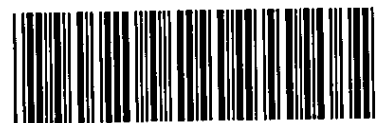


# **Guinness Overseas Limited**

## **Financial statements 30 June 2006**

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 2006

### **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' 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, Ogbia 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 2006 are shown on page 7

The profit for the year transferred to reserves is £20,526,000 (2005 - £26,788,000)

An ordinary dividend of £76,100,000 proposed in relation to the year ended 30 June 2005 was approved by the shareholder and paid in the year

### **Directors**

The directors who held office during the year were as follows

N B Blazquez (appointed 9 August 2005)  
S M Bunn (appointed 9 August 2005)  
C D Coase (appointed 9 August 2005)  
S R Fletcher  
M C Flynn (appointed 9 August 2005)  
D H C Hampshire (resigned 9 August 2005)  
R J Joy  
T Knopp (appointed 26 May 2006)  
M J Lester (appointed 9 August 2005)  
N Mákos (appointed 26 May 2006)

## Directors' report (continued)

### Directors (continued)

C R R Marsh (appointed 26 May 2006)

M J Lester resigned as a director on 31 August 2006 T Knopp resigned as a director on 19 January 2007

### Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2005 - £nil)

### Directors' interests

No directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28 <sup>101</sup>/<sub>108</sub> p each in the ultimate parent company, Diageo plc

#### (i) Ordinary shares and conditional rights to ordinary shares

	Ordinary shares		Conditional rights to ordinary shares				
	At beginning of year (or date of appointment)	At end of year	At beginning of year (or date of appointment)	Granted in year	Vested in year	Lapsed in year	At end of year
N B Blazquez	13,828	14,864	24,211	13,346	-	11,866	25,691
S M Bunn	128	132	-	-	-	-	-
C D Coase	14,207	15,000	-	23,380	-	-	23,380
S R Fletcher	97,046	109,877	193,277	116,287	(25,114)	(36,542)	247,908
M C Flynn	11,767	12,377	-	-	-	-	-
R J Joy	48,283	54,202	22,784	9,443	(3,296)	(4,797)	24,134
T Knopp	-	-	2,818	-	-	-	2,818
M J Lester	26,330	28,852	30,790	8,361	(3,521)	-	35,630
C R R Marsh	1,046	1,067	-	-	-	-	-

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. Any conditional rights are shown in the table as ordinary share equivalents. The conditional rights to ordinary shares are subject to share performance criteria of Diageo plc ordinary shares. The numbers disclosed in the above table represent the maximum number of conditional rights. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

**Directors' report (continued)**

**Directors' interests (continued)**

**(ii) Options**

	<b>Options over ordinary shares</b>			At end of year
	At beginning of year (or date of appointment)	Granted in year	Exercised during year	
N B Blazquez	179,711	37,936	(87,326)	130,321
S M Bunn	52,437	12,420	(19,033)	45,824
C D Coase	141,269	16,366	(18,550)	139,085
S R Fletcher	688,970	117,177	(424,610)	381,537
M C Flynn	17,991	3,037	(3,608)	17,420
R J Joy	182,507	20,553	(3,341)	199,719
T Knopp	87,468	-	-	87,468
	(21,867 ADS)			(21,867 ADS)
M J Lester	113,567	17,693	(55,550)	75,710
N Mákos	13,463	-	-	13,463
C R R Marsh	10,004	-	-	10,004

The directors held the above options under Diageo plc share option schemes at prices between 518 pence and 815 pence per ordinary share exercisable between 2006 and 2015. Certain options granted in the Republic of Ireland were granted at a price of €7.37 per ordinary share. US grants were at prices between US\$43.82 and US\$59.40 per ADS. US options were granted over ADSs at dollar prices (one ADS is equivalent to four ordinary shares). The options are granted at market value on the date the option is granted and the option price is payable when the option is exercised.

Options granted under one of the schemes, the Senior Executive Share Option Plan ('SESOP'), may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to grants of options under the SESOP is linked to the increase in earnings per share and is initially applied over the three year period commencing on the date the options are granted. Full details of the performance condition are disclosed in the annual report of the ultimate holding company, Diageo plc.

Options granted for N B Blazquez, S R Fletcher and R J Joy are principally options granted under the SESOP, which are subject to performance conditions as detailed above.

The mid-market share price of Diageo plc shares fluctuated between 778 pence and 928 pence during the year. The mid-market share price on 30 June 2006 was 917 pence.

At 30 June 2006, all the directors (except T Knopp) had an interest in 17,791,320 shares and 8,045,000 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes. N B Blazquez, S R Fletcher, R J Joy and M J Lester each had a further interest in 6,460,442 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes. T Knopp had an interest in 14,973,928 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes.

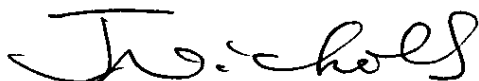
**Directors' report (continued)**

**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 reappointed on the expiry of its term in office in respect of the year ended 30 June 2006.

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 April 2007

## **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 2006 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 5. 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 2006 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 2007*

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2006 £000</b>	<b>Year ended 30 June 2005 £000</b>
<b>Turnover</b>		-	-
Operating (costs)/income (including exceptional items of £m1 (2005 - exceptional income of £2,479,000))	2	(1,013)	910
<b>Operating (loss)/profit</b>		(1,013)	910
Income from shares in group undertakings		7,320	15,386
Income from shares in associated undertakings		6,190	6,321
Income from other fixed asset investments		27	30
Amounts written off investments		(359)	(850)
Net interest receivable	4	6,732	7,177
<b>Profit on ordinary activities before taxation</b>		18,897	28,974
Taxation on profit on ordinary activities	5	1,629	(2,186)
<b>Profit on ordinary activities after taxation</b>		20,526	26,788

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

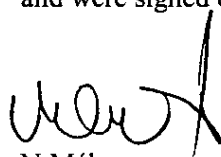
All results arise from continuing operations



**Balance sheet**

	<i>Notes</i>	<b>30 June 2006</b>		<b>30 June 2005</b> <b>(as restated)</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	6		6,477		6,544
Investments	7		18,153		25,526
			<hr/>		<hr/>
			24,630		32,070
<b>Current assets</b>					
Debtors due within one year	8	69,065		190,755	
Investments	9	286		286	
Cash at bank and in hand	10	3,938		2,189	
		<hr/>		<hr/>	
			73,289		193,230
<b>Creditors due within one year</b>	11	(25,127)		(96,934)	
		<hr/>		<hr/>	
<b>Net current assets</b>			48,162		96,296
			<hr/>		<hr/>
<b>Net assets</b>			72,792		128,366
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	12	-		-	
Profit and loss account	13	72,792		128,366	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>	14		72,792		128,366
			<hr/>		<hr/>

These financial statements on pages 7 to 19 were approved by the board of directors on 24 April 2007 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

### **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

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 declared 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. Assets and liabilities 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.

### **Exceptional items**

Exceptional items are those that, in management's judgement, need to be disclosed by virtue of their size or incidence. Such items are included within the profit and loss account caption to which they relate and are separately disclosed either in the notes to the financial statements or on the face of the profit and loss account.

## Notes to the financial statements

### 1. New accounting policies

The accounting policies of the company are consistent with those applied last year, apart from where the company has adopted the following accounting standards in the year

**FRS 21 – Events after the balance sheet date.** Formerly, under UK GAAP, the proposed dividends on ordinary shares, as recommended by the directors, were deducted from shareholders' equity and shown as a liability in the balance sheet at the end of the period to which they related. Under FRS 21, proposed dividends are not considered to be a liability until they are approved by the Board. Accordingly, the net assets at 30 June 2005 have been restated by £76,100,000 to eliminate the proposed dividend previously accounted for.

**FRS 25 – Financial Instruments: Disclosure and Presentation.** The company has adopted the presentation requirements of FRS 25 in these financial statements. The presentational requirements apply to the classification of financial instruments into financial assets, financial liabilities or equity instruments, the classification of related interest, dividend, gains and losses, and the circumstances around which financial assets and liabilities should be offset. The adoption of these requirements has not resulted in the restatement of the information in respect of the year ended 30 June 2005, nor has it impacted the results in respect of the year ended 30 June 2006. The company has not adopted the disclosure requirements of FRS 25 in these financial statements.

**FRS 28 – Corresponding amounts.** FRS 28 sets out the requirements for the disclosure of corresponding amounts for items disclosed in a company's primary financial statements and the notes to the financial statements.

Notes to the financial statements (continued)

2. Operating (costs) / income

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Other operating income (a)	6	1,075
Other operating charges (b)	(952)	(2,539)
Other external charges	-	(39)
Depreciation and other amounts written off fixed assets (c)	(67)	2,413
	<u>(1,013)</u>	<u>910</u>

(a) **Other operating income** includes rental income for properties in the Seychelles of £6,000 (2005 – £9,000) and intercompany management income of £nil (2005 – £1,066,000)

(b) **Other operating charges** include losses in respect of foreign exchange of £1,397,000 (2005 – £2,539,000) relating to the current year and a gain of £785,000 relating to previous years

(c) **Depreciation and other amounts written off fixed assets** includes depreciation of £67,000 (2005 - £66,000) and exceptional write back to the profit and loss account in respect of tangible fixed assets of £nil (2005 - £2,479,000)

The auditor's remuneration was paid 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 (2005 - £nil)

3. 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 (2005 - £ nil)

Details of the directors' share interests and any share options exercised during the year are included within the directors' report on pages 2 and 3

Notes to the financial statements (continued)

4. Net interest receivable

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
On loans to fellow group undertakings	6,732	7,177

5. Taxation

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
<b>(i) Analysis of taxation charge for the year</b>		
<b>Current tax</b>		
UK corporation tax at 30% (2005 - 30%)	(818)	(1,541)
Double tax relief	818	1,541
Overseas corporation tax	(818)	(1,541)
Adjustment in respect of prior years	2,447	(645)
Taxation on profit on ordinary activities	1,629	(2,186)

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
<b>(ii) Factors affecting current tax charge for the year</b>		
Profit on ordinary activities before taxation	18,897	28,974
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2005 - 30%)	(5,669)	(8,692)
Items not (deductible)/chargeable for tax purposes	(128)	469
Group relief received for nil consideration	4,979	6,682
Underlying tax/double tax relief	818	1,541
Overseas withholding taxes	(818)	(1,541)
Adjustment in respect of prior years	2,447	(645)
Current ordinary tax credit/(charge) for the year	1,629	(2,186)

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 2005	6,649	50	6,699
	<hr/>	<hr/>	<hr/>
At 30 June 2006	6,649	50	6,699
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>			
At 30 June 2005	(143)	(12)	(155)
Provided during the year	(59)	(8)	(67)
	<hr/>	<hr/>	<hr/>
At 30 June 2006	(202)	(20)	(222)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
At 30 June 2006	6,447	30	6,477
	<hr/>	<hr/>	<hr/>
At 30 June 2005	6,506	38	6,544
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		<b>30 June 2006</b>	<b>30 June 2005</b>
		<b>£000</b>	<b>£000</b>
Freehold		6,447	6,506
		<hr/> <hr/>	<hr/> <hr/>

Included within the net book value of freehold properties is £5.2 million (2005 – £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
<b>Cost</b>				
At 30 June 2005	23,027	3,474	117	26,618
Disposals	(7,014)	-	-	(7,014)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	16,013	3,474	117	19,604
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provisions</b>				
At 30 June 2005	(242)	(850)	-	(1,092)
Impairment charge	-	(359)	-	(359)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	(242)	(1,209)	-	(1,451)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2006	15,771	2,265	117	18,153
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	22,785	2,624	117	25,526
	<hr/>	<hr/>	<hr/>	<hr/>



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

**7. Fixed assets – investments (continued)**

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

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Percentage of shares held</b>
<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
Guinness (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
GAPL Pte Limited	Singapore	Marketing and distribution	49 99
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales	7 50
Seychelles Breweries Limited	Seychelles	Brewing, marketing & distribution	26 00
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing & distribution	36 83
<b>Indirect holdings:</b>			
<b>Subsidiary undertakings</b>			
Guinness Nigeria PLC	Nigeria	Marketing and distribution	7 77
<b>Associated undertakings</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

During the year, the directors took the decision to fully impair the investment in Sierra Leone, which is not forecast to generate income for the company in the foreseeable future

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 associated undertakings and other investments are listed investments amounting to £13.1 million (2005 - £13.1 million) At 30 June 2006 the market value of these investments was £223.1 million (2005 - £199.2 million)

### 8. Debtors

	30 June 2006 £000	30 June 2005 £000
Trade debtors	476	580
Amounts owed by Diageo Finance plc	43,555	189,550
Amounts owed by Guinness Overseas Holdings Ltd	24,255	-
Amounts owed by other fellow group undertakings	779	625
	<u>69,065</u>	<u>190,755</u>

All amounts fall due within one year

### 9. Current asset investments

	30 June 2006 £000	30 June 2005 £000
Loans	286	286

### 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 2006	30 June 2005 (as restated)
	£000	£000
Amounts owed to Guinness Overseas Holdings Limited	-	39,260
Amounts owed to Diageo Great Britain Limited	22,504	24,447
Amounts owed to Diageo Ireland	1,598	13,535
Amounts owed to fellow group undertakings	962	9
Withholding tax	-	2,254
Ordinary dividend payable	-	16,910
Accruals and deferred income	63	519
	<u>25,127</u>	<u>96,934</u>

12. Share capital

	30 June 2006	30 June 2005
	£	£
<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 2005 (as previously reported)	52,266
Prior year adjustment (as explained in note 1)	76,100
	<u>128,366</u>
At 30 June 2005 (as restated)	128,366
Profit for the year	20,526
Dividends paid	(76,100)
	<u>72,792</u>
At 30 June 2006	<u>72,792</u>

Notes to the financial statements (continued)

14. Reconciliation of movement in shareholders' funds

	30 June 2006 £000	30 June 2005 £000
Profit for the year	20,526	26,788
Dividends paid	(76,100)	-
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(55,574)</b>	<b>26,788</b>
Shareholders' funds at beginning of year (as previously reported)	52,266	101,578
Prior year adjustment (as explained in note 1)	76,100	-
<b>Shareholders' funds at beginning of year (as restated in respect of 2006)</b>	<b>128,366</b>	<b>101,578</b>
<b>Shareholders' funds at end of year</b>	<b>72,792</b>	<b>128,366</b>

15. Post balance sheet events

Under an agreement dated 11 September 2006, the company sold its island in the Seychelles for consideration of approximately £2.3 million

16. 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