

**Grand Metropolitan Estates Property
Management Services Limited**

Directors' report and financial statements

30 September 1997

Registered number 2735591



Grand Metropolitan Estates Property Management Services Limited

Directors' report and financial statements

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Grand Metropolitan Estates Property Management Services Limited

Directors' Report

The directors present their annual report and balance sheet for year ended 30 September 1997.

Business review

The company has remained dormant since incorporation.

Directors and directors' interests

The directors who held office during the year were as follows:

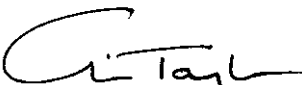
RH Myddelton
BE Wickham

Mr. BE Wickham resigned on 27 March 1998. Mrs. SM Bunn and Mr. MD Peters were appointed directors of the company on 27 March 1998.

None of the directors who held office at the end of the financial year had any interest in the share capital of the company.

The directors' interests in the shares of Grand Metropolitan PLC are disclosed in the annual report of Grand Metropolitan Estates Limited, the immediate parent undertaking.

By order of the board


23.05.1998

CJ Taylor
Secretary

8 Henrietta Place
London
W1M 9AG

Grand Metropolitan Estates Property Management Services Limited

Directors' responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the report of the auditors set out on page 3, 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 company for the financial year.

The directors consider that in preparing the financial statements on pages 4 and 5, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed, and that it is appropriate to use as 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 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.

The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

Grand Metropolitan Estates Property Management Services Limited

Report of the auditor to the members of Grand Metropolitan Estates Property Management Services Limited

We have audited the financial statements on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 affairs of the company as at 30 September 1997 and of its loss 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 Auditors

23rd. Dec, 1998

Date

Grand Metropolitan Estates Property Management Services Limited


Balance sheet at 30 September 1997

	Note	1997 £	1996 £
Current assets			
Cash at bank and in hand		<u>2</u>	<u>2</u>
Net current assets		<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	2	<u>2</u>	<u>2</u>

All shareholders' funds relate to equity interests.

The notes on page 5 form part of these financial statements.

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


23rd June 1998
R H Myddelton
Director

Grand Metropolitan Estates Property Management Services Limited

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of Preparation

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

2. Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

3. Profit and loss account

The company has not traded since incorporation and has received no income and incurred no expenditure. Consequently, the company has made neither a profit nor a loss.

4. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Grand Metropolitan Estates Limited a company registered in England and Wales. At 30 September 1997 the company's ultimate holding company was Grand Metropolitan PLC ("Grand Metropolitan") which is a company registered in England and Wales whose accounts may be obtained from its Company Secretary, 8 Henrietta Place, London, W1M 9AG.

On 17 December 1997 Grand Metropolitan merged with Guinness PLC to form Diageo plc, which as a result, became the ultimate parent undertaking of the Company. The merger was effected by a Scheme of Arrangement under the terms of which for each ordinary share of 25 pence held in Grand Metropolitan, shareholders received one ordinary share of 25 pence in Guinness PLC (which was renamed Diageo plc) and each Grand Metropolitan ordinary share was cancelled.

Diageo plc is a company incorporated and registered in England and its accounting period end will be 30 June. The first consolidated accounts of Diageo plc will be for the eighteen month period ending 30 June 1998, and will be obtainable from the address shown above.