

DIAGEO PLC  
Form 20-F/A  
March 05, 2008

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form 20-F/A

Amendment No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended: 30 June 2007

Commission file number: 1-10691

## DIAGEO plc

(Exact name of Registrant as specified in its charter)

England

(Jurisdiction of incorporation or organization)

8 Henrietta Place, London, W1G 0NB, England

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares Ordinary shares of 28 <sup>101</sup> /108 pence each	New York Stock Exchange New York Stock Exchange*

\*

Not for trading, but only in connection with the registration of American Depositary Shares representing such ordinary shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report: 2,931,085,864 ordinary shares of 28<sup>101</sup>/108 pence each.

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

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If this report is an annual or transition report, indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

This document and the Annual Report on Form 20-F filed with the SEC on 17 September 2007 (the "Original 20-F") comprise the annual report on Form 20-F for the year ended 30 June 2007 of Diageo plc (the 2007 Form 20-F). Reference is made in the Original 20-F to the cross reference to Form 20-F table on pages 226 to 228 thereof (the Form 20-F Cross reference table). The 2007 Form 20-F includes only (i) the information in the Original 20-F that is referenced in the Form 20-F Cross reference table (except to the extent such information is amended herein), (ii) the cautionary statement concerning forward-looking statements on pages 25 and 26 of the Original 20-F, (iii) the Exhibits to the Original 20-F, and (iv) the entirety of this amendment, and only those materials shall be deemed to be filed with the Securities and Exchange Commission for any purpose, including incorporation by reference into the Registration Statements on Form F-3 (File Nos. 333-10410, 333-14100, 333-110804 and 333-132732) and Registration Statements on Form S-8 (File Nos. 333-08090, 333-08092, 333-08094, 333-08096, 333-08098, 333-08102, 333-08104, 333-08106, 333-09770, 333-11460 and 333-11462), and any other documents, including documents filed by Diageo plc pursuant to the Securities Act of 1933, as amended, which purport to incorporate by reference the 2007 Form 20-F.

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**Explanatory Note**

The sole purpose of this amendment to Diageo plc's Annual Report on Form 20-F for the year ended 30 June 2007 is to amend the consolidated financial statements that were originally approved on 29 August 2007 to include an unreserved and explicit statement of compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as well as to include a re-issued audit report on the consolidated financial statements that includes an opinion on compliance with IFRS as issued by the IASB.

In its Form 20-F filed on 17 September 2007 Diageo plc stated in the 'basis of preparation' note that it prepared its consolidated financial statements in accordance with IFRS as endorsed and adopted for use in the European Union (EU). The company stated in Note 35 to its consolidated financial statements that it had prepared its consolidated financial statements in accordance with IFRS as adopted by the EU and that the consolidated financial statements would have been no different had the group applied IFRS as issued by the IASB.

The amendment to Item 18 revises the 'basis of preparation' portion of the accounting policies of the Group to provide an unreserved and explicit statement of compliance with IFRS as issued by the IASB and also revises Note 35 to give an unreserved and explicit statement as to compliance with IFRS as issued by the IASB. A re-issued audit report dated 29 August 2007 is also included whereby KPMG Audit Plc have opined as to compliance with IFRS as issued by the IASB, as stated therein.

Material information as to events occurring subsequent to 29 August 2007 is disclosed in Diageo plc's current reports on Form 6-K dated 5 March 2008, which are incorporated by reference herein.

Diageo plc is including certain mandatory certifications of the chief executive officer and the chief financial officer, which are included as Exhibits.

This amendment amends 'Item 18 Financial Statements' and 'Item 19 Exhibits'.

Other than as expressly set forth above, this Form 20-F/A does not, and does not purport to, amend, update or restate the information in any other Item of the Form 20-F filed on 17 September 2007 or reflect any events that have occurred after the Form 20-F was filed.

The consolidated financial statements are prepared in accordance with IFRS as endorsed and adopted for use in the EU and IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU and IFRS as issued by the IASB.

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## Report of independent registered public accounting firm

### The Board of Directors and Shareholders of Diageo plc.

We have audited the accompanying consolidated balance sheets of Diageo plc and subsidiaries as of 30 June 2007 and 30 June 2006, and the related consolidated income statements, consolidated statements of recognised income and expense, and consolidated cash flow statements for each of the years in the three year period ended 30 June 2007. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Diageo plc and subsidiaries as of 30 June 2007 and 30 June 2006 and the results of their operations and their cash flows for each of the years in the three year period ended 30 June 2007 in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS as issued by the International Accounting Standards Board (IASB).

As identified in the accounting policies of the group in the consolidated financial statements, the company has changed its method of accounting for certain financial instruments with effect from 1 July 2005.

IFRS as adopted by the European Union and IFRS as issued by the IASB vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in note 35 to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Diageo plc's internal control over financial reporting as of 30 June 2007, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated 29 August 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

### **KPMG Audit Plc**

Chartered Accountants

London, England  
29 August 2007

## Consolidated income statement

	Notes	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
		£ million	£ million	£ million
<b>Sales</b>	2	<b>9,917</b>	9,704	8,968
Excise duties	3	(2,436)	(2,444)	(2,291)
<b>Net sales</b>		<b>7,481</b>	7,260	6,677
Cost of sales	3,5	(3,003)	(2,921)	(2,632)
<b>Gross profit</b>		<b>4,478</b>	4,339	4,045
Marketing expenses	3	(1,162)	(1,127)	(1,013)
Other operating expenses	3,5	(1,157)	(1,168)	(1,301)
<b>Operating profit</b>	2	<b>2,159</b>	2,044	1,731
Sale of General Mills and other businesses	5	(1)	157	214
Interest receivable	6	111	51	121
Interest payable	6	(362)	(244)	(271)
Other finance income	6	55	24	26
Other finance charges	6	(16)	(17)	(17)
Share of associates' profits after tax	7	149	131	121
<b>Profit before taxation</b>		<b>2,095</b>	2,146	1,925
Taxation	8	(678)	(181)	(599)
<b>Profit from continuing operations</b>		<b>1,417</b>	1,965	1,326
Discontinued operations	9	139		73
<b>Profit for the year</b>		<b>1,556</b>	1,965	1,399
<b>Attributable to:</b>				
Equity shareholders of the parent company		1,489	1,908	1,344
Minority interests		67	57	55
		<b>1,556</b>	1,965	1,399
<b>Basic earnings per share</b>	10			
Continuing operations		50.2p	67.2p	42.8p
Discontinued operations		5.2p		2.4p
		<b>55.4p</b>	67.2p	45.2p
<b>Diluted earnings per share</b>	10			
Continuing operations		49.9p	66.9p	42.8p
Discontinued operations		5.1p		2.4p
		<b>55.0p</b>	66.9p	45.2p
<b>Average shares</b>		<b>2,688m</b>	2,841m	2,972m

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Notes	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
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The accompanying notes are an integral part of these consolidated financial statements.



## Consolidated statement of recognised income and expense

	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£ million	£ million	£ million
Exchange differences on translation of foreign operations excluding borrowings	(269)	(76)	116
Exchange differences on borrowings and derivative net investment hedges	199	52	
Effective portion of changes in fair value of cash flow hedges			
gains taken to equity	28	39	
transferred to income statement	35	4	
Fair value movement on available for sale securities		(148)	
Actuarial gains/(losses) on post employment plans	328	459	(238)
Tax on items taken directly to equity	(99)	(97)	33
<b>Net income/(expense) recognised directly in equity</b>	<b>222</b>	<b>233</b>	<b>(89)</b>
<b>Profit for the year</b>	<b>1,556</b>	<b>1,965</b>	<b>1,399</b>
<b>Total recognised income and expense for the year</b>	<b>1,778</b>	<b>2,198</b>	<b>1,310</b>
<b>Attributable to:</b>			
Equity shareholders of the parent company	1,719	2,146	1,250
Minority interests	59	52	60
<b>Total recognised income and expense for the year</b>	<b>1,778</b>	<b>2,198</b>	<b>1,310</b>

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

## Consolidated balance sheet

	Notes	30 June 2007		30 June 2006	
		£ million	£ million	£ million	£ million
<b>Non-current assets</b>					
Intangible assets	11	4,383		4,534	
Property, plant and equipment	12	1,932		1,952	
Biological assets	13	12		13	
Investments in associates	14	1,436		1,341	
Other investments	16	128		69	
Other receivables	18	17		12	
Other financial assets	21	52		42	
Deferred tax assets	25	771		1,113	
Post employment benefit assets	4	38		14	
			<b>8,769</b>		<b>9,090</b>
<b>Current assets</b>					
Inventories	17	2,465		2,386	
Trade and other receivables	18	1,759		1,681	
Other financial assets	21	78		71	
Cash and cash equivalents	19	885		699	
			<b>5,187</b>		<b>4,837</b>
<b>Total assets</b>			<b>13,956</b>		<b>13,927</b>
<b>Current liabilities</b>					
Borrowings and bank overdrafts	20	(1,535)		(759)	
Other financial liabilities	21	(43)		(36)	
Trade and other payables	23	(1,888)		(1,803)	
Corporate tax payable	8	(673)		(681)	
Provisions	24	(60)		(56)	
			<b>(4,199)</b>		<b>(3,335)</b>
<b>Non-current liabilities</b>					
Borrowings	20	(4,132)		(4,001)	
Other financial liabilities	21	(104)		(78)	
Other payables	23	(38)		(37)	
Provisions	24	(274)		(306)	
Deferred tax liabilities	25	(582)		(674)	
Post employment benefit liabilities	4	(457)		(815)	
			<b>(5,587)</b>		<b>(5,911)</b>
<b>Total liabilities</b>			<b>(9,786)</b>		<b>(9,246)</b>