

Guinness Limited

Directors' report and financial statements

Registered number 510607

30 June 2002



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Directors' report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 30 June 2002.

Review of the business and principal activities

The brewing trade and assets of Guinness Limited were transferred to Diageo Great Britain Limited (formerly Guinness United Distillers & Vintners Limited) on 1 July 2001.

The company continues to trade as a property developer.

Research and development

Expenditure on research and development activities amounted to £ nil (2001: £719,000).

Financial

The results for the year ended 30 June 2002 are shown on page 7. The directors do not recommend the payment of a dividend for the year (2001: £nil). There was no profit or loss after taxation to transfer to or from reserves (2001: profit of £14,933,000 transferred to reserves).

Directors

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

S R Fletcher
R J Joy
A F Peeters
S M Bunn (appointed 7 December 2001)
R H Myddelton (appointed 7 December 2001)

Since the year end A F Peeters resigned and D Gosnell was appointed a director on 20 January 2003.

Directors' emoluments

The emoluments of the directors are detailed in note 5 of these financial statements.

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 28 ¹⁰¹/₁₀₈ p each in the ultimate parent company, Diageo plc:

Directors' report (*continued*)

(i) Ordinary shares and conditional rights to ordinary shares

	Ordinary Shares		Conditional rights to ordinary shares				
	At beginning of year (or date of appointment)	At end of year	At beginning of year (or date of appointment)	Granted in year	Vested in year	Lapsed in year	At end of year
S M Bunn	3,281	2,853	2,400	-	(1,200)	(1,200)	-
S R Fletcher	37,025	44,490	118,637	43,514	(10,000)	(10,000)	142,151
R H Myddelton	33,411	32,666	29,682	5,760	(8,422)	(8,422)	18,598
A F Peeters	85,428	100,142	44,715	14,527	(10,059)	(10,060)	39,123
R J Joy	41,510	36,672	27,817	5,523	(8,047)	(8,048)	17,245

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans. 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 over ordinary shares

	At beginning of year (or date of appointment)	Granted in year	Exercised in year	At end of year
S M Bunn	20,786	-	-	20,786
S R Fletcher	272,397	113,537	(6,628)	379,306
R H Myddelton	171,953	-	(78,748)	93,205
A F Peeters	162,697	64,862	(31,807)	195,752
R J Joy	203,049 (34,281 ADS 65,925 ord shares)	25,939	-	228,988 (34,281 ADS 91,864 ord shares)

The directors held the above options under Diageo plc share option schemes at prices between 447p and 710p per ordinary share exercisable between 2002 and 2011. US grants were at prices between US \$25.21 and US \$29.38 per ADS. US options were granted over ADSs at dollar prices (one ADS is equivalent to four ordinary shares). 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.

Directors' report (*continued*)

Options granted under the Senior Executive Share Option Plan ('SESOP') may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to grants of options to date 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 ultimate holding company, Diageo plc.

Options granted during the year for S R Fletcher, R J Joy and A F Peeters are principally options granted under the SESOP, which are subject to performance conditions as detailed above.

The mid-market share price of Diageo plc shares fluctuated between 644p and 940.5p during the year. The mid-market share price on 30 June 2002 was 852p.

At 30 June 2002, R J Joy had an interest in 172,626 shares and 949,940 shares subject to call options held by trusts to satisfy grants made under ex-Grandmet incentive plans; and all the directors had an interest in 16,259,763 shares and 6,124,020 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes. Also at that date, S R Fletcher, R J Joy and R H Myddelton had an interest in an additional 3,763,799 shares (and A F Peeters had an interest in an additional 3,854,584 shares) held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

Employee involvement

The company is committed to the development of employee consultation and, thereby, to their greater involvement in the company's operations. The directors continue to place a high priority on good communications practices at all levels. Responsibility for ensuring that company employees are informed of and, where appropriate, consulted upon matters of concern affecting their immediate jobs rests with departmental managers with support from the personnel function. On-site group discussions between managers and employees are encouraged.

On a wider basis, the company provides more general information to and for its employees concerning its performance and on economic and other matters affecting it. The methods used to disseminate such information are bulletins and related publications, including a monthly house journal. In addition, a twice yearly video presentation for employees sets out world-wide developments of the company, its products and its people.

Information is also communicated when employees participate in induction or training courses, or by the circulation of information personally to all employees. The company has continued to maintain these practices during the year.

It is the policy of the parent company to encourage employees to participate in a SAYE share option scheme. It is also parent company policy to enable employees to benefit from the contribution they have made to the generation of improved profits. This is done by way of a profit sharing scheme, paid in ordinary shares of Diageo plc, in which all employees are entitled to participate.

The company continues to support initiatives by employees in fund-raising events to assist registered charitable organisations by matching the value of the support so raised.

Employment Policies

The company's managers are instructed to give sympathetic consideration, when recruiting, to applications from disabled persons and to bear in mind the special needs of disabled employees in regard to training, structure of company premises and facilities and to ensure that disabled employees are not adversely affected in their career opportunities. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Directors' report (*continued*)

It is recognised that the company's continuing success depends upon the quality of its employees and its policies are designed to attract, retain and motivate the best staff. This is achieved by offering equal opportunities regardless of sex, race, religion or disability.

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 met by the supplier.

The number of days' purchases included in creditors as at 30 June 2002, in respect of the company, is Nil days (2001: 30 days).

Secretary

On 7 December 2001 R J Joy resigned as secretary of the company and J J Nicholls was appointed in his place.

Auditor

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

By order of the board



J Nicholls
Secretary

Park Royal Brewery, London NW10 7RR

Date: 18 February 2003

Directors' responsibilities in respect of the preparation of financial statements

The following statement, which should be read in conjunction with the independent auditor's report set out on page 6, 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 of the company for the financial year.

The directors, in preparing the financial statements on pages 7 to 19 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 the 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditor's report to the members of Guinness Limited

We have audited the financial statements on pages 7 to 19.

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 auditor

The directors are responsible for preparing the directors' report and, as described on page 5, 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 the 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 the company's affairs as at 30 June 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CPMB A-J-PH

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

Date: 19 February 2003

Profit and loss account
for the year ended 30 June 2002

	<i>Notes</i>	2002 £000	2001 (restated) £000
Turnover	2	4,051	553,680
Net Operating Charges before exceptional items	3	(4,051)	(539,965)
Exceptional costs of Guinness UDV Integration		-	(10,259)
Exceptional costs of rationalisation of production		-	(18,005)
Net Operating Charges		<u>(4,051)</u>	<u>(568,229)</u>
Operating loss		-	(14,549)
Loss on disposal of fixed assets		-	(324)
Income from shares in group undertakings		-	642
Net interest receivable	7	-	22,067
Profit on ordinary activities before taxation		<u>-</u>	<u>7,836</u>
Tax on profit on ordinary activities	8	-	7,097
Amount transferred to reserves	19	<u>-</u>	<u>14,933</u>

The notes on pages 10 to 19 form part of these financial statements.

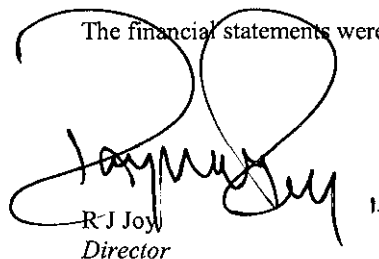
Results for the year ended 30 June 2001 include those from operations now transferred to Diageo Great Britain Limited (formerly Guinness United Distillers & Vintners Limited). All results are generated from continuing operations.

Balance sheet
at 30 June 2002

	Notes	2002 £000	2001 (restated) £000
Fixed assets			
Tangible assets	9	-	166,552
Investments	10	-	218
		-	166,770
Current assets			
Stocks	12	21,966	32,597
Debtors	13	1,155,913	1,803,857
Cash at bank and in hand		2,508	20,026
		1,180,387	1,856,480
Creditors: amounts falling due within one year	15	(7,764)	(848,186)
Net current assets		1,172,623	1,008,294
Total assets less current liabilities		1,172,623	1,175,064
Provisions for liabilities and charges	16	-	(2,441)
Net assets		1,172,623	1,172,623
Capital and reserves			
Called up share capital	18	1,156,100	1,156,100
Revaluation reserve	19	18,007	25,353
Profit and loss account	19	(1,484)	(8,830)
Equity shareholders' funds		1,172,623	1,172,623

The notes on pages 10 to 19 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 February 2003 and were signed on its behalf by:


R.J. Joy
Director

Note of historical cost profits and losses
for the year ended 30 June 2002

	2002	2001 (restated)
	£000	£000
Reported profit on ordinary activities before taxation	-	7,836
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	984
Historical cost profit on ordinary activities before taxation	-	8,820
Historical cost profit for the year retained after taxation and dividends	-	15,917

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2002

	2002	2001 (restated)
	£000	£000
Retained profit for the financial year	-	14,933
Transfer from revaluation reserve	-	-
Net additions in shareholders' funds	-	14,933
Opening shareholders' funds	1,172,623	1,157,690
Closing shareholders' funds	1,172,623	1,172,623

Statement of total recognised gains and losses

	2002	2001 (restated)
	£000	£000
Profit for the financial year	-	14,933
Total recognised gains for the year	-	14,933
Prior year adjustment (as explained in note 17)	14,839	-
Total recognised gains since last financial statements	14,839	14,933

Shareholders funds' at 30 June 2001 were originally £1,157,784k before a prior year adjustment of £14,839k.

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 with the requirements of the Companies Act 1985, **except as explained below**, under the historical cost accounting rules modified to include the revaluation of land and buildings, and in accordance with applicable UK accounting standards.

Properties held for development are included in current assets at the lower of cost and net realisable value. For properties previously held as fixed assets which the directors have decided are to be redeveloped and which are reclassified as development properties, cost is considered to be the latest valuation prior to their reclassification. This treatment was introduced in the previous year. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires current assets to be included at the lower of cost and net realisable value, and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The directors consider that compliance with the requirements would fail to give a true and fair view of the profit or loss to the Group on disposal of such development properties from current assets, since such profit or loss would be dependent on the classification of the asset immediately prior to sale. The effect of this departure is to increase both the value of development properties and the balance on the revaluation reserve by £20.3m. The departure has had no impact on operating profit in the previous year.

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. The company is exempt from the requirement to prepare group accounts under section 228 of the Companies Act 1985, as its results are included in the consolidated accounts of Diageo plc.

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)

Long term contracts and contracts provisions

Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress on any contract where the excess is included in creditors.

Full provision is made for any estimated losses to completion of contracts having regard to the overall substance of the arrangements. Provided that the outcome of long term contracts can be assessed with reasonable certainty, such contracts are valued at cost plus attributable profit earned to date.

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.

Investments

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

Pensions

FRS 17 – Retirement Benefits. This standard 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 costs, interest cost and expected return on assets. Fluctuations in market values and changes in actuarial assumptions are reflected in the statement of total recognised gains and losses. The former employees of the company are members of the Diageo U.K. pension fund. The assets and liabilities of the Diageo U.K. pension fund cannot be separately identified or attributed to Guinness Ltd. The disclosures required by FRS 17 for the Diageo U.K. pension fund are included in the consolidated financial statements of Diageo plc which are publicly available.

Research and development expenditure

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

Stocks

Stocks, except for development properties which are held at the amount transferred from fixed assets, 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.

Accounting policies (continued)

Deferred taxation

In accordance with FRS19, full provision is now made for all material timing differences. Previously a provision was made where there was a reasonable probability that a liability was expected to crystallise in the foreseeable future, at the rate at which the liability was expected to crystallise. Details of the prior year adjustment are set out in note 17. Any potential deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The impact of adopting FRS 19 in the year ended 30 June 2002 has been to increase the ordinary and total tax charge by £4,310K for the year ended 30 June 2001. Compliance with FRS19 has increased the 30 June 2001 deferred tax asset by £14,839K.

Turnover

Long term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to total sales value and stage of completion of the contracts.

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 property development. Turnover and operating 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

	2002 £000	2001 £ 000
Changes in stocks of finished goods and work in progress	-	4,000
Raw materials and consumables	-	80,259
Excise duties	-	127,435
Staff costs (Note 6)	-	53,962
Depreciation	-	36,548
Advertising, marketing & promotion	-	69,471
Other operating charges	4,051	168,290
	<u>4,051</u>	<u>539,965</u>

Total operating costs include £ nil gain in respect of foreign exchange (2001: £10,283,000 gain).

Auditors' remuneration is borne by Diageo Great Britain Limited (formerly Guinness United Distillers & Vintners Limited).

4 Loss on ordinary activities before taxation

	2002 £000	2001 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	-	113,235
Research and development expenditure	-	718,947
	<u>-</u>	<u>832,182</u>

Notes (continued)

5 Directors' Emoluments

	2002 £'000	2001 £'000
Emoluments (excluding pension contributions)	-	1,328
Compensation for loss of office	-	166
	<u>-</u>	<u>1,494</u>

The directors received no emoluments for their services to the company during the year.

Details of the directors' share interests are included in the directors' report.

6 Staff numbers and costs

The company had no employees for the year ended 30 June 2002.

	2002	2001
Management, administration and support	-	395
Production	-	357
Sales and marketing	-	402
	<u>-</u>	<u>1,154</u>

The aggregate payroll costs of these persons were as follows:

	2002 £000	2001 £ 000
Wages and salaries	-	48,624
Social security costs	-	5,274
Other pension costs	-	64
	<u>-</u>	<u>53,962</u>

Notes (continued)

7 Interest

	2002 £000	2001 £000
External interest receivable	-	110
Interest receivable from fellow group companies	-	21,957
	<u>-</u>	<u>22,067</u>

8 Taxation

	2002 £000	2001 (restated) £000
Current tax		
Adjustment in respect of prior period	-	(2,556)
Deferred tax (Note 17)		
Credit for the year	-	(4,310)
Adjustment in respect of prior period	-	(231)
	<u>-</u>	<u>(7,097)</u>
Factors affecting the tax charge for the year		
Current tax		
Profit on ordinary activities before taxation	-	7,836
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2001 : 30%)	-	2,351
Group relief received for nil consideration	-	(6,468)
ACAs and provision movements	-	4,310
Items not chargeable for tax purposes	-	(193)
Adjustment in respect of prior period	-	(2,556)
Current tax credit for year	<u>-</u>	<u>(2,556)</u>

Companies in the Diageo plc group generally apply group relief in administering their tax positions. Group relief is effected for nil consideration. As a consequence the company has neither a current tax charge nor credit for the years ended 30 June 2002 & 2001.

The prior year adjustments principally result from a reassessment of group relief in respect of earlier periods.

Notes (continued)

9 Tangible fixed assets

	Land and Buildings £000	Plant and machinery £000	Casks and Road vehicles £000	Total £000
Cost or valuation				
At 1 July 2001	38,928	272,900	52,924	364,752
Transfer	(38,928)	(272,900)	(52,924)	(364,752)
At 30 June 2002	-	-	-	-
Depreciation				
At 1 July 2001	(10,400)	(158,300)	(29,500)	(198,200)
Transfer	10,400	158,300	29,500	198,200
At 30 June 2002	-	-	-	-
Net book value				
At 30 June 2002	-	-	-	-
At 1 July 2001	28,528	114,600	23,424	166,552

The net book value of land and buildings comprises:

	2002 £000	2001 £000
Freehold	-	27,131
Long leasehold (over 50 years unexpired)	-	1,397
	-	28,528

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

	2002 £000	2001 £000
At cost	-	17,100
At valuation		
- prior to 1992	-	2,000
- 1992	-	19,828
	-	38,928
Historical cost of revalued assets	-	23,300
Aggregate depreciation based on historical cost	-	(13,800)
Historical cost net book value	-	9,500

Notes (continued)

9. Tangible fixed assets (continued)

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

	2002 £000	2001 £000
Land and buildings	-	-
Plant and machinery	-	10,840
	<u>-</u>	<u>10,840</u>
	<u>-</u>	<u>10,840</u>

10 Fixed asset investments

	£000
At 1 July 2001	218
Disposals	(218)
	<u>-</u>
30 June 2002	<u>-</u>

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 no subsidiary undertakings, as they were disposed of on 1 July 2001 to another Diageo plc Group subsidiary.

12 Stocks

	2002 £000	2001 £000
Raw materials and consumables	-	3,596
Work in progress	-	1,163
Finished goods and goods for resale	-	7,029
Development Properties	21,966	20,809
	<u>21,966</u>	<u>32,597</u>
	<u>21,966</u>	<u>32,597</u>

The replacement cost of stocks is not materially different from their book value, except for the development properties.

Notes (continued)

13 Debtors

	2002	2001 (restated)
	£000	£000
Trade debtors	2,353	28,856
Amounts owed by parent undertaking	-	1,497,265
Amounts owed by subsidiary undertakings	-	647
Amounts owed by fellow subsidiary undertakings	1,147,108	237,563
Corporation tax	5,049	5,231
Other debtors	1,403	19,456
Deferred tax (note 17)	-	14,839
	<u>1,155,913</u>	<u>1,803,857</u>

14 Cash at Bank

The company has entered into joint and several guarantees with certain other Diageo plc UK subsidiary undertakings such that any balance on the company's bank account within the cashpool may be offset against the bank balances or accruals of these companies included in the cashpool.

15 Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Trade creditors	-	9,989
Payment on account	1,267	5,194
Amounts owed to subsidiary undertakings	-	728,635
Other creditors	6,497	27,212
Accruals and deferred income	-	77,156
	<u>7,764</u>	<u>848,186</u>

16 Provisions for liabilities and charges

	Rationalisation of production £000	Total £000
As at 1 July 2001	2,441	2,441
Disposed of to another Diageo entity	(2,441)	(2,441)
	<u>-</u>	<u>-</u>
At 30 June 2002	-	-

The provision relates to redundancy and decommissioning costs in relation to the rationalisation of the production facilities.

Notes (continued)

17 Deferred taxation

	2002	Provided 2001 (restated)
	£000	£000
Accelerated capital allowances	-	(9,561)
Other timing differences	-	(5,278)
Deferred Tax asset	<u>-</u>	<u>(14,839)</u>
Asset at beginning of the year	(14,839)	(10,298)
Profit and loss credit	-	(4,541)
Transfer intra-group	14,839	-
Provision / (asset) at end of year	<u>-</u>	<u>(14,839)</u>

18 Called up share capital

	2002 £000	2001 £000
Authorised		
Equity: 1,157,500,000 Ordinary shares of £1 each	<u>1,157,500</u>	<u>1,157,500</u>
Allotted, called up and fully paid		
Equity: 1,156,100,000 Ordinary shares of £1 each	<u>1,156,100</u>	<u>1,156,100</u>

19 Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2001	25,353	(23,669)
Prior year adjustment (Note 1)	-	<u>14,839</u>
		(8,830)
Retained profit for the year	-	-
Transfer of profits	(7,346)	7,346
At 30 June 2002	<u>18,007</u>	<u>(1,484)</u>

Within the Profit and Loss account, £7,346,000 is non-distributable.

Notes *(continued)*

20 Commitments

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

	2002 £000	2001 £000
Contracted	-	-

21 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Diageo plc, which is incorporated and registered in England. The consolidated financial statements of Diageo plc for the year ended 30 June 2002 can be obtained from the registered office at 8 Henrietta Place, London, W1G 0NB.

22 Transfer business

On 1 July 2001 the brewing trade and assets were transferred to another Diageo plc subsidiary. The comparatives have not been restated.