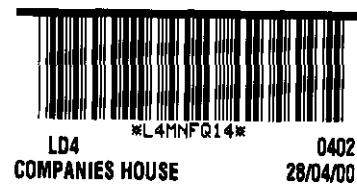


Guinness Limited

Directors' report and financial
statements

Registered number 510607

30 June 1999



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 June 1999.

Review of the business and principal activities

Throughout the year the Company continued to brew and market Guinness Stout and Kaliber in Great Britain, as well as being responsible for the supply of raw materials, plant and spares to overseas breweries and for the marketing of Guinness Stout, Harp Lager and other products in overseas markets. During the period, the Company ceased brewing lager. Wolverhampton and Dudley Brewery has been licensed to brew, market and distribute Harp Irish Lager in Britain. A more extensive review of the business operations during the period is contained in the Annual Report and Accounts of Diageo plc, the ultimate parent undertaking.

Results and transfer to reserves

The loss before taxation amounted to £38.1 million (1998: loss £30.6 million). After taxation the loss for the period was £36.9 million (1998: loss £33.1 million) which after dividends of £nil (1998: £nil) resulted in a transfer from reserves of £36.9 million (1998: £33.1 million).

Year 2000

Most companies face a major challenge in making their business and other systems Year 2000 ready. The problem is caused by the inability of some systems to handle four-digit years. For example, without correction the two digit year '00', meaning 2000, could be recognised as 1900, causing systems to generate inaccurate information and potentially to fail.

The Diageo group recognises this challenge and has established a compliance programme to address the issue in all of its business units and subsidiaries. The implications for Guinness Limited are being addressed as part of the Guinness programme to allow it to operate successfully and safely into the new millennium. This includes potential risks to:

- Information systems used to support Guinness Limited's activities;
- Building services and computerised equipment in all premises from which the Company operates;
- Trading partners including suppliers of critical business and other support services to the Company.

Each programme involved the identification and assessment of items at risk in these areas, followed by the implementation of an appropriate strategy to avoid or minimise the impact of year 2000 related problems. Testing was performed as necessary, taking into account professional advice and a full assessment of risk.

All major stages of the programme were completed on target by 30 September 1999 and Guinness Limited is now Year 2000 ready. Procedures are in place to maintain a clean environment where risks have been addressed. Some outstanding work remains but is not business critical. This includes ongoing contact with key trading partners to share best practice and risk information.

Even the best run projects are likely to face some year 2000 compliance failures. There can be no certainty that the Year 2000 programmes will be successful or that the date change from 1999 to 2000 will not materially and adversely affect a company's operations and financial results. Based on the work already completed, we do not believe that the Year 2000 will give rise to significant operational problems for Guinness Limited. However, it may still be adversely affected by the general uncertainty inherent in the Year 2000. Business Continuity Plans are therefore in place, along with pro-active mitigation strategies (millennium operating procedures) for the key impact period. Both continue to be refined to reflect the best available risk information.

The full cost of managing the year 2000 problem for Guinness Limited has not been identified separately, but is included within the overall programme cost shown in the annual report of the ultimate parent company, Diageo plc.

Directors' report *(continued)*

The Euro

In accordance with the Treaty on European Union, signed at Maastricht on 7 February 1992, the third stage of Economic and Monetary Union (EMU) commenced on 1 January 1999. The Company's euro-readiness is being managed as a discrete business project. The Company expects to have systems and procedures in place which will enable it to conduct euro transactions appropriate to local market requirements.

The Company is also working actively with key business suppliers, joint distribution arrangement partners and customers. In addition, monetary union may have a significant impact on macroeconomic factors, including interest and foreign exchange rates.

Key commercial risks, such as pricing transparency, have been analysed, with a view to reducing any impact through active management over the transition period and beyond. However, there can be no assurance that the euro will not have a negative impact. The impact of future entry to EMU of other European countries (particularly the United Kingdom) is being similarly analysed.

The cost associated with the euro-readiness project for Guinness Limited has not been identified separately but is included within the overall project cost in the annual report of the ultimate parent company, Diageo plc.

Research and development

Expenditure on research and development activities amounted to £1.7 million (1998: £1.8 million).

Proposed dividend

The Directors do not recommend the payment of a final dividend (1998: £nil)

Statement on Supplier Payments

The Company does not operate a standard code in respect of payments to suppliers. The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including terms of payment. It is Company policy that payments to suppliers are made in accordance with these terms.

At the year end, there were 32 days (1998: 50 days) purchases in trade creditors.

Directors' report *(continued)*

Directors and directors' interests

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

AA Greener	Chairman	(resigned 16 September 1998)
JB McGrath	Chairman	(appointed 16 September 1998)
CA Storm	Chief Executive	
JP McClean		(retired 31 January 2000)
A Wilson		(resigned 31 March 2000)
NT Fell		
RJ Joy	Secretary	
GS Matthews		(resigned 15 January 1999)

Mr SR Fletcher was appointed to the board on 30 September 1999.

Mr JP McClean retired from the Board on 31 January 2000 and Mr A Peeters was appointed.

Mr A Wilson resigned from the Board on 31 March 2000.

On 1 March 1999 Miss SME O'Donovan resigned as Secretary and Mr RJ Joy was appointed in her stead.

No Director had any interest in shares or debentures of the company, of any subsidiary undertaking or of any subsidiary of the parent undertaking with the exception of non-beneficial interests as nominee and the interests in the ordinary shares of the ultimate holding company, Diageo plc, as set out below:

Mr JB McGrath and Mr CA Storm are directors of Diageo plc and their interests in the shares of Diageo plc are set out in that company's annual report and accounts.

	Ordinary shares at 30 June 1999	Options over ordinary shares as at 30 June 1999	Ordinary shares at 1 July 1998	Options over ordinary shares as at 1 July 1998
JP McClean	13,866	90,706	8,248	114,858
A Wilson	5,035	153,851	10,480	119,905
NT Fell	3,979	120,723	4,163	90,556
RJ Joy	27,109	275,852	28,224	267,078
GS Matthews (resigned 15.01.99)	-	-	-	51,336

Directors' report *(continued)*

Directors and directors' interests *(continued)*

During the year, the following movements in options over the ordinary shares of Diageo plc took place:

	Note	Granted	Exercised	Exercise price £/p	Market price at date of exercise £/p	Date from which exercisable	Expiry date
JP McClean	3	14,264		Nil		01.01.01	01.01.01
	2		7,772	4.560	7.400	02.05.94	02.05.01
	2		26,449	5.575	7.400	04.05.98	04.05.05
	+		4,195				
A Wilson	3	22,000		Nil		01.01.01	01.01.01
	3	17,031		Nil		01.01.02	01.01.02
	+		5,085				
NT Fell	3	14,820		Nil		01.01.01	01.01.01
	3	15,347		Nil		01.01.02	01.01.02
RJ Joy	3	16,679		Nil		01.01.01	01.01.02
	3	16,095		Nil		01.01.02	01.01.02
	2		24,000	4.700	7.100	24.06.95	24.06.02

Notes:

- 1 These options were granted and exercised under the terms of the Save As You Earn scheme.
 - 2 These options were granted and exercised under the terms of the Executive Share Options scheme.
 - 3 These LTIPs were granted and exercised under the terms of the Diageo LTIP.
 - # 1998 and 1999 LTIP grossed up to 150%.
 - +
- These options have lapsed.

Directors' report *(continued)*

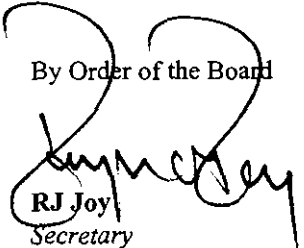
Directors and directors' interests *(continued)*

The options outstanding at 30 June 1999 have been granted under Group employee share participation schemes and are exercisable at varying dates between 1990 and 2008 at varying prices between 321.0 pence and 494.0 pence. The mid-market price of the shares at 30 June 1999 was 662.5 pence. The highest mid-market price during the period was 778.5 pence and the lowest mid-market price was 480.5 pence.

Directors of subsidiaries of Diageo plc are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in the 1999 Annual Report and Accounts of Diageo plc. The ultimate parent company purchases liability insurance covering the Directors and officers of Diageo plc and its subsidiaries.

The ultimate parent company purchases liability insurance covering the Directors and officers of Diageo and its subsidiaries.

By Order of the Board



RJ Joy
Secretary

27 April 2000

Statement of directors' responsibilities

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 for that period. 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; and
- 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 keeping 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 Act 1985. They 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditor's report to the members of Guinness Limited

We have audited the financial statements on pages 8 to 21.

Respective responsibilities of directors and auditor

As described on page 6 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.

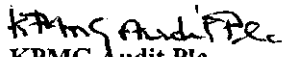
Basis of opinion

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 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 April 2000

Profit and loss account
for the year ended 30 June 1999

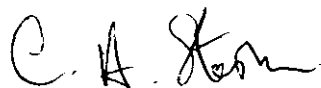
	<i>Notes</i>	12 months ending 30 June 1999 £m	18 months ending 30 June 1998 £m
Turnover			
Continuing operations	2	518.4	717.9
 Net Operating Charges	 3	 (547.9)	 (745.6)
Operating loss			
Continuing operations		(29.5)	(27.7)
Loss on disposal of fixed assets		(12.5)	(2.4)
Net interest receivable	7	3.9	(0.5)
Loss on ordinary activities before taxation	2-7	(38.1)	(30.6)
Tax on loss on ordinary activities	8	1.2	(2.5)
Amount transferred from reserves	17	(36.9)	(33.1)

Balance sheet
at 30 June 1999

	Note	1999	1998
		£m	£m
Fixed assets			
Tangible assets	9	198.1	187.1
Investments	10	0.1	0.1
		<u>198.2</u>	<u>187.2</u>
Current assets			
Stocks	12	20.0	19.1
Debtors	13	1,420.3	1,378.6
Cash at bank and in hand		32.2	-
		<u>1,472.5</u>	<u>1,397.7</u>
Creditors: amounts falling due within one year	14	(509.4)	(385.4)
		<u> </u>	<u> </u>
Net current assets		963.1	1,012.3
		<u> </u>	<u> </u>
Total assets less current liabilities		1,161.3	1,199.5
		<u> </u>	<u> </u>
Net assets		1,161.3	1,199.5
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	16	1,156.1	1,156.1
Revaluation reserve	17	31.7	32.4
Profit and loss account	17	(26.5)	11.0
		<u> </u>	<u> </u>
Equity shareholders' funds		1,161.3	1,199.5
		<u> </u>	<u> </u>

These financial statements were approved by the Board of Directors on 27 April 2000 and were signed on its behalf by:

Director



Statement of total recognised gains and losses
for the year ended 30 June 1999

	12 months ended 30 June 1999 £m	18 months ended 30 June 1998 £m
Loss for the financial year	(36.9)	(33.1)
Effect of foreign exchange rate changes	(1.3)	3.0
Total recognised gains and losses relating to the financial year	(38.2)	(30.1)

Note of historical cost profits and losses
for the year ended 30 June 1999

	12 months ended 30 June 1999 £m	18 months ended 30 June 1998 £m
Reported loss on ordinary activities before taxation	(38.1)	(30.6)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	0.7	1.0
Historical cost loss on ordinary activities before taxation	(37.4)	(29.6)
Historical cost loss for the year retained after taxation and dividends	(36.2)	(32.1)

Reconciliation of movements in shareholders' funds
for the year ended 30 June 1999

	12 months ended 30 June 1999 £m	18 months ended 30 June 1998 £m
Retained loss for the financial year	(36.9)	(33.1)
Effect of foreign exchange rate changes	(1.3)	3.0
Net reduction in shareholders' funds	(38.2)	(30.1)
Opening shareholders' funds	1,199.5	1,229.6
Closing shareholders' funds	1,161.3	1,199.5

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 modified to include the revaluation of land and buildings.

During the previous financial period, the financial accounting date was changed to 30 June. Accordingly the comparative accounting period runs from 1 October 1997 to 30 June 1998.

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 also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions (but not the balances) with entities that are part of the Diageo plc group or investees of the Diageo plc group.

Fixed assets and depreciation

Tangible assets are depreciated in equal annual instalments at rates calculated to write off their cost or valuation over the term of their estimated useful economic lives as follows:

Freehold and long leasehold buildings	2% - 5% per annum
Short leasehold buildings	over term of lease
Plant and machinery	
-brewing and racking plant	5% - 12.5%
-containers	5%
-office machinery	33%
Casks and road vehicles	
-distribution vehicles	12.5%
-motor cars	25%-50%
-casks	6.67%

Depreciation rates for motor cars differ from those of the ultimate parent undertaking as salesmen's vehicles are considered to have shorter useful economic lives.

Notes (continued)

Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling using contract rates of exchange or exchange rates prevailing at the balance sheet date, as appropriate.

Exchange differences arising from foreign currency transactions in the normal course of trading are dealt with in the profit and loss account

Leases

Assets acquired under finance leases, comprising of vehicles, casks and computer equipment, are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The Company is a member of a group pension scheme which is operated by its ultimate holding company, Diageo plc. Contributions to the scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating group undertakings. Costs are not determined for each individual undertaking, and accordingly, contributions are charged to the profit and loss account when they become payable.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs includes raw materials, excise duty and the appropriate proportion of labour costs, production and other overheads.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Notes (continued)

2 Analysis of turnover and loss on ordinary activities before taxation

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

The Company carries out principally one class of business, that of brewing and marketing Guinness Stout and other brands of beer and lager. Turnover and loss predominantly arise within the United Kingdom. Further segmental information is provided in the accounts of the parent company, Diageo plc.

3 Net operating charges

	1999 £m	1998 £m
Changes in stocks of finished goods and work in progress	5.1	3.7
Raw materials and consumables	70.4	311.8
Excise duties	126.6	169.7
Staff costs (Note 6)	77.1	97.9
Depreciation	17.6	39.0
Other operating charges (Note 4)	251.1	123.5
	<u>547.9</u>	<u>745.6</u>

Total operating costs include £1.3m in respect of foreign exchange (1998: £5.6m).

4 Loss on ordinary activities before taxation

	1999 £000	1998 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	109.0	95.0
Other services - fees paid to the auditor and its associates	-	494.0
Research and development expenditure	<u>1,714.0</u>	<u>1,782.0</u>

Notes (continued)

5 Remuneration of directors

	1999 £000	1998 £000
Salaries and pension scheme contributions	1,256.0	2,100.0
Emoluments (excluding pension scheme contributions) of:		
Chairman		-
Highest paid director	418.2	434.0

Messrs John McGrath and Colin Storm are directors of the ultimate parent undertaking, Diageo plc, and their emoluments were paid by that company and disclosed in its annual report.

Compensation for loss of office of £Nil was paid in the period (1998: £393,209)

The accrued pension of the highest paid director at 30 June 1999 was £63,623 (1998: £53,206). This represents the annual pension to which he is entitled at normal retirement age of 62 based on current salary levels and service.

Retirement benefits are accruing to four directors (1998: four) under the Company's defined benefit scheme.

	Number of directors	
	1999	1998
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	-
Defined benefit schemes	4	4
The number of directors who exercised share options was	3	2
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	1	4

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	1999	1998
Movement, administration and support	396	393
Production	572	569
Sales and marketing	397	395
	<u>1,365</u>	<u>1,357</u>

The aggregate payroll costs of these persons were as follows:

	1999 £m	1998 £m
Wages and salaries	69.6	83.1
Social security costs	4.4	6.4
Other pension costs (note 19)	3.1	8.4
	<u>77.1</u>	<u>97.9</u>

7 Interest

	1999 £m	1998 £m
External interest receivable/(payable)	0.5	(0.3)
Interest receivable/(payable to) from fellow group companies	3.4	(0.2)
	<u>3.9</u>	<u>(0.5)</u>

Notes (continued)

8 Taxation

	1999 £m	1998 £m
UK corporation tax	(1.7)	(1.4)
Overprovision in respect of prior years	3.3	0.5
Deferred tax (note 15)	(0.4)	3.4
Overseas corporation tax	(2.4)	-
Tax charge	(1.2)	2.5

9 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Casks and road vehicles £m	Total £m
<i>Cost or valuation</i>				
At 1 July 1998	60.2	189.8	69.7	319.7
Additions	1.9	41.1	1.7	44.7
Transfers from group undertakings	-	-	0.4	0.4
Transfers to group undertakings	-	-	(0.3)	(0.3)
Disposals	-	(6.2)	(6.9)	(13.1)
At 30 June 1999	62.1	224.7	64.6	351.4
<i>Depreciation</i>				
At 1 July 1998	9.2	90.9	32.5	132.6
Charge for year	1.9	13.4	2.3	17.6
Exceptional asset write down	2.5	9.1	-	11.6
Transfers from group undertakings	-	-	0.1	0.1
Transfers to group undertakings	-	-	(0.1)	(0.1)
Disposals	-	(5.4)	(3.1)	(8.5)
At 30 June 1999	13.6	108.0	31.7	153.3
<i>Net book value</i>				
At 30 June 1999	48.5	116.7	32.9	198.1
At 1 July 1998	51.0	98.9	37.2	187.1

Notes (continued)

9 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	1999 £m	1998 £m
Freehold	46.9	49.3
Long leasehold (over 50 years unexpired)	1.6	1.7
	<u>48.5</u>	<u>51.0</u>

The amount of land and buildings shown at cost or valuation is given below:

	1999 £m	1998 £m
At cost	16.3	14.4
At valuation		
- prior to 1992	2.0	2.0
- 1992	43.8	43.8
	<u>62.1</u>	<u>60.2</u>
Historical cost of revalued assets	29.9	29.9
Aggregate depreciation based on historical cost	(10.1)	(9.0)
	<u>19.8</u>	<u>20.9</u>

Included in the cost of fixed assets are the following amounts in respect of assets under construction

	1999 £m	1998 £m
Land and buildings	1.9	0.2
Plant and machinery	18.9	13.1
	<u>20.8</u>	<u>13.3</u>

Notes (continued)

10 Fixed asset investments

	£m
At 1 July 1998 and 30 June 1999	0.1

All shares are either unclassified or classified as ordinary.

In the opinion of the Directors, the aggregate value of the Company's investments in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.

11 Subsidiary Companies

The Company had the following subsidiary undertakings:

	Country of incorporation	Principal activity	Percentage of shares held
<i>Brewing</i>			
ES Beaven (Maltings) Limited	England	Maltster	100%
The Interesting Drinks Co. Ltd	England	Dormant	100%
HKS Properties Ltd	England	Property	100%

12 Stocks

	1999 £m	1998 £m
Raw materials and consumables	10.4	6.4
Work in progress	2.0	0.9
Finished goods and goods for resale	7.6	11.8
	<u>20.0</u>	<u>19.1</u>

The replacement cost of stocks is not materially different from their book value.

Notes (continued)

13 Debtors

	1999 £m	1998 £m
Trade debtors	37.5	43.0
Amounts owed by parent undertaking	1,262.6	1,221.9
Amounts owed by subsidiary undertakings	-	26.1
Amounts owed by fellow subsidiary undertakings	90.5	67.5
Corporation tax	23.8	7.3
Other debtors	2.8	8.9
Prepayments and accrued income	-	1.2
Deferred tax (note 15)	3.1	2.7
	<u>1,420.3</u>	<u>1,378.6</u>

The amounts owed by the parent undertaking include a loan of £1,150,000,000 repayable on demand. A market rate of interest was received on the loan during 1996. The loan became non-interest bearing in January 1997. The loan was made to finance the acquisition of the company's own shares as permitted under S155 of the Companies Act.

14 Creditors: amounts falling due within one year

	1999 £m	1998 £m
Bank loans and overdrafts	2.9	2.3
Trade creditors	22.1	23.7
Amounts owed to fellow subsidiary undertakings	391.3	291.9
Amounts owed to subsidiary undertakings	2.4	8.8
Corporation tax	-	-
Other creditors	12.3	6.7
Social security and other taxation	7.4	9.0
Accruals and deferred income	71.0	43.0
	<u>509.4</u>	<u>385.4</u>

Bank loans and overdrafts of £2,900,000 represents an unsecured overdraft and is payable on demand.

Notes (continued)

15 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1999		1998	
	Recognised £m	Unrecognised £m	Recognised £m	Unrecognised £m
Provisions allowable for tax in future years	3.1	-	2.7	-
	<u>3.1</u>	<u>-</u>	<u>2.7</u>	<u>-</u>

The deferred tax asset arising is included in debtors note 13.

16 Called up share capital

	1999 £m	1998 £m
<i>Authorised</i>		
Equity: 1,157,500,000 Ordinary shares of £1 each	1,157.5	1,157.5
	<u>1,157.5</u>	<u>1,157.5</u>
<i>Allotted, called up and fully paid</i>		
Equity: 1,156,100,000 Ordinary shares of £1 each	1,156.1	1,156.1
	<u>1,156.1</u>	<u>1,156.1</u>

17 Reserves

	Revaluation reserve £m	Profit and loss account £m
At 1 July 1998	32.4	11.0
Retained loss for the year	-	(36.9)
Transfers	(0.7)	0.7
Exchange adjustment	-	(1.3)
	<u>-</u>	<u>-</u>
At 30 June 1999	31.7	(26.5)
	<u>31.7</u>	<u>(26.5)</u>

Notes (continued)

18 Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	1999 £m	1998 £m
Contracted	-	0.3

19 Pension scheme

The Company is a member of a group pension scheme which is operated by its ultimate holding company Diageo plc. The scheme is of the defined benefit type, is administered by a trustee company and is maintained independently of the finances of Diageo plc and its subsidiary undertakings.

Contributions to the scheme are assessed by a qualified actuary based on the costs of providing pensions across all participating Group undertakings. Costs are not determined for each individual undertaking and accordingly, contributions are charged to the profit and loss account when they become payable.

A valuation of the scheme was performed in 1998 by the actuary and particulars of the valuation are included in the 1999 Annual Report and Accounts of Diageo plc.

The charge in the profit and loss account in respect of pensions costs in the year was £3,094,000 (1998: £8,400,000).

20 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Diageo plc. Diageo plc is the parent undertaking of the smallest and largest group for which group accounts incorporating those of the Company are prepared. Copies of the 1999 Annual Report and Accounts of Diageo plc can be obtained from 8 Henrietta Place, London, W1 9AG.