

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
(formerly United Distillers & Vintners (HP) Limited)
FINANCIAL STATEMENTS
30 JUNE 2000



Registered No. 507652

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

(Formerly United Distillers & Vintners (HP) Limited)

Report of the directors

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

Activities of the company

The principal activity of the company is the production, distribution, marketing and importing of spirits and wines, and the directors foresee no material change to the activities of the company.

On 1 February 2001, the company changed its name from United Distillers & Vintners (HP) Limited to Guinness United Distillers & Vintners Limited.

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 significant costs associated with the introduction of the euro for Guinness United Distillers & Vintners 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 results for the period shown on page 10 are for the year from 1 July 1999 to 30 June 2000.

The directors do not recommend a final dividend payment (1999 - £nil). An interim dividend of £3,200,000,000 (1999 - £nil) was paid on 30 June 2000.

After deducting the total ordinary dividends of £3,200,000 (1999 - £nil) the profit for the year retained in the company is £1,140,857,000 (1999 - £156,660,000).

Directors

The directors who served during the year were as follows:-

PK Bentley
W H Caldwell
J M J Keenan
J B McGrath
D A Hardie (resigned 1 December 1999)
N C Rose (resigned 1 July 1999)
P S Walsh (appointed 20 April 2000)

Subsequent to year end, P K Bentley resigned as a director on 31 October 2000 and J B McGrath resigned as a director on 18 December 2000. P S Binning and R H Myddelton were appointed directors on 18 April 2001.

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Emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company. Their emoluments were borne by other companies within the group of the ultimate parent company, Diageo plc, and not recharged to the company.

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 or any subsidiary.

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28 ^{101/108} p each in the ultimate parent company, Diageo plc:

(i) Ordinary shares and conditional rights to ordinary shares

	Ordinary shares		Conditional rights to ordinary shares				
	At beginning of year	At end of year	At beginning of year	Granted in year	Vested in year	Lapsed in year	At end Of year
P K Bentley	10,000	16,557	63,255	31,935	(8,750)	(6,875)	79,565
W H Caldwell	17,590	32,819	87,533	8,758	0	0	96,291

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans (The Grand Metropolitan Restricted Share Plan ('GrandMet RSP'), the Guinness Long Term Incentive Plan ('Guinness LTIP'), the Share Incentive Plan and the Total Shareholder Return Plan ('TSR')). The GrandMet RSP and the Guinness LTIP vested during the year and the directors received 56% and 0% of their conditional rights to ordinary shares respectively. The conditional rights to ordinary shares are subject to share performance criteria of Diageo plc ordinary shares. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

At 30 June 2000, J M J Keenan, J B McGrath and P S Walsh were directors of the ultimate parent company Diageo plc. Details of their beneficial interests in the shares of Diageo plc are shown in the Diageo plc Annual Report and Accounts, copies of which are available from 8 Henrietta Place, London, W1G 0NB.

(ii) Options

	At beginning of year	Granted in year	Exercised in year	At end of year	Exercised	
					Option price (pence)	Market price (pence)
P K Bentley	27,138	41,920	0	69,058	N/A	N/A
W H Caldwell	69,757	48,760	961	117,556	359	565

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Directors' interests (continued)

For executive option schemes, UK grants were between 1994 and 1999 at prices between 354p and 518p with the 1999 grant at 518p.

A new Senior Share Option Plan ('SESOP') was introduced with effect from 1 January 2000. The combined benefits provided under the TSR plan and the SESOP are expected to be the same as those previously provided under the TSR plan. Options granted under the SESOP may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to the first grant of options under the SESOP is linked to the increase in earnings per share and is initially applied over the three year period commencing on the date the options are granted. Full details of the performance condition are disclosed in the annual report of the ultimate holding company, Diageo plc.

Options granted during the year for P K Bentley and W H Caldwell are principally options granted under the Diageo plc Senior Executive Share Options Plan, which are subject to performance conditions, as detailed above.

The mid-market share price of Diageo plc shares fluctuated between 384p and 696.5p per share during the year. The mid-market share price on 30 June 2000 was 593p.

At 30 June 2000, W H Caldwell had an interest in 701,628 shares to satisfy grants made under ex-Guinness incentive plans; and the directors had an interest in 22,068,050 shares and 5,419,268 shares subject to call options held by trusts to satisfy grants made under ex-Grand Metropolitan incentive plans, ex-Guinness incentive plans and Diageo incentive plans and savings-related share option schemes.

Employee policies

Employee involvement

The company is committed to the development of employee consultation and, thereby, to their greater involvement in the company's operations. The directors continue to place a high priority on good communications practices at all levels. Responsibility for ensuring that company employees are informed of and, where appropriate, consulted upon matters of concern affecting their immediate jobs rests with departmental managers with support from the personnel function. On-site group discussions between managers and employees are encouraged.

On a wider basis, the company provides more general information to and for its employees concerning its performance and on economic and other matters affecting it. The methods used to disseminate such information are bulletins and related publications, including a monthly house journal. In addition, a twice yearly video presentation for employees sets out world-wide developments of the company, its products and its people.

Information is also communicated when employees participate in induction or training courses, or by the circulation of information personally to all employees. The company has continued to maintain these practices during the year.

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Employee involvement (continued)

It is the policy of the parent company to encourage employees to participate in a SAYE share option scheme. It is also parent company policy to enable employees to benefit from the contribution they have made to the generation of improved profits. This is done by way of a profit sharing scheme, paid in ordinary shares of Diageo plc, in which all employees are entitled to participate.

The company continues to support initiatives by employees in fund-raising events to assist registered charitable organisations by matching the value of the support so raised.

Employment of disabled persons

The company's managers are instructed to give sympathetic consideration, when recruiting, to applications from disabled persons and to bear in the mind the special needs of disabled employees in regard to training, structure of company premises and facilities and to ensure that disabled employees are not adversely affected in their career opportunities. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. It is recognised that the company's continuing success depends upon the quality of its employees and its policies are designed to attract, retain and motivate the best staff. This is achieved by offering equal opportunities regardless of sex, race, religion or disability.

Supplier payment policies

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier. The number of days' purchases included in creditors as at 30 June 2000, in respect of the company, is 20 days (1999 – 23 days). Some of the company's invoices for goods and services are settled by a subsidiary acting as an agent for the company and have not been included in the calculation.

Auditors

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint auditors annually. The auditors, KPMG Audit Plc, are willing to continue in office and will be deemed to be re-appointed on the expiry of their term in office in respect of the year ended 30 June 2000.

Secretary

On 10 November 2000, M D Peters resigned as secretary and S M Bunn was appointed in his stead.

By order of the board.



Secretary

8 Henrietta Place, London, W1G 0NB

8 June 2001

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

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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 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditor 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 at the end of the financial year and of the profit or loss of the company for the financial year.

The directors, in preparing the financial statements on pages 7 to 23, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards they consider to be applicable have been followed, and that it is appropriate to prepare the financial statements on the 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.

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Report of the auditors

to the members of Guinness United Distillers & Vintners Limited

We have audited the financial statements on pages 7 to 22.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, 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

KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

8 June 2001

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

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Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable UK accounting standards.

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. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not balances) with entities that are part of the Diageo plc group or investees of the Diageo plc group.

The company is exempt from the requirement to prepare group accounts under section 228 CA 1985 as its results are included in the consolidated accounts of Diageo plc.

Intangible assets

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised, where fair value can be reliably measured. Where such assets are regarded as having limited useful economic lives they are amortised on a straight line basis over those lives. Where they are regarded as having indefinite useful lives they are not amortised. Impairment reviews are carried out to ensure that intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the profit and loss account.

Tangible fixed assets

Land and buildings are stated at cost less depreciation.

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other tangible fixed assets are depreciated on a straight line basis to estimated residual values over their expected useful lives within the following ranges:

Freehold buildings	15 to 50 years
Plant, machinery, fixtures, fittings and equipment	3 to 25 years
Vehicles	3 to 8 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts.

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Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases with the lease payments taken to the profit and loss account on a straight line basis over the life of the lease.

Fixed asset investments

Income from fixed asset investments is credited to the profit and loss account when it is declared by the paying company. Investments are stated individually at cost less, where appropriate, provision for diminution in value where such diminution is expected by the directors to be permanent.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities in foreign currencies are translated into sterling at the financial period end exchange rates or, if hedged forward, at the rate of exchange under the related forward currency contract.

All exchange gains and losses are taken to the profit and loss account.

Turnover

Turnover represents the net invoice value of goods and services provided to third parties. It includes excise duties, rents and royalties receivable, but excludes value added tax.

Research and development expenditure

Research and development expenditure is written off in the period in which it is incurred.

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Post employment benefits

The employees of the company are members of a group scheme managed by Diageo plc. The cost of providing pensions and other post employment benefits is charged against profits on a systematic basis, with pension surpluses and deficits allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to pension or other plans are treated as assets or liabilities in the balance sheet. Deferred taxation is accounted for on these assets and liabilities. Particulars of the valuations of the group schemes are contained in the financial statements of Diageo plc. Unfunded post employment medical benefit liabilities are included in provisions in the balance sheet.

Deferred taxation

Deferred taxation on differences between the treatment of certain items for accounting and taxation purposes is accounted for to the extent that a liability or an asset is expected to be payable or recoverable within the foreseeable future taking account where appropriate of the availability of group relief in the future for which no consideration will be received or paid.

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within the profit and loss account caption to which they relate but are separately disclosed either in the notes or on the face of the profit and loss account.

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Profit and loss account for the year ended 30 June 2000

	Notes	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Turnover	2	871,440	475,594
Operating costs (including exceptional costs of £759,000 (1999 - £15,078,000))	3,6	(872,400)	(490,728)
Operating (loss)		(960)	(15,134)
Income from shares in group undertakings	7	4,536,317	163,997
Amounts written off investments		-	(89)
Profit on disposal of fixed assets		-	17
Interest (payable)/receivable (net)	8	(211,503)	17,047
Profit on ordinary activities before taxation		4,323,854	165,838
Taxation on profit on ordinary activities	9	17,003	(9,178)
Profit for the year		4,340,857	156,660
Ordinary dividend (all equity)		(3,200,000)	-
Transferred to reserves	19	1,140,857	156,660

The notes on pages 13 to 22 form part of these financial statements.

There are no recognised gains or losses other than the profit for the year and consequently a statement of total recognised gains and losses has not been presented as part of these financial statements.

There is no material difference between the profit for the year and the historical cost profit for the year and consequently no note of historical cost profits or losses has been presented as part of the financial statements.

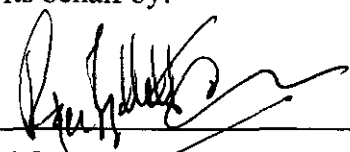
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Balance sheet at 30 June 2000

	Notes	30 June 2000		30 June 1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		11,074		11,668
Tangible assets	11		6,975		11,636
Investments	12		2,838,270		4,338,334
			<u>2,856,319</u>		<u>4,361,638</u>
Current assets					
Stocks	13	37,565		33,738	
Debtors - due within one year	14	1,739,694		1,291,947	
Debtors - due after one year	14	20,772		18,872	
Cash at bank and in hand	15	239,614		129,555	
		<u>2,037,645</u>		<u>1,474,112</u>	
Creditors – due within one year					
Borrowings	16	-		(34,890)	
Other creditors	16	(3,202,666)		(5,252,890)	
		<u>(3,202,666)</u>		<u>(5,287,780)</u>	
Net current liabilities (see note below)			(1,165,021)		(3,813,668)
Total assets less current liabilities			<u>1,691,298</u>		<u>547,970</u>
Provision for liabilities and charges	17		<u>(7,511)</u>		<u>(5,040)</u>
			<u>1,683,787</u>		<u>542,930</u>
Capital and reserves					
Called up share capital	18		278,270		278,270
Reserves	19				
Share premium account		72,690		72,690	
Profit and loss account		<u>1,332,827</u>		<u>191,970</u>	
Reserves attributable to equity shareholders			1,405,517		264,660
			<u>1,683,787</u>		<u>542,930</u>

The financial statements on pages 7 to 22 were approved by the board of directors on 8 June 2001 and signed on its behalf by:



R H Myddelton
Director

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
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Reconciliation of movements in shareholders' funds
for the year ended 30 June 2000

	Year ended 30 June 2000 <u>£'000</u>	Year ended 30 June 1999 <u>£'000</u>
Profit for the year	4,340,857	156,660
Ordinary dividend	(3,200,000)	-
Net movement in distribution rights	-	6,784
Net movement in shareholders' funds	<u>1,140,857</u>	<u>163,444</u>
Shareholders' funds at beginning of the year	542,930	379,486
Shareholders' funds at end of the year	<u><u>1,683,787</u></u>	<u><u>542,930</u></u>

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

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Notes

1. Compliance with new accounting standards

The financial statements comply with the following Financial Reporting Standards issued by the Accounting Standards Board.

FRS 15 – Tangible Fixed Assets. This standard addresses the measurement, valuation and depreciation of tangible fixed assets.

FRS 16 – Current Tax. This standard was issued in December 1999. It specifies how current tax, in particular withholding tax and tax credits, should be reflected in financial statements.

Compliance with the above new standards has not given rise to any restatement of figures reported for prior periods.

2. Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation of the company are attributable to the principal activities of the company, which are the production, distribution, marketing and importing of spirits and wines. Substantially all turnover is generated in the United Kingdom.

3. Operating costs

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
(Increase) in stocks of finished goods and goods for resale	(3,721)	(10,456)
Raw materials and consumables	28,442	29,300
Other external charges	790,027	424,368
Staff costs (note 5)	23,763	9,809
Depreciation of tangible fixed assets (note 11)	5,118	4,820
Amortisation of intangible assets (note 10)	594	198
Management charges	13,435	11,421
Other operating costs	13,983	6,190
Exceptional operating costs (note 6)	759	15,078
	872,400	490,728

Other external charges include operating lease rentals for land and buildings and plant and machinery of £391,000 (1999 - £1,170,000). Auditor's remuneration was £42,000 (1999 - £38,000). The auditors were paid fees in respect of non-audit work amounting to £nil (1999 - £40,000).

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Notes - *continued*

4. Directors' emoluments

During the year, all of the directors' emoluments (none of which were in respect of services provided to the company) were paid either by United Distillers & Vintners (ER) Limited, or Diageo plc a fellow subsidiary of Diageo plc, the ultimate parent company, and they were not recharged.

Further information on directors' share interests is included in the report of the directors.

5. Staff costs

The average number of employees, including directors, during the year was:

	Year ended 30 June 2000	Year ended 30 June 1999
Full time	573	330
Part time	27	20
	<u>600</u>	<u>350</u>

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Wages and salaries	23,981	9,195
Employer's social security costs	1,682	836
Employer's pension costs	(1,900)	(222)
	<u>23,763</u>	<u>9,809</u>

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

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Notes – continued

6. Exceptional items

Exceptional items of £759,000 included in the profit and loss account all represent merger integration costs and include redundancies, consultancy and system costs.

In the year ended 30 June 1999, £11,950,000 of the total exceptional costs of £15,078,000 represented part of the £250,000,000 payment made by Diageo plc to LVMH Moët Hennessy Louis Vuitton SA ("LVMH") in 1997 to ensure completion of the proposed Grand Metropolitan group/Guinness group merger and to strengthen the worldwide co-operation of the Diageo group and LVMH. The principal elements of the agreement were to attain co-operation in achieving the merger as proposed, to modify the manner in which some of the distribution arrangements with LVMH were managed and to extend the number of brands, which were formerly owned by the Grand Metropolitan group, to be distributed through the former Guinness group-LVMH joint network. The balance of the exceptional operating costs in the year ended 30 June 1999 were in respect of merger integration costs and included redundancies, consultancy and systems costs.

There was no tax charge or credit on exceptional items (1999 - £nil).

7. Income from shares in group undertakings

Income from shares in group undertakings represents dividends received from subsidiary companies within the Diageo plc group. During the year ended 30 June 2000 dividend income of £5,829,556,000 was received from United Distillers & Vintners (ER) Limited, a company which was acquired in the year ended 30 June 1999. The carrying value of the investment within the accounts has been written down by £1,500,000,000. This write down has been offset against the dividend income.

8. Interest (payable)/receivable (net)

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Interest payable		
On loans from ultimate parent undertaking and fellow subsidiary undertakings	(261,416)	(88)
	<u>(261,416)</u>	<u>(88)</u>
Interest receivable		
On loans to fellow subsidiary undertakings	42,668	12,113
On all other loans	7,245	5,022
	<u>49,913</u>	<u>17,135</u>
Interest (payable)/receivable (net)	<u>(211,503)</u>	<u>17,047</u>

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
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Notes - *continued*

9. Taxation on profit on ordinary activities

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
UK corporation tax (charge)/credit at 30% (1999 - 30.75%)	-	(7,880)
UK deferred taxation (charge)/credit at 30% (1999 - 30%)	(3,407)	(1,298)
	(3,407)	(9,178)
Adjustments to prior period taxation charges	20,410	-
	17,003	(9,178)

Companies in the Diageo plc group generally apply group relief rules in administering their taxation positions. During the year the company agreed to change its policy from paying/charging for group relief so that the group relief is effected for nil consideration. As a consequence the company has neither a current tax charge nor credit for the year ended 30 June 2000. The prior year adjustment principally results from a reassessment of group relief in respect of earlier periods.

10. Intangible assets

	Distribution rights £'000
Net book value:	
At 1 July 1999	11,668
Amortisation	(594)
At 30 June 2000	11,074

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
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Notes - continued

11. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 July 1999	159	10,376	13,133	23,668
Additions	1,059	639	785	2,483
Disposals	-	(3,088)	(1,877)	(4,965)
Transfer	-	(934)	934	-
At 30 June 2000	1,218	6,993	12,975	21,186
Depreciation:				
At 1 July 1999	12	6,773	5,247	12,032
Provided during the year	3	1,040	4,075	5,118
Disposals	-	(1,582)	(1,357)	(2,939)
Transfer	-	(789)	789	-
At 30 June 2000	15	5,442	8,754	14,211
Net book value:				
At 30 June 2000	1,203	1,551	4,221	6,975
At 30 June 1999	147	3,603	7,886	11,636

Included in the net book value of freehold properties is £nil (1999 - £nil) in respect of land on which no depreciation is charged.

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Notes - *continued*

12. Fixed asset investments

	Shares in group and associated undertakings	Other investments	Total
	£'000	£'000	£'000
Cost:			
At 1 July 1999	4,340,249	4,851	4,345,100
Disposals	-	(354)	(354)
At 30 June 2000	4,340,249	4,497	4,344,746
Provisions:			
At 1 July 1999	2,163	4,603	6,766
Provided during the year	1,500,000	-	1,500,000
Disposals	-	(290)	(290)
At 30 June 2000	1,502,163	4,313	1,506,476
Net book value:			
At 30 June 2000	2,838,086	184	2,838,270
At 30 June 1999	4,338,086	248	4,338,334

Included within "Shares in group and associated undertakings" is £22,887,510 in respect of an associated undertaking, Lothian Distillers Limited.

The principal subsidiary and associated undertakings and the percentage of equity owned (100% unless stated) are as follows:

<u>Subsidiary and associated undertakings (subsidiary unless stated)</u>	<u>Country of incorporation</u>
United Distillers & Vintners (ER) Limited	Scotland
Gilbeys Limited (94%)	England
UDV (Central Europe and Asia) Limited	England
International Distillers Africa Limited	England
Justerini & Brooks Limited	England
Lothian Distillers Limited (Associate - 50% owned)	Scotland

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements. A provision of £1,500,000,000 has been made in the year against the carrying value of the company's investment in United Distillers & Vintners (ER) Limited as described in note 7.

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

(Formerly United Distillers & Vintners (HP) Limited)

Notes – *continued*

12. Fixed asset investments - *continued*

Certain undertakings have been omitted from the lists above as they are either dormant or not material. A full list of subsidiary and associated undertakings will be annexed to the company's annual return.

The aggregate net book value of the investment in associated undertakings on an equity accounting basis is £32,581,000 (1999 - £29,761,000).

The above companies are all involved in the production, distribution, marketing, exporting and importing of spirits and wines.

In accordance with Financial Reporting Standard No. 8 'Related Party Transactions' the company is exempt from disclosing details of arrangements with other companies in the Diageo group.

13. Stocks

	30 June 2000 £'000	30 June 1999 £'000
Raw materials and consumables	106	-
Finished goods and goods for resale	37,459	33,738
	<u>37,565</u>	<u>33,738</u>

The replacement cost of the above stocks would not be materially different to the above figures.

14. Debtors

	30 June 2000 £'000	30 June 1999 £'000
Debtors due within one year:		
Trade debtors	13,055	3,904
Amounts owed by group undertakings:		
Subsidiary undertakings	490,144	385,586
Parent and fellow subsidiary undertakings	1,232,083	897,702
Other debtors	1,233	399
Corporate tax	2,303	-
Other prepayments and accrued income	876	4,356
	<u>1,739,694</u>	<u>1,291,947</u>
Debtors due after one year:		
Pension prepayments	<u>20,772</u>	<u>18,872</u>

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
(Formerly United Distillers & Vintners (HP) Limited)

Notes – continued

15. Cash at bank and in hand

The company has entered into a joint and several guarantee with certain other Diageo plc UK subsidiary undertakings such that any balance on the company's bank accounts within the cash pool may be offset against the bank balances or overdrafts of those companies included in the cash pool.

16. Creditors - due within one year

	30 June 2000 £'000	30 June 1999 £'000
Borrowings		
Overdrafts	-	34,890
		34,890
Other		
Trade creditors	14,577	13,118
Amounts owed to group undertakings:		
Subsidiaries	1,149,185	982,181
Parent and fellow subsidiaries	1,911,780	4,165,600
Amount owed to associated undertakings	-	4,629
Corporate taxation	-	8,446
Other taxation including social security	33,121	17,921
Other creditors	73,857	15,718
Accruals and deferred income	20,146	45,277
	3,202,666	5,252,890
Total creditors	3,202,666	5,287,780

Overdrafts of £nil (1999 - £34,890,000) are part of the cash pooling arrangements (note 15).

17. Provisions for liabilities and charges

	Provisions £'000	Deferred taxation £'000	Total £'000
At 1 July 1999	2,671	2,369	5,040
Transfers from profit and loss account	842	3,407	4,249
Utilised	(1,778)	-	(1,778)
At 30 June 2000	1,735	5,776	7,511

Other deferred taxation not provided, principally in respect of accelerated depreciation, amounted to an asset of £7,423,000 (1999 - £1,023,000).

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED

(Formerly United Distillers & Vintners (HP) Limited)

Notes - *continued*

18. Called up share capital

	30 June 2000 £'000	30 June 1999 £'000
Authorised:		
1,132,366,000 ordinary shares of 25p each (1999 - 1,132,366,000)	283,091	283,091
Allotted, called up and fully paid:		
1,113,082,750 ordinary shares of 25p each (1999 - 1,113,082,750)	278,270	278,270

Ordinary shares are entitled to one vote each.

19. Reserves

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 July 1999	72,690	191,970	264,660
Retained profit for the year	-	1,140,857	1,140,857
At 30 June 2000	72,690	1,332,827	1,405,517

20. Commitments

At 30 June 2000, the company had minimum annual commitments under non-cancellable operating leases as follows:

	30 June 2000			30 June 1999		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Operating leases which expire:						
After five years	-	-	-	934	-	934
From one to five years	391	-	-	-	79	79
Within one year	-	-	-	-	157	157
	391	-	-	934	236	1,170

Capital expenditure commitments not provided for in these financial statements are estimated at £645,000 (1999 - £181,000).

GUINNESS UNITED DISTILLERS & VINTNERS LIMITED
(Formerly United Distillers & Vintners (HP) Limited)

Notes – *continued*

21. Contingent liabilities

The company has guaranteed borrowings of subsidiary undertakings amounting to £nil (1999 - £261,000).

Full provision has been made in these financial statements for all liabilities which are expected to materialise.

22. Ultimate parent undertaking

The company is a wholly owned subsidiary of Diageo plc, a company incorporated and registered in England.

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