

Guinness Overseas Limited

Financial statements 30 June 2013

Registered number 778398

THURSDAY



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20/03/2014

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COMPANIES HOUSE

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2013

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 (46.48%)

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, Ogba and Aba

GAPL Pte Limited (50%)

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 have adopted the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2013 are shown on page 6

The profit for the year transferred to reserves is £55,039,000 (2012 - £56,692,000)

A dividend of £50,000,000 was approved and paid during the year (2012 - £40,000,000)

Directors' report (continued)

Directors

The directors who held office during the year were as follows

N Mákos
J J Nicholls
P D Tunncliffe

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2012- £nil)

Post balance sheet events

Acquisition and incorporation of new investments

On 29 August 2013, the company acquired 97.5% and Diageo Overseas Holdings Limited acquired 2.5% of the capital of Diageo Supply Marracuene Limitada (formerly Lusomoc Limitada), in Mozambique for a consideration of \$3.8 million (£2.4 million)

On 28 October 2013, the company, together with Diageo Overseas Holdings Limited, a fellow group undertaking, invested in the newly incorporated limited liability company, Diageo Mozambique Limitada in Mozambique. The company provided \$0.6 million (£0.4 million) capital contribution to Diageo Mozambique Limitada.

On 25 November 2013, the company, together with Diageo Great Britain Limited, a fellow group undertaking, established of a new limited liability company, Diageo Angola Limitada in Angola. The company provided \$1 million (£0.6 million) capital contribution to Diageo Angola Limitada, which represents 50% shareholding.

Subsequent declaration of dividend received

On 11 December 2013, Guinness Nigeria Plc, a subsidiary undertaking, declared a final dividend of ₦7 on each ordinary ₦0.50 share for the year ended 30 June 2013. As a result the company recognised £18 million dividend income subsequent to year end in respect of its investment.

Disposal of property

On 4 November 2013, the company sold one of its properties realising a profit before tax of £0.2 million.

Auditor

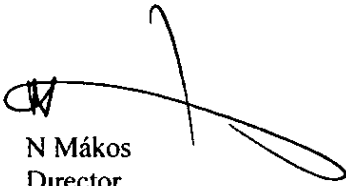
Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, is deemed to be reappointed and will continue in office.

Directors' report (continued)

Disclosure of information to auditor

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

A handwritten signature in black ink, appearing to be 'N Mákos', written over a horizontal line.

N Mákos
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

27 February 2014

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 2013 set out on page 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 statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 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.



Karen Wightman, Senior Statutory Auditor

For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London

E14 5GL

Date 27 February 2014

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Operating income/(costs)	<i>1</i>	17,601	(192)
Operating profit/(loss)		17,601	(192)
Disposal of fixed assets	<i>2</i>	-	4,099
Dividends from shares in group undertakings	<i>3</i>	22,158	31,656
Dividends from shares in joint venture	<i>3</i>	14,875	20,140
Dividends from shares in associated undertaking	<i>3</i>	663	1,406
Dividends from other fixed asset investments	<i>3</i>	1,248	1,407
Net interest receivable	<i>4</i>	383	596
Profit on ordinary activities before taxation		56,928	59,112
Taxation on profit on ordinary activities	<i>5</i>	(1,889)	(2,420)
Profit for the financial year		55,039	56,692

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

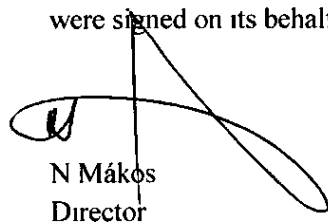
All results arise from continuing operations

Balance sheet

	<i>Notes</i>	30 June 2013		30 June 2012	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		3,324		3,396
Investments	7		39,083		18,946
			<u>42,407</u>		<u>22,342</u>
Current assets					
Debtors	8	68,194		83,270	
Cash at bank	9	1,179		601	
		<u>69,373</u>		<u>83,871</u>	
Creditors: due within one year	10	<u>(568)</u>		<u>(40)</u>	
Net current assets			<u>69,805</u>		<u>83,831</u>
Net assets			<u>111,212</u>		<u>106,173</u>
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		111,212		106,173
Shareholders' funds	13		<u>111,212</u>		<u>106,173</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 27 February 2014 and were signed on its behalf by


N Mákös
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

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

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. Income from fixed asset investments is credited to the profit and loss account when it is approved by the paying company.

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. 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 income/(costs)

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Other operating income (a)	17,674	12
Other external charges (b)	(1)	(169)
Depreciation and other amounts written off fixed assets (c)	(72)	(35)
	17,601	(192)
	17,601	(192)

(a) **Other operating income** includes intercompany management income of £16,000 (2012 - £12,000) and gain in respect of foreign exchange of £303,000 (2012 - £nil)

(b) **Other external charges** include loss in respect of foreign exchange of £nil (2012 - £168,000) and bank charge of £1,000 (2012 - £1,000)

(c) **Depreciation and other amounts written off fixed assets** comprise the depreciation charge for the financial year for buildings of £35,000 (2012 - £35,000) and amounts written off fixed assets of £37,000 (2012 - £nil)

The auditor's remuneration of £2,434 (2012 - £1,721) 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 (2012 - £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 (2012 - £nil)

2. Disposal of fixed assets

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Profit on the sale of fixed asset investment	-	4,099
	-	4,099
	-	4,099

In the year ended 30 June 2012, the company sold its wholly owned subsidiary undertaking, Guinness France S A R L at fair value 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

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Dividend income from shares in group undertakings		
Guinness Nigeria Plc	21,780	27,334
Guinness Canada Limited	378	382
Atalantaf Limited	-	3,940
	<u>22,158</u>	<u>31,656</u>
Dividend income from shares in joint venture		
GAPL Pte Limited	14,875	20,140
	<u>14,875</u>	<u>20,140</u>
Dividend income from shares in associated undertaking		
Seychelles Breweries Limited	663	1,406
	<u>663</u>	<u>1,406</u>
Dividend income from other fixed asset investments		
East African Breweries Limited	1,174	1,330
Other	74	77
	<u>1,248</u>	<u>1,407</u>

4. Net interest receivable

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Interest receivable on loans to fellow group undertakings	390	625
	<u>390</u>	<u>625</u>
Less		
Interest payable on loans from fellow group undertakings	(7)	(29)
	<u>383</u>	<u>596</u>

Notes to the financial statements (continued)

5. Taxation

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
(i) Analysis of taxation charge for the year		
Current tax		
Foreign tax suffered	(1,889)	(2,420)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(1,889)	(2,420)
	<hr/> <hr/>	<hr/> <hr/>
	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
(ii) Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	56,928	59,112
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 23.75% (2012 – 25.5%)	(13,521)	(15,075)
Expenses not deductible for tax purposes	(17)	(9)
Income not taxable for tax purposes	9,250	14,972
Group relief received for nil consideration	4,288	112
Overseas tax suffered	(1,889)	(2,420)
	<hr/>	<hr/>
Current ordinary tax charge for the year	(1,889)	(2,420)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

6. Fixed assets - tangible assets

	Fixtures and fittings £'000	Assets held for resale £'000	Total £'000
Cost			
At 30 June 2012 and 30 June 2013	50	4,629	4,679
	<hr/>	<hr/>	<hr/>
Depreciation			
At 30 June 2012	(50)	(1,233)	(1,283)
Charge during the year	-	(35)	(35)
Provision for impairment	-	(37)	(37)
	<hr/>	<hr/>	<hr/>
At 30 June 2013	(50)	(1,305)	(1,355)
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2013	-	3,324	3,324
	<hr/>	<hr/>	<hr/>
At 30 June 2012	-	3,396	3,396
	<hr/>	<hr/>	<hr/>

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 (2012 - £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
Cost				
At 30 June 2012	15,780	1,838	2,537	20,155
Additions	20,138	-	-	20,138
Dissolution of subsidiary undertakings	(1)	(1,209)	-	(1,210)
At 30 June 2013	35,917	629	2,537	39,083
Provision				
At 30 June 2012	-	(1,209)	-	(1,209)
Dissolution of subsidiary undertakings	-	1,209	-	1,209
At 30 June 2013	-	-	-	-
Net book value				
At 30 June 2013	35,917	629	2,537	39,083
At 30 June 2012	15,780	629	2,537	18,946

On 2 November 2012, the board of Guinness Nigeria plc approved a scrip issue of 1 ordinary share for every 33 ordinary shares held. Following the scrip dividend the company's shareholding in Guinness Nigeria plc increased from 678,958,195 shares to 699,892,739 shares, resulting in a £20 million increase in the investment book value of Guinness Nigeria plc.

Former wholly owned subsidiary undertakings of the company, Guinness Liberia Inc, Harp Marketing Co were dissolved during the financial year, resulting in neither a gain nor a loss to the company.

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

	Country of incorporation	Principal activity	Percentage of shares held
Direct holdings:			
Subsidiary undertakings			
Atalantaf Limited	Bermuda	Investment holding company	100 %
Diageo Brands Nigeria Limited	Nigeria	Sales and marketing of premium spirit brands	100%
Guinness Canada Limited	Canada	Brewing, marketing and selling Guinness Extra Stout	51%
Guinness Nigeria Plc	Nigeria	Brewing, marketing and distribution of beer	46 48%
Phoenix Gabon S A R L	Gabon	In liquidation	99 75%
Phoenix Ivory Coast	Ivory Coast	In liquidation	99 90%
Joint venture			
GAPL Pte Limited	Singapore	Investment and holding company, Marketing and distribution of beer	50%
Sierra Leone Brewery Limited	Sierra Leone	Brewing, marketing and distribution	11 58%
Associated undertakings			
Seychelles Breweries Limited	Seychelles	Production of beer and soft drinks	26%
Other investments			
Monrovia Breweries Inc	Liberia	Brewing, marketing and sales of Diageo products	7 50%
East African Breweries Limited	Kenya	Manufacturing, marketing and selling of drinks, glass containers, malt	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 of beer	7 77%
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Associated undertaking

Seychelles Breweries Limited **	Seychelles	Production of beer and soft drinks	4%
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Joint venture

Guinness Anchor Berhad ***	Malaysia	Brewing, packaging, marketing and distribution of beverages	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

Included in fixed asset investments are listed investments amounting to £34 million (2012 - £14 million) At 30 June 2013, the market value of these investments was £765 million (2012 - £643 million)

8. Debtors

	30 June 2013	30 June 2012
	£'000	£'000
Trade debtors	7	7
Amounts owed by fellow group undertakings		
Diageo Finance plc	68,187	83,263
	<hr/>	<hr/>
	69,194	83,270
	<hr/> <hr/>	<hr/> <hr/>

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 2013 £'000	30 June 2012 £'000
Amounts owed to fellow group undertakings		
Seychelles Breweries Limited	568	-
Guinness Liberia Inc	-	40
	<u>568</u>	<u>40</u>

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

11. Share capital

	30 June 2013 £	30 June 2012 £
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

12. Reserves

	Profit and loss account £'000
At 30 June 2012	106,173
Profit for the financial year	55,039
Dividends paid	(50,000)
	<u>111,212</u>
At 30 June 2013	<u>111,212</u>

Notes to the financial statements (continued)

13. Reconciliation of movement in shareholders' funds

	30 June 2013 £'000	30 June 2012 £'000
Profit for the financial year	55,039	56,692
Dividends paid	(50,000)	(40,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	5,039	16,692
Shareholders' funds at the beginning of the year	106,173	89,481
	<hr/>	<hr/>
Shareholders' funds at the end of the year	111,212	106,173
	<hr/> <hr/>	<hr/> <hr/>

14. Post balance sheet events

Acquisition and incorporation of new investments

On 29 August 2013, the company acquired 97.5% and Diageo Overseas Holdings Limited acquired 2.5% of the capital of Diageo Supply Marracuene Limitada (formerly Lusomoc Limitada), in Mozambique for a consideration of \$3.8 million (£2.4 million)

On 28 October 2013, the company, together with Diageo Overseas Holdings Limited, a fellow group undertaking, invested in the newly incorporated limited liability company, Diageo Mozambique Limitada in Mozambique. The company provided \$0.6 million (£0.4 million) capital contribution to Diageo Mozambique Limitada.

On 25 November 2013, the company, together with Diageo Great Britain Limited, a fellow group undertaking, established of a new limited liability company, Diageo Angola Limitada in Angola. The company provided \$1 million (£0.6 million) capital contribution to Diageo Angola Limitada, which represents 50% shareholding.

Subsequent declaration of dividend received

On 11 December 2013, Guinness Nigeria Plc, a subsidiary undertaking, declared a final dividend of ₦7 on each ordinary ₦0.50 share for the year ended 30 June 2013. As a result the company recognised £18 million dividend income subsequent to year end in respect of its investment.

Disposal of property

On 4 November 2013, the company sold one of its properties realising a profit before tax of £0.2 million.

15. 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.