

# **Carillon U.K. Limited**

## **Financial statements 30 June 2004**

Registered number SC36037



## **Directors' report**

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

### **Activities**

The principal activity of the company is the receipt of interest from a fellow group company.

### **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 ).

The profit for the year transferred to reserves is £406,630 (2003 - £387,811).

### **Directors**

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

P S Binning (resigned 3 October 2003)  
S M Bunn  
R Rajagopal (appointed 3 October 2003)  
J A Southern

### **Directors' emoluments**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2003 - £nil).

## Directors' report (continued)

### Directors' interests

No directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary.

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

#### (i) Ordinary shares

	Ordinary shares	
	At beginning of year (or date of appointment)	At end of year
S M Bunn	3,351	1,088
R Rajagopal	912	3,810
J A Southern	35,384	36,395

#### (ii) Options

	Options over ordinary shares				
	At beginning of year (or date of appointment)	Granted in year	Exercised in year	Lapsed in year	At end of year
S M Bunn	30,743	15,959	(383)	-	46,319
R Rajagopal	97,459	28,011	(4,754)	-	120,716
J A Southern	82,332	14,037	(1,893)	-	94,476

The directors held the above options under Diageo plc share option schemes at prices between 402p and 759p per ordinary share exercisable between 2004 and 2013. The options are granted at market value on the date the option is granted and the option price is payable when the option is exercised.

The mid-market share price of Diageo plc shares fluctuated between 625p and 780p during the year. The mid-market share price on 30 June 2004 was 744p.

At 30 June 2004 all the directors had an interest in 21,109,889 shares and 7,710,285 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

**Directors' report (continued)**

**Auditor**

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. The auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of its term in office in respect of the year ended 30 June 2004.

By order of the board



J Nicholls

Secretary

Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT

9 December 2004

## **Statement of directors' responsibilities in relation to the financial statements**

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

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year.

The directors, in preparing these financial statements, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all applicable accounting standards have been followed and that it is appropriate to prepare the financial statements on 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 that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Carillon U.K. Limited**

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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 United Kingdom law and accounting standards. Our responsibilities as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 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.

### *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 2004 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

16 December 2004

**Profit and loss account**

	<i>Notes</i>	<b>Year ended 30 June 2004 £</b>	<b>Year ended 30 June 2003 £</b>
Net interest receivable	3	406,630	387,811
<b>Profit on ordinary activities before taxation</b>		<u>406,630</u>	<u>387,811</u>
Taxation on profit on ordinary activities	4	-	-
<b>Profit for the financial year and transferred to reserves</b>	6	<u>406,630</u>	<u>387,811</u>

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


There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis.

All results arise from continuing operations.

## Balance sheet

	<i>Notes</i>	<b>30 June 2004</b> £	<b>30 June 2003</b> £
<b>Current assets</b>			
Debtors: due within one year			
Amounts owed by Diageo Finance plc		11,500,206	11,093,576
<b>Creditors: due within one year</b>			
Amounts owed to Diageo Great Britain Limited		(876,142)	(876,142)
<b>Net assets</b>		<u>10,624,064</u>	<u>10,217,434</u>
<b>Capital and reserves</b>			
Called up share capital	5	100	100
Profit and loss account	6	<u>10,623,964</u>	<u>10,217,334</u>
<b>Equity shareholders' funds</b>		<u>10,624,064</u>	<u>10,217,434</u>

These financial statements on pages 6 to 11 were approved by the Board of Directors on 9 December 2004 and were signed on its behalf by:

  
**R Rajagopal**  
Director



## **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 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 (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.

## Notes to the financial statements

### 1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2003 - £nil).

### 2. Directors and employees

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2003 - £nil).

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

### 3. Net interest receivable

	Year ended 30 June 2004 £	Year ended 30 June 2003 £
Interest receivable on loans to Diageo Finance plc	406,630	387,811

## Notes to the financial statements (continued)

### 4. Taxation

The tax charge for the year was £nil (2003 - £nil).

	Year ended 30 June 2004 £	Year ended 30 June 2003 £
<b>Factors affecting current tax charge for the year</b>		
Profit on ordinary activities before taxation	406,630	387,811
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2003 - 30%)	(121,989)	(116,343)
Group relief received for nil consideration	121,989	116,343
Current ordinary tax charge for the year	-	-

### 5. Share capital

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

### 6. Reserves

	Profit and loss account £
At 30 June 2003	10,217,334
Retained profit for year	406,630
At 30 June 2004	10,623,964

**Notes to the financial statements (continued)**

**7. Reconciliation of movement in shareholders' funds**

	<b>30 June 2004</b>	<b>30 June 2003</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities after taxation	406,630	387,811
<b>Net addition to shareholders' funds</b>	<u>406,630</u>	<u>387,811</u>
Shareholders' funds at beginning of year	10,217,434	9,829,623
<b>Shareholders' funds at end of year</b>	<u><u>10,624,064</u></u>	<u><u>10,217,434</u></u>

**8. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the company is Carillon Importers Limited, a company incorporated and registered in the USA.

The 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.