

Diageo US Limited
Financial statements
30 June 2011

Registered number 2476751

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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 2011

Activities

The principal activity of the company is acting as an investment holding company. The directors foresee no changes in the company's activities.

Financial

The results for the year ended 30 June 2011 are shown on page 5. The profit for the year transferred to reserves is £1,613,080 (2010 – loss of £1,000).

A dividend of £4,838,000,000 was approved and paid during the year (2010 - £nil).

Due to the implementation of various restructuring projects during the year, investments and equity balances changed significantly. The full movement in investments is described in note 7 with changes in share capital & share premium shown in notes 10 and 11 respectively.

Going concern

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.

Directors

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

S J Bolton	(appointed 1 April 2011)
C D Coase	(resigned 31 March 2011)
J A I Franco	(appointed 24 March 2011)
G Geiszl	(appointed 9 September 2010)
D Heginbottom	(appointed 9 September 2010)
D A Mahlan	(resigned 13 December 2010)
A O M Manz	(resigned 1 September 2010)
S C Moore	(resigned 24 March 2011)
J J Nicholls	(appointed 24 March 2011)
M Pais	
A M Smith	
P D Tunnachiffe	

Directors' report (continued)

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2010 - £nil)

Auditor

Pursuant to Section 487 of the Companies Act 2006, 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 2011

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



M Pais
Director

Lakeside Drive,
Park Royal
London,
NW10 7HQ

15 December 2011

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 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 its 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 Diageo US Limited

We have audited the financial statements of Diageo US Limited for the year ended 30 June 2011 set out on pages 5 to 13. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

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 2011 and of its profit/loss 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 matter 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

Lee Edwards (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London E14 5GL
15th December 2011



Profit and loss account

	<i>Notes</i>	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Interest income	4	5,231	-
Interest expense	5	(3,618)	(1)
Profit/(loss) on ordinary activities before taxation		1,613	(1)
Taxation on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the financial year		1,613	(1)

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 a historical cost basis

All results arise from continuing operations

Balance sheet

	Notes	30 June 2011		30 June 2010	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	7		17,236,427		1,044,000
Current assets					
Debtors due within one year	8	4,958		4,428,718	
Creditors due within one year	9	(2,333,172)		(59)	
Net current assets			(2,328,214)		4,428,659
Net assets			14,908,213		5,472,659
Capital and reserves					
Called up share capital	10		3,624		1,000
Share premium account	11	14,795,509		5,364,192	
Profit and loss account	11	109,080		107,467	
			14,904,589		5,471,659
Shareholders' funds	12		14,908,213		5,472,659

These financial statements on pages 5 to 13 were approved by the board of directors on 15 December 2011 and were signed on its behalf by



M Pais
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 part of the Diageo group ("group undertakings") or investees of the Diageo plc group

The company is exempt from the requirement to prepare group accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc

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.

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. Any interest or penalties on tax liabilities are provided in the tax charge.

Notes to the financial statements

1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. Fees in respect of services provided by the auditors were: Statutory audit £27,000 (2010 - £27,000)

2. Staff costs

The company did not employ any staff during either the current or prior year.

3. Directors' remuneration

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2010 - £nil)

4. Interest income

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Interest income on loans to fellow group undertakings	5,231	-

The interest income is received from Diageo Finance Plc. Due to the implementation of two restructuring projects during the financial year, this has led to interest income being generated on loans issued to Diageo Finance Plc.

5. Interest expense

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Interest expense on loans from fellow group undertakings	3,618	1

Due to the implementation of restructuring projects during the financial year, Diageo US Ltd received a loan from Diageo Finance Plc to purchase shares in Diageo Holdings Netherlands B V. As a result, an interest charge applied on this loan payable to Diageo Finance Plc.

Notes to the financial statements (continued)

6. Taxation

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Factors affecting current tax charge for the year		
Profit/(loss) on ordinary activities before taxation	1,613	(1)
Taxation on profit/(loss) on ordinary activities at UK corporation tax rate of 27.5% (2010 – 28%)	(444)	-
Group relief surrendered for nil consideration	444	-
Current ordinary tax charge for the year	-	-

7. Fixed Assets - Investments

	30 June 2011 £'000	30 June 2010 £'000
At 30 June 2010	1,044,000	1,044,000
Investments purchased during year	21,056,114	-
Investments transferred during year	(4,863,687)	-
At 30 June 2011	17,236,427	1,044,000

On 11th November 2010, Grand Metropolitan International Holdings Ltd transferred the two shares held in Diageo Overseas Holdings Ltd to Diageo US Ltd for £2. This amount would remain outstanding and owing as an intercompany loan to Grand Metropolitan International Holdings Ltd.

On 15th November 2010, Diageo US Ltd subscribed for 22,553,193 ordinary shares of £1 each in Diageo Overseas Holdings Ltd in consideration of £634,919,820. The ordinary shares would be subscribed at a premium of £612,366,629.

On the same date, Diageo US Ltd also subscribed for an additional 10,000 ordinary shares of £1 each in Diageo Overseas Holdings Ltd in consideration of £10,000.

On 5th April 2011, UDV (SJ) Ltd transferred the shares it held in Diageo Holdings Netherlands B.V. to Diageo US Limited, which comprised 1,799,707 Ordinary B shares of £1 each, 13,130 Ordinary C shares of £1 each, 7,612,746 Ordinary A shares of £0.45 each and 334,150 Ordinary D shares of £1 each. The above shares were transferred in a share for share exchange with a value of £14,271,940,514. As part of this share for share exchange, Diageo US Ltd allotted and issued 2,624,160 ordinary shares of £1 each to UDV (SJ) Ltd (note 11).

Notes to the financial statements (continued)

7. Fixed Assets – Investments (continued)

On 5th April 2011, Diageo US Ltd was allotted 3,819,686,689 shares of \$1 each from Diageo Finance (Netherlands) & Co for a payment of £3,819,686,689 in cash

On 6th April 2011, Diageo US Ltd transferred its total 4,863,686,689 \$1 shares held in Diageo Finance (Netherlands) & Co to Diageo Finance Amsterdam & Co for £4,863,686,689 in cash

On 11th May 2011, Diageo US Ltd subscribed for 1 A share of €0.45 in the capital of Diageo Holdings Netherlands B V in consideration of £2,329,556,638 in cash

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

Direct holdings:

Subsidiary undertakings	Principal activity	Class and percentage of shares held
Diageo Holdings Netherlands B V	Investment company	100% of Class A, B, C and D Ordinary
Diageo Overseas Holdings Limited	Investment company	100% of Ordinary Shares

All subsidiary undertakings are incorporated in the United Kingdom

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

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the financial statements

8. Debtors

	30 June 2011 £'000	30 June 2010 £'000
Amounts owed by fellow group undertakings	4,958	4,428,718

During year ended 30 June 2011, amounts owed by fellow group undertakings were significantly impacted due to the commencement of two restructuring projects

The reduction occurred due to Diageo US Ltd recalling £634m from Anyslam Ltd on 16th November 2011

Anyslam Ltd repaid a further £3,793m to Diageo US Ltd on 5th April 2011

Notes to the financial statements (continued)

8. Debtors (continued)

During the financial year, Diageo US Ltd put £4,863m on deposit with Diageo Finance Plc resulting in debtors increasing, however, this was then offset by receiving a promissory note from Diageo Finance Plc which was subsequently used to issue the dividend to UDV SJ Ltd

Amounts owed by fellow group undertakings represent transactions with companies in the Diageo group, with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. For the purposes of financial statement classification, amounts owed by group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

The amounts owed by fellow group undertakings include £4,958,000 at a floating rate of interest

9. Creditors: due within one year

	30 June 2011 £'000	30 June 2010 £'000
Amounts owed to fellow group undertakings	2,333,172	59

Amounts owed to fellow group undertakings were impacted by a restructuring project during the financial year. Diageo Finance Plc issued a loan of £2,329m to Diageo US Ltd to purchase shares in Diageo Holdings Netherlands B V

Amounts owed to fellow group undertakings represent transactions with companies in the Diageo group, with which the company has a long term financing relationship. These financing relationships are expected to continue for the foreseeable future. For the purposes of financial statement classification, amounts owed to group undertakings that do not have a specified repayment date are regarded as short term and consequently are considered to have a fair value which is not materially different to the book value.

All amounts are at a floating rate of interest

Notes to the financial statements (continued)

10. Share capital

	30 June 2011 £	30 June 2010 £
<i>Allotted, called up and fully paid:</i>		
3,624,162 ordinary shares of £1 each	3,624,162	1,000,002

During the year the total issued share capital of the company was increased by 2,624,160 ordinary shares of £1 each

11. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 June 2010	5,364,192	107,467	5,471,659
Retained profit for year	-	1,613	1,613
Dividend Paid	-	(4,838,000)	(4,838,000)
Shares Issued	14,269,317	-	14,269,317
Share premium transfer	(4,838,000)	4,838,000	-
At 30 June 2011	14,795,509	109,080	14,904,589

During the year the share premium account was reduced by £4,838,000,000 which then enabled Diageo US Ltd to issue a dividend of £4,838,000,000 to its parent company, UDV SJ Limited. The capital reduction is supported by a solvency statement signed by the directors of the company.

12. Reconciliation of movement in shareholders' funds

	30 June 2011 £'000	30 June 2010 £'000
Profit/(loss) on ordinary activities after taxation	1,613	(1)
Net addition to/(reduction in) shareholders' funds	1,613	(1)
Shareholders' funds at beginning of year	5,472,659	5,472,660
Share Capital issued during year	2,624	-
Share Premium issued during year	9,431,317	-
Shareholders' funds at end of year	14,908,213	5,472,659

Notes to the financial statements (continued)

13. Post Balance sheet events

On 22nd August 2011, the company entered into a further subscription agreement with Diageo Holdings Netherlands B V to subscribe for the GBP equivalent of \$1.1bn in equity which equates to an investment of £662,810,315 of Ordinary "A" shares

On 24th August 2011, Diageo US Ltd received a dividend from Diageo Holdings Netherlands B V in an amount of £338,466,231

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is UDV (SJ) 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