

**UDV (SJ) Limited**

**FINANCIAL STATEMENTS**

**30 June 2000**



**Registered Number: 989164**

## 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

The company is an investment holding company.

In April 2000, the company acquired, and carried on through a branch located in the Netherlands, the trading activities of the Johnnie Walker and other spirits businesses from other Diageo group companies.

Details of changes in investments during the year are set out in note 8 of the financial statements.

### Euro

The directors do not anticipate that there will be any significant implications on the activities of the company on the introduction of the euro. There are no significant anticipated costs associated with the introduction of the euro for UDV (SJ) Limited. A statement explaining the impact of the introduction of the euro, and the programme put in place to deal with this, 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 7 are for the year from 1 July 1999 to 30 June 2000.

Interim dividends totaling £ Nil (1999: £268,800,000) were paid during the year. The directors do not recommend the payment of a final dividend (1999: £nil).

After deducting total ordinary dividends of £ Nil (1999: £268,800,000) the profit for the year transferred to reserves is £158,938,000 (1999: £310,130,000).

### Directors

The directors who served during the year were as follows:

P K Bentley	(appointed 10 April 2000)
P S Binning	
J M J Keenan	(appointed 10 April 2000)
R M Malcolm	(appointed 10 April 2000)
I K Meakins	(appointed 10 April 2000)
A O Mullins	(appointed 27 April 2000)
R H Myddelton	
M D Peters	
P J Radcliff	(appointed 10 April 2000)

Subsequent to year end, on 3 July 2000, A O Mullins resigned as director and D Gosnell was appointed in his stead; P K Bentley resigned as a director on 31 October 2000, M D Peters

## UDV (SJ) Limited

resigned as a director on 10 November 2000 and P J Radcliff resigned as a director on 18 December 2000. J A Southern was appointed a director on 15 December 2000.

### Directors' emoluments

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

### Directors' interests

No director 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.

The directors who held office at the end of the financial year had the following beneficial interests in the shares of the ultimate holding company Diageo plc:

#### (i) Ordinary shares and conditional rights to ordinary shares

	Ordinary Shares		Conditional rights to ordinary shares				
	At beginning of year (or date of appointment)	At end of year	At beginning of year (or date of appointment)	Granted in year	Vested in year	Lapsed in year	At end of year
P K Bentley	16,557	16,557	54,662	24,903	0	0	79,565
P S Binning	6,720	14,381	30,200	38,113	5,880	(4,620)	63,693
R M Malcolm	0	0	15,720	0	0	0	15,720
I K Meakins	35,488	35,488	54,853	48,262	0	0	103,115
A O Mullins	16,398	2,613	10,000	0	0	0	10,000
R H Myddelton	19,519	22,780	53,449	5,919	10,125	(7,956)	51,412
M D Peters	4,744	6,957	4,650	0	0	0	4,650
P J Radcliff	7,707	8,107	35,735	0	0	0	35,735

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 Share Incentive Plan and the Total Shareholder Return Plan ('TSR')). The GrandMet RSP vested during the year and the directors received 56% of their conditional rights to ordinary shares. P S Binning and R H Myddelton did not have their shares released until September 2000, these are shown under the "Vested in year" column above. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

## UDV (SJ) Limited

At 30 June 2000, J M J Keenan was a director of the parent company, Diageo plc. Details of his beneficial interests in the shares of Diageo plc are shown in the Diageo plc Annual Report and Accounts, copies of which will be available from 8 Henrietta Place, London, W1G ONB.

### (ii) Options

	At beginning of year (or date of Appointment)	Granted during The Year	Exercised During the year	At end of year	Option Price	Market Price
P K Bentley	69,058	0	0	69,058		
P S Binning	4,121	41,023	0	45,144		
R M Malcolm	98,572	0	0	98,572		
I K Meakins	76,554	0	0	76,554		
A O Mullins	53,590	0	0	53,590		
R H Myddelton	204,354	33,808	(1,954)	236,208	353	635
M D Peters	12,730	5,824	(961) (550)	17,043	359 354	437.75
P J Radcliff	135,847	0	0	135,847		

For executive option schemes, UK grants were between 1991 and 1999 at prices between 354 pence and 518 pence with the 1999 grants being at 518 pence. The option holdings and prices in the table are stated in ordinary share equivalents in pence.

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

At 30 June 2000, I M Meakins and P J Radcliff had an interest in 701,628 shares held by trusts to satisfy grants made under ex-Guinness incentive plans; P K Bentley, P S Binning and R H Myddelton had an interest in 159,475 shares and 8,551,299 shares subject to call options held by trusts to satisfy grants made under ex-Grandmet incentive plans; and the directors had an interest in 31,557,529 shares and 3,123,000 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

A new Senior Executive Share Option Plan ('SESOP') was introduced with effect from 1 January 2000. The combined benefits provided under the TSR and the SESOP are expected to be the same as those previously provided under the TSR. 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 parent company, Diageo plc.

## UDV (SJ) Limited

Options granted during the year for P K Bentley, P S Binning, R M Malcolm, I M Meakins, R H Myddelton and P J Radcliff are principally options granted under the Diageo plc Senior Executive Share Option Plan, which are subject to performance conditions, as detailed above.

By Order of the Board



**S M Bunn**

*Secretary*

8 Henrietta Place, London, W1G ONB

Date: 27 July 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 auditor, 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 as at the end of the financial year and of the profit of the company for the financial year.

The directors, in preparing the financial statements on pages 7 to 17, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, that all accounting standards which 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.

## UDV (SJ) Limited

### Independent auditors' report to the shareholders of UDV (SJ) Limited

We have audited the financial statements of UDV (SJ) Limited for the year ended 30 June 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

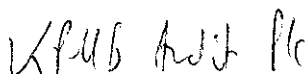
#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom 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 judgments 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  
Registered Accountants  
27 July 2001

# UDV (SJ) Limited

## 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	123,951	8,769
Net operating costs	3	<u>(57,707)</u>	<u>(5,304)</u>
<b>Operating profit</b>		<b>66,244</b>	<b>3,465</b>
Profit on disposal of investments		<u>-</u>	<u>2,361</u>
<b>Profit on ordinary activities before interest and dividends</b>		<b>66,244</b>	<b>5,826</b>
Income from shares in group undertakings		115,717	569,246
Exchange gain		395	-
Interest receivable and payable	5	<u>(33)</u>	<u>8</u>
<b>Profit on ordinary activities before taxation</b>		<b>182,323</b>	<b>575,080</b>
Taxation	6	<u>(23,385)</u>	<u>3,850</u>
<b>Profit on ordinary activities after taxation</b>		<b>158,938</b>	<b>578,930</b>
Equity dividends		<u>-</u>	<u>(268,800)</u>
<b>Transferred to reserves</b>	13	<b><u>158,938</u></b>	<b><u>310,130</u></b>

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



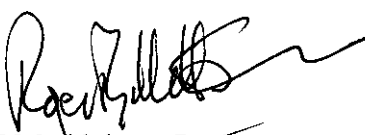
# UDV (SJ) Limited

## BALANCE SHEET

At 30 June 2000

		30 June 2000 £'000	30 June 1999 £'000
	Notes		
<b>Fixed assets</b>			
Intangible assets	7	5,778,925	-
Investments	8	17,418,600	6,855,519
		<u>23,197,525</u>	<u>6,855,519</u>
<b>Current assets</b>			
Stocks	9	29,891	-
Debtors - due within one year	10	5,482,688	3,571,045
Cash at bank and in hand		13,107	53,066
		<u>5,525,686</u>	<u>3,624,111</u>
<b>Current liabilities</b>			
Creditors - due within one year	11	(4,550,068)	(2,701,946)
<b>Net current assets</b>		<u>975,618</u>	<u>922,165</u>
<b>Total assets less current liabilities</b>		<b>24,173,143</b>	<b>7,777,684</b>
Creditors - due after more than one year	11	-	(234,052)
		<u><b>24,173,143</b></u>	<u><b>7,543,632</b></u>
<b>Capital and reserves</b>			
Called up share capital – equity	12	2,308,770	1,126,770
Share premium account	13	9,191,148	4,463,148
Revaluation reserve	13	12,124,379	1,563,806
Profit and loss account	13	548,846	389,908
		<u><b>24,173,143</b></u>	<u><b>7,543,632</b></u>

The financial statements on pages 7 to 17 were approved by the board of directors on 27 July 2001 signed on its behalf by:

  
 R H Myddelton, *Director*

# UDV (SJ) Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 June 2000

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Profit for the financial period	158,938	578,930
Unrealised surplus arising on revaluation of investments	10,518,307	-
	<u>10,677,245</u>	<u>578,930</u>
Currency translation differences on foreign currency net investments	42,266	210,838
Total recognised gains relating to the period	<u>10,719,511</u>	<u>789,768</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 30 June 2000

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Profit for the financial period	158,938	578,930
Equity dividends	-	(268,800)
	<u>158,938</u>	<u>310,130</u>
Exchange adjustments	42,266	210,838
Unrealised surplus arising on revaluation of investments	10,518,307	-
New share capital subscribed (net of issue costs)	5,910,000	4,219,537
Net addition to shareholders' funds	<u>16,629,511</u>	<u>4,740,505</u>
Shareholders' funds at beginning of the period	7,543,632	2,803,127
Shareholders' funds at end of the period	<u>24,173,143</u>	<u>7,543,632</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed asset investments and 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. 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 of the Companies Act 1985 as its results are included in the consolidated accounts of Diageo plc. These financial statements present information about UDV (SJ) Limited as an individual undertaking and not about its group.

#### **Turnover**

Turnover represents the net invoice value of goods and services including excise duties and royalties receivable, but excluding value added tax.

#### **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.

#### **Assets held under operating leases**

Rental payments in respect of leased assets used within the business are charged against operating profits as incurred.

#### **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. The company uses foreign currency borrowings and other financial instruments to provide a hedge against its foreign equity investments. Where this is the case and subject to the provisions in Statement of Standard Accounting Practice No 20, the equity investments are denominated in the appropriate underlying foreign currencies with exchange differences arising on translation taken to reserves, together with netting exchange differences arising on hedging currency borrowings and other financial instruments. Other exchange differences are taken to the profit and loss account.

#### **Investments**

Investments in shares in group undertakings are stated at directors' valuation as described in note 8 to the accounts. Any unrealised surplus of the revalued amount over cost is taken to a revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****Brands, goodwill and other 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 intangible assets are regarded as having limited useful economic lives, their cost is amortised on a straight-line basis over those lives. Where intangible assets are regarded as having indefinite useful economic 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.

**Taxation**

The charge for taxation is based upon the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation if there is reasonable evidence that such deferred taxation will be payable or recoverable in the foreseeable future.

**2 Geographical analysis of turnover**

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Europe	27,842	4,548
North America	16,539	3,776
Rest of World	79,570	445
	<u>123,951</u>	<u>8,769</u>

This analysis of turnover is based on the location of customers. The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice 25 as the company is a wholly owned subsidiary. Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc. Sales to other group companies included in turnover amounted to £68,009,000.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3 Net operating costs

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Changes in stock of finished goods and work in progress	(2,112)	-
Other operating expenses	16,128	5,304
Raw materials and consumables	43,131	-
Staff costs (note 4)	560	-
	<u>57,707</u>	<u>5,304</u>
Operating costs include:		
Rents under operating leases	321	-
The auditor's remuneration was borne by a group company.		

### 4 Staff costs and employees

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Wages and salaries	508	-
Social security costs	52	-
	<u>560</u>	<u>-</u>

The average number of employees during the year was 11 (1999 nil). There were 83 employees at 30 June 2000.

### 5 Interest receivable and payable

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
Loans to group undertakings	-	609
Loans from group undertakings	-	(569)
Other loans	(33)	(32)
	<u>(33)</u>	<u>8</u>

### 6 Taxation

	Year ended 30 June 2000 £'000	Year ended 30 June 1999 £'000
UK corporation tax on profits for the period at 30% (1999: 30.75%)	56,247	253,479
Double taxation relief	(56,247)	(251,444)
Overseas taxation	25,672	-
Adjustment in respect of prior periods	(2,287)	(5,885)
Tax charge / (credit)	<u>23,385</u>	<u>(3,850)</u>

## UDV (SJ) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

#### 7 Intangible assets

	2000 £'000	1999 £'000
Concessions, patents, licenses, trademarks and similar rights and brand assets		
Cost – at 1 July	-	-
Additions	5,778,925	405,132
Disposals	-	(405,132)
Cost – at 30 June	<u>5,778,925</u>	<u>-</u>

The intangible assets were acquired and disposed of at market value.

#### 8 Investments

	2000 £'000	1999 £'000
Balance brought forward (at 1999 Directors' valuation)	6,855,519	2,399,469
Acquisitions	-	4,242,259
Disposals	-	(16,000)
Revaluation of Investments	10,518,307	-
Exchange adjustments	44,774	229,791
Directors' valuation at 30 June 2000	<u>17,418,600</u>	<u>6,855,519</u>

The 1999 directors' valuation was based on underlying assets and cost of additions during the year. The directors consider a valuation based on market value to be more relevant and consequently have valued the investments to their estimated market value.

The estimated market value has been denominated into the currencies of the underlying business which are predominantly Euro and US Dollars. The investment balance is retranslated at the foreign exchange rates prevailing at the balance sheet date and the resulting foreign exchange gains and losses taken to reserves.

If shown on an historical cost basis and at historic exchange rates, investments would be stated at £5,697,433,000 (1999: £5,697,433,000).

## UDV (SJ) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

The principal subsidiary undertakings (directly and indirectly owned) and the percentage of equity owned are as follows:

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Diageo Nederland BV	The Netherlands	Holding Co	Ordinary shares 100%
Selviac Nederland BV*	The Netherlands	Holding Co	Ordinary shares 100%
Diageo Inc*	United States of America	Holding Co	Ordinary shares 100%
Heublein Holdings Corporation*	United States of America	Holding Co	Ordinary shares 100%
Gramet Holdings Corporation*	United States of America	Holding Co	Ordinary shares 100%
R & A Bailey & Co*	Ireland	Trading Co	Ordinary shares 100%
Diageo Investment Corporation*	United States of America	Financing Co	Ordinary shares 100%
The Burger King Corporation*	United States of America	Trading Co	Ordinary shares 100%
The Pillsbury Company*	United States of America	Trading Co	Ordinary shares 100%
Guinness Ireland Group*	Ireland	Trading Co	Ordinary shares 100%
UDV North America Inc*	United States of America	Trading Co	Ordinary shares 100%
Moet Hennessy, SA*	France	Trading Co	Ordinary shares 34%

\* Indirectly held by UDV (SJ) Limited

### 9 Stocks

	2000 £'000	1999 £'000
Raw materials and work in progress	16,156	-
Finished goods	13,735	-
	<u>29,891</u>	<u>-</u>

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10 Debtors

	2000 £'000	1999 £'000
Amounts owed by group undertakings	5,338,048	3,495,135
External trade debtors	108,675	-
Other operating debtors	6,265	-
ACT recoverable	29,700	75,910
	<u>5,482,688</u>	<u>3,571,045</u>

### 11 Creditors

	2000 Due within one year £'000	2000 Due after more than one year £'000	1999 Due within one year £'000	1999 Due after more than one year £'000
Amounts owed to group undertakings	4,525,899	-	2,699,499	234,052
Other creditors and accruals	16,077	-	-	-
Corporation tax	8,092	-	2,447	-
	<u>4,550,068</u>	<u>-</u>	<u>2,701,946</u>	<u>234,052</u>

### 12 Share capital

	2000 £'000	1999 £'000
<i>Authorised:</i>		
<b>Equity</b>		
4,750,030,000 (1999: 2,750,030,000) Ordinary shares of 50p each	2,375,015	1,375,015
<b>Non-equity</b>		
375,000,000 9.125% Cumulative Redeemable Preference shares of £1 each	375,000	375,000
<i>Allotted, called up and fully paid:</i>		
<b>Equity</b>		
4,617,540,617 (1999: 2,253,540,617) Ordinary shares of 50p each	2,308,770	1,126,770

During the year the company issued a further 2,364,000,000 ordinary shares of 50p each to provide funds for the acquisition of its trading activities.



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13 Reconciliation of movements in reserves**

<b>2000</b>	Share premium	Profit and loss account	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
Balance brought forward at 1 July 1999	4,463,148	389,908	1,563,806	<b>6,416,862</b>
Retained profit for the financial period	-	158,938	-	<b>158,938</b>
Premium on issue of shares, less expenses	4,728,000	-	-	<b>4,728,000</b>
Unrealised surplus arising on revaluation of investments	-	-	10,518,307	<b>10,518,307</b>
Exchange adjustments	-	-	42,266	<b>42,266</b>
Balance carried forward at 30 June 2000	<u>9,191,148</u>	<u>548,846</u>	<u>12,124,379</u>	<u><b>21,864,373</b></u>
<b>1999</b>	Share premium	Profit and loss account	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
Balance brought forward at 1 July 1998	1,005,371	114,921	1,317,825	2,438,117
Retained profit for the financial period	-	310,130	-	310,130
Premium on issue of shares, less expenses	3,457,777	-	-	3,457,777
Transfer between reserves	-	(35,143)	35,143	-
Exchange adjustments	-	-	210,838	210,838
Balance carried forward at 30 June 1999	<u>4,463,148</u>	<u>389,908</u>	<u>1,563,806</u>	<u><b>6,416,862</b></u>

The revaluation reserve at 30 June 2000 comprises the surplus gains on the revaluation of investments of £12,051,765,000, exchange losses arising on the retranslation of investments of £330,598,000, and exchange gains of £403,212,000 on retranslation of hedging foreign currency borrowings and other financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

The Company issued 2,364,000,000 ordinary 50p shares for cash during the year. On acquisition, a share premium of £4,728,000,000 arose.

**14 Commitments**

Operating lease commitments

The company is committed to make payments on the lease of land and buildings in the year ended 30 June 2001 as follows:

	2000 £'000
On leases expiring:	
Within one year	450
Within two to five years	30
	<u>480</u>

**15 Post balance sheet events**

Diageo plc (the ultimate holding company of the Company) announced its intention to dispose of its food interests which include the Pillsbury Company to General Mills Inc.

In addition, Diageo plc (the ultimate holding company of the Company) has announced the acquisition, together with Pernod Ricard, of the Seagram Spirits and Wine business.

Since the year end, the company has incorporated into a subsidiary the trading activities that it was carrying on in its Netherlands branch.

**16 Ultimate parent undertaking**

The company's immediate parent company is Grand Metropolitan International Holdings Limited, a company incorporated and registered in England. The company's ultimate parent company is Diageo plc, a company incorporated and registered in England.

The financial statements for Grand Metropolitan International Holdings Limited and 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

**17 Related party transactions**

The company has taken advantage of the exemptions under FRS 8 not to disclose intra-group transactions as it is a wholly owned subsidiary of Diageo plc.