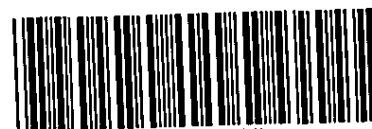


Diageo Great Britain Limited
Financial statements
30 June 2007

Registered number 507652

WEDNESDAY



LNHQ6ZBV

LD9

30/04/2008

388

COMPANIES HOUSE

Year ended 30 June 2007

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2007

Activities

The principal activities of the company are the packaging, distribution, marketing, importing and selling of beer, spirits and wines. The directors foresee no material change to the activities of the company.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2007

In Great Britain challenges in changing consumer trends continued. Although the company experienced a volume loss for each brand during the year, Diageo maintained market leadership across all key categories.

Responsible drinking campaign continued to play an important role in the company's performance agenda throughout the year.

During the year the company realised the sale of part of the former Park Royal Brewery site, as a result a gain of £35 million was recognized.

Principal risks and uncertainties facing the company as at 30 June 2007

The principal risks and uncertainties facing the company, as a member of the Diageo group, coincide with those facing the group as a whole. These are contained within the annual report of Diageo plc.

Financial and other key performance indicators

The directors do not consider that analysis using key performance indicators is necessary (or appropriate) for an understanding of the development, performance or position of the business of the company, or that there are any factors by reference to which any meaningful analysis of the development, performance or position of the business of the company can be carried out.

The principal key performance indicators that are used to assess the performance of the Diageo group as a whole are described in the Business Review contained within the annual report of Diageo plc.

Year ended 30 June 2007

Directors' report (continued)

Business review (continued)

Financial

The results for the year ended 30 June 2007 are shown on page 7
A dividend of £535 million (2006 - £nil) was paid during the year
The profit for the year transferred to reserves is £274 million (2006 - £563 million)

Directors

The directors who held office during the year were as follows

N J Arthur	(appointed 12 March 2007)
S M Bunn	
C D Coase	
C M Davies	(appointed 3 October 2006)
M C Flynn	
R J Joy	(resigned 22 June 2007)
T Knopp	(resigned 19 January 2007)
M J Lester	(resigned 31 August 2006)
N Makos	
C R R Marsh	
R J Moore	(resigned 31 August 2006)
J G O'Hagan	

G P Crickmore was appointed a director of the company on 10 August 2007

C R R Marsh resigned as a director of the company on 30 September 2007

S M Bunn resigned as a director of the company on 4 January 2008

P D Tunnacliffe was appointed a director of the company on 7 January 2008

J Kyne was appointed a director of the company on 18 February 2008

Directors' emoluments

Details of the directors' emoluments are shown in note 5 of these financial statements

Year ended 30 June 2007**Directors' report (continued)****Employee involvement**

Diageo's goal is to be an 'Employer of Choice' offering an energising work environment, personal growth and recognition and attractive rewards for the performance contribution its people make to the group. Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees. These policies take account of external legislation, internal codes of conduct, as well as Diageo's values as an organisation.

Diageo is a multi-cultural community operating in an increasingly diverse business world and is committed to active equality and diversity practices. The group offers people with disability the same opportunities for employment, training and career progression as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. It is also committed to attracting and retaining talented people. Diageo invests in the growth and development of its people, which contributes directly to the performance and results of the business. Where practical, Diageo encourages flexible ways of working to enable employees to take some control over the balance between work and home life. Diageo's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing.

Diageo is committed to the safety and wellbeing of employees at work. It promotes responsible drinking behaviours among all its people. Diageo is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance.

Each senior manager is responsible for supporting the Diageo Executive and senior leadership community in delivering against these communication and employee engagement goals. The group has an intranet web site from which employees with access to a computer can obtain timely and accurate news and information.

The group has entered into numerous collective bargaining agreements and believes that its employee relations are satisfactory.

Supplier payment policy

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier.

The number of days' purchases included in creditors as at 30 June 2007, in respect of the company, is 67 days (2006 - 59 days). Some of the company's invoices for goods and services are settled by a fellow group undertaking acting as an agent for the company.

Year ended 30 June 2007

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 2007.

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



G P Crickmore

Director

8 Henrietta Place, London W1G 0NB

4 April 2008

Year ended 30 June 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 Diageo Great Britain Limited

We have audited the financial statements of Diageo Great Britain Limited for the year ended 30 June 2007, which comprise the Profit and Loss account, the Balance Sheet, the Statement of total Recognised Gains and Losses 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 2007 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
Chartered Accountants
Registered Auditor
London

KPMG Audit Plc

29 April 2008

Year ended 30 June 2007

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2007 £ million	Year ended 30 June 2006 (as restated) £ million
Turnover	2	1,395	1,489
Operating costs (including exceptional items of £3 million (2006 - £13 million))	3-5	(1,329)	(1,390)
Operating profit		<u>66</u>	<u>99</u>
Disposal of fixed assets	6	35	1
Dividend income from fixed asset investments	7	304	607
Net interest payable	8	(118)	(124)
Profit on ordinary activities before taxation		<u>287</u>	<u>583</u>
Taxation on profit on ordinary activities	9	(13)	(20)
Profit on ordinary activities after taxation		<u>274</u>	<u>563</u>
Amounts transferred to reserves	19	<u>274</u>	<u>563</u>

Statement of total recognised gains and losses

	<i>Notes</i>	Year ended 30 June 2007 £ million	Year ended 30 June 2006 £ million
Profit for the financial year and total recognised gains and losses for the year		274	563
Prior year adjustment			
Adoption of FRS 20	1	(5)	-
Total gains and losses recognised since last financial statements		<u>269</u>	<u>563</u>

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

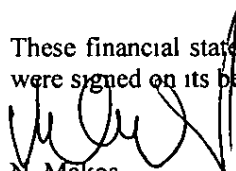
All results arise from continuing operations

Year ended 30 June 2007

Balance sheet

	<i>Notes</i>	30 June 2007		30 June 2006 (as restated)	
		£ million	£ million	£ million	£ million
Fixed assets					
Intangible assets	10		6		7
Tangible assets	11		133		143
Investments	12		3,175		3,180
			<hr/>		<hr/>
			3,314		3,330
Current assets					
Stocks	13	35		32	
Debtors due within one year	14	1,657		1,463	
Cash at bank and in hand		105		90	
		<hr/>		<hr/>	
		1,797		1,585	
Creditors due within one year	16	(4,278)		(3,823)	
		<hr/>		<hr/>	
Net current liabilities			(2,481)		(2,238)
			<hr/>		<hr/>
Total assets less current liabilities			833		1,092
Provisions for liabilities and charges	17		(3)		(3)
			<hr/>		<hr/>
Net assets			830		1,089
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		278		278
Share premium account	19	73		73	
Profit and loss account	19	479		738	
		<hr/>		<hr/>	
Reserves attributable to equity shareholders			552		811
			<hr/>		<hr/>
Equity shareholders' funds	20		830		1,089
			<hr/>		<hr/>

These financial statements on pages 7 to 25 were approved by the board of directors on 4 April 2008 and were signed on its behalf by



N. Makos
Director

Year ended 30 June 2007

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 unless described otherwise within 'New accounting policies' on page 12

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK law and 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").

The company is exempt from the requirement to prepare consolidated accounts under section 228 of the Companies Act 1985 as its results are included in the published consolidated financial statements of Diageo plc.

Going concern

The financial statements have been prepared on the going concern basis as a fellow group undertaking has agreed to provide financial support for the foreseeable future. The only liabilities at the balance sheet date are in respect of balances due.

Intangible assets

Distribution rights regarded as having limited useful economic lives are amortised on a straight-line basis over their lives (20 years).

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:

Freehold buildings	10 to 50 years
Plant and machinery	5 to 25 years
Fixtures and fittings	5 to 10 years
Computer software	up to 5 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.

Year ended 30 June 2007**Accounting policies (continued)****Fixed asset investments**

Dividend 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.

Leases

The company is involved in lease agreements which are treated as operating leases, with payments and receipts taken to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads.

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 in foreign currencies are translated into sterling at the financial year end exchange rates or, if hedged forward, at the rate of exchange under the related foreign currency contract.

All exchange gains and losses are taken to the profit and loss account.

Turnover

Turnover represents the net invoice value of goods and services including excise duties and royalties receivable, but excluding value added tax.

Turnover for goods is recognised at the fair value of the right to consideration. The point at which ownership transfers may be at the time of despatch, delivery or some other point depending upon individual customer terms. Provision is made for returns where appropriate. Turnover for goods is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Pensions and other post employment benefits

The employees of the company are members of the Diageo UK pension plan.

It is not possible to allocate the assets and liabilities of the pension plans between individual companies and therefore the company accounts for them as defined contribution schemes. The assets and liabilities of the Diageo UK pension plans are recognised in the Diageo plc consolidated financial statements.

Year ended 30 June 2007

Accounting policies (continued)

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.

Capital grants

Capital grants are treated as deferred income, and are credited to the profit and loss account on the same basis as the related tangible fixed assets are depreciated.

Deferred taxation

Full provision is made for timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations using current tax rates. The company does not discount these balances. No deferred tax is provided in respect of any future remittance of earnings of foreign subsidiaries or associates where no commitment has been made to remit such earnings.

Year ended 30 June 2007

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 standard in the year and restated the prior year figures accordingly

FRS 20 – Share based payment

The ultimate parent Diageo plc operates a number of share-based incentive schemes (awards of shares and options). The company has applied the requirements of FRS 20 for the first time in these financial statements utilising the guidance in UITF 41 'Scope of FRS 20' and UITF 44 'Group and Treasury Share Transactions'. FRS 20 requires that where the ultimate parent's shares or options over the company's shares are granted to a subsidiary undertakings employees, an expense should be recorded in the profit and loss account, with a corresponding credit to reserves. This change is measured at the fair value of the share or share option at the date of grant (for awards granted after 7 November 2002), and is recognised on a straight-line basis over the vesting period of the award. The fair value is measured on the binomial or Monte Carlo model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The adoption of FRS 20 has decreased the reported operating profit before tax for the year ended 30 June 2007 by £2 million (2006 - £5 million, 2005 - £1 million, 2004 - £1 million), and reduced the tax charge by £1 million (2006 - £2 million). In aggregate the adoption of FRS 20 has increased the net assets at 30 June 2006 by £2 million due to the recognition of the deferred tax asset.

2. Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to one class of business, that of the packaging, distribution, marketing, importing and selling of beer, spirits and wines.

All turnover originated in the United Kingdom and the geographical analysis of turnover by destination is given below

	Year ended 30 June 2007 £ million	Year ended 30 June 2006 £ million
United Kingdom	1,338	1,434
Europe	57	55
	<hr/>	<hr/>
	1,395	1,489
	<hr/>	<hr/>

Year ended 30 June 2007

Notes to the financial statements (continued)

The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice No 25 as the company is a wholly owned subsidiary. Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc.

Sales to fellow group undertakings included in turnover amounted to £71 million (2006 - £64 million)

3. Operating costs

	Year ended 30 June 2007	Year ended 30 June 2006 (as restated)
	£ million	£ million
(Increase)/decrease in stocks of finished goods and work in progress	(3)	4
Raw materials and consumables	448	444
Excise duties	640	695
Advertising, marketing and promotion costs	86	86
Other operating income (a)	(22)	(21)
Other external charges (b)	87	87
Staff costs (note 4)	62	64
Depreciation of tangible fixed assets	30	30
Amortisation of intangible assets (note 10)	1	1
	<hr/>	<hr/>
	1,329	1,390
	<hr/>	<hr/>

(a) **Other operating income** includes management income from fellow group undertakings of £2 million (2006 - £4 million)

(b) **Other external charges** include intercompany royalty charges of £16 million (2006 - £17 million), intercompany factoring charges of £8 million (2006 - £9 million), losses in respect of foreign exchange of £1 million (2006 - £2 million), operating lease rentals for plant and machinery of £3 million (2006 - £3 million) and for land and buildings of £4 million (2006 - £5 million), exceptional restructuring costs of £3 million (2006 - £13 million) and research and development costs of £1 million (2006 - £nil)

Fees in respect of services provided by the auditor were statutory audit £131,620 (2006 - £200,000), other non-audit work £417,617 (2006 - £1,218,000)

Year ended 30 June 2007

Notes to the financial statements (continued)**4. Staff costs**

The average number of employees, including directors, during the year was

	Year ended 30 June 2007	Year ended 30 June 2006
Full time	1,484	1,485
Part time	45	74
	<hr/>	<hr/>
	1,529	1,559
	<hr/>	<hr/>

The aggregate remuneration of all employees comprised

	Year ended 30 June 2007	Year ended 30 June 2006 (as restated)
	£ million	£ million
Wages and salaries	37	39
Employer's social security costs	4	5
Share based payment	2	5
Employer's pension costs	19	15
	<hr/>	<hr/>
	62	64
	<hr/>	<hr/>

The aggregate remuneration of employees is net of reimbursements recovered. Staff numbers represent the total headcount employed by the Company, therefore the average cost per employee is altered by the proceeds received.

Pension costs

Some of the employees of the company are members of the Diageo UK pension plan which is a defined benefit plan.

It is not possible to allocate the assets and liabilities of the pension plan between individual companies and therefore the company accounts for it as a defined contribution plan. The company made contributions of £19 million to the plan in respect of its employees in the year ended 30 June 2007 (2006 - £15 million).

The assets and liabilities of the Diageo UK pension plan and related disclosures are contained in Diageo plc's annual report for the year ended 30 June 2007, however, the amounts referred to are not all attributable to the company.

Year ended 30 June 2007

Notes to the financial statements (continued)**4. Staff costs (continued)****Share based payments**

The fair value of share options or share grants is measured at grant date, based on the binomial or Monte Carlo model, and is recognised as a cost in the profit and loss account over the vesting period of the option or share grant with a corresponding adjustment to reserves. Full details of the valuation and accounting for share options schemes and policies are contained in Diageo plc's annual report for the year ended 30 June 2007 (see note 23)

5. Directors' emoluments

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Emoluments (excluding pension contributions)	1,084	430

Some of the directors are paid by fellow group undertakings

The aggregate emoluments of the highest paid director were £459,000 (2006 - £403,000). The highest paid director is a member of a defined benefit scheme under which his accrued annual pension at the year end was £149,795 (2006 - £138,600). The lump sum equivalent of the highest paid director's pension entitlement at the year end was £2,142,255 (2006 - £2,028,578).

The highest paid director made gains during the year of £257,981 (2006 - £nil) on the exercise of share options in Diageo plc.

All of the directors paid by the company are members of the Diageo UK pension fund which is a defined benefit scheme.

6. Disposal of fixed assets

	Year ended 30 June 2007 £ million	Year ended 30 June 2006 £ million
Profit on the sale of fixed assets	35	1

During the year, the company sold a portion of the land of the former Park Royal Brewery to a third party resulting in a gain of £35 million.

The tax charge on the sale was £nil (2006 - £nil).

Year ended 30 June 2007

Notes to the financial statements (continued)

7. Income from fixed asset investments

	Year ended 30 June 2007 £ million	Year ended 30 June 2006 £ million
Dividend income from shares in group undertakings	297	602
Dividend income from shares in associated undertakings	7	5
	<u>304</u>	<u>607</u>

8. Net interest payable

	Year ended 30 June 2007 £ million	Year ended 30 June 2006 £ million
Interest payable on loans from fellow group undertakings	(132)	(129)
	<u>(132)</u>	<u>(129)</u>
Less		
Interest receivable on loans to fellow group undertakings	10	1
Other interest receivable	4	4
	<u>14</u>	<u>5</u>
Net interest payable	<u>(118)</u>	<u>(124)</u>

Year ended 30 June 2007

Notes to the financial statements (continued)

9. Taxation

	Year ended 30 June 2007	Year ended 30 June 2006 (as restated)
	£ million	£ million
(i) Analysis of taxation (charge)/credit for the year		
Current tax		
UK corporation tax at 30% (2006 - 30%)	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax		
Current year	(11)	(17)
Adjustment in respect of prior years	(1)	(3)
Adjustment for change in rate of corporation tax (a)	<hr/> (1)	<hr/> -
Total deferred tax	(13)	(20)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(13)	(20)
	<hr/>	<hr/>

(a) The deferred tax liability has been adjusted to reflect the reduction in the rate of corporation tax from 30% to 28% with effect from 1 April 2008

	Year ended 30 June 2007	Year ended 30 June 2006 (as restated)
	£ million	£ million
(ii) Factors affecting current tax (charge)/credit for the year		
Profit on ordinary activities before taxation	287	583
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	(86)	(175)
Accelerated capital allowances and other timing differences	11	19
Expenses not deductible for tax purposes	(2)	(10)
Items not chargeable for tax purposes	103	183
Group relief received for nil consideration	(48)	(17)
Double tax relief	1	-
UK UK transfer pricing	<hr/> 21	<hr/> -
Current tax charge for the year	-	-
	<hr/>	<hr/>

Year ended 30 June 2007

Notes to the financial statements (continued)

10. Fixed assets – intangible assets

	Distribution rights £ million
Cost	
At 30 June 2006	12
	<hr/>
At 30 June 2007	12
	<hr/>
Amortisation	
At 30 June 2006	(5)
Provided during the year	(1)
	<hr/>
At 30 June 2007	(6)
	<hr/>
Net book value	
At 30 June 2007	6
	<hr/>
At 30 June 2006	7
	<hr/>

Year ended 30 June 2007

Notes to the financial statements (continued)

11. Fixed assets – tangible assets

	Land and buildings £ million	Plant and machinery £ million	Fixtures and fittings £ million	Assets in course of construction £ million	Total £ million
Cost					
At 30 June 2006	30	180	85	8	303
Additions	1	8	3	20	32
Disposals	(8)	(3)	(5)	-	(16)
Transfers	-	4	6	(10)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	23	189	89	18	319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 30 June 2006	(5)	(124)	(31)	-	(160)
Provided during the year	(1)	(12)	(17)	-	(30)
Disposals	-	3	1	-	4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	(6)	(133)	(47)	-	(186)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 June 2007	17	56	42	18	133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	25	56	54	8	143
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included within the net book value of freehold properties is £nil (2006 - £8 million) in respect of land on which no depreciation is charged

Year ended 30 June 2007

Notes to the financial statements (continued)

12. Fixed assets – investments

	Subsidiary undertakings £ million	Associated undertakings £ million	Other investments £ million	Total £ million
Cost				
At 30 June 2006	4,663	27	5	4,695
Disposals	(5)	-	-	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	4,658	27	5	4,690
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 30 June 2006 and at 30 June 2007	(1,511)	-	(4)	(1,515)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2007	3,147	27	1	3,175
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	3,152	27	1	3,180
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Country of incorporation	Class and percentage of shares held
Direct holdings:		
Subsidiary undertakings		
Diageo Scotland Limited	Scotland	100% of ordinary shares
Gilbeys Limited	England	94.3% of ordinary shares
Justerini & Brooks, Limited	England	100% of ordinary shares and 100% of 8% cumulative preference shares
Diageo United Kingdom Limited	England	100% of ordinary shares
S & B Production Limited	Northern Ireland	100% of ordinary shares
The Old Bushmills Distillery Company Limited	Northern Ireland	100% of ordinary A&B shares
Associated undertakings		
Lothian Distillers Limited	Scotland	100% of ordinary B shares (two classes – A&B, 50% of total share capital)
TopTable co uk Limited	England	48.1% of ordinary shares

Year ended 30 June 2007

Notes to the financial statements (continued)**12. Fixed assets – investments (continued)**

The above companies are principally involved in the production, distribution, marketing, exporting and importing of beer, spirits and wines. The investments in subsidiary and associated 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 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.

D Cameron & Company Limited, Gilbey Vintners Limited, Saccone & Speed Wholesale Limited, Strathspey Limited, Weissengraf Limited former subsidiary undertaking, resolved during the financial year to be struck off the register, resulting in a gain to the company of £201,000.

The aggregate net book value of the investment in associated undertakings on an equity accounting basis is £29 million (2006 - £29 million).

13. Stocks

	30 June 2007 £ million	30 June 2006 £ million
Raw materials and consumables	2	2
Work-in-progress	-	1
Finished goods and goods for resale	33	29
	<hr/>	<hr/>
	35	32
	<hr/>	<hr/>

14. Debtors

	30 June 2007 £ million	30 June 2006 £ million
Trade debtors	128	113
Factored debt	73	80
Amounts owed by fellow group undertakings	1,435	1,221
Corporate taxation	1	1
Other debtors	1	12
Other prepayments and accrued income	8	12
Deferred taxation (note 15)	11	24
	<hr/>	<hr/>
	1,657	1,463
	<hr/>	<hr/>

All amounts fall due within one year.

Year ended 30 June 2007

Notes to the financial statements (continued)

15. Deferred taxation

	30 June 2007 £ million	30 June 2006 £ million
Accelerated capital allowances	1	5
Other timing differences	3	4
Pension contributions	7	15
	<hr/>	<hr/>
Deferred tax asset	11	24
	<hr/>	<hr/>

Deferred tax on pension contributions is in respect of the contributions made during the year ended 30 June 2005 for which the tax benefit is recognised over a period of four years

Deferred taxation assets have been recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation assets, where realisation does not meet the more likely than not criterion, have not been recognised

16. Creditors due within one year

	30 June 2007 £ million	30 June 2006 £ million
Trade creditors	50	48
Amounts owed to fellow group undertakings	4,015	3,553
Amounts owed to associated undertakings	8	11
Other taxation including social security	61	65
Other creditors	4	4
Accruals and deferred income	140	142
	<hr/>	<hr/>
	4,278	3,823
	<hr/>	<hr/>

Year ended 30 June 2007

Notes to the financial statements (continued)

17. Provisions for liabilities and charges

	Restructuring provisions £ million	Other provisions £ million	Total £ million
At 30 June 2006	1	2	3
Profit and loss account	-	2	2
Utilised	(1)	(1)	(2)
Released	-	(1)	(1)
Transfer	1	-	1
	<hr/>	<hr/>	<hr/>
At 30 June 2007	1	2	3
	<hr/>	<hr/>	<hr/>

Restructuring provisions relate to costs in respect of restructuring of some of the company's brewing and packaging facilities. Other provisions include vacant property provision.

Provisions will be utilised within the next few years.

18. Share capital

	30 June 2007 £ million	30 June 2006 £ million
<i>Authorised</i>		
Equity - 1,132,366,000 ordinary shares of 25p each	283	283
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Equity - 1,113,082,750 ordinary shares of 25p each	278	278
	<hr/>	<hr/>

19. Reserves

	Share premium account £ million	Profit and loss account (as restated) £ million	Total (as restated) £ million
At 30 June 2006	73	738	811
Dividend paid	-	(535)	(535)
Share based payment	-	2	2
Retained profit for the year	-	274	274
	<hr/>	<hr/>	<hr/>
At 30 June 2007	73	479	552
	<hr/>	<hr/>	<hr/>

Year ended 30 June 2007

Notes to the financial statements (continued)

19. Reserves (continued)

The profit and loss account balance at 30 June 2006 has been restated due to the adoption of FRS 20, which is explained in note 1

20. Reconciliation of movement in shareholders' funds

	30 June 2007 £ million	30 June 2006 (as restated) £ million
Shareholders' funds at beginning of year (originally £1,087 million (2006 - £521 million) before prior year adjustment)	1,089	521
Dividend paid	(535)	-
Share based payment	2	5
Profit on ordinary activities after taxation	274	563
Shareholders' funds at end of year	830	1,089

21. Commitments

At 30 June 2007 the company had minimum annual commitments under non-cancellable operating leases as follows

	30 June 2007			30 June 2006		
	Land & buildings	Other	Total	Land & buildings	Other	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Annual payments under leases expiring:						
After five years	5	1	6	5	1	6
From one to five years	1	4	5	1	2	3
Within one year	-	-	-	-	-	-
	6	5	11	6	3	9

Capital expenditure commitments not provided for in these financial statements are estimated at £4 million (2006 - £11 million)

Year ended 30 June 2007

Notes to the financial statements (continued)

22. Post balance sheet events

Diageo Great Britain Ltd owned 1,527,450 ordinary shares, which constituted a 48.1% holding in TopTable.co.uk Limited. The company sold its shares in November 2007 for a consideration of £6 million in excess of book value.

23. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Grand Metropolitan Public Limited Company, 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.