

# Guinness Overseas Limited

## Financial statements 30 June 2012

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 2012

### **Activities**

The company is the holding company for companies engaged in brewing, marketing and distribution of beer, including Guinness Stout and Harp Lager in overseas countries (mainly Africa and South East Asia) and in the production, marketing and distribution of soft drinks in certain territories

The company's main investments are (Guinness Overseas Limited's interests are shown in brackets, additional details disclosed in note 7)

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

Brewing, packaging and marketing activities of Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Harp Lager Beer, Gordon's Spark, Smirnoff Ice, Satzenbrau and Top Malt in Nigeria. Brewing and packaging operations are located 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

#### **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

### **Going concern**

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. 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 2012 are shown on page 6

A dividend of £40,000,000 was approved and paid during the year (2011 - £11,664,000)

The profit for the year transferred to reserves is £56,692,000 (2011 - £40,377,000)

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

### **Directors**

The directors who held office during the year were as follows

S J Bolton	(resigned 2 February 2012)
G P Crickmore	(resigned 2 February 2012)
J A I Franco	(appointed 16 December 2011, resigned 2 February 2012)
D Heginbottom	(resigned 2 February 2012)
N Mákos	
J J Nicholls	
A M Smith	(resigned 2 February 2012)
P D Tunnacliffe	

### **Directors' remuneration**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2011 - £nil)

### **Secretary**

On 2 February 2012, J J Nicholls resigned as secretary of the company and C E Kynaston was appointed in his place

### **Auditor**

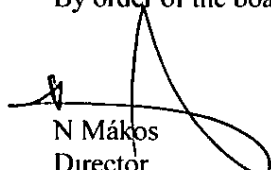
Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is deemed to be reappointed and will continue in office

**Directors' report (continued)**

**Disclosure of information to 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 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



N Mákos  
Director  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

6 December 2012

## **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)

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 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 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 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 2012 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the directors' responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*P Nichols*

**P Nichols (Senior Statutory Auditor)**

**For and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

*13th December 2012*

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2012 £'000</b>	<b>Year ended 30 June 2011 £'000</b>
Operating costs	1	(192)	(12)
<b>Operating loss</b>		<b>(192)</b>	<b>(12)</b>
Disposal of fixed assets	2	4,099	-
Dividends from shares in group undertakings	3	31,656	30,380
Dividends from shares in joint venture	3	20,140	9,719
Dividends from shares in associated undertaking	3	1,406	693
Dividends from other fixed asset investments	3	1,407	1,412
Net interest receivable	4	596	204
<b>Profit on ordinary activities before taxation</b>		<b>59,112</b>	<b>42,396</b>
Taxation on profit on ordinary activities	5	(2,420)	(2,019)
<b>Profit for the financial year</b>		<b>56,692</b>	<b>40,377</b>

The accounting policies and other notes on pages 8 to 18 form part of the financial statements

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

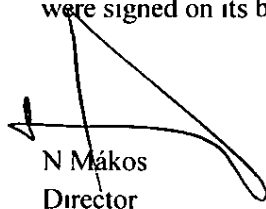
All results arise from continuing operations

**Balance sheet**

		30 June 2012		30 June 2011	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	6		3,396		3,431
Investments	7		18,946		18,763
			<u>22,342</u>		<u>22,194</u>
<b>Current assets</b>					
Debtors	8	83,270		66,905	
Cash at bank	9	601		382	
		<u>83,871</u>		<u>67,287</u>	
<b>Creditors: due within one year</b>	10	(40)		-	
<b>Net current assets</b>			<u>83,831</u>		<u>67,287</u>
<b>Net assets</b>			<u>106,173</u>		<u>89,481</u>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account	12		106,173		89,481
<b>Shareholders' funds</b>	13		<u>106,173</u>		<u>89,481</u>

The accounting policies and other notes on pages 8 to 18 form part of the financial statements

These financial statements on pages 6 to 18 were approved by the board of directors on 6 December 2012 and were signed on its behalf by

  
N Mákos  
Director



## **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 on a going concern basis 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 wholly owned by a member of the Diageo plc group ("group undertakings")

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group.

### **Tangible fixed assets**

Land and buildings are stated at cost less depreciation

Freehold land is not depreciated. 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

Assets, that are no longer used in the company's activities on a continuing basis and there is an intention from the management to dispose them, are classified as 'assets held for resale'

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value

## **Accounting policies (continued)**

### **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, or if hedged forward, at the rate of exchange under the related foreign currency contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates, if hedged forward, at the rate of exchange under the related foreign currency contract. Exchange gains and losses are taken to the profit and loss account.

### **Taxation**

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Except as otherwise required by FRS 19, deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Any interest or penalties on tax liabilities are provided in the tax charge.

## Notes to the financial statements

### 1. Operating cost

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Other operating income (a)	(12)	(46)
Other external charges (b)	169	24
Depreciation and other amounts written off fixed assets (c)	35	34
	192	12
	192	12

- (a) **Other operating income** includes intercompany management income of £12,000 (2011 - £nil) and gain in respect of foreign exchange of £nil (2011 - of £46,000)
- (b) **Other external charges** include loss in respect of foreign exchange of £168,000 (2011 - £nil), legal cost of £nil (2011 - £24,000) and bank charge of £1,000 (2011 - £nil)
- (c) **Depreciation and other amounts written off fixed assets** comprise the depreciation charge for the financial year for buildings of £35,000 (2011 - £34,000)

The auditor's remuneration of £1,721 (2011 - £1,758) 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 (2011 - £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 (2011 - £nil)

### 2. Disposal of fixed assets

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Profit on the sale of fixed asset investment	4,099	-
	4,099	-
	4,099	-

On 7 December 2011, the company sold at fair value its wholly owned subsidiary undertaking, Guinness France S A R L to Diageo (France) S A S, in consideration for the payment of €4.8 million resulting in a gain of £4.1 million to a fellow group undertaking

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

**3. Dividends from fixed asset investments**

	<b>Year ended 30 June 2012 £'000</b>	<b>Year ended 30 June 2011 £'000</b>
Dividend income from shares in group undertakings		
Guinness Nigeria Plc	27,334	23,730
Guinness Canada Limited	382	-
Atalantaf Limited	3,940	6,650
	<u>31,656</u>	<u>30,380</u>
Dividend income from shares in joint venture		
GAPL Pte Limited	20,140	9,719
	<u>20,140</u>	<u>9,719</u>
Dividend income from shares in associated undertaking		
Seychelles Breweries Limited	1,406	693
	<u>1,406</u>	<u>693</u>
Dividend income from other fixed asset investments		
East African Breweries Limited	1,330	1,374
Other	77	38
	<u>1,407</u>	<u>1,412</u>

**4. Net interest receivable**

	<b>Year ended 30 June 2012 £'000</b>	<b>Year ended 30 June 2011 £'000</b>
Interest receivable on loans to fellow group undertakings	625	231
	<u>625</u>	<u>231</u>
Less		
Interest payable on loans from fellow group undertakings	(29)	(27)
	<u>596</u>	<u>204</u>

Notes to the financial statements (continued)

5. Taxation

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
<b>(i) Analysis of taxation charge for the year</b>		
<b>Current tax</b>		
Foreign tax suffered	(2,420)	(2,019)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(2,420)	(2,019)
	<hr/> <hr/>	<hr/> <hr/>
	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
<b>(ii) Factors affecting current tax charge for the year</b>		
Profit on ordinary activities before taxation	59,112	42,396
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 25.5% (2011 – 27.5%)	(15,075)	(11,660)
Expenses not deductible for tax purposes	(9)	(16)
Income not taxable for tax purposes	14,972	11,607
Group relief received for nil consideration	112	69
Overseas tax suffered	(2,420)	(2,019)
	<hr/>	<hr/>
Current ordinary tax charge for the year	(2,420)	(2,019)
	<hr/> <hr/>	<hr/> <hr/>

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

**6. Fixed assets – tangible assets**

	<b>Fixtures and fittings £'000</b>	<b>Assets held for resale £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 30 June 2011 and 30 June 2012	50	4,629	4,679
<b>Depreciation</b>			
At 30 June 2011	(50)	(1,198)	(1,248)
Provided during the year	-	(35)	(35)
At 30 June 2012	(50)	(1,233)	(1,283)
<b>Net book value</b>			
At 30 June 2012	-	3,396	3,396
At 30 June 2011	-	3,431	3,431

Assets, that are no longer used in the company's activities on a continuing basis and there is an intention from the management to dispose them, are classified as 'assets held for resale'

Included within the net book value of assets held for resale is £2.9 million (2011 - £2.9 million included in the value of land and buildings) 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 2011	15,597	1,838	2,537	19,972
Additions	189	-	-	189
Disposals	(6)	-	-	(6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	15,780	1,838	2,537	20,155
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provision</b>				
At 30 June 2011 and at 30 June 2012	-	(1,209)	-	(1,209)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2012	15,780	629	2,537	18,946
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	15,597	629	2,537	18,763
	<hr/>	<hr/>	<hr/>	<hr/>

On 26 January 2012, Guinness Overseas Limited subscribed for an additional 40,000,000 ordinary shares of Diageo Brands Nigeria Limited, a wholly owned subsidiary undertaking for a total consideration of \$300,000

On 7 December 2011, the company sold its wholly owned subsidiary undertaking, Guinness France S A R L with a net book value of £6,000

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

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

The principal subsidiary and associated undertakings and joint ventures and the percentage of share capital 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%
Diageo Brands Nigeria Limited	Nigeria	Sales and marketing	100.00%
Guinness Canada Limited	Canada	Sales and marketing	51.00%
Guinness Liberia Inc (in liquidation)	Liberia	Marketing	100.00%
Guinness Nigeria Plc	Nigeria	Brewing, marketing and distribution	46.03%
Phenix Gabon S A R L (in liquidation)	Gabon	Marketing	99.75%
Phenix Ivory Coast (in liquidation)	Ivory Coast	Marketing	99.90%
<b>Joint venture</b>			
GAPL Pte Limited	Singapore	Marketing and distribution	49.99%
<b>Associated undertakings</b>			
Seychelles Breweries Limited	Seychelles	Brewing, marketing and distribution	26.00%
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing and distribution	11.58%
<b>Other investments</b>			
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales	7.50%
East African Breweries Limited	Kenya	Brewing, marketing and distribution	2.61%
Phoenix Beverages Limited	Mauritius	Brewing, sales and distribution	1.92%



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

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

*Indirect holdings:*

**Subsidiary undertaking**

Guinness Nigeria Plc *	Nigeria	Brewing, marketing and distribution	7.77%
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**Associated undertaking**

Seychelles Breweries Limited **	Seychelles	Brewing, marketing and distribution	4.00%
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**Joint venture**

Guinness Anchor Berhad ***	Malaysia	Brewing, sales and distribution	25.49%
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\* Held by Atalantaf Limited

\*\* Held by AARDVARK Nominees Limited

\*\*\* Held by GAPL Pte Limited

All holdings are of ordinary share capital or its equivalent

The investments in subsidiary, associated companies and joint ventures 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, associated companies and joint ventures are worth at least the amount at which they are stated in the financial statements

Certain undertakings have been omitted from the lists above as they are either dormant or not material. A full list of subsidiary and associated undertakings will be annexed to the company's annual return

Included in fixed asset investments are listed investments amounting to £14 million (2011 - £14 million). At 30 June 2012, the market value of these investments was £707.6 million (2011 - £702.5 million)

**8. Debtors**

	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	7	4
Amounts owed by fellow group undertakings		
Diageo Finance plc	83,263	66,901
	<u>83,270</u>	<u>66,905</u>

All amounts fall due within one year

Amounts owed by group undertakings are unsecured, interest bearing and repayable on demand

## Notes to the financial statements (continued)

### 9. Cash at bank

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

### 10. Creditors: due within one year

	30 June 2012 £'000	30 June 2011 £'000
Amounts owed to fellow group undertakings		
Guinness Liberia Inc	40	-

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

### 11. Share capital

	30 June 2012 £	30 June 2011 £
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100

### 12. Reserves

	Profit and loss account £'000
At 30 June 2011	89,481
Profit for the financial year	56,692
Dividends paid	(40,000)
At 30 June 2012	106,173

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

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

	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	56,692	40,377
Dividends paid	(40,000)	(11,664)
<b>Net addition to shareholders' funds</b>	<b>16,692</b>	<b>28,713</b>
Shareholders' funds at the beginning of the year	89,481	60,768
<b>Shareholders' funds at the end of the year</b>	<b>106,173</b>	<b>89,481</b>

**14. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the company is Diageo 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 Lakeside Drive, Park Royal, London NW10 7HQ