

**DIAGEO GREAT BRITAIN LIMITED
(FORMERLY GUINNESS UNITED DISTILLERS &
VINTNERS LIMITED)**

FINANCIAL STATEMENTS

30 JUNE 2003

Registered Number: 507652



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DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report, together with the audited financial statements, for the year ended 30 June 2003.

Activities of the company

The principal activities of the company are the production, distribution, marketing and importing of beer, spirits and wines. The directors foresee no material change to the activities of the company.

On 15 April 2004 the company announced its intention to transfer the brewing of Guinness beer for the UK market to its St James's Gate brewery in Dublin. This will result in the closure of the brewery at Park Royal in 2005.

Change of name

The name of the company was changed from Guinness United Distillers & Vintners Limited to Diageo Great Britain Limited on 1 July 2002.

Financial

The results for the year ended 30 June 2003 are shown on page 8.

The directors do not recommend the payment of a dividend for the year ended 30 June 2003 (2002 – interim dividend of £1,300 million).

The profit for the year transferred to reserves is £94 million (2002 – loss of £1,192 million transferred from reserves).

Directors

The directors who served during the year were as follows:-

P S Binning	
S M Bunn	
R J Joy	
M J Lester	(appointed 31 January 2003)
P S Walsh	
R J Moore	(resigned 31 January 2003)
R H Myddelton	(resigned 31 March 2003)
A Williams	(resigned 18 April 2003)

Subsequent to the year end, on 3 October 2003, P S Binning resigned and R Rajagopal was appointed a director of the company.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

DIRECTORS' REPORT (continued)

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2002 - £nil). Their emoluments were borne by other companies within the group of the ultimate parent company, Diageo plc, and not recharged to the company.

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 pence each in the ultimate parent company, Diageo plc:

(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
P S Binning	25,693	39,146	79,405	16,518	(16,971)	(1,911)	77,041
S M Bunn	2,853	3,351	-	-	-	-	-
R J Joy	36,672	40,878	25,868	8,093	(5,811)	(1,843)	26,307
M J Lester	15,459	15,803	10,563	-	-	-	10,563

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. The numbers disclosed in the above table represent the maximum number of conditional rights. Full details of the performance criteria are disclosed in the annual report of the ultimate holding company, Diageo plc.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

DIRECTORS' REPORT (continued)

Directors' interests (continued)

(ii) Options

	Options over ordinary shares				
	At beginning of year (or date of appointment)	Granted during the year	Exercised in year	Lapsed in year	At end of year
P S Binning	163,705	60,679	(1,513)	-	222,871
S M Bunn	20,786	11,866	(1,909)	-	30,743
R J Joy	228,988 (34,281 ADS and 91,864 ord shares)	27,733	-	-	256,721 (34,281 ADS and 119,597 ord shares)
M J Lester	116,587	-	-	-	116,587

The directors held the above options under Diageo plc share option schemes at prices between 447p and 863p per ordinary share exercisable between 2003 and 2012 for UK grants and at prices between US\$25.21 and US\$29.38 per ADS exercisable between 2003 and 2012 for US grants. US options were granted over ADSs at dollar prices (one ADS is equivalent to four ordinary shares). The ADS option holdings in the table are stated as ordinary shares equivalents. 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.

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.

At 30 June 2003, P S Walsh was also a director of the ultimate parent company, Diageo plc. Details of his beneficial interests in the shares of Diageo plc are shown in the Diageo plc annual report, copies of which can be obtained from 8 Henrietta Place, London, W1G 0NB.

The mid-market share price of Diageo plc shares fluctuated between 582p and 851p during the year. The mid-market share price on 30 June 2003 was 647p.

At 30 June 2003, all the directors had an interest in 20,744,545 shares and 6,605,055 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes; P S Binning and R J Joy each had an additional interest in 6,177,180 shares held by a trust to satisfy grants made under Diageo incentive plans and savings related share option schemes; and R J Joy also had an interest in 160,626 shares and 949,940 shares subject to call options held by trusts to satisfy grants made under ex-GrandMet incentive plans and savings related share option schemes.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

DIRECTORS' REPORT (continued)

Employee involvement

Diageo's goal is to be an 'Employer of Choice' offering an energising work environment, personal growth and recognition and attractive rewards for the performance contribution its people make to the group. Its employee policies are designed to support these goals and to do so in a manner that is fair and equitable to all employees. These policies take account of external legislation, internal codes of conduct, as well as Diageo's values as an organisation.

Diageo is a multi-cultural community operating in an increasingly diverse business world and is committed to active equality and diversity practices. The group offers people with disability the same opportunities for employment, training and career progression as other employees. It is also committed to attracting and retaining talented people. Diageo invests in the growth and development of its people, which contributes directly to the performance and results of the business. Where practical, Diageo encourages flexible ways of working to enable employees to take some control over the balance between work and home life. Diageo's reward systems recognise the contribution employees make to the success and reflect the value of the role they are performing.

Diageo is committed to the safety and wellbeing of employees at work. It promotes responsible drinking behaviours among all its people. Diageo is committed to open and continuous dialogue with its employees as a way to inform and engage them in the company's strategy and business goals as well as harnessing the ideas employees will have on improving broad areas of business performance.

Each senior manager is responsible for supporting the Diageo Executive and senior leadership community in delivering against these communication and employee engagement goals. The group has an intranet web site from which employees with access to a computer can obtain timely and accurate news and information.

The group has entered into numerous collective bargaining agreements and believes that its employee relations are satisfactory.

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 being met by the supplier.

The number of days' purchases included in creditors as at 30 June 2003, in respect of the company, is 61 days. Some of the company's invoices for goods and services are settled by a subsidiary acting as an agent for the company and have not been included in the calculation.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

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 re-appointed on the expiry of its term in office in respect of the year ended 30 June 2003.

By order of the board



J Nicholls

Secretary

8 Henrietta Place, London, W1G 0NB

JN July 2004

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 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 7, 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 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 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 as 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 DIAGEO GREAT BRITAIN LIMITED
(FORMERLY GUINNESS UNITED DISTILLERS & VINTNERS LIMITED)**

We have audited the financial statements on pages 8 to 24. 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 the directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 6, 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG A.J.V P/L
KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON
30 July 2004

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

PROFIT AND LOSS ACCOUNT

		Year ended 30 June 2003	Year ended 30 June 2002
	Notes	£m	£m
Turnover	1	1,698	1,769
Operating costs (including exceptional costs of £11 million (2002 - £18 million))	2,5	(1,555)	(1,664)
Operating profit		143	105
Disposal of fixed assets	6	(5)	(27)
Income from fixed asset investments	7	45	49
Interest payable (net)	8	(95)	(9)
Profit on ordinary activities before taxation		88	118
Taxation on profit on ordinary activities	9	6	(10)
Profit for the year		94	108
Ordinary dividend	10	-	(1,300)
Transferred to/(from) reserves	20,21	94	(1,192)

The notes on pages 13 to 24 form part of these financial statements.

There are no recognised gains and losses other than the profit 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 profit for the year shown in the profit and loss accounts and the profit for the relevant years restated on an historical basis.

All results arise from continuing operations.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

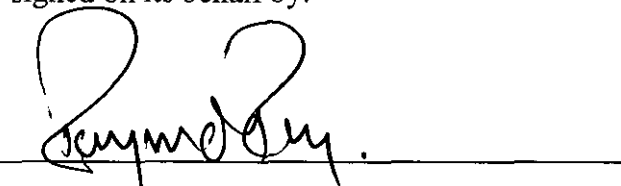
Year ended 30 June 2003

BALANCE SHEET

		30 June 2003		30 June 2002	
	Notes	£m	£m	£m	£m
Fixed assets					
Intangible assets	11		9		9
Tangible assets	12		132		159
Investments	13		2,991		2,959
			3,132		3,127
Current assets					
Stocks	14	48		51	
Debtors - due within one year	15	4,491		3,873	
Debtors - due after one year	15	24		24	
Cash at bank and in hand	16	72		85	
		4,635		4,033	
Creditors – due within one year	17	(7,159)		(6,660)	
Net current liabilities			(2,524)		(2,627)
Total assets less current liabilities			608		500
Provision for liabilities and charges	18		(19)		(5)
			589		495
Capital and reserves					
Called up share capital	19		278		278
Reserves	20				
Share premium account		73		73	
Profit and loss account		238		144	
Reserves attributable to equity shareholders			311		217
			589		495

The notes on pages 13 to 24 form part of these financial statements.

The financial statements on pages 8 to 24 were approved by the board of directors on 30 July 2004 and signed on its behalf by:



R Joy

Director

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention, 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 ("group undertakings") 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 published consolidated financial statements of Diageo plc.

New accounting standards

The financial statements comply, to the extent detailed below, with the following new Financial Reporting Standards issued by the UK Accounting Standards Board.

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 cost, 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 employees of the company are members of the Diageo UK pension fund.

The assets and liabilities of the Diageo group pension fund cannot be separately identified or attributed to Diageo Great Britain Limited. Therefore the disclosures required under FRS 17 for the Diageo group scheme are therefore not included in these accounts but are included in the consolidated financial statements of Diageo plc, which are publicly available. The company recognises a charge to the profit and loss account which represents the cash cost of providing pensions and other post employment benefits.

Intangible assets

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised, where fair value can be reliably measured. Distribution rights are amortised over 20 years.

Where capitalised goodwill and intangible assets are regarded as having limited useful economic lives, their cost is amortised on a straight-line basis over those lives — up to 20 years. Where goodwill and intangible assets are regarded as having indefinite useful economic lives, they are not amortised. Assets with indefinite lives are reviewed for impairment annually and other assets are reviewed for impairment wherever events or circumstances indicate that the carrying amount may not be recoverable. Impairment reviews, comparing the discounted estimated future operating cash flows with the net carrying value of brands or goodwill, are carried out to ensure that goodwill and intangible assets are not carried at above their recoverable amounts. Amortisation and any impairment write downs are charged to the profit and loss account.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)
Year ended 30 June 2003

ACCOUNTING POLICIES (continued)

Tangible fixed assets

Land and buildings are stated at cost less depreciation.

Freehold land is not depreciated. Leaseholds are depreciated over the unexpired period of the lease. Other tangible fixed assets are depreciated on a straight line basis to estimated residual values over their expected useful lives within the following ranges:

Freehold buildings	10 to 50 years
Plant and machinery	5 to 25 years
Fixtures and fittings	5 to 10 years
Computer software	up to 5 years

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts.

Profit or loss on the sale of property is the difference between the disposal proceeds and the net book value.

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 value where such diminution is expected by the directors to be permanent.

Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases, with the lease payments taken to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads.

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.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

ACCOUNTING POLICIES (continued)

Turnover

Turnover represents the net invoice value of goods and services including excise duties, rents and royalties receivable, but excluding value added tax. Turnover for goods is recognised at the point at which ownership transfers which may be at the time of despatch, delivery or some other point depending upon individual customer terms. Provision is made for returns where appropriate. Turnover for goods is stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar items.

Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

Pensions and other post employment benefits

The employees of the company are members of a group scheme managed by Diageo plc. In these accounts, the cost to the company of providing pensions and other post employment benefits for its employees is charged against profits on a systematic basis, with pension surpluses and deficits allocated over the expected average remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to pension or other plans are treated as assets or liabilities in the balance sheet. Deferred taxation is accounted for on these assets and liabilities. Particulars of the valuations of the group schemes and disclosures required by FRS 17 are contained in the financial statements of Diageo plc.

Deferred taxation

Full provision for deferred tax is made for timing differences between the recognition of gains and losses in the consolidated financial statements and their recognition in the tax computation, using current tax rates. The company does not discount these balances. No deferred tax is provided in respect of any future remittance of earnings of foreign subsidiaries or associates where no commitment has been made to remit such earnings.

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within the profit and loss account caption to which they relate but are separately disclosed either in the notes to the financial statements or on the face of the profit and loss account.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS

1. Analysis of turnover and profit before taxation

The turnover and profit on ordinary activities before taxation of the company are attributable to one class of business, that of the production, distribution, marketing and importing of beer, spirits and wines. Substantially all turnover is generated in the United Kingdom.

2. Operating costs

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Decrease in stocks of finished goods and work in progress	1	8
Raw materials and consumables	699	23
Other external charges (a)	747	1,496
Staff costs (note 3)	82	68
Depreciation of tangible fixed assets (note 12)	31	30
Amortisation of intangible assets (note 11)	1	1
Other operating (income)/costs	(17)	20
Exceptional operating costs (note 5)	11	18
	<u>1,555</u>	<u>1,664</u>

(a) Other external charges include: operating lease rentals for land and buildings of £3,842,000 (2002-£1,417,000) and for plant and machinery of £302,000 (2002 - £2,706,000). Fees in respect of services provided by auditors were: statutory audit £102,000 (2002 - £65,000); there were no fees payable to the auditor in respect of non-audit services (2002 - £nil).

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Staff costs

The average number of employees, including directors, during the year was:

	Year ended 30 June 2003	Year ended 30 June 2002
Full time	1,318	1,292
Part time	43	40
	<u>1,361</u>	<u>1,332</u>

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Wages and salaries	76	65
Employer's social security costs	6	5
Employer's pension credit	-	(2)
	<u>82</u>	<u>68</u>

4. Directors' emoluments

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2002 - £nil).

Further information on directors' share interests is included in the directors' report.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)
Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Exceptional items

Exceptional items included in the profit and loss account were the following:

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Integration costs	18	9
Provision for impairment loss of subsidiaries	-	9
Compensation received in relation to termination of contracts	(7)	-
	<u>11</u>	<u>18</u>

Integration costs were in respect of the integration of;

- (a) The integration of the UD and IDV spirits businesses following the merger of Guinness PLC with Grand Metropolitan PLC to form Diageo plc
- (b) The integration of the spirits, wine and beer businesses

Costs include redundancy costs, consultancy and system costs and the write down of tangible fixed assets. No further costs are anticipated in connection with this integration as full provision for all future costs was made at 30 June 2003.

The tax charge on exceptional items amounted to £nil (2002 - £nil).

6. Disposal of fixed assets

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Losses on the sale of;		
Property	-	2
Other tangible fixed assets	5	-
Shares in Picon BV	-	25
	<u>5</u>	<u>27</u>

7. Income from fixed asset investments

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Income from shares in group undertakings	<u>45</u>	<u>49</u>

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Interest payable (net)

	Year ended 30 June 2003 £'m	Year ended 30 June 2002 £m
Interest payable		
Loans from group undertakings	(170)	(89)
Other interest payable	(1)	-
	<u>(171)</u>	<u>(89)</u>
Interest receivable		
Loans to group undertakings	74	76
Other interest receivable	2	4
	<u>76</u>	<u>80</u>
Interest payable (net)	<u>(95)</u>	<u>(9)</u>

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Taxation on profit on ordinary activities

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
(i) Analysis of taxation credit/(charge) for the year		
Current tax		
UK corporation tax at 30% (2002 – 30%)	(4)	-
Adjustment in respect of prior years	-	1
Total current tax	(4)	1
Deferred tax (note 15)		
UK	9	9
Adjustment in respect of prior years	1	(20)
Total deferred tax	10	(11)
Tax credit/(charge) for the year	6	(10)
	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
(ii) Factors affecting current tax charge for the year:		
Profit on ordinary activities before taxation	88	118
Taxation credit/(charge) on profit on ordinary activities at UK corporation tax rate of 30% (2002 – 30%)	(26)	(35)
Depreciation in excess of capital allowances	(9)	(9)
Items not (deductible)/chargeable for tax purposes	5	(2)
Group relief for nil consideration	26	46
Adjustments in respect of prior years	-	1
Current tax (charge)/ credit for the year	(4)	1

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Ordinary dividend

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Interim dividend paid	-	(1,300)

11. Intangible assets

	Distribution rights £m
Cost:	
At 1 July 2002	11
Exchange adjustments	1
At 30 June 2003	12
Amortisation:	
At 1 July 2002	(2)
Provided during the year	(1)
Exchange adjustments	-
At 30 June 2003	(3)
Net book value:	
At 30 June 2003	9
At 30 June 2002	9

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Tangible fixed assets

	Land And Buildings	Plant and machinery	Fixtures, fittings and equipment	Assets in course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 July 2002	38	270	66	-	374
Additions	1	6	4	16	27
Disposals	(4)	(46)	(10)	-	(60)
Transfers between categories	12	12	(8)	(16)	-
At 30 June 2003	47	242	52	-	341
Depreciation					
At 1 July 2002	(11)	(157)	(47)	-	(215)
Transfers between categories	(3)	(9)	12	-	-
Provided during the year	(1)	(26)	(4)	-	(31)
Disposals	-	30	5	-	35
At 30 June 2003	(15)	(162)	(34)	-	(211)
Net book value					
At 30 June 2003	32	80	18	-	130
At 30 June 2002	27	113	19	-	159

The net book value of land and buildings comprises freeholds of £26 million (2002 - £26 million) and long leaseholds of £0.13 million (2002 - £1.5 million).

Included in the net book value of freehold properties is £12.4 million (2002 - £11.7 million) in respect of land on which no depreciation is charged.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Fixed asset – investments

	<u>Subsidiary undertakings</u>	<u>Associated undertakings</u>	<u>Other investments</u>	<u>Total</u>
	£m	£m	£m	£m
Cost:				
At 1 July 2002	4,442	28	5	4,475
Additions	32	1	-	33
Disposals	(1)	-	-	(1)
At 30 June 2003	4,473	29	5	4,507
Provisions:				
At 1 July 2002				
	(1,512)	-	(4)	(1,516)
Additions	-	-	-	-
Impairment	-	-	-	-
At 30 June 2003	(1,512)	-	(4)	(1,516)
Net book value:				
At 30 June 2003	2,961	29	1	2,991
At 30 June 2002	2,930	28	1	2,959

The principal subsidiary and associated undertakings and the percentage of equity owned are as follows:

Subsidiary (100% owned unless stated)

Country of incorporation

Diageo Scotland Limited (formerly Guinness United Distillers & Vintners Scotland Limited)	Scotland
Gilbeys Limited (94.3% ordinary shares)	England
Justerini & Brooks, Limited (100% ordinary shares and 8% cumulative redeemable preference shares)	England
Diageo United Kingdom Limited (formerly Seagram United Kingdom Limited)	England
S & B Production Limited	Northern Ireland

Associated undertakings

Lothian Distillers Limited (50% ordinary shares, two classes A&B)	Scotland
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In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Lothian Distillers Limited is included in associated undertakings at £26 million.

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Fixed asset investments – (continued)

Certain undertakings have been omitted from the lists above as they are either dormant or not material. A full list of subsidiary and associated undertakings will be annexed to the company's annual return.

The aggregate net book value of the investment in associated undertakings on an equity accounting basis is £32million (2002 - £31million).

The above companies are all involved in the production, distribution, marketing, exporting and importing of beer, spirits and wines.

In accordance with Financial Reporting Standard No. 8 'Related Party Transactions' the company is exempt from disclosing details of arrangements with other companies in the Diageo group.

14. Stocks

	30 June 2003	30 June 2002
	£m	£m
Raw materials and consumables	2	4
Work in Progress	4	-
Finished goods and goods for resale	42	47
	48	51

The company estimates that the replacement cost of the above stocks would not be materially different to the above figures.

15. Debtors

	30 June 2003	30 June 2002
	£m	£m
Debtors due within one year:		
Trade debtors	168	65
Amounts owed by fellow group undertakings	4,272	3,785
Other debtors	16	4
Corporation tax	11	3
Other prepayments and accrued income	11	13
Deferred taxation	13	3
	4,491	3,873
Debtors due after one year:		
Pension prepayments	24	24

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Debtors (continued)

The elements of deferred taxation are as follows:

	30 June 2003	Provided 30 June 2002
	£m	£m
Accelerated capital allowances	14	6
Other timing differences	6	4
Pension prepayment	(7)	(7)
Deferred tax asset	13	3

16. Cash at bank and in hand

The company has entered into a joint and several guarantee with certain other Diageo plc UK group undertakings such that any balance on the company's bank accounts within the cashpool may be offset against the bank balances or overdrafts of those companies included in the cashpool. The balance shown represents unpresented cheques and uncleared lodgements and amounted to £72million (2002 - £85 million).

17. Creditors due within one year

	30 June 2003	30 June 2002
	£m	£m
Trade creditors	23	13
Amounts owed to fellow group undertakings	6,349	6,290
Amounts owed to Diageo plc	560	-
Other taxation including social security	24	73
Other creditors	58	32
Accruals and deferred income	145	252
	7,159	6,660

18. Provisions for liabilities and charges

	Bonus provision £m	Other provisions £m	Total of Provisions £m
At 1 July 2002	2	3	5
Profit and loss account	4	6	10
Utilised	(3)	(1)	(4)
Released	(1)	(3)	(4)
Transferred from creditors	8	4	12
At 30 June 2003	10	9	19

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Provisions for liabilities and charges (continued)

- (a) The bonus provision accounts for amounts payable under employee incentive plans.
 (b) Other provisions include a restructuring provision (£1 million) and provisions for credit notes and customer refunds (£6m).

19. Share capital

	30 June 2003 £m	30 June 2002 £m
Authorised:		
Equity: 1,132,366,000 ordinary shares of 25p each	283	283
Allotted, called up and fully paid:		
Equity: 1,113,082,750 ordinary shares of 25p each	278	278

Ordinary shares are entitled to one vote each.

20. Reserves

	Share premium £m	Profit and loss account £m	Total £m
At 1 July 2002	73	144	217
Retained profit for the year	-	94	94
At 30 June 2003	73	238	311

21. Movement in shareholders' funds

	Year ended 30 June 2003 £m	Year ended 30 June 2002 £m
Profit for the year	94	108
Ordinary dividend	-	(1,300)
Net movement in shareholders' funds	94	(1,192)
Shareholders' funds at beginning of the year	495	1,687
Shareholders' funds at end of the year	589	495

DIAGEO GREAT BRITAIN LIMITED (formerly Guinness United Distillers & Vintners Limited)

Year ended 30 June 2003

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Commitments

At 30 June 2003, the company had minimum annual commitments under non-cancellable operating leases as follows:

	30 June 2003			30 June 2002		
	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>
	£m	£m	£m	£m	£m	£m
Operating leases which expire:						
After five years	-	-	-	-	-	-
From one to five years	-	-	-	1	-	1
Within one year	-	-	-	-	-	-
	-	-	-	1	-	1

There are no capital expenditure commitments not provided for in these financial statements are estimated at £nil (2002 - £nil).

23. Post balance sheet event

On 15 April 2004 the company announced its intention to transfer the brewing of Guinness beer for the UK market to its St James's Gate brewery in Dublin. This will result in the closure of the brewery at Park Royal in 2005.

24. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Grand Metropolitan Public Limited Company, a company incorporated and registered in England.

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.