to fellow group undertakings	3,353	6,732

5. Taxation

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
<b>(i) Analysis of taxation (charge)/credit for the year</b>		
<b>Current tax</b>		
UK corporation tax at 30% (2006 - 30%)	(5,818)	(818)
Double tax relief	5,818	818
Overseas corporation tax	(958)	(818)
Adjustment in respect of prior years	-	2,447
Taxation on profit on ordinary activities	(958)	1,629

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
<b>(ii) Factors affecting current tax (charge)/credit for the year</b>		
Profit on ordinary activities before taxation	22,105	18,897
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	(6,632)	(5,669)
Items not chargeable for tax purposes	(35)	(128)
Group relief received for nil consideration	2,307	4,979
Underlying tax/double tax relief	4,360	818
Overseas withholding taxes	(958)	(818)
Adjustment in respect of prior years	-	2,447
Current ordinary tax (charge)/credit for the year	(958)	1,629

Notes to the financial statements (continued)

6. Fixed assets – tangible assets

	Land and buildings £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 30 June 2006	6,649	50	6,699
Disposal during the year	(2,020)	-	(2,020)
At 30 June 2007	<u>4,629</u>	<u>50</u>	<u>4,679</u>
<b>Depreciation</b>			
At 30 June 2006	(202)	(20)	(222)
Provided during the year	(59)	(8)	(67)
Provision for impairment	(350)	-	(350)
At 30 June 2007	<u>(611)</u>	<u>(28)</u>	<u>(639)</u>
<b>Net book value</b>			
At 30 June 2007	<u>4,018</u>	<u>22</u>	<u>4,040</u>
At 30 June 2006	<u>6,447</u>	<u>30</u>	<u>6,477</u>
	<b>30 June 2007</b>	<b>30 June 2006</b>	
	<b>£000</b>	<b>£000</b>	
Freehold	<u>4,018</u>	<u>6,447</u>	

Included within the net book value of freehold properties is £3.1 million (2006 – £5.2 million) in respect of land on which no depreciation is charged

Notes to the financial statements (continued)

7. Fixed assets – investments

	Subsidiary undertakings £000	Associated undertakings £000	Other investments £000	Total £000
Cost at beginning and end of the year	16,013	3,474	117	19,604
Provision at beginning and end of the year	(242)	(1,209)	-	(1,451)
Net book value at beginning and end of the year	15,771	2,265	117	18,153

Notes to the financial statements (continued)

7. Fixed assets – investments (continued)

The principal subsidiary and associated undertakings and joint ventures and the percentage of equity owned are as follows

	Country of incorporation	Principal activity	Percentage of shares held
<b>Direct holdings:</b>			
<b>Subsidiary undertakings</b>			
Atalantaf Limited	Bermuda	Investment company	100 00
Guinness South Africa (Pty) Limited	South Africa	Dormant	100 00
Diageo (Caribbean) Limited	Trinidad & Tobago	Sales and marketing	100 00
Guinness Canada Limited	Canada	Sales and marketing	51 00
Guinness France S A R L	France	Marketing advisers	100 00
Guinness Liberia Inc	Liberia	Marketing	100 00
Guinness Nigeria PLC	Nigeria	Marketing and distribution	46 03
Phenix C I S A R L	Ivory Coast	Marketing	100 00
Phenix Gabon S A R L	Gabon	Marketing	100 00
<b>Associated undertakings</b>			
East African Breweries Limited	Kenya	Brewing, marketing and distribution	2 60
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales	7 50
Seychelles Breweries Limited	Seychelles	Brewing, marketing & distribution	54 00
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing & distribution	36 83
<b>Joint ventures</b>			
GAPL Pte Limited	Singapore	Marketing and distribution	49 99
<b>Indirect holdings:</b>			
<b>Subsidiary undertakings</b>			
Guinness Nigeria PLC	Nigeria	Marketing and distribution	7 77
<b>Joint ventures</b>			
Guinness Anchor Berhad	Malaysia	Sales and distribution	25 49

## Notes to the financial statements (continued)

### 7 Fixed assets – investments (continued)

All holdings are of ordinary share capital or its equivalent

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

In the opinion of the directors, 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

Included in fixed asset investments are listed investments amounting to £13.1 million (2006 - £13.1 million) At 30 June 2007 the market value of these investments was £383.7 million (2006 - £223.1 million)

### 8. Debtors

	30 June 2007 £000	30 June 2006 £000
Trade debtors	429	476
Amounts owed by immediate parent undertaking (Guinness Overseas Holdings Limited)	-	24,255
Amounts owed by fellow group undertakings		
Diageo Finance plc	83,276	43,555
Other fellow group undertakings	348	779
	<u>84,053</u>	<u>69,065</u>

All amounts fall due within one year

### 9. Current asset investments

	30 June 2007 £000	30 June 2006 £000
Loans	247	286
	<u>247</u>	<u>286</u>

### 10. Cash

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool

Notes to the financial statements (continued)

11. Creditors: due within one year

	30 June 2007	30 June 2006
	£000	£000
Amounts owed to immediate parent undertaking (Guinness Overseas Holdings Limited)	13,432	-
Amounts owed to fellow group undertakings		
Diageo Great Britain Limited	21,094	22,504
Diageo Ireland	2,242	1,598
Other fellow group undertakings	625	962
Accruals and deferred income	-	63
	<u>37,393</u>	<u>25,127</u>

12. Share capital

	30 June 2007	30 June 2006
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
Equity - 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Reserves

	Profit and loss account £000
At 30 June 2006	72,792
Profit for the year	21,147
Dividends paid	(20,446)
At 30 June 2007	<u>73,493</u>



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

**14. Reconciliation of movement in shareholders' funds**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	21,147	20,526
Dividends paid	(20,446)	(76,100)
	<hr/>	<hr/>
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>701</b>	<b>(55,574)</b>
<b>Shareholders' funds at beginning of year</b>	<b>72,792</b>	<b>128,366</b>
	<hr/>	<hr/>
<b>Shareholders' funds at end of year</b>	<b>73,493</b>	<b>72,792</b>
	<hr/> <hr/>	<hr/> <hr/>

**15. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the company is Guinness Overseas Holdings Limited, a company incorporated and registered in England

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