

# Diageo Northern Ireland Limited

Financial statements

Year ended 30 June 2004

Companies registration number NI 3755

# Diageo Northern Ireland Limited

## Year ended 30 June 2004

### Directors' report and financial statements

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# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Directors and other information

### Directors

Mr JG Bell  
Mr CD Coase  
Mr BC Duffy  
Mr D Gosnell

### Secretary

Mr CW Gouldson

### Auditors

KPMG  
Chartered Accountants  
Stokes House  
17/25 College Square East  
Belfast

### Registered office

Guinness House  
Apollo Road  
Adelaide Industrial Estate  
Belfast  
BT12 6PJ  
Northern Ireland

### Companies registration number

NI 3755

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2004.

### Principal activities and review of the business

The company's activity is the sale of alcoholic and other beverages. The company continues to trade profitably and the directors are confident that profitability can be maintained. In comparing the results for the year under review with those for the year ended 30 June 2003, note should be taken of the reorganisation of various business activities amongst companies of the Diageo group, effective 1 October 2002 (as more fully described in the Directors' Report for that year).

### Financial

The results for the year ended 30 June 2004 are shown on page 6.

The directors do not recommend the payment of a dividend (2003 - £nil).

Profit for the year transferred to reserves is £16,244,000 (2003 - £ 13,472,000).

### Directors and directors' interests

The directors who held office during the year were:

Mr JG Bell (appointed 31 December 2003)

Mr CD Coase

Mr BC Duffy

Mr D Gosnell

Mr G Penny (resigned 31 December 2003)

The directors who held office at 30 June 2004 had no interests, other than those shown below in the shares in or debentures or loan stock of the company or group companies:

### Beneficial Interests

| Diageo plc |                           | Interest at beginning of year or date of appointment (if later) |         |
|------------|---------------------------|---|---------|
| Name       | Description of instrument | Interest at end of year   |         |
| JG Bell    | Ordinary shares           | nil   | nil     |
|            | Ordinary Share options    | 4,368   | 4,368   |
| CD Coase   | Ordinary shares           | 12,970  | 9,814   |
|            | Ordinary share options    | 115,279   | 94,557  |
| BC Duffy   | Ordinary shares           | 51,449  | 38,014  |
|            | Ordinary share options    | 333,558   | 284,740 |
| D Gosnell  | Ordinary shares           | 1,225   | 3,404   |
|            | Ordinary share options    | 177,087   | 130,884 |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Directors' report (continued)

### Non beneficial interests

At 30 June 2004 Mr. C. D. Coase had a non-beneficial interest in 347,155 (2003: 633,031) Ordinary Shares of 28 101/108 pence in Diageo plc in his capacity as trustee of the Guinness Ireland Group Pension Scheme. In addition Mr. C. D. Coase also had a non-beneficial interest in 2,143,169 (2003: 2,227,397) Ordinary Shares of 28 101/108 pence in Diageo plc in his capacity as trustee of the Diageo plc 1996 Irish Profit Sharing Scheme.

### Supplier payment policy

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.

It is the policy of the company to pay suppliers at the end of the month following the month of the receipt of goods or services or on the date stipulated in the relevant contract of supply. Another group company operates the purchase ledger on behalf of the company and accordingly it is not possible to calculate the days outstanding in the year end trade creditors on an individual basis.

### Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £55,006 (2003 - £52,450).

### Secretary

On 26 March 2004 Mr JP McLoughlin resigned as secretary of the company and Mr CW Gouldson was appointed in his place.

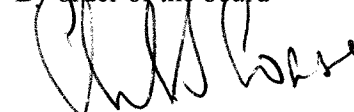
### Future developments

The company will continue to monitor the market closely and is ready to take advantage of opportunities to maintain and improve its position.

### Auditors

The auditors, KPMG, have expressed their willingness to continue in office and a resolution for their re-appointment as auditors of the company will be proposed at the Annual General Meeting.

By order of the board



CD Coase  
Director

7<sup>th</sup> December 2004

Guinness House  
Apollo Road  
Adelaide Industrial Estate  
Belfast  
BT12 6PJ  
Northern Ireland

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Statement of directors' responsibilities

The following statement, which should be read in conjunction with the independent auditors' report set out on page 5, is made with a view to distinguish for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period in accordance with applicable Northern Ireland laws and accounting standards. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



CD Coase  
Director

7<sup>th</sup> December 2004



## Chartered Accountants

Stokes House  
College Square East  
Belfast BT1 6DH  
Northern Ireland

### Independent auditors' report to the members of Diageo Northern Ireland Limited

We have audited the financial statements on pages 6 to 22.

This report is made solely to the company's members as a body in accordance with article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable Northern Ireland law and accounting standards. Our responsibilities, as independent auditors, are established in Northern Ireland 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 (Northern Ireland) Order 1986. 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.

#### Basis of audit 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 affairs of the company as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

**KPMG**  
Chartered Accountants  
Registered Auditors

7<sup>th</sup> December 2004



KPMG, a partnership is a member firm  
of KPMG International, a Swiss Cooperative

Diageo Northern Ireland Limited  
Year ended 30 June 2004

Profit and loss account

|  | Note | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------|------------------------------------|------------------------------------|
| Turnover - continuing operations                     | 1    | 167,018                            | 147,659                            |
| Operating costs                                      | 2-4  | (156,648)                          | (140,826)                          |
| <b>Operating profit - continuing operations</b>      |      | <b>10,370</b>                      | <b>6,833</b>                       |
| Exceptional items                                    | 5    | (950)                              | (260)                              |
| Net interest receivable                              | 6    | 6,681                              | 6,566                              |
| <b>Profit on ordinary activities before taxation</b> |      | <b>16,101</b>                      | <b>13,139</b>                      |
| Taxation on profit on ordinary activities            | 7    | 143                                | 333                                |
| <b>Profit for the financial year</b>                 | 17   | <b>16,244</b>                      | <b>13,472</b>                      |

The company has no recognised gains or losses in the financial year or the proceeding financial year other than those dealt with in the profit and loss account and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements.

**Diageo Northern Ireland Limited**  
Year ended 30 June 2004

**Note of historical cost profits and losses**

|  | <b>Year ended<br/>30 June 2004<br/>£000</b> | <b>Year ended<br/>30 June 2003<br/>£000</b> |
|--|---|---|
| Reported profit on ordinary activities before taxation   | <b>16,101</b>                               | 13,139                                      |
| Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | <b>7</b>                                    | 182   |
| <b>Historical cost profit on ordinary activities before taxation</b>   | <b>16,108</b>                               | 13,321                                      |
| <b>Historical cost profit for the year retained after taxation and dividends</b>   | <b>16,251</b>                               | 13,654                                      |

# Diageo Northern Ireland Limited

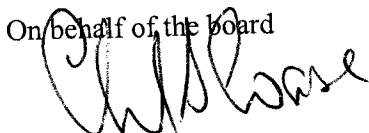
Year ended 30 June 2004

## Balance sheet

|                                       | Note | 30 June 2004     |               | 30 June 2003     |               |
|---------------------------------------|------|------------------|---------------|------------------|---------------|
|                                       |      | £000             | £000          | £000             | £000          |
| <b>Fixed assets</b>                   |      |                  |               |                  |               |
| Tangible assets                       | 8    |                  | 4,459         |                  | 4,758         |
| Investments                           | 9    |                  | 40,470        |                  | 42,227        |
|                                       |      |                  | <u>44,929</u> |                  | <u>46,985</u> |
| <b>Current assets</b>                 |      |                  |               |                  |               |
| Stocks                                | 10   | 6,395            |               | 709              |               |
| Debtors                               | 11   | 240,040          |               | 256,723          |               |
| Cash at bank and in hand              | 13   | 8,041            |               | 9,501            |               |
|                                       |      | <u>254,476</u>   |               | <u>266,933</u>   |               |
| <b>Creditors: due within one year</b> | 14   | <u>(212,452)</u> |               | <u>(250,332)</u> |               |
| <b>Net current assets</b>             |      |                  | 42,024        |                  | 16,601        |
| <b>Creditors: due after one year</b>  | 15   |                  | (18,658)      |                  | (11,535)      |
| <b>Net assets</b>                     |      |                  | <u>68,295</u> |                  | <u>52,051</u> |
| <b>Capital and reserves</b>           |      |                  |               |                  |               |
| Called up share capital               | 16   |                  | -             |                  | -             |
| Revaluation reserve                   | 17   |                  | 218           |                  | 225           |
| Profit and loss account               | 17   |                  | 68,077        |                  | 51,826        |
| <b>Equity shareholders' funds</b>     | 18   |                  | <u>68,295</u> |                  | <u>52,051</u> |

These financial statements on pages 6 to 22 were approved by the board of directors on 7<sup>th</sup> December, 2004.

On behalf of the board



CD Coase  
Director

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements

### 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 are prepared under the historical cost convention modified by the revaluation of certain land and buildings and in accordance with Schedule 4 to the Companies (Northern Ireland) Order 1986 and applicable UK accounting standards.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statement 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 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 ("group undertakings") or investees of the Diageo plc group.

#### Tangible fixed assets

Land and buildings are stated at cost or at professional valuation less depreciation. The company is availing of the transitional provisions of FRS 15, Tangible Fixed Assets, and has retained the book amount of certain tangible assets, which were previously revalued. It is expected that no further valuations will be carried out.

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. Details of depreciation rates are given in Note 8.

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.

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value, including any revaluation of the asset. Any amount in the revaluation reserve relating to such an asset is transferred directly to the profit and loss account reserve and is not included in the profit for the year.

#### Fixed asset investments

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

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### Accounting policies (continued)

#### 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 payments and receipts taken to the profit and loss account on a straight-line basis over the life of the lease.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the invoiced cost of goods purchased for resale.

#### 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 foreign currency contract. Assets and liabilities in foreign currencies are translated into sterling at the financial year end exchange rates or, if hedged forward, at the rate of exchange under the related foreign 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 including excise duties, but excluding value added tax.

Turnover for goods is recognised at the fair value of the right to consideration. The point at which ownership transfers may be at the time of despatch, delivery or some other point depending upon individual customer terms. Provision is made for returns where appropriate. Turnover for goods is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items.

#### Advertising

Advertising production costs are charged to the profit and loss account when the advertisement is first shown to the public.

#### Pensions and other post employment benefits

The employees of the company are members of the Diageo UK pension plan. With effect from 1 July 2003, the Diageo group has adopted FRS 17 - *Retirement benefits* in its consolidated financial statements.

FRS 17 replaces the use of actuarial values for assets in a pension scheme in favour of a market-based approach. In order to cope with the volatility inherent in this measurement basis, the standard requires that the profit and loss account shows the relatively stable ongoing service cost, interest cost and expected return on assets. Differences between the expected and actual return on assets, and the impact on the liabilities of changes in assumptions are reflected in the statement of total recognised gains and losses. The liabilities and, where applicable, the assets of defined benefit schemes are recognised at fair value in the balance sheet. Deferred taxation is provided for on these assets and liabilities.

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### Accounting policies (continued)

#### Pensions and other post employment benefits (continued)

It is not possible to allocate the assets and liabilities of the pension plan between individual companies and therefore the company accounts for it as a defined contribution scheme. The assets and liabilities of the Diageo UK pension plan are recognised in the Diageo plc consolidated financial statements

#### Exceptional items

Exceptional items are those that, in management's judgement, 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 and are separately disclosed either in the notes to the financial statements or on the face of the profit and loss account.

#### Taxation

The charge for taxation is based on 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. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements

### 1. Analysis of turnover and profit on ordinary activities before taxation

#### Geographical analysis of turnover

Turnover originated from the United Kingdom and the geographical analysis of turnover by destination is given below;

|                     | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|---------------------|------------------------------------|------------------------------------|
| United Kingdom      | 166,706                            | 147,659                            |
| Republic of Ireland | 153                                | -                                  |
| Rest of Europe      | 137                                | -                                  |
| Rest of world       | 22                                 | -                                  |
|                     | <u>167,018</u>                     | <u>147,659</u>                     |

The directors have taken advantage of the exemption from full disclosure of segmental information required by Statement of Standard Accounting Practice No. 25, as the company is a wholly owned subsidiary. Segmental disclosures are provided in the accounts of the ultimate parent company, Diageo plc.

### 2. Operating costs

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>As restated<br>£000 |
|--|------------------------------------|---|
| Decrease/(increase) in stocks of finished goods and work in progress | (5,686)                            | (306)   |
| Raw materials and consumables  | 88,960                             | 75,074  |
| Excise duties  | 62,376                             | 52,801  |
| Advertising, marketing and promotion costs                           | 1,492                              | 1,573   |
| Other external charges   | 3,703                              | 5,240   |
| Staff costs (note 3)   | 4,710                              | 4,636   |
| Depreciation and other amounts written off fixed assets              | 1,093                              | 1,808   |
|  | <u>156,648</u>                     | <u>140,826</u>                                    |

Analysis of operating costs has been restated for the prior year to represent a fairer disclosure.

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 2. Operating costs (continued)

Other external charges include:

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------------------------------------|------------------------------------|
| Operating lease rentals for property                 | 259                                | 152                                |
| Other lease rentals                                  | 69                                 | -                                  |
| (Gains)/losses in respect of foreign exchange        | (525)                              | 495                                |
| (Profit)/loss on disposal of fixed assets            | (35)                               | 17                                 |
| Fees in respect of services provided by the auditors |                                    |                                    |
| Statutory audit fees                                 | 142                                | 4                                  |
| Other non-audit work                                 | 39                                 | 1                                  |

### 3. Staff costs

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

|           | Year ended<br>30 June 2004 | Year ended<br>30 June 2003 |
|-----------|----------------------------|----------------------------|
| Full time | 180                        | 198                        |
| Part time | 10                         | 11                         |
|           | <u>190</u>                 | <u>209</u>                 |

The average number of employees, including directors, during the year, analysed by category, was as follows;

|                     | Year ended<br>30 June 2004 | Year ended<br>30 June 2003 |
|---------------------|----------------------------|----------------------------|
| Administration      | 113                        | 122                        |
| Sales and marketing | 42                         | 50                         |
| Distribution        | 35                         | 37                         |
|                     | <u>190</u>                 | <u>209</u>                 |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 3. Staff costs (continued)

The aggregate remuneration of all employees comprised;

|                                  | Year ended<br>30 June 2004 | Year ended<br>30 June 2003<br>As restated |
|----------------------------------|----------------------------|---|
|                                  | £000                       | £000                                      |
| Wages and salaries               | 4,210                      | 4,192                                     |
| Employer's social security costs | 348                        | 332                                       |
| Other employment costs           | 152                        | 112                                       |
|                                  | <u>4,710</u>               | <u>4,636</u>                              |

Analysis of staff costs has been restated for the prior year to represent a fairer disclosure.

### 4. Directors' emoluments

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------------------------------------|------------------------------------|
| Emoluments (excluding pension contributions) | 57                                 | 59                                 |
| Compensation for loss of office              | -                                  | 113                                |
|  | <u>57</u>                          | <u>172</u>                         |

Details of the directors' share interests and any share options exercised during the year are included within the directors' report on pages 2 to 3.

### 5. Exceptional items

|                             | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|-----------------------------|------------------------------------|------------------------------------|
| Redundancy costs/provisions | 950                                | 260                                |

The above costs are as a result of the reorganisation of companies within the Diageo plc group.

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 6. Net interest receivable

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------------------------------------|------------------------------------|
| Interest receivable on fixed asset investments     | 437                                | 758                                |
| Interest receivable from fellow group undertakings | 7,162                              | 7,516                              |
|  | <u>7,599</u>                       | <u>8,274</u>                       |
| Less:  |                                    |                                    |
| Bank interest and charges payable                  | (817)                              | (832)                              |
| Interest on loans from fellow group undertakings   | (101)                              | (876)                              |
|  | <u>6,681</u>                       | <u>6,566</u>                       |

### 7. Taxation

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------------------------------------|------------------------------------|
| <b>(i) Analysis of taxation charge/(credit) for the year</b> |                                    |                                    |
| <b>Current tax</b>   |                                    |                                    |
| UK corporation tax at 30% (2003 - 30%)                       | -                                  | -                                  |
| Adjustment in respect of prior years                         | 254                                | -                                  |
|  | <u>254</u>                         | <u>-</u>                           |
| Total current tax charge                                     | 254                                | -                                  |
| <b>Deferred tax</b>  |                                    |                                    |
| UK   | (460)                              | (333)                              |
| Adjustment in respect of prior years                         | 63                                 | -                                  |
|  | <u>(397)</u>                       | <u>(333)</u>                       |
| Total deferred tax credit                                    | (397)                              | (333)                              |
|  | <u>(143)</u>                       | <u>(333)</u>                       |
| Taxation on profit on ordinary activities                    | (143)                              | (333)                              |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 7. Taxation (continued)

|  | Year ended<br>30 June 2004<br>£000 | Year ended<br>30 June 2003<br>£000 |
|--|------------------------------------|------------------------------------|
| <b>(ii) Factors affecting current tax charge for the year</b>                            |                                    |                                    |
| Profit on ordinary activities before taxation  | 16,101                             | 13,139                             |
| Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2003 – 30%) | 4,830                              | 3,942                              |
| Depreciation in excess of capital allowances   | 460                                | 260                                |
| Expenses not deductible for tax purposes   | -                                  | 290                                |
| Group relief received for nil consideration  | (5,290)                            | (4,492)                            |
| Adjustment in respect of prior years   | 254                                | -                                  |
| Current ordinary tax charge for the year   | 254                                | -                                  |

### 8. Fixed assets – tangible assets

|                          | Land and<br>buildings<br>£000 | Plant and<br>machinery<br>£000 | Containers<br>and<br>vehicles<br>£000 | Assets in<br>course of<br>construction<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------|--------------------------------|---------------------------------------|--|---------------|
| <b>Cost</b>              |                               |                                |                                       |  |               |
| At 30 June 2003          | 1,491                         | 15,988                         | 1,210                                 | 42   | 18,731        |
| Additions                | 1                             | 499                            | 78                                    | 152  | 730           |
| Additions – intercompany | -                             | 285                            | -                                     | -  | 285           |
| Disposals                | -                             | (28)                           | (675)                                 | -  | (703)         |
| Disposals - intercompany | -                             | -                              | (9)                                   | -  | (9)           |
| Transfers                | -                             | 38                             | -                                     | (38)   | -             |
| <b>At 30 June 2004</b>   | <b>1,492</b>                  | <b>16,782</b>                  | <b>604</b>                            | <b>156</b>                                     | <b>19,034</b> |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 8. Fixed assets – tangible assets (continued)

|                          | Land and<br>buildings | Plant and<br>machinery | Containers<br>and<br>vehicles | Assets in<br>course of<br>construction | Total         |
|--------------------------|-----------------------|------------------------|-------------------------------|--|---------------|
|                          | £000                  | £000                   | £000                          | £000                                   | £000          |
| <b>Depreciation</b>      |                       |                        |                               |  |               |
| At 30 June 2003          | 399                   | 12,555                 | 1,019                         | -                                      | 13,973        |
| Provided during the year | 29                    | 959                    | 105                           | -                                      | 1,093         |
| Additions – intercompany | -                     | 178                    | -                             | -                                      | 178           |
| Disposals                | -                     | (24)                   | (636)                         | -                                      | (660)         |
| Disposals – intercompany | -                     | -                      | (9)                           | -                                      | (9)           |
| <b>At 30 June 2004</b>   | <b>428</b>            | <b>13,668</b>          | <b>479</b>                    | <b>-</b>                               | <b>14,575</b> |
| <b>Net book value</b>    |                       |                        |                               |  |               |
| <b>At 30 June 2004</b>   | <b>1,064</b>          | <b>3,114</b>           | <b>125</b>                    | <b>156</b>                             | <b>4,459</b>  |
| At 30 June 2003          | 1,092                 | 3,433                  | 191                           | 42                                     | 4,758         |

The total cost or valuation for land and buildings comprises:

|                                | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|--------------------------------|----------------------|----------------------|
| At 1989 professional valuation | 1,100                | 1,100                |
| At cost                        | 392                  | 391                  |
|                                | <b>1,492</b>         | <b>1,491</b>         |

The 1989 valuations were made on an open market existing use basis except for specialised properties, which were valued on a depreciated replacement cost basis.

Historical cost figures for land and buildings (i.e. the original cost to the company of all land and buildings) and the related depreciation were:

|  | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|--|----------------------|----------------------|
| Historical cost                                  | 1,158                | 1,157                |
| Aggregated depreciation based on historical cost | (312)                | (290)                |
| <b>Historical net book value</b>                 | <b>846</b>           | <b>867</b>           |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 8. Fixed assets – tangible assets (continued)

The total net book value for land and buildings comprises:

|                 | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|-----------------|----------------------|----------------------|
| Freehold        | -                    | -                    |
| Long leasehold  | 1,064                | 1,092                |
| Short leasehold | -                    | -                    |
|                 | <hr/>                | <hr/>                |
|                 | 1,064                | 1,092                |
|                 | <hr/>                | <hr/>                |

The following table shows the principal rates of depreciation used in the year:

|                       |   |           |
|-----------------------|---|-----------|
| Long leasehold        | - | 2.5%      |
| Plant and machinery   | - | 5% to 25% |
| Distribution vehicles | - | 17%       |
| Motor cars            | - | 25%       |

### 9. Investments

|                        | Trade loans<br>£000 |
|------------------------|---------------------|
| <b>Cost</b>            |                     |
| At 30 June 2003        | 45,477              |
| Additions              | 10,811              |
| Repayments             | (12,934)            |
|                        | <hr/>               |
| <b>At 30 June 2004</b> | <b>43,354</b>       |
|                        | <hr/>               |
| <b>Provisions</b>      |                     |
| At 30 June 2003        | (3,250)             |
| Written off            | 366                 |
|                        | <hr/>               |
| <b>At 30 June 2004</b> | <b>(2,884)</b>      |
|                        | <hr/>               |
| <b>Net book value</b>  |                     |
| At 30 June 2004        | 40,470              |
|                        | <hr/>               |
| At 30 June 2003        | 42,227              |
|                        | <hr/>               |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 10. Stocks

|                            | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|----------------------------|----------------------|----------------------|
| Goods purchased for resale | 6,395                | 709                  |

The valuation of stocks at replacement cost would not give rise to any material difference to the amount at which they are stated.

### 11. Debtors

|   | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|---|----------------------|----------------------|
| Trade debtors                             | 22,439               | 32,793               |
| Amounts owed by fellow group undertakings | 213,255              | 220,300              |
| Other debtors                             | 235                  | 614                  |
| Other prepayments and accrued income      | 6                    | 205                  |
| Deferred taxation (note 12)               | 865                  | 468                  |
| Trade loans deferred consideration        | 3,240                | 2,343                |
|   | <u>240,040</u>       | <u>256,723</u>       |

All amounts fall due within one year.

### 12. Deferred taxation

|                          | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|--------------------------|----------------------|----------------------|
| Accelerated depreciation | 953                  | 493                  |
| Other timing differences | (88)                 | (25)                 |
|                          | <u>865</u>           | <u>468</u>           |

### 13. Cash

The company has entered into a joint and several guarantee with certain other Diageo plc UK group 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.

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 14. Creditors: due within one year

|   | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|---|----------------------|----------------------|
| Trade creditors                           | 1,466                | 4,004                |
| Amounts owed to fellow group undertakings | 194,770              | 236,608              |
| Corporate taxation                        | 413                  | 156                  |
| Other taxation including social security  | 7,147                | 4,809                |
| Other creditors                           | 306                  | 178                  |
| Accruals and deferred income              | 1,806                | 2,235                |
| Trade loan liability to banks (note 15)   | 6,544                | 2,342                |
|   | <u>212,452</u>       | <u>250,332</u>       |

### 15. Creditors: due after one year

|                               | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|-------------------------------|----------------------|----------------------|
| Trade loan liability to banks | 18,658               | 11,535               |
|                               | <u>18,658</u>        | <u>11,535</u>        |

### Analysis of borrowings

|                                      | 2004<br>£000  | 2003<br>£000  |
|--------------------------------------|---------------|---------------|
| Debt can be analysed as falling due: |               |               |
| In one year or less                  | 6,544         | 2,342         |
| Between one and two years            | 4,544         | 2,253         |
| Between two and five years           | 7,176         | 5,822         |
| In five years or more                | 6,938         | 3,460         |
|                                      | <u>25,202</u> | <u>13,877</u> |

Diageo Northern Ireland Limited  
Year ended 30 June 2004

Notes to the financial statements (continued)

16. Share capital

|  | 30 June 2004<br>£ | 30 June 2003<br>£ |
|--|-------------------|-------------------|
| <i>Authorised, allotted, called up and fully paid:</i> |                   |                   |
| Equity 100 ordinary shares of £1 each                  | 100               | 100               |
|  | <u>100</u>        | <u>100</u>        |

17. Reserves

|                                    | Revaluation<br>reserve<br>£000 | Profit and loss<br>account<br>£000 | Total<br>£000 |
|------------------------------------|--------------------------------|------------------------------------|---------------|
| At 30 June 2003                    | 225                            | 51,826                             | 52,051        |
| Retained profit for year           | -                              | 16,244                             | 16,244        |
| Realisation of revaluation reserve | (7)                            | 7                                  | -             |
| <b>At 30 June 2004</b>             | <b>218</b>                     | <b>68,077</b>                      | <b>68,295</b> |

18. Reconciliation of movement in shareholders' funds

|  | 30 June 2004<br>£000 | 30 June 2003<br>£000 |
|--|----------------------|----------------------|
| Profit on ordinary activities after taxation | 16,244               | 13,472               |
| Ordinary dividends                           | -                    | -                    |
| <b>Net addition to shareholders' funds</b>   | <b>16,244</b>        | <b>13,472</b>        |
| Shareholders' funds at beginning of year     | 52,051               | 38,579               |
| <b>Shareholders' funds at end of year</b>    | <b>68,295</b>        | <b>52,051</b>        |

# Diageo Northern Ireland Limited

Year ended 30 June 2004

## Notes to the financial statements (continued)

### 19. Commitments

At 30 June 2004 the company had minimum annual commitments under non-cancellable operating leases as follows;

|   | 30 June 2004          |                  |                   | 30 June 2003                           |                   |                   |
|---|-----------------------|------------------|-------------------|--|-------------------|-------------------|
|   | Land and<br>buildings | Other            | Total             | Land and<br>buildings (as<br>restated) | Other             | Total             |
|   | £000                  | £000             | £000              | £000                                   | £000              | £000              |
| <b>Annual payments under<br/>leases expiring:</b> |                       |                  |                   |  |                   |                   |
| Within one year                                   | -                     | -                | -                 | -                                      | 37                | 37                |
| From one to five years                            | -                     | 38               | 38                | -                                      | 137               | 137               |
| After five years                                  | 246                   | 31               | 277               | 246                                    | 51                | 297               |
|   | <u>246</u>            | <u>69</u>        | <u>315</u>        | <u>246</u>                             | <u>225</u>        | <u>471</u>        |
|   | <u><u>246</u></u>     | <u><u>69</u></u> | <u><u>315</u></u> | <u><u>246</u></u>                      | <u><u>225</u></u> | <u><u>471</u></u> |

Analysis of commitments has been restated for the prior year to include land and buildings to represent a fairer disclosure.

The company had no capital commitments at 30 June 2004 (2003: £Nil).

### 20. Contingent liabilities

Contingent liabilities at 30 June 2004 amount to £2,500,000 (2003: £Nil).

### 21. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at 8 Henrietta Place, London W1G 0NB.