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PARRY'S CAKES LIMITED

[REGISTERED NUMBER: 0327420]

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000



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PARRY'S CAKES LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the twelve months ended 30 June 2000.

Activities

The company did not trade during the period. The directors do not anticipate that the company will trade within the foreseeable future.

Euro

The directors do not anticipate that there will be any implications on the activities of the company on the introduction of the Euro. There are no costs associated with the introduction of the Euro. A statement explaining the impact of the introduction of the Euro, and the programme put in place to deal with this along with associated costs, for the Diageo group is disclosed in the annual report of the ultimate parent undertaking, Diageo plc.

Directors

The directors during the period were as follows:

Mr J M Summerlin

Mr R J Gardner

Emoluments

None of the directors received any remuneration during the period in respect of their services as directors of the company (1999:£nil).

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 period in any significant contract with the company.

Mr J M Summerlin and Mr R J Gardner are directors of the higher parent undertaking, Express Foods Group (International) Limited and their interests in the shares of Diageo plc are disclosed in the directors' report of that undertaking.

PARRY'S CAKES LIMITED

DIRECTORS' REPORT

Auditor

A resolution proposing the reappointment of KPMG Audit Plc as auditor for the coming year will be put to shareholders at the annual general meeting.

By order of the Board



Mr R J Gardner
Secretary
Harman House
1 George Street
Uxbridge
Middlesex UB8 1QQ

17th November 2000

PARRY'S CAKES LIMITED

Directors' Responsibilities in respect of the preparation of Financial Statements

The following statement, which should be read in conjunction with the report of the auditor, 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 company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit of the company for the financial period.

The directors consider that in preparing the financial statements on pages 6 to 9, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards 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 that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



17TH NOVEMBER 2000.

PARRY'S CAKES LIMITED

REPORT OF THE AUDITOR, KPMG AUDIT PLC **TO THE MEMBERS OF PARRY'S CAKES LIMITED**

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditor

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 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 result 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
London
20 November 2000

PARRY'S CAKES LIMITED

PROFIT AND LOSS ACCOUNT

For the twelve months ended 30 June 2000

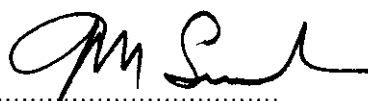
During the financial period and the preceding financial period the company did not trade and received no income and incurred no expenditure.

Consequently during those periods the company made neither a profit nor a loss, and there were no other recognised gains or losses.

PARRY'S CAKES LIMITED**BALANCE SHEET**As at 30 June 2000

	<u>Notes</u>	<u>30 June 2000</u> £	<u>30 June 1999</u> £
Current assets			
Debtors			
Amount owed by parent undertaking		71,517 =====	71,517 =====
Capital and Reserves			
Called up share capital :			
Equity share capital	3	8,600	8,600
Non-Equity share capital	3	17,200	17,200
General reserve	4	18,000	18,000
Profit and Loss account	4	27,717	27,717
Total equity and non-equity shareholders' funds		71,517 =====	71,517 =====

Approved by the Board of Directors on 17th NOVEMBER 2000 and signed on its behalf by:



J M Summerlin

PARRY'S CAKES LIMITED

NOTES (forming part of the financial statements)

1. Accounting Policies

Basis of Preparation

The financial statements of the company are prepared under the historical cost convention and comply 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.

2. Directors' Emoluments

None of the directors has received any emoluments in respect of their services as directors of Parry's Cakes Limited.

The directors were remunerated for these services as directors of Pillsbury U.K. Limited and those emoluments are disclosed in the financial statements of that undertaking.

3. Called Up Share Capital

	<u>2000</u>	<u>1999</u>
	£	£
Authorised		
Ordinary shares of £1 each	10,000	10,000
Preferred Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	8,600	8,600
Preferred Ordinary shares of £1 each	<u>17,200</u>	<u>17,200</u>
	<u>25,800</u>	<u>25,800</u>
 Equity share capital	 8,600	 8,600
Non-equity share capital	<u>17,200</u>	<u>17,200</u>
	<u>25,800</u>	<u>25,800</u>

PARRY'S CAKES LIMITED

NOTES (continued)

4. Analysis of Total Shareholders' Funds

	<u>2000</u>			<u>1999</u>		
	Equity Shareholders' Funds	Non-Equity Shareholders' Funds	Total	Equity Shareholders' Funds	Non-Equity Shareholders' Funds	Total
Share capital	8,600	17,200	25,800	8,600	17,200	25,800
General Reserve	18,000	-	18,000	18,000	-	18,000
Profit and loss account	27,717	-	27,717	27,717	-	27,717
	<u>54,317</u>	<u>17,200</u>	<u>71,517</u>	<u>54,317</u>	<u>17,200</u>	<u>71,517</u>
	=====	=====	=====	=====	=====	=====

5. Immediate & Ultimate Parent Undertaking

The immediate parent undertaking is Parry's Butterfull Cakes Limited, a Company registered and incorporated in England.

The ultimate parent undertaking of the Company as at 30 June 2000 was Diageo plc, a Company incorporated and registered in England.

Diageo plc is a company incorporated and registered in England and its accounting period end is 30 June. The consolidated accounts for Diageo plc for the twelve months ended 30 June 2000, can be obtained from the Registered Office at 8 Henrietta Place, London W1M 9AG.