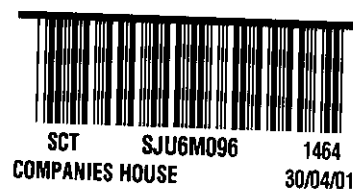
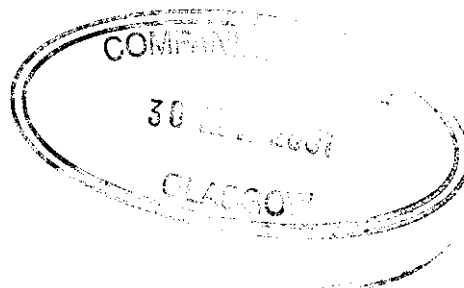


John Walker & Sons Limited

Directors' report and financial statements

30 June 2000

Registered number 188598



Directors' report and financial statements

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Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements, for the year ended 30 June 2000.

Activities

During the year the company sold trademarks to a fellow group subsidiary undertaking for a consideration of £262,000.

Euro

The directors do not anticipate that there will be any implications on the activities of the company on the introduction of the euro. There are no costs associated with the introduction of the euro for John Walker & Sons Limited. A statement explaining the impact of the introduction of the euro, and the programme put in place to deal with this along with associated costs, for the Diageo group is disclosed in the annual report of the ultimate parent undertaking, Diageo plc.

Financial

The directors do not recommend the payment of a dividend (1999 - £nil). The profit for the year retained in the company is £262,000 (1999 - £nil).

Directors

The directors who held office during the period are as follows:

| | |
|----------------|----------------------------|
| P G H Antrobus | (resigned 31 March 1998) |
| S M Bunn | (appointed 31 March 1998) |
| R J Gilchrist | (resigned 31 March 1998) |
| N T Kerr | (resigned 31 March 1998) |
| G W King | (resigned 31 March 1998) |
| A Morgan | |
| R H Myddelton | (appointed 31 March 1998) |
| P J Parnell | (resigned 1 February 1998) |
| M D Peters | (appointed 31 March 1998) |

Emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (1999 - £nil).

Directors' interests

No directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company.

No director, who held office at the end of the financial year, had any interests in the shares of the ultimate parent company, Diageo plc.

Auditors

The auditors, KPMG Audit Plc, were appointed on 26/4/01. A resolution for their re-appointment as auditors of the company will be submitted to the Annual General Meeting.

Secretary

The secretaries who served during the year were V A Lynch (resigned 17 August 1999), S M Bunn (appointed 17 August 1999, resigned 1 June 2000) and Diageo Corporate Officer B Limited (appointed 1 June 2000).

By order of the board



S M Bunn

Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT
25 April 2001

**DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the report of the auditors set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors, in preparing the financial statements on pages 5 to 8, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all applicable accounting standards have been followed, and that it is appropriate to prepare the financial statements on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

JOHN WALKER & SONS LIMITED
Year ended 30 June 2000

**AUDITORS' REPORT
TO THE MEMBERS OF JOHN WALKER & SONS LIMITED**

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for an audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

Glasgow

Date 27 April 2001

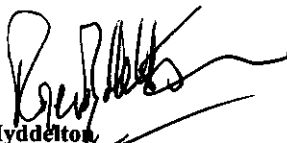
Profit and Loss Account
For the year ended 30 June 2000

| | 30 June 2000 | 30 June 1999 |
|--|-----------------|-----------------|
| Note | <u>£000</u> | <u>£000</u> |
| Gain on disposal of Trademarks | 262 | - |
| | <u>262</u> | <u>-</u> |
| (Loss)/Profit on ordinary activities before taxation | | |
| Tax on profit on ordinary activities | - | - |
| | <u>-</u> | <u>-</u> |
| (Loss)/Profit for the financial period | <u>262</u> | <u>-</u> |

Balance sheet
at 30 June 2000

| | <i>Note</i> | At 30 June 2000 £000 | At 30 June 1999 £000 |
|-----------------------------------|-------------|-------------------------------|-------------------------------|
| Current assets | | | |
| Debtors | 4 | 5,054 | 4,792 |
| Net assets | | 5,054 | 4,792 |
| Capital and reserves | | | |
| Called up share capital | 5 | 4,020 | 4,020 |
| Profit and loss account | 6 | 1033 | 771 |
| Other reserves | 6 | 1 | 1 |
| Equity shareholders' funds | | 5,054 | 4,792 |

These financial statements were approved by the board of directors on 25 April 2001 and were signed on its behalf by:


R H Myddelton
Director

Notes

(forming part of the financial statements)

1 Principal accounting policy

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 Profit and loss account

During the financial year and the preceding financial year the company did not trade and received no income or expenditure. Consequently, during these years the company made neither a profit nor a loss. None of the directors received any emoluments in respect of their services to the company during the year.

3 Disposal of trademarks

During the year the company sold trademarks for a consideration of £262,000. No tax liability arose on the disposal as the trademarks were purchased by a fellow UK group subsidiary company

4 Debtors

| | At 30 June 2000 £000 | At 30 June 1999 £000 |
|--------------------------------------|-------------------------------|-------------------------------|
| Amounts due within one year | | |
| Amounts owed from group undertakings | 5,054 | 4,792 |
| | <u> </u> | <u> </u> |

5 Called up share capital

| | At 30 June 2000 £000 | At 30 June 1999 £000 |
|---|-------------------------------|-------------------------------|
| Authorised, allotted, called up and fully paid | | |
| Ordinary shares of £1 each | 4,020 | 4,020 |
| | <u> </u> | <u> </u> |

6 Reserves

| | Profit and loss account £000 | Other Reserves £000 | Total £000 |
|---------------------------------|---------------------------------------|---------------------------|-------------------|
| At 30 June 1999 | 771 | 1 | 772 |
| Profit for the financial period | 262 | - | 262 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2000 | 1033 | 1 | 1034 |
| | <u> </u> | <u> </u> | <u> </u> |

7 Directors and auditors remuneration

The company made no payment in relation to the remuneration of the directors. The company has no employees other than the directors.

The company incurred no direct charge in respect of the remuneration of the auditors (for either audit or non-audit services). The remuneration of the auditors was borne by the parent undertaking.

8 Ultimate holding company

The company's immediate parent company is United Distillers & Vintners (ER) Limited (formerly United Distillers Limited), a company incorporated and registered in Scotland. The Company's ultimate parent company is Diageo plc (formerly Guinness plc) a company incorporated and registered in England.

The consolidated accounts of Diageo plc for the year ended 30 June 2000, can be obtained from the Registered Office at 8 Henrietta Place, London, W1G 0NB.

9 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard Number 8 not to disclose inter-group related party transactions as it is a wholly owned subsidiary.