

Diageo (IH) Limited

Financial statements 30 June 2008

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 2008.

Activities

The company is an investment holding company and also receives interest on its inter-company receivables. The directors foresee no changes in the company's activities.

Financial

The results for the year ended 30 June 2008 are shown on page 5. The directors do not recommend the payment of a dividend (2007 - £nil). The profit for the year transferred to reserves is £377,000 (2007 - £76,000 loss transferred from reserves).

Directors

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

S M Bunn (resigned 4 January 2008)
C D Coase
G P Crickmore
M C Flynn (resigned 15 June 2008)
J Kyne
N Makos
C R R Marsh (resigned 30 September 2007)
S C Moore
P D Tunnacliffe (appointed 7 January 2008)

A A Abigail was appointed a director of the company on 7 August 2008.

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2007 - £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 2008.

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

24 March 2009

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 2008, 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 2008 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

2009

Profit and loss account

		Year ended 30 June 2008	Year ended 30 June 2007
	<i>Notes</i>	£'000	£'000
Foreign exchange gain/(loss)		109	(598)
Operating profit/(loss)		109	(598)
Interest received from fellow group undertaking - Diageo Finance plc		268	343
Profit/(loss) on ordinary activities before taxation		377	(255)
Taxation on profit/(loss) on ordinary activities	3	-	179
Profit/(loss) for the financial year	8	377	(76)

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>	30 June 2008		30 June 2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	4		1,119		1,119
Current assets					
Debtors – due within one year	5	119,902		119,511	
Creditors - due within one year	6	<u>(148,602)</u>		<u>(148,588)</u>	
Net current liabilities			<u>(28,700)</u>		<u>(29,077)</u>
Net liabilities			<u>(27,581)</u>		<u>(27,958)</u>
Capital and reserves					
Called up share capital	7		552		552
Profit and loss account	8		<u>(28,133)</u>		<u>(28,510)</u>
Shareholder's deficit	9		<u>(27,581)</u>		<u>(27,958)</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 24 March 2009 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 that are considered material in relation to the company's financial statements.

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.

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.

All 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 (2007 - £nil).

The auditor's remuneration of £2,917 (2007 - £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 (2007 - £nil).

3. Taxation

(i) Analysis of taxation credit for the year	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Current tax		
UK corporation tax at 29.5% (2007 - 30%)	-	179
	<hr/>	<hr/>
Taxation on profit on ordinary activities	-	179
	<hr/> <hr/>	<hr/> <hr/>

(ii) Factors affecting current tax credit for the year	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Profit/(loss) on ordinary activities before taxation	377	(255)
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities at UK corporation tax rate of 29.5% (2007 - 30%)	(111)	77
UK/UK transfer pricing adjustment	79	102
Group relief received for nil consideration	32	-
	<hr/>	<hr/>
Current ordinary tax credit for the year	-	179
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

4. Fixed assets – investments

Shares in subsidiary undertakings

	30 June 2008 £'000
Cost	
At beginning and end of the year	1,428
Provision	
At beginning and end of the year	(309)
Net book value	
At beginning and end of the year	<u>1,119</u>

The company's subsidiary undertakings are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held
Direct:				
Trelawny Estates Limited	Jamaica	Administrative company	Ordinary shares	100%
Indirect:				
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

	30 June 2008	30 June 2007
	£'000	£'000
Amounts owed by fellow group undertakings:		
Justerini & Brooks, Limited	1,201	1,201
Diageo Canada Holdings Inc.	1,222	1,170
Diageo Finance plc	6,959	6,620
Diageo Scotland Limited	110,520	110,520
	<u>119,902</u>	<u>119,511</u>

All amounts fall due within one year.

6. Creditors – amounts due within one year

	30 June 2008	30 June 2007
	£'000	£'000
Amount owed to parent undertaking (Diageo Venture Holdings Limited)	145,088	145,075
Amounts owed to other group undertakings:		
Diageo plc	3,503	3,503
Diageo Canada Inc.	11	10
	<u>148,602</u>	<u>148,588</u>

7. Called up share capital

	30 June 2008	30 June 2007
	£'000	£'000
Authorised:		
2,000,000 ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
552,100 ordinary shares of £1 each	552	552
	<u>552</u>	<u>552</u>

Notes to the financial statements (continued)

8. Reserves

	Profit and loss account £'000
At 30 June 2007	(28,510)
Profit for the year	377
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At 30 June 2008	(28,133)
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9. Reconciliation of movement in shareholders' deficit

	30 June 2008 £'000	30 June 2007 £'000
Profit/(loss) for the financial year	377	(76)
	<hr/>	<hr/>
Net reduction in/(addition to) shareholders' deficit	377	(76)
New share capital issued	-	495
Shareholders' deficit at beginning of the year	(27,958)	(28,377)
	<hr/>	<hr/>
Shareholders' deficit at end of the year	(27,581)	(27,958)
	<hr/> <hr/>	<hr/> <hr/>

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.