

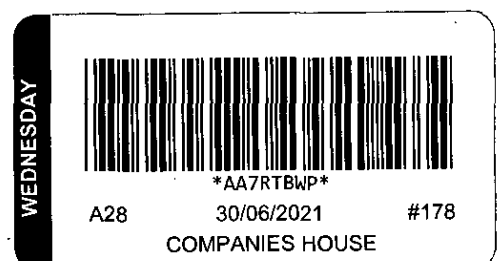
Registered number: 11066552

**ANNA SEED 83 LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**COMPANY INFORMATION**

<b>Directors</b>	Kara Major Rachel Henderson James Edmunds
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<b>Registered number</b>	11066552
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<b>Registered office</b>	Lakeside Drive Park Royal London NW10 7HQ
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**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**CONTENTS**

	<b>Page</b>
<b>Directors' Report</b>	<b>1</b>
<b>Statement of directors' responsibilities in respect of the directors' report and financial statements</b>	<b>5</b>
<b>Independent Auditors' Report</b>	<b>6</b>
<b>Profit and Loss Account</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statement</b>	<b>12</b>

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the year ended 30 June 2020.

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**Activities**

The company is incorporated and domiciled as a private limited company in the United Kingdom. The registered address is Lakeside Drive, Park Royal, London, NW10 7HQ. This was changed on 16 February 2021 from Suite 5 & 6 Woodlands Court Burnham Road, Beaconsfield Buckinghamshire HP9 2SF.

The company was incorporated on 16 November 2017, as the brand owner of Æcorn, a non-alcoholic aperitif beverage. On 6 August 2019, Diageo DV Limited, a wholly owned subsidiary of the Diageo plc group ('the group'), purchased the remaining share capital in the company which it did not already own. Prior to acquisition, the company was not subject to audit, and a number of adjustments were identified in respect of the previously reported figures for the 7 months to 30 June 2019 during the course of the current year audit. The detail of these adjustments can be found in note 2 of the financial statements.

On 1 December 2019, the company entered into a royalty agreement with Seedlip Limited, which included the transfer of all sales, production and marketing activities from the company to Seedlip Limited (a fellow subsidiary of the group). The directors foresee no further changes in the company's activities.

**Going Concern**

The company is expected to remain in positive net asset position 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 company 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.

In arriving at this conclusion, the directors have also considered the potential impact that the Covid-19 pandemic may have on the company and believe that any impact would be minimal.

**Financial**

The result for the year ended 30 June 2020 is shown on page 9.

The loss for the year transferred to reserves was £416,670 (2019 (restated) - £405,848).

No dividend was paid during the year (2019 - £nil) and there was no dividend proposed to be distributed to shareholders in regard to the current financial year (2019 - £nil).

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**DIRECTORS' REPORT (continued)**

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M C Edmunds (appointed 27 January 2020)

R J Henderson (appointed 27 January 2020)

K E Major (appointed 27 January 2020)

B J Branson (resigned 6 August 2019)

J D M Howarth (resigned 28 January 2020)

**Directors' Remuneration**

None of the directors received any remuneration during the year in respect of their service as directors of the company (2019 - £nil).

**Directors' Indemnity**

The Articles of Association permit qualifying third-party indemnities for the directors as defined by Section 234 of the Companies Act 2006. No such indemnity was in force during the last financial year, nor is any currently in force.

**Internal control and risk management over financial reporting**

The company operates under the financial reporting processes and controls of the group. Diageo plc's internal control and risk management systems including its financial reporting process of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2020 on page 79 at [www.diageo.com](http://www.diageo.com), which does not form part of this report.

**Principal risks and uncertainties facing the company as at 30 June 2020**

The company believes the following to be the principal risks and uncertainties it faces. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole and are managed by the group's treasury department.

*Changes in exchange rates*

Exchange exposures in respect of trading and distribution is managed in accordance with the group's policy which are determined in Diageo plc's 2020 Annual Report on page 151, whilst local risk management procedures are applied to mitigate currency risks arising on the trading of non-alcoholic spirit.

*Changes in consumer preferences and tastes*

Non-alcoholic spirit is a relatively new and growing category. Consumer preferences may shift due to a variety of factors including changes in demographic and social trends, and changes in the economic environment.

*Covid-19*

At the beginning of calendar year 2020 a new coronavirus, referred to as 'Covid-19', emerged and has been classified as a pandemic due to its spread across the world. Given the global nature of the Covid-19 pandemic, and the uncertainty as to the severity and duration of the impact across multiple markets, it is difficult to accurately assess the impact the virus will have on the future financial performance of the group and the company.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**DIRECTORS' REPORT (continued)**

**Principle risks and uncertainties facing the company as at 30 June 2020 (continued)**

*Covid-19 (continued)*

The directors have assessed that the key impacts on the company would be in respect of Covid 19 on remote working and ability to access IT systems, along with a potentially heightened cyber risk. The global economic outlook remains uncertain currently, as the pandemic has created volatility in the short term as a result of the social restrictions implemented across the world.

The impact of the virus on economic conditions over the medium-term (one to three years) is highly uncertain, in sharp contrast to the stable and growing GDP performance across most markets experienced in recent years. As a result, significant volatility is likely to continue or increase as markets face challenging economic conditions and higher levels of unemployment leading to reduced consumer spending.

To mitigate these challenges the group regularly gathers data and obtains insights which enable management to assess conditions in the markets where the group operates and to amend forecasts and investment decisions appropriately. The directors believe that the risk mitigation actions taken in relation to the pandemic have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for a recovery in consumer demand. Further information on the group's risk management measures in relation to Covid-19 are disclosed on pages 38-39 of Diageo plc's 2020 Annual Report and on page 61 of Diageo plc's interim results for the six months ended 31 December 2020.

*Brexit*

The European Union and the United Kingdom have now signed the EU-UK Trade and Cooperation Agreement which provisionally came into force on 1 January 2021. We remain of the view that the direct financial impact to the group or the company will not be material. A cross-functional working group is in place that meets on a regular basis to identify and assess the consequences of Brexit, with all major functions within our business represented, including the function of raising external funding. The group will monitor the implications of the Agreement very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate these risks wherever practical. Further information on the group's risk management measures in relation to Brexit are disclosed on page 39 of Diageo plc's 2020 Annual Report.

*The company faces competition that may reduce its market share and margins*

The company faces competition from several international companies as well as local and regional companies in the United Kingdom. Increased competition and unanticipated actions by competitors or customers could lead to downward pressure on prices and/or a decline in the company's market share in any of its product categories, which would adversely affect the company's results and hinder its growth potential.

*Regulatory decisions and changes in the legal and regulatory environment could increase the company's costs and liabilities or limit its business activities*

The company's operations are subject to extensive regulatory requirements, which include those in respect of product liability, distribution, marketing, promotion, labelling, advertising, labour, pensions, excise tax and environmental issues. Changes in laws, regulations or governmental policy could cause the company to incur material additional costs or liabilities that could adversely affect its business. Changes in tax law (including tax rates), accounting policies and accounting standards could materially reduce the company's reported after tax profit.

Breach of data privacy laws or regulations could harm the trust and/or reputation of the company, its brand or people and could significantly restrict the company's ability to deliver its digital productivity and growth plans.

**Independent Auditors**

Pursuant to Section 487 of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, have been appointed as independent auditors of the company.

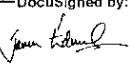
**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**DIRECTORS' REPORT (continued)**

**Disclosure of information to the 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 auditors are 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report was approved by the board on 29 June 2021 and signed on its behalf.

DocuSigned by:  
  
C4C6F1794FC948C

James Edmund

*Director*

Lakeside Drive  
Park Royal  
London  
NW10 7HG

29 June 2021

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**Statement of directors' responsibilities in respect of the directors' report and financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.



# ***Independent auditors' report to the members of Anna Seed 83 Limited***

## **Report on the audit of the financial statements**

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### **Qualified opinion**

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph below, Anna Seed 83 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2020; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for qualified opinion**

We have been unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement with regard to the opening inventory balance in the amount of £15,638 at 30 June 2019 together with cost of sales transactions recorded during the year in the amount of £112,075 and certain advertising and promotional expenses, in the amount of £12,626, included within administrative expenses in the profit and loss account, as we did not observe the counting of the physical inventory at 30 June 2019 and the company did not maintain adequate accounting records to support the cost of sales transactions and certain advertising and promotional expenses recorded in the year.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and, except for the possible effects of the matter referred to in the Basis for qualified opinion above, has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, except for the possible effects of the matter referred to in the Basis for qualified opinion above, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the directors' report and financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

In respect solely of the limitation on our work, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

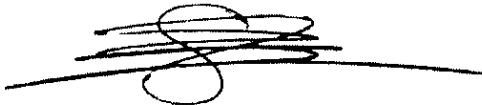
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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### **Other matter**

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The financial statements for the period ended 30 June 2019, forming the corresponding figures of the financial statements for the year ended 30 June 2020, are unaudited.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Steve Reid (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2021

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
Year ended June 2020

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2020**

		Year Ended 30 June 2020	7 months to 30 June 2019 (restated) (unaudited)
	Note	£	£
Turnover	4	429,080	111,688
Cost of sales		(112,075)	(84,080)
<b>Gross profit</b>		<b>317,005</b>	<b>27,608</b>
Administrative expenses		(802,429)	(433,456)
<b>Loss before tax</b>	5	<b>(485,424)</b>	<b>(405,848)</b>
Taxation credit for the year/period	7	68,754	-
<b>Loss for the financial year/period and total comprehensive income for the year/period</b>		<b>(416,670)</b>	<b>(405,848)</b>

The accounting policies and other notes on pages 12 to 20 form part of these financial statements.

The company had no other comprehensive income or expense during the current year and previous period.

The detail of the prior year restatement adjustments can be found in note 2 of the financial statements.

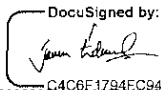
**ANNA SEED 83 LIMITED**  
**REGISTERED NUMBER: 11066552**  
**BALANCE SHEET AS AT 30 JUNE 2020**

	Note	2020 £	2019 (restated) (unaudited) £
<b>Current assets</b>			
Inventories		-	16,138
Debtors: amounts falling due within one year	8	703,788	21,345
Cash at bank and in hand		36,418	1,200,899
		<u>740,206</u>	<u>1,238,382</u>
Creditors: amounts falling due within one year	10	(46,777)	(128,283)
<b>Net assets</b>		<u>693,429</u>	<u>1,110,099</u>
<b>Capital and reserves</b>			
Called up share capital	11	147	147
Share premium account		1,749,958	1,749,958
Accumulated deficit		(1,056,676)	(640,006)
		<u>693,429</u>	<u>1,110,099</u>

The accounting policies and other notes on pages 12 to 20 form part of these financial statements.

The detail of the prior year restatement adjustments can be found in note 2 of the financial statements.

These financial statements on pages 9 to 20 were approved by the Board on 29 June 2021 and were signed on its behalf by:

DocuSigned by:  
  
 .....A4CBE17BAFEC94BQ.....  
**James Edmunds**  
 Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Share premium account	Accumulated deficit	Total equity
	£	£	£	£
<b>At 1 December 2018 (unaudited)</b>	<b>105</b>	<b>-</b>	<b>(234,157)</b>	<b>(234,052)</b>
Loss for the period (as previously reported) (unaudited)	-	-	(359,226)	(359,226)
Restatement of loss for the period (note 2) (unaudited)			(46,623)	(46,623)
Proceeds from shares issued (note 11) (unaudited)	42	1,749,958	-	1,750,000
<b>At 30 June 2019 and 1 July 2019 (restated) (unaudited)</b>	<b>147</b>	<b>1,749,958</b>	<b>(640,006)</b>	<b>1,110,099</b>
Loss for the year	-	-	(416,670)	(416,670)
<b>At 30 June 2020</b>	<b>147</b>	<b>1,749,958</b>	<b>(1,056,676)</b>	<b>693,429</b>

The accounting policies and other notes on pages 12 to 20 form part of these financial statements.

The detail of the prior year restatement adjustments can be found in note 2 of the financial statements.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**1. General information**

Anna Seed 83 Limited is a private limited company by share capital, incorporated in England and Wales, registration number 11066552. The address of the registered office is Lakeside Drive, Park Royal, London, NW10 7HQ. This was changed on 16 February 2021 from Suite 5 & 6 Woodlands Court Burnham Road, Beaconsfield Buckinghamshire HP9 2SF

The accounting year end was changed in 2019, moving from a November 30 year end to a June 30 year end. As such the comparative period in these financial statements cover a 7 month period from 1 December 2018 to 30 June 2019.

**2. Accounting policies**

**a. Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102 ("FRS102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company has taken advantage of the following exemptions:

- under paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Diageo plc, includes the company's cash flows in its consolidated financial statements.
- Disclosure of related party transactions with the wholly owned group undertakings and key management personnel
- A reconciliation of the number of shares outstanding at the beginning and end of the period, under paragraph 4.12(a)(iv).

*Prior year adjustments*

Prior to the acquisition of Anna Seed 83 Ltd by the group, the financial statements had been unaudited. The audit of these financial statements identified the following adjustments to the 30 June 2019 financial statements:

	Previously reported £	Adjustment £	Restated balance £
Debtors	20,785	560	21,345
Creditors	(81,100)	(47,183)	(128,283)
Loss for the period	359,225	46,623	405,848

**b. Going concern**

The company is expected to remain in positive net asset position 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 company 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.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Accounting policies (continued)**

**2.2 Going concern (continued)**

In arriving at this conclusion, the directors have also considered the potential impact that the Covid-19 pandemic may have on the company and believe that any impact would be minimal.

**c. Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**d. Turnover recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates allowed by the Company. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Royalty income**

On 1 December 2019, the company entered into a royalty agreement with Seedlip Limited, which included the transfer of all sales, production and marketing activities from the company to Seedlip Limited (a fellow subsidiary of the group). Royalty income is recognised within turnover on an accruals basis in accordance with the substance of the relevant agreement.



**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Accounting policies (continued)**

**e. ☐ Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

**f. ☐ Taxation**

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

**g. ☐ Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Profit and Loss Account.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Accounting policies (continued)**

**h. ☐ Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**i. ☐ Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are *recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.*

**3. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4. Turnover**

**All turnover is located in the United Kingdom (2019 – United Kingdom) and is attributed as follows:**

	Year ended 30 June 2020 £	7 months ended 30 June (unaudited) 2019 £
Sales of goods	263,405	111,688
Royalty income	165,675	-
Total	<u>429,080</u>	<u>111,688</u>

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**5. Operating loss**

Operating loss is stated after charging / (crediting);

	Year ended 30 June	7 months ended 30 June (restated) (unaudited)
	2020	2019
	£	£
Wages and salaries	258,670	118,699
Social security costs	29,447	13,197
Redundancy payment	8,833	-
Pension costs	5,720	1,629
Total staff costs	302,670	133,525
Marketing expenses	313,074	136,101
Foreign exchange (gains) / losses	(58)	5
Audit fees	24,000	-

There were no fees payable to the auditors in respect of non-audit services (2019 - £nil).

The administrative expenses balance at 30 June 2019 was restated by £26,551 (previously £406,905) and the cost of good a balance at 30 June 2019 was restated by £20,072 (previously £64,008) to correct for costs posted in the wrong period or incorrectly estimated. For an explanation of the full effect of the restatement see 'Prior year adjustments' in note 2.

**6. Employees**

The average monthly number of employees, including directors, during the year was 6 (2019 - 3). All employees are employed in administration and central functions (2019 – administration and central functions).

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**7. Taxation on loss on ordinary activities**

	Year ended 30 June 2020 £	7 months ended 30 June (unaudited) 2019 £
<b>(a) Analysis of taxation for the year</b>		
<b>Current tax</b>		
UK corporation tax	68,754	—
<b>Total current tax credit</b>	68,754	—
<b>Total deferred tax</b>	—	—
<b>Taxation on loss on ordinary activities</b>	68,754	—
	<b>30 June 2020</b> £	<b>30 June 2019</b> (unaudited) £
<b>(b) Factors affecting total tax for the year/period</b>		
Loss on ordinary activities before taxation	(485,424)	(405,848)
Tax on loss on ordinary activities at UK corporation tax rate of 19%	(92,231)	(77,111)
Expenses not deductible	14,149	18,899
Deferred tax not recognised	9,328	58,212
<b>Tax credit for the year/period</b>	68,754	—

The UK tax rate is 19% effective from 1 April 2017 which is applied for the year ended 30 June 2020. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**8. Debtors: amount falling due within one year**

	<b>30 June 2020</b>	<i>30 June 2019 (restated) (unaudited)</i>
	<b>£</b>	<b>£</b>
Intercompany loan	<b>633,085</b>	10,743
Group tax relief surrendered	<b>68,754</b>	-
Other debtors	<b>1,949</b>	-
Prepayments	<b>-</b>	10,602
	<b><u>703,788</u></b>	<b><u>21,345</u></b>

Prepayments balance at 30 June 2019 was restated by £560 (previously £20,785) to reclassify the intercompany loan and recognise a prepayment in the correct year. For an explanation of the full effect of the restatement see 'Prior year adjustments' in note 2.

The intercompany loan is interest free, unsecured, and is repayable on demand.

The group tax relief surrendered is receivable from a fellow group company, Diageo Scotland Limited.

**9. Deferred Tax Assets**

Unrecognised deferred tax assets

Deferred tax 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. Where this is not the case, deferred tax assets have not been recognised, as set out below:

	<b>30 June 2020</b>	<i>30 June 2019 (unaudited)</i>
	<b>£</b>	<b>£</b>
Trading losses - indefinite	<b>111,899</b>	91,722
	<b><u>111,899</u></b>	<b><u>91,722</u></b>

**10. Creditors: Amounts falling due within one year**

	<b>30 June 2020</b>	<i>30 June 2019 (restated) (unaudited)</i>
	<b>£</b>	<b>£</b>
Trade creditors	<b>360</b>	40,983
Other creditors	<b>8,089</b>	-
Accruals	<b>38,328</b>	87,300
	<b><u>46,777</u></b>	<b><u>128,283</u></b>

The creditors balance at 30 June 2019 was restated by £47,183 (previously £81,100) to correct for costs posted in the wrong period. For an explanation of the full effect of the restatement see 'Prior year adjustments' in note 2.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**11. Share capital**

	<b>30 June 2020</b>	<i>30 June 2019 (unaudited)</i>
<b>£</b>		<b>£</b>
Allotted, called up and fully paid		
13,158 (2019 - 13,158) Ordinary shares of £0.01000 each	<b>131.58</b>	131.58
1,500,000 (2019 – 1,500,000) Preference shares shares of £0.00001 each	<b>15</b>	15
	<b><u>146.58</u></b>	<u>146.58</u>

During the year there was no change to the share capital.

On 30 April 2019, 2,632 ordinary shares were issued for £26.32. On 30 April 2019, 500,000 preference shares were issued, and on 26 June 2019, 1,000,000 preference shares were issued for, in total, £1,750,000.

**12. Pension commitments**

The Company operates a defined contribution scheme by paying contributions to employees' personal pension plans. The assets of the scheme are held separately from those of the company in an independent fund administered by Legal & General. The pension cost represents contributions payable by the company to the fund and amounted to £5,720 (2019 (unaudited): £1,629) in the year. Contributions totaling £11,453 (2019 (unaudited): £271) were payable to the fund at 30 June 2020.

**13. Related party transactions**

Transactions between the company and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

On 6 August 2019, Diageo DV Limited acquired 100% of the company ordinary shares. As a consequence there was a change in the group of related parties during the year ended 30 June 2020.

On 6 August 2019, Diageo DV also acquired 91% of Seedlip Limited.

Transactions with the wholly owned Diageo group undertakings are exempt from disclosure from this date.

Before 6 August 2019, the related parties were: Seedlip Limited, its directors and all of Diageo group owned companies.

Transactions between the company and its related parties prior for the period from 1 July 2019 to 5 August 2019 were as follows: £78,297 included in turnover, £18,504 included in cost of sales and £9,083 included in administrative expenses.

Transactions between the company and its related parties prior for the 7 months ended 30 June 2019 were as follows: £111,688 included in turnover, £64,008 included in cost of sales and £27,249 included in administrative expenses.

Included in intercompany loan at the 30 June 2019 is an amount of £10,744 owed from Seedlip Limited, a company that was controlled by the same shareholders as Anna Seed 83 Limited. This loan is interest free and is repayable on demand.

The intercompany loan owed from Seedlip Limited at 30 June 2019 was restated by £27 (previously £10,717) to correct for costs not posted correctly. For an explanation of the full effect of the restatement see 'Prior year adjustments' in note 2.

**ANNA SEED 83 LIMITED**  
Registered number: 11066552  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**14. Immediate and Ultimate Parent Undertaking**

The immediate parent undertaking of the company is Diageo DV Limited, a company incorporated and registered in England, United Kingdom.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. Diageo plc is incorporated and registered in England, United Kingdom. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom.