

DIAGEO PLC
Form 20-F
August 12, 2013

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: 30 June 2013

Commission file number 1-10691

DIAGEO plc

(Exact name of Registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organisation)

Lakeside Drive, Park Royal, London NW10 7HQ, England

(Address of principal executive offices)

Paul Tunnacliffe, Company secretary

Tel: +44 20 8978 6000

E-mail: the.cosec@diageo.com

Lakeside Drive, Park Royal, London NW10 7HQ, England

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

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

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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: 2,754,166,581 ordinary shares of 28¹⁰¹/₁₀₈ 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

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 the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 Other
as issued by the International Accounting Standards Board

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 comprises the annual report on Form 20-F and the annual report to shareholders for the year ended 30 June 2013 of Diageo plc (the 2013 Form 20-F).

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This is the Annual Report on Form 20-F of Diageo plc for the year ended 30 June 2013. The information set out in this Form 20-F does not constitute Diageo plc's statutory accounts under the UK Companies Acts for the years ended 30 June 2013, 2012 or 2011. KPMG Audit Plc has reported on those accounts; their audit reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for the years ended 30 June 2013, 2012 or 2011. The accounts for 2012 and 2011 have been delivered to the registrar of companies and those for 2013 will be delivered in due course.

This document contains forward-looking statements that involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors beyond Diageo's control. For more details, please refer to the cautionary statement concerning forward-looking statements on pages 32 to 33.

The content of the company's website (www.diageo.com and www.diageoreports.com) should not be considered to form a part of or be incorporated into this report. This report includes names of Diageo's products, which constitute trademarks or trade names which Diageo owns or which others own and license to Diageo for use. In this report, the term 'company' refers to Diageo plc and terms 'group' and 'Diageo' refer to the company and its consolidated subsidiaries, except as the context otherwise requires. A glossary of terms used in this report is included at the end of the report.

Diageo's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use in the European Union (EU) and IFRS as issued by the International Accounting Standards Board (IASB). References to IFRS hereafter should be construed as references to both IFRS as adopted by the EU and IFRS as issued by the IASB. Unless otherwise indicated, all financial information contained in this document has been prepared in accordance with IFRS. The brand ranking information presented in this report, when comparing volume information with competitors, has been sourced from data published by Impact Databank, IWSR, IRI, Beverage Information Group or Plato Logic. Market data information and competitive set classifications are taken from independent industry sources in the markets in which Diageo operates.

Information presented Unless otherwise stated in this document, percentage movements are organic movements. These movements and operating margins are before exceptional items. Commentary, unless otherwise stated, refers to organic movements. Share, unless otherwise stated, refers to value share. See the 'Business review' for an explanation of organic movement calculations. The market data and competitive set classifications contained in this document are taken from independent industry sources in the markets in which Diageo operates.

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The following table presents selected consolidated financial data for Diageo prepared under International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU) and IFRS as issued by the International Accounting Standards Board (IASB) for the five years ended 30 June 2013 and as at the respective year ends. References to IFRS hereafter should be construed as references to both IFRS as adopted by the EU and IFRS as issued by the IASB, unless otherwise indicated. The data presented below has been derived from Diageo's audited consolidated financial statements.

	Notes	Year ended 30 June				
		2013	2012	2011	2010	2009
		£ million	£ million	£ million	£ million	£ million
Income statement data						
Sales		15,487	14,594	13,232	12,958	12,283
Operating profit	1,2	3,431	3,158	2,595	2,574	2,418
Profit for the year						
Continuing operations	1,2	2,594	2,083	2,017	1,762	1,704
Discontinued operations	3		(11)		(19)	2
Total profit for the year	1,2	2,594	2,072	2,017	1,743	1,706
		pence	pence	pence	pence	pence
Per share data						
Dividend per share	4	47.40	43.50	40.40	38.10	36.10
Earnings per share						
Basic						
Continuing operations	1	99.3	78.2	76.2	66.3	64.5
Discontinued operations			(0.4)		(0.8)	0.1
Basic earnings per share	1	99.3	77.8	76.2	65.5	64.6
Diluted						
Continuing operations	1	98.7	77.8	76.0	66.2	64.3
Discontinued operations			(0.4)		(0.8)	0.1
Diluted earnings per share	1	98.7	77.4	76.0	65.4	64.4
		million	million	million	million	million
Average shares		2,502	2,495	2,493	2,486	2,485

	Notes	As at 30 June				
		2013	2012	2011	2010	2009
		£ million	£ million	£ million	£ million	£ million
Balance sheet data						
Total assets	1	25,077	22,350	19,777	19,454	18,018
Net assets		8,107	6,811	5,985	4,786	3,874
Net borrowings	5	8,403	7,570	6,450	6,954	7,419
Equity attributable to the parent company's equity shareholders		7,036	5,588	5,245	4,007	3,169
Share capital	6	797	797	797	797	797

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1. Accounting policies The consolidated financial statements for the five years ended 30 June 2013 were prepared in accordance with IFRS. The IFRS accounting policies applied by the group to the financial information in this document are presented in 'Accounting policies of the group' in the consolidated financial statements.

2. Exceptional items Exceptional items are charges or credits which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. Such items are included within the income statement caption to which they relate. An analysis of exceptional items is as follows:

	Year ended 30 June				
	2013	2012	2011	2010	2009
	£ million	£ million	£ million	£ million	£ million
Items included in operating profit					
Restructuring programmes	(69)	(96)	(111)	(142)	(170)
Pension changes past service credits	20	115			
Brand impairment	(50)	(59)	(39)	(35)	
Duty settlements			(127)		
SEC settlement			(12)		
	(99)	(40)	(289)	(177)	(170)
Sale of businesses	(83)	147	(14)	(15)	
Items included in taxation					
Tax on exceptional operating items	27	19	51	39	37
Tax on sale of businesses	28		3	10	
Loss of future tax amortisation		(524)			
Settlements with tax authorities			66		155
	55	(505)	120	49	192
Exceptional items in continuing operations	(127)	(398)	(183)	(143)	22
Discontinued operations net of taxation (note 3)		(11)		(19)	2