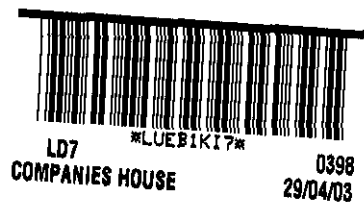


**TANQUERAY GORDON & COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**30 June 2002**

**Registered Number: 55603**



## **DIRECTORS' REPORT**

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

### **Activities**

The company is an investment holding company. The directors foresee no changes in the company's activities.

### **Financial**

The results for the year ended 30 June 2002 are shown on page 6.

The directors do not recommend the payment of a dividend for the year ended 30 June 2002 (2001 - £nil). The profit for the year transferred to reserves is £15,000 (2001 - £nil).

### **Directors**

The directors who served during the year were as follows:

S M Bunn

R H Myddelton

A Williams (appointed 13 June 2002)

Since the year end, R H Myddelton and A Williams resigned as directors on 31 March 2003 and 18 April 2003, respectively. P S Binning and G P Crickmore were both appointed as directors on 31 March 2003.

### **Directors' emoluments**

None of the directors received any remuneration during the year in respect of their services as directors of the company (2001 - £nil).

### **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 year in any significant contract with the company or any subsidiary.

**DIRECTORS' REPORT (continued)**

**Directors' interests (continued)**

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 and conditional rights to ordinary shares**

	<u>Ordinary shares</u>		<u>Conditional rights to ordinary shares</u>				
	<u>At beginning of year (or date of appointment)</u>	<u>At end of year</u>	<u>At beginning of year (or date of appointment)</u>	<u>Granted in year</u>	<u>Vested in year</u>	<u>Lapsed in year</u>	<u>At end of year</u>
S M Bunn	1,790	2,853	2,400	-	(1,200)	(1,200)	-
R H Myddelton	33,411	32,666	29,682	5,760	(8,422)	(8,422)	18,598
A Williams	3,258	3,258	-	-	-	-	-

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**

	<u>Options over ordinary shares</u>			
	<u>At beginning of year (or date of appointment)</u>	<u>Granted in year</u>	<u>Exercised in year</u>	<u>At end of year</u>
S M Bunn	16,802	4,417	(433)	20,786
R H Myddelton	144,898	27,055	(78,748)	93,205
A Williams	19,243	-	-	19,243

The directors held the above options under Diageo plc share option schemes at prices between 456p and 710p per ordinary share exercisable between 2002 and 2011. 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)**

**Directors' interests (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 parent company, Diageo plc.

Options granted during the year for R H Myddelton are 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, all the directors had an interest in 16,259,763 shares and 6,124,020 shares subject to call options, and R H Myddelton had an additional interest in 3,763,799 shares, held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

**Secretary**

On 15 March 2002 S M Bunn resigned as secretary of the company and J J Nicholls was appointed in her place.

**Auditor**

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint auditors 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 2002.

By order of the board



J Nicholls  
Secretary

8 Henrietta Place, London W1G 0NB

22 April 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 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 the financial statements, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE GUINNESS GROUP 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

28 April 2003

**PROFIT AND LOSS ACCOUNT**

	Notes	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
<b>Turnover</b>		-	-
Operating income	2	<u>15</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		15	-
Taxation on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u>15</u>	<u>-</u>

The notes on pages 9 to 11 form part of these financial statements.

There are no recognised gains or 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 result for the year shown in the profit and loss account and the result for the relevant years restated on an historical cost basis.

**BALANCE SHEET**

	Notes	30 June 2002 £000	30 June 2001 £000
<b>Fixed assets</b>			
Investments	4	2	2
<b>Current assets</b>			
Debtors – due within one year	5	246,217	246,202
		<hr/> 246,219	<hr/> 246,204
<b>Capital and reserves</b>			
Called up share capital	6	245,500	245,500
Profit and loss account	7	719	704
		<hr/> 246,219	<hr/> 246,204

The notes on pages 9 to 11 form part of these financial statements.

The financial statements were approved by the board of directors on 22 April 2003 and were signed on its behalf by:



**S M Bunn**  
**Director**

**Reconciliation of movements in shareholders' funds**

	<b>Year ended 30 June 2002 £000</b>	<b>Year ended 30 June 2001 £000</b>
Profit for the financial year	15	-
Shareholders' Funds at beginning of year	246,204	246,204
Shareholders' Funds at end of year	<u>246,219</u>	<u>246,204</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting policies**

#### **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 also 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 or investees of the Diageo plc group.

The company is exempt by virtue of section 248 of the Companies Act 1985 from the requirement to produce group accounts.

#### **Fixed asset 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 values where such diminution is expected by the directors to be permanent.

#### **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 forward 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 forward currency contract.

All exchange gains and losses are taken to the profit and loss account.

#### **Deferred taxation**

Full provision for deferred tax is made for timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, using current tax rates. The company does not discount these balances.

### **2. Profit and loss account**

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2001 - £nil). The company had no employees during the year and the auditor's remuneration was paid on behalf of the company by a fellow group undertaking. There was no requirement for an audit of the financial statements for the year ended 30 June 2001.

During the year the company received £15,000 from Tanqueray Gordon & Company (Jamaica) Limited, being the second liquidation distribution of funds. This investment had previously been written off in the year ended 30 June 2000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Taxation on profit on ordinary activities

	<u>2002</u> £'000	<u>2001</u> £'000
<b>(i) Analysis of taxation charge in the year</b>		
<b>Current tax</b>		
UK corporation tax on profits for the period	-	-
Adjustment to prior years taxation charges	-	-
Total current tax	-	-
<b>Deferred tax</b>		
(Charge)/credit for the period	-	-
Prior period adjustment	-	-
Taxation on profit on ordinary activities	-	-
<b>(ii) Factors affecting current tax charge for the year</b>	<u>2002</u> £'000	<u>2001</u> £'000
Profit on ordinary activities before taxation	15	-
Notional charge at UK corporation tax rate of 30%	5	
Group relief received for nil consideration	(5)	-
Items not deductible/(chargeable) for tax purposes	-	-
Prior period adjustment	-	-
Current ordinary tax charge for the year	-	-

4. Fixed assets - Investments

	<u>Subsidiary undertakings</u> £000
<b>Cost and net book value</b>	
At 30 June 2001 and 30 June 2002	2

The subsidiary undertaking and the percentage of equity owned are as follows:

	Country of incorporation	Principal activity	Class & percentage of shares held
<u>Subsidiary undertaking</u>			
United Distillers Southern Africa (Proprietary) Limited	South Africa	Technical & management services to contracted bottlers of Gordon's Gin in South Africa	Ordinary 100%

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertaking is worth at least the amount at which they are stated in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. Debtors – due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	246,217	246,202
	<u>          </u>	<u>          </u>

**6. Share capital**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised, allotted, called up and fully paid</b>		
Equity – 2,455,000 Ordinary shares of £100 each	245,500	245,500
	<u>          </u>	<u>          </u>

**7. Reserves**

	<b>Profit and loss account £000</b>
At 1 July 2001	704
Retained profit for year	15
	<u>          </u>
At 30 June 2002	719
	<u>          </u>

**8. 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 for the year ended 30 June 2002, can be obtained from the Registered Office at 8 Henrietta Place, London W1G 0NB.