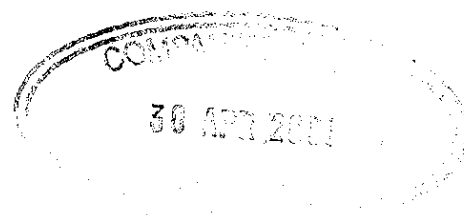


**Carillon U.K. Limited**

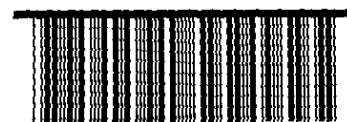
**Directors' report and financial statements**

30 June 2000

Company number 36037



*cr*



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COMPANIES HOUSE 30/04/01

## **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 principal activity is the receipt of royalties.*

### **The 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 Carillon U.K. 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 directors recommend that no dividend be paid (1999 – nil). The profit for the period retained in the company is £1,375,797 (1999 £494,079).

### **Directors**

The directors who served during the year were as follows:

P K Bentley  
J J Corbett  
P J Radcliff

During the year N C Rose resigned as a director on 1 July 1999.

Subsequent to year end P S Binning and J A Southern were appointed directors on 15 December 2000 and S M Bunn and R H Myddelton were appointed directors on 10 November 2000.

Subsequent to year end P K Bentley resigned as a director on 31 October 2000, J J Corbett resigned on 10 November 2000 and P J Radcliff resigned on 18 December 2000.

Subsequent to year end M D Peters resigned as secretary on 10 November 2000 and S M Bunn was appointed in his stead.

### **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 period 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 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
J J Corbett	1,399	3,121	7,250	0	(2,800)	(2,200)	2,250
P J Radcliff	6,400	8,107	29,193	6,542	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 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% 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.

(ii) Options

	At beginning of year	Granted during The Year	Exercised During the year	At end of year	Option Price (pence)	Market Price (pence)
P K Bentley	27,138	41,920	0	69,058	0	0
J J Corbett	59,803	3,978	0	63,781	0	0
P J Radcliff	101,098	34,749	0	135,847	0	0

For executive option schemes, UK grants were between 1991 and 1999 at prices between 314 pence and 518 pence with the 1999 grants being at 518 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, J J Corbett and P K Bentley 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; P J Radcliff had an interest in 701,628 shares held by trusts to satisfy grants made under ex-Guinness incentive plans; and the directors had an interest in 22,068,050 shares and 2,296,087 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

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

## Auditors

The auditors, KPMG Audit Plc, are willing to continue in office and a resolution for their re-appointment as auditors of the company will be submitted to the Annual General Meeting.

By order of the board



S M Bunn  
Secretary

8 Henrietta Place, London W1G 0NB  
25 April 2001

## **DIRECTORS' RESPONSIBILITIES**

*in relation to financial statements*

The following statement, which should be read in conjunction with the report of the auditor set out on page 4, 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 period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for the financial period.

The directors consider that in preparing the financial statements on pages 5 to 9, 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 a going concern basis.

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

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

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

**CARILLON UK LIMITED**

Year ended 30 June 2000

**AUDITORS' REPORT  
TO THE MEMBERS OF CARILLON UK LIMITED**

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

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

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

Basis of opinion

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

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

Opinion

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



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Glasgow

Date 30 April 2001

## **PROFIT AND LOSS ACCOUNT**

*For the year ended 30 June 2000*

		Year ended 30 June 2000	Year ended 30 June 1999
	Note	£	£
Turnover and operating profit	1, 2	-	-
Other interest received and similar income:			
Receivable from group company		502,315	604,056
Exchange Diff		-	112,000
Profit on ordinary activities before taxation		502,315	716,056
Tax on profit on ordinary activities	3	873,482	(221,977)
Profit for the financial period		1,375,797	494,079
<b>MOVEMENTS IN RESERVES</b>			
Reserves at beginning of period		7,543,855	7,049,776
Retained profits for period		1,375,797	494,079
Reserves at end of period		8,919,652	7,543,855

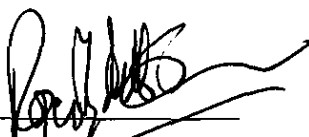
The company has no recognised gains or losses for the period other than the profit for the financial period.

## **BALANCE SHEET**

*As at 30 June 2000*

	Note	30 June 2000	30 June 1999
		£	£
<b>CURRENT ASSETS</b>			
<b>DEBTORS:</b>			
Amounts owed by group undertakings	4	8,718,059	8,215,744
UK Corporation Tax		201,693	-
<b>CREDITORS:</b>			
Amounts falling due within one year:			
UK corporation tax		-	(671,789)
<b>NET CURRENT ASSETS</b>		<u>8,919,752</u>	<u>7,543,955</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,919,752</u>	<u>7,543,955</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital			
Authorised, allotted, called up and fully paid:			
100 ordinary shares of £1 each	5	100	100
Profit and loss account		<u>8,919,652</u>	<u>7,543,855</u>
Shareholders' funds (all equity)		<u>8,919,752</u>	<u>7,543,955</u>

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

  
\_\_\_\_\_  
**R H Myddelton**  
**Director**

**Reconciliation of Movements in Shareholders' Funds**

*As at 30 June 2000*

	Year ended 30 June 2000	Nine months ended 30 June 1999
	£	£
Profit for the financial period	1,375,797	494,079
Shareholders' Funds at beginning of period	7,543,955	7,049,876
Shareholders' Funds at end of period	<u>8,919,752</u>	<u>7,543,955</u>



## NOTES

*(forming part of the financial statements)*

### 1. Accounting policies

#### a) Accounting convention

The financial statements have been prepared under the historical cost convention. They have been drawn up to comply in all material respects with applicable UK accounting standards.

#### b) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the year end at the rate of exchange ruling at the balance sheet date. Transactions during the year are translated into sterling at the rates prevailing at the date of transaction. Exchange differences arising in the ordinary course of business are included in the profit and loss account.

### 2. Operating Profit

The directors received no emoluments in respect of their services to the company and the audit fee has been borne by Guinness United Distillers & Vintners Limited (formerly United Distillers & Vintners (HP) Limited). The company has no employees and therefore there are no staff costs.

### 3. Tax on profit on ordinary activities

	Year ended 30 June 2000	Year ended 30 June 1999
	£	£
UK corporation tax for the year	(113,021)	(221,977)
Prior year adjustment	986,053	-
	873,482	(221,977)

The prior year adjustment represents over provisions together with a reassessment of ACT surrenders for earlier years.

### 4. Debtors

All debtors are receivable within one year.

### 5. Share Capital

Ordinary shares are entitled to one vote each.

### 6. Related Party Disclosures

As the company is a wholly owned subsidiary of Carillon Importers Limited, and its ultimate holding company is Diageo plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions with entities which form part of the group (or trustees of the group qualifying as related parties).

### 7. Cash Flow Statement

A cash flow statement is not presented as the company is a member of a group whose ultimate holding company, Diageo plc, includes a group cash flow statement in its financial statements.

**8. Ultimate holding company**

The company is a wholly owned subsidiary of Carillon Importers Limited, a company incorporated in the USA, and its ultimate holding company as at 30 June 2000 was Diageo plc, a company incorporated and registered in England.

Diageo plc's accounting period end is 30 June and its consolidated accounts for the year ended 30 June 2000 can be obtained from the registered office at 8 Henrietta Place, London W1M 9AG.