

Guinness Overseas Holdings Limited
Annual report and financial statements
30 June 2023

Registered number: 01488969

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Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

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Guinness Overseas Holdings Limited
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Year ended 30 June 2023

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 June 2023.

Activities

The company acted as an intermediary holding company within the Diageo group ("the group"), up until the year ended 30 June 2023, during which the company's wholly owned subsidiary was sold.

The company will continue to act as financing vehicle of the group.

The company is incorporated and domiciled as a private company limited by shares in England, United Kingdom. The registered address is 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.

The directors foresee no changes in the company's activities.

Business review

Development and performance of the business of the company during the financial year and position of the company as at 30 June 2023

Profit for the year increased by £300,284,000 from a loss of £13,047,000 in the year ended 30 June 2022 to a profit of £287,237,000 in the year ended 30 June 2023, mainly driven by a gain on sale of the company's investment in Guinness Cameroun S.A. ("GCSA") in the amount of £327,603,000 and the corresponding taxation charge of £44,126,000. Dividend paid to shareholders during the year ended 30 June 2023 was £180,000,000.

The company's net assets increased by £107,237,000 from £8,208,000 to £115,445,000 mainly driven by the sale of GCSA and the dividend paid to shareholders.

On 9 December 2022, it was resolved that Guinness Cameroun S.A. ("GCSA") would reduce its share capital. The share capital reduction of XAF 11,777,615,600 was decided to be executed through a payment in cash to its shareholders, according to their respective shareholding. Following an assessment of the substance of the distribution, it was determined that £10,561,000 of the total distribution amount, equal to the proportionate amount of the carrying value to company's investment in GCSA at the time of the share capital reduction, was a return of capital. The excess distribution receivable in the amount of £3,663,000 was recognised in the statement of comprehensive income as dividend income.

On 26 May 2023, the company sold its 92.08% shareholding in GCSA to Castel Group for a consideration of £353,281,000, realising a gain of £327,603,000 in respect of the sale.

The company had a non-residents capital gain tax obligation towards Cameroon tax authority in total of £43,840,000 which was paid following the receipt of the proceeds from the sale. The company recognised an additional £286,000 withholding tax charge on dividend received.

Financial and other key performance indicators

As the company acted as a holding company up to the sale of GCSA and will act as a financing vehicle in the group, the company's performance is measured based on the adherence to the group's intercompany funding policy and the group dividend policy.

Principal risks and uncertainties facing the company as at 30 June 2023

The principal risks identified by the group are disclosed on pages 88 to 93 of Diageo plc's 2023 Annual Report. The most relevant of the group risks to this entity are the ones we have selected and articulated below, together with specific considerations relating to the company's operations and environment. 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 financing structure, 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. The directors consider that the following risks might impact the performance and the solvency or liquidity of the company through its intercompany financing structure.

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STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Geopolitical and macroeconomic volatility

Geopolitical forces, primarily driven by the Russia / Ukraine conflict, coupled with macro-economic stress, increase the likelihood of international and domestic tensions, disputes and conflict that might impact the business. Macroeconomic conditions include inflationary pressures, unemployment and global trade tensions. Financial volatility risk could arise from variability in financial markets, interest rate fluctuations and currency instability. Failure to react quickly enough to changing economic and/or political conditions, e.g. inflationary pressures, currency instability, global trade tensions, heightened political protectionism, changes to customs duties and tariffs, and/or eroded consumer confidence, may impact on the freedom to operate in a market and could adversely impact financial performance.

The group monitors key business drivers and performance, to prepare for rapid changes in the external environment and there is an enhanced group-level strategic analysis and scenario planning to strengthen market strategies and risk management.

The group has continued to improve long-term forecasting and planning capabilities, to better assess and respond to long-term opportunities and risks. The group has also continued to operate the strategic planning and performance function with a stronger governance model for financial and non-financial decision-making. This will enable closer monitoring of external volatility/risk and multi-country investment strategy with central hedging and currency monitoring to manage volatility.

During the year ended 30 June 2023, inflation has remained high and has reduced more slowly than expected in many countries. High levels of inflation are expected to continue in the short to medium term. Foreign exchange volatility has increased across several markets. There are dedicated cross-functional steering groups to manage the response to acute issues including inflation and foreign exchange volatility.

Cyber and IT resilience

Cyber-attacks are becoming more prevalent, and there is an increased dependency on third-party IT services and solutions. As geopolitical tensions are growing, there is a rise in more sophisticated cyber threats affecting all organisations, therefore the risk of a cyber-attack is heightened.

The group has strong enterprise-wide cyber risk management processes and policies and next generation security technologies to tackle advanced attacks. There is IT and Operations Technology ("OT") disaster recovery and business continuity testing across the key systems. The group continues to enhance and deploy next generation security technologies to tackle advanced attacks and upgrade the enterprise resource planning system and associated processes to ensure they remain resilient.

Climate change and sustainability

Physical and transition climate change risks, including water stress, extreme weather events, temperature rises and increased regulation, may result in increased volatility in the supply of raw materials, production costs, capacity constraints and higher costs of compliance. In addition, the failure to meet sustainability goals could result in loss of licence to operate, financial loss and reputational damage amongst customers, consumers, investors and other stakeholders.

The group conducted a detailed climate change risk assessment ("CCRA") and scenario analysis to evaluate short- and long-term impacts from physical and transition risks.

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STRATEGIC REPORT (continued)

Business review (continued)

Principal risks and uncertainties facing the company as at 30 June 2023 (continued)

Climate change and sustainability (continued)

The group operates a cross-functional Climate Risk Steering Group that sets the strategy for ongoing climate risk assessment, and manages associated opportunities and risks, while continuing to develop the approach to climate change risk reporting. CCRA review found that, with respect to the group, risks related to acute weather events, high temperature, water stress, rising sea level hazards are projected to significantly increase in the future and cause interruption to operations, however based on the current assessment we do not consider that they will have a significant short term financial impact.

Resource-scarcity issues have been identified and mitigated, especially within agricultural ingredient sourcing, and manufacturing, water and energy. Physical risk exposures have been identified for sites assessed in North America and Scotland, Africa, Mexico, India, Turkey, Latin America and Caribbean, Asia Pacific, and Europe, and being built into site and category risk footprints. 'Society 2030: Spirit of Progress' ambition was launched in 2022 that continued to deliver against key targets and longer-term goals. (Details are disclosed on pages 57-60 of Diageo plc's Annual Report). The water blueprint was defined and operationalised in water-stressed locations. Communication programmes are in place to share impact, strengthen reputation and support the advocacy platform. Carbon pricing is being assessed as an internal mechanism to drive deeper understanding of the impact of energy choices. The group TCFD modelling and mitigation plans incorporate the risk of a 4-5°C climate change scenario, which may arise as a result of collective climate action failure.

The group has further increased resources dedicated to the mitigation of climate impact within our sustainability, sourcing, and finance teams.

Further information on the group's risk assessment and risk management measures in relation to climate change is disclosed on pages 71-87 of Diageo plc's 2023 Annual Report and on page 51 of Diageo plc's interim results for the six months ended 31 December 2023.

Over time the group will continue to refine and update its CCRA to reflect real time developments resulting from climate change.

The company only has an intercompany receivable and payable on the balance sheet and has corresponding interest income and expense in the statement of comprehensive income; therefore the only assessed risk associated with climate risk is that the intercompany receivable may not be recoverable.

The intercompany receivable is due from Diageo Finance plc, the risk of default on intercompany receivable is not considered likely in the short term based on the current CCRA.

Details of the specific climate risks that may impact Diageo Finance plc are disclosed in its separate financial statements, and these are subject to risk mitigation measures that are assessed and coordinated from a group level.

Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making. In making decisions, the directors consider what is most likely to promote the success of the company for its shareholders in the long term, as well as the interests of the group's stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the company's activities on local communities, the environment, including climate change, and the group's reputation.

Guinness Overseas Holdings Limited

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Year ended 30 June 2023

STRATEGIC REPORT (continued)

Business review (continued)

Statement on Section 172 of the Companies Act 2006 (continued)

The company is a member of the group of companies (the “group”) whose ultimate holding company is Diageo plc (“Diageo”). In accordance with the requirements of UK company law, Diageo has included in its 2023 Annual Report and Accounts on page 9 a statement as to how the directors of Diageo have had regard to the matters set out in Section 172 of the Companies Act 2006.

In order to ensure consistency in how the group operates with regard to its wider stakeholders, the group has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders in a consistent manner.

The company has therefore had regard to the matters set out in Section 172 of the Act in a manner that is consistent with the approach adopted by Diageo, while at the same time ensuring the directors of the company are fulfilling their duties.

Main activities of the Board

The principal activities of the Board during the year include:

- Approval of the financial statements for the year ended 30 June 2022;
- Approval of a dividend payment to its parent company;
- Approval of a number of transactions relating to the disposal of the company’s subsidiary – Guinness Cameroun S.A.; and
- Approval of a change in the company’s functional and reporting currency from sterling to US dollar subject to final approval of the board of directors of Diageo plc with effect from 1 July 2023.

On behalf of the Board

DanTea Keresztesi

.....
D Keresztesi

Director

16 Great Marlborough Street

London

W1F 7HS

1 March 2024

Guinness Overseas Holdings Limited

Registered number: 01488969

Year ended 30 June 2023

DIRECTORS' REPORT

The directors are pleased to submit their annual report, together with the audited financial statements for the year ended 30 June 2023.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company is expected to continue to generate profit for its own account and 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 a period of at least 12 months from the date the financial statements are approved and signed. 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 principal risks outlined on the Directors' report may have on the company and believe that any impact would be minimal.

Financial

The result for the year ended 30 June 2023 is shown on page 14.

The profit for the year transferred to reserves was £287,237,000 (2022 - loss of £13,047,000).

Dividend paid during the year was £180,000,000 (2022 - £nil).

There was no dividend proposed to be distributed in regards to the current financial year.

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

D Keresztesi

K E Major

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

Directors' indemnity

The Articles of Association permits 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.

Post balance sheet events

Starting 1 July 2023, the direct and ultimate parent of the company, Diageo plc has changed its functional currency from sterling to US dollar which is applied prospectively. Diageo plc has also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

The company is a holding entity of the Diageo group carrying out activities as an extension of the direct parent. In line with reporting requirements the company followed its direct parent and changed functional currency from sterling to US dollar starting 1 July 2023 which is applied prospectively. The company also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

Guinness Overseas Holdings Limited

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DIRECTORS' REPORT (continued)

Post balance sheet events (continued)

As a result of the functional and presentational currency change of the company from 1 July 2023, to manage the changed foreign currency exposures of the company, the sterling denominated intercompany loan of the entity has been converted from sterling to US dollar on transition date with no material fair value impact and no cash settlement. The amount of the intercompany deposit total balance denominated in sterling was £121,256,000 which has been converted to \$152,784,000.

On 1 December 2023 the outstanding receivable from GCSA in respect of the capital reduction was paid to the company in the amount of €16,364,000 which means that receivable from GCSA in the amount of £13,845,000 was fully settled subsequent to year-end.

Subsequent to the year-end the company made a €3,180,000 (£2,765,000) payment to the previous suppliers of GCSA and agreed to pay an additional €2,348,000 (£2,027,000) as well. It is anticipated that a further \$3,100,000 (£2,429,000) compensation is required to be paid to Castel Group. These obligations arose after the year-end, therefore no provision was recognized for the year-ended 30 June 2023.

Business relationship statement

The business of the company is that of an intermediate holding company and as such it has a more limited number of third-party business relationships than other companies within the group. However, in order to ensure consistency in how the group operates, the company has adopted an internal Code of Business Conduct alongside a comprehensive framework of global policies and standards that are designed to ensure, amongst other things, that all companies throughout the group, including the company, have regard to its wider stakeholders, including those in a business relationship with the company, in a consistent manner. Decisions taken by directors are informed by the interests of its wider stakeholders, including those in a business relationship with the company, as guided by, amongst other things, the Code of Business Conduct and framework of policies and standards.

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 2023 on page 115 at www.diageo.com, which does not form part of this report.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, have been reappointed and will continue in office as independent auditors of the company.

Guinness Overseas Holdings Limited
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Year ended 30 June 2023

DIRECTORS' REPORT (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's 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.

On behalf of the Board

Dorota Keresztesi

.....

D Keresztesi

Director

16 Great Marlborough Street

London

W1F 7HS

1 March 2024

Guinness Overseas Holdings Limited

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Year ended 30 June 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual 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 101 "Reduced Disclosure Framework", 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 101 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 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 also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Guinness Overseas Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Guinness Overseas Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", 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 Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2023; the Statement of comprehensive income and 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.

Basis for opinion

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 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2023 is consistent with the financial statements and 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, we did not identify any material misstatements in the Strategic report and Directors' report.

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 financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to , but were not limited to, Companies Act 2006, UK tax legislation and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework” and applicable law), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to the recoverability of amounts owed by fellow group undertakings; and
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or 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.

Prashant Bagree

Prashant Bagree (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 March 2024

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2023	Year ended 30 June 2022
	Notes	£ 000	£ 000
Operating costs	2	(161)	(65)
Income from shares in group undertakings	3	3,663	6,457
Operating profit		3,502	6,392
Finance income / (charges)	4	258	(612)
Gain / (loss) on sale of investment	6	327,603	(17,893)
Profit / (loss) before taxation on ordinary activities		331,363	(12,113)
Taxation on profit / (loss) on ordinary activities	5	(44,126)	(934)
Profit / (loss) for the financial year and total comprehensive income / (expense) for the year		287,237	(13,047)

The accompanying notes are an integral part of these financial statements.

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

Guinness Overseas Holdings Limited
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Year ended 30 June 2023

BALANCE SHEET

	Notes	30 June 2023 £ 000	30 June 2022 £ 000
Non-current assets			
Investments in subsidiaries	6	—	28,933
		—	28,933
Current assets			
Trade and other receivables	7	120,971	5,523
Total assets		120,971	34,456
Current liabilities			
Trade and other payables	8	(5,525)	(26,248)
Borrowings		(1)	—
Total liabilities		(5,526)	(26,248)
Net assets		115,445	8,208
Equity			
Called up share capital	9	87,560	87,560
Retained earnings / (Accumulated losses)		27,885	(79,352)
Total equity		115,445	8,208

The accounting policies and other notes on pages 17 to 26 form part of the financial statements.

These financial statements on pages 14 to 26 were approved by the Board on 1 March 2024 and were signed on its behalf by:

Dorotea Keresztesi

.....
D Keresztesi
Director

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Called up share capital £ 000	Retained earnings / (Accumulated losses) £ 000	Total £ 000
Balance at 30 June 2021	<u>87,560</u>	<u>(66,305)</u>	<u>21,255</u>
Loss for the financial year and total comprehensive expense	—	(13,047)	(13,047)
Balance at 30 June 2022	<u>87,560</u>	<u>(79,352)</u>	<u>8,208</u>
Profit for the financial year and total comprehensive income	—	287,237	287,237
Dividends to shareholders	—	(180,000)	(180,000)
Balance at 30 June 2023	<u><u>87,560</u></u>	<u><u>27,885</u></u>	<u><u>115,445</u></u>

The accompanying notes are an integral part of these financial statements.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

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.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are measured at their fair value.

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.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- The following paragraphs of IAS 24 'Related party disclosures':
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The company has taken advantage of the exemption by virtue of section 400 under Companies Act 2006, from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent, Diageo plc.

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB and endorsed by the UK and EU, have been adopted by the group and therefore by the company from 1 July 2022 with no impact on the company's results, financial position or disclosures:

- Amendments to IFRS 3 Updating a Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and equipment: Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to Annual Improvements 2018-2020 – IFRS 9 – Fees in the '10 per cent' Test, IFRS 16 – Lease incentive, IAS 41 – Taxation in Fair Value Measurements;
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules.

The following standard and amendments issued by the IASB have been endorsed by the UK and the EU and have not been adopted by the company:

- IFRS 17 – Insurance contracts (effective from the year ending 30 June 2024) is ultimately intended to replace IFRS 4;
- Amendments to IAS 12 – Income taxes (effective from the year ending 30 June 2024).

There are a number of other amendments and clarifications to IFRSs, effective in future years, which are not expected to significantly impact the company's results or financial position.

Functional and presentational currency

These financial statements are presented in sterling (£), which is the company's functional currency.

All financial information presented in sterling (£) has been rounded to the nearest thousand unless otherwise stated.

Guinness Overseas Holdings Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Finance income/charges

Finance income/charges are recognised in the statement of comprehensive income in the year in which they are earned/incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income to reflect an impairment against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the company does not apply the fair value option.

Trade and other receivables Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest-bearing trade receivables are stated at their nominal value as they are due on demand. Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Trade and other payables Trade payables are non-interest bearing and are stated at their nominal value as they are due on demand. Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost.

Guinness Overseas Holdings Limited
Registered number: 01488969
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, tax benefits are reviewed each year to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Tax provisions are included in current liabilities. Penalties and interest on tax liabilities are included in profit before taxation. In prior years penalties and interest on tax liabilities were provided for in the tax charge.

Dividends

Dividends received are included in the financial statements in the year in which they are receivable.

Judgements in applying accounting policies and key sources of 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.

The critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates, is set out in detail in the accounting policy for investments in subsidiaries. A critical accounting judgement, specific to the company, is the assessment that recoverable amount of the company's investment in subsidiaries is greater than the carrying amount.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OPERATING COSTS

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Operating costs		
Net foreign exchange losses	(163)	(65)
Other operating income	2	—
	<u>(161)</u>	<u>(65)</u>

Net foreign exchange losses of £163,000 (2022 - £65,000) were recognised on dividend receivable denominated in foreign currency.

The auditors' remuneration of £9,492 (2022 - £8,500) was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditors in respect of non-audit services (2022 - £nil).

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

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2022 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Dividend income from shares in group undertakings		
Guinness Cameroun S.A.	<u>3,663</u>	<u>6,457</u>

Net dividend income from shares in group undertakings during the year ended 30 June 2023 amounted to £3,377,000 (2022 - £5,406,000), which is due by receiving amounts from Guinness Cameroun S.A. (see note 7). Withholding tax suffered in respect of the dividend received amounted to £286,000 (2022 - £1,051,000).

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCE INCOME AND CHARGES

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
Net interest		
Interest from fellow group undertakings		
Diageo Finance plc	258	—
Total interest income	<u>258</u>	<u>—</u>
Interest charge by fellow group undertakings		
Diageo Finance plc	—	(612)
Total interest charges	<u>—</u>	<u>(612)</u>
Net finance income / (charges)	<u><u>258</u></u>	<u><u>(612)</u></u>

Guinness Overseas Holdings Limited**Registered number: 01488969****Year ended 30 June 2023****NOTES TO THE FINANCIAL STATEMENTS (continued)****5. TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
(a) Analysis of taxation charge for the year		
Current tax		
UK corporation tax	—	117
Foreign taxes suffered	(44,126)	(1,051)
Current tax	(44,126)	(934)
Taxation on profit / (loss) on ordinary activities	(44,126)	(934)
	Year ended 30 June 2023 £ 000	Year ended 30 June 2022 £ 000
(b) Factors affecting total tax charge for the year		
Profit / (loss) before taxation on ordinary activities	<u>331,363</u>	<u>(12,113)</u>
Taxation on profit / (loss) on ordinary activities at UK corporation tax rate of 20.50% (2022 - 19%)	(67,916)	2,302
Income not taxable	67,896	1,227
Items not deductible for tax purposes	(34)	(3,412)
Group relief surrendered for nil consideration	53	
Foreign taxes suffered	(44,126)	(1,051)
Total tax charge for the year	(44,126)	(934)

The UK corporation tax rate increased from 19% to 25% on 1 April 2023 and so an average tax rate of 20.50% is applied for the year ended 30 June 2023.

The company had a non-residents capital gain tax obligation towards Cameroon tax authority in total of £43,840,000 which was paid following the receipt of the proceeds from the sale. The company recognised an additional £286,000 withholding tax on dividend received.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES

<i>Shares in group undertakings</i>	Subsidiaries £ 000
Cost	
At 30 June 2022	75,318
Disposals	(64,757)
At 30 June 2023	10,561
Provision for impairment	
At 30 June 2022	(46,385)
Disposals	46,385
At 30 June 2023	—
Other movements	
Return of capital	(10,561)
At 30 June 2023	(10,561)
Carrying amount	
At 30 June 2023	—
At 30 June 2022	28,933

On 9 December 2022, it was resolved that Guinness Cameroun S.A. ("GCSA") would reduce its share capital. The share capital reduction of XAF 11,777,615,600 was decided to be executed through a payment in cash to its shareholders, according to their respective percentages. Following an assessment of the substance of the distribution, it was determined that £10,561,000 of the total distribution amount, equal to the proportionate amount of the carrying value to company's investment in GCSA at the time of the share capital reduction, was a return of capital. The excess distribution receivable in the amount of £3,663,000 was recognised in the statement of comprehensive income as dividend income.

On 26 May 2023, the company sold its 92.08% shareholding in GCSA to Castel Group for a consideration of £353,281,000, realising a gain of £327,603,000 in respect of the sale.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	£ 000	£ 000
Guinness Cameroun S.A.	13,845	5,406
Amounts owed by fellow group undertakings		
Diageo Finance plc	107,126	—
Diageo Scotland Limited	—	117
	<u>120,971</u>	<u>5,523</u>

Amounts owed by fellow group undertakings include intercompany loan receivable in the amount of £107,126,000. This amount stands for £14,130,000 intercompany loan payable denominated in euro and £121,256,000 intercompany loan receivable (2022 - intercompany loan payable in the amount of £26,248,000), which bears interest at a floating rate, unsecured and repayable on demand.

On 9 December 2022, it was resolved that GCSA would reduce its share capital. The share capital reduction of XAF 11,777,615,600 was decided to be executed through a payment in cash to its shareholders, according to their respective percentages. The share capital reduction was not settled before the sale of the investment. As GCSA was sold on 26 May 2023, the amount receivable from the capital reduction is in respect of a third party, therefore no longer classified as fellow group undertaking at 30 June 2023. On 1 December 2023 the amount was paid to the company.

8. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
	£ 000	£ 000
Amounts owed to fellow group undertakings		
Diageo Finance plc	—	26,248
Diageo plc	2,925	—
	<u>2,925</u>	<u>26,248</u>
Accruals and deferred income	2,600	—
	<u>5,525</u>	<u>26,248</u>

In the year ended 30 June 2022 the amounts owed to fellow group undertakings included intercompany loan payable in the amount of £26,248,000, which had interest at floating rates, unsecured and repayable on demand.

Legal and professional consultancy fees in respect of GCSA sale were recharged to the company in the amount of £2,925,000 and accrued in the amount of £2,600,000.

Guinness Overseas Holdings Limited
Registered number: 01488969
Year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

30 June 2023
£ 000

87,560,100 (2022 - 87,560,100) ordinary shares of £1 each

87,560

10. CONTINGENT LIABILITIES

Under the Share purchase agreement signed between the company and Castel Group there are continuing negotiations to reach a final agreement on any additional compensation payable by the parties. The company is unable to meaningfully quantify the possible payment to which this claim may be settled at and therefore no provision has been made.

11. POST BALANCE SHEET EVENTS

Starting 1 July 2023, the direct and ultimate parent of the company, Diageo plc has changed its functional currency from sterling to US dollar which is applied prospectively. Diageo plc has also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

The company is a holding entity of the Diageo group carrying out activities as an extension of the direct parent. In line with reporting requirements the company followed its direct parent and changed functional currency from sterling to US dollar starting 1 July 2023 which is applied prospectively. The company also decided to change its presentation currency to US dollar with effect from 1 July 2023, applied retrospectively.

As a result of the functional and presentational currency change of the company from 1 July 2023, to manage the changed foreign currency exposures of the company, the sterling denominated intercompany loan of the entity has been converted from sterling to US dollar on transition date with no material fair value impact and no cash settlement. The amount of the intercompany deposit total balance denominated in sterling was £121,256,000 which has been converted to \$152,784,000.

On 1 December 2023 the outstanding receivable from GCSA in respect of the capital reduction was paid to the company in the amount of €16,364,000 which means that receivable from GCSA in the amount of £13,845,000 was fully settled subsequent to year-end.

Subsequent to the year-end the company made a €3,180,000 (£2,765,000) payment to the previous suppliers of GCSA and agreed to pay an additional €2,348,000 (£2,027,000) as well. It is anticipated that a further \$3,100,000 (£2,429,000) compensation is required to be paid to Castel Group. These obligations arose after the year-end, therefore no provision was recognized for the year-ended 30 June 2023.

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England, United Kingdom. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, 16 Great Marlborough Street, London, W1F 7HS, United Kingdom.