

**CELLARERS (WINES) LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 1997**

**REGISTERED NUMBER : 1083023**



## CELLARERS (WINES) LIMITED

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### DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September, 1997.

#### Activities

The principal activity of the Company is the storage of stocks of wine and spirits owned by customers of fellow group companies. The directors foresee no material change in the nature of the Company's activities.

#### Financial

The directors recommend that no final dividend be paid (1996 - £Nil). The Profit for the year retained in the Company is £Nil (1996 - £Nil).

#### Directors

The directors during the year were as follows:

|             |           |          |
|-------------|-----------|----------|
| C J Sandham | Resigned  | 25/10/96 |
| D B Rickard | Resigned  | 15/11/96 |
| J J Corbett |           |          |
| N C Rose    | Appointed | 15/11/96 |
| G Williams  | Appointed | 25/10/96 |

#### Directors' Interests

Mr J J Corbett had the following interests in the shares of Grand Metropolitan PLC, which at the year end was the ultimate holding company (see note 6 to the financial statements).

|                                | Ordinary Shares |                 | Options         |                    |                          |                 |
|--------------------------------|-----------------|-----------------|-----------------|--------------------|--------------------------|-----------------|
|                                | 30 Sept<br>1996 | 30 Sept<br>1997 | 30 Sept<br>1996 | Granted<br>in year | Exercised<br>during year | 30 Sept<br>1997 |
| Ordinary Shares of 25p each    | 1,324           | 1,367           |                 |                    |                          |                 |
| Interests in ordinary shares * | -               | 5,000           |                 |                    |                          |                 |
| Options over ordinary shares   |                 |                 | 115,774         | 3,026              | 30,000                   | 88,800          |

\* Interests in the form of unvested awards under the Grand Metropolitan Restricted Share Plan

The above options were held under Grand Metropolitan PLC share option schemes at prices between 391p and 474p per share exercisable by 2006.

The mid-market price of Grand Metropolitan PLC shares fluctuated between 428.5p and 625.5p during the year. The mid-market price on 30 September 1997 was 592p.

## CELLARERS (WINES) LIMITED

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### Directors' Interests (continued)

As a potential beneficiary of the Grand Metropolitan PLC No. 1 Employee Share Trust, Mr J J Corbett had an interest at 30 September 1997 in 251,818 shares registered in the name of Greenwood Nominees Limited and 33,256,768 shares which were the subject of call options purchased by the trustees, Maurant & Co Trustees Limited from SBC Warburg Dillon Read and National Westminster Bank PLC.

Messrs, Rose and Williams are directors of the parent undertaking, United Distillers & Vintners (HP) Limited (formerly International Distillers & Vintners Limited) and their interests in the shares of Grand Metropolitan PLC are disclosed in the annual report of that company.

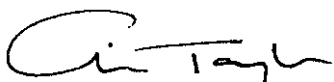
### Secretary

Mrs V A Lynch resigned as Secretary of the Company on 5 May 1998 and Mr C J Taylor was appointed Secretary in her place.

### Auditor

The auditors, KPMG Audit Plc are willing to continue in office and a resolution concerning their re-appointment and remuneration will be submitted to the Annual General meeting.

By order of the board.



C J Taylor 10 July 1998  
Secretary

8 Henrietta Place  
London  
W1M 9AG

## CELLARERS (WINES) LIMITED

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### **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, 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 of the company for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 8, 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.

The directors having prepared the financial statements, have requested the auditor to take whatever steps and undertake whatever inspections it considers to be appropriate for the purpose of enabling them to give their audit report.



**J J Corbett**  
**Director**

## **CELLARERS (WINES) LIMITED**

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### **REPORT OF THE AUDITOR, KPMG AUDIT PLC, TO THE MEMBERS OF CELLARERS (WINES) LIMITED**

We have audited the financial statements on pages 5 to 8.

#### **Respective responsibilities of Directors and Auditor**

As described on Page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit PLC*  
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*13 July 1998*

**KPMG AUDIT PLC**  
*Chartered Accountants*  
Registered Auditor

London

## CELLARERS (WINES) LIMITED

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### PROFIT AND LOSS ACCOUNT

For the year ended 30 September, 1997

|                               | <u>Note</u> | <u>1997</u><br>£ | <u>1996</u><br>£ |
|-------------------------------|-------------|------------------|------------------|
| Turnover                      | 1(b)        | 188,530          | 178,877          |
| Other operating charges       | 2           | <u>(188,530)</u> | <u>(178,877)</u> |
| Profit for the financial year |             | <u>-</u>         | <u>-</u>         |

There are no recognised gains or losses for the financial year. The profit and loss account relates wholly to continuing operations.

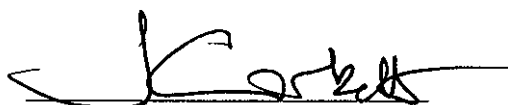
# CELLARERS (WINES) LIMITED

## BALANCE SHEET

As at 30 September, 1997

|                                     | <u>Note</u> | <u>1997</u><br>£ | <u>1996</u><br>£ |
|-------------------------------------|-------------|------------------|------------------|
| CURRENT ASSETS                      |             |                  |                  |
| Debtors :                           |             |                  |                  |
| Amounts owed by group undertakings  | 3           | 152,273          | 134,511          |
| Creditors:                          |             |                  |                  |
| Amounts falling due within one year |             |                  |                  |
| Accruals and deferred income        |             | (152,273)        | (134,511)        |
|                                     |             | <u>-</u>         | <u>-</u>         |
| CAPITAL AND RESERVES                | 4           |                  |                  |
| SHARE CAPITAL                       |             | <u>-</u>         | <u>-</u>         |

These financial statements were approved by the Board of Directors on 15 July 1998 and were signed on its behalf by:



J J Corbett  
Director

# CELLARERS (WINES) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention. They have been drawn up to comply in all material respects with applicable UK accounting standards. The bases used are consistent with those used in the previous year.

#### b) Turnover

Turnover represents the amount of rent receivable, net of value added tax and credit notes.

### 2. Other Operating Charges

|   | <u>1997</u>     | <u>1996</u>     |
|---|-----------------|-----------------|
| Management charge payable to fellow group company | <u>£188,530</u> | <u>£178,877</u> |

The audit fee has been borne by a fellow group company, Justerini & Brooks Limited.

The Directors received no emoluments in respect of their services to the company (1996 - Nil).

The company employed no staff during the year (1996 - Nil).

### 3. Debtors

All debtors are receivable within one year.

### 4. Capital and Reserves

|  | <u>1997</u> | <u>1996</u> |
|--|-------------|-------------|
|  | <u>£</u>    | <u>£</u>    |
| Authorised 100 ordinary shares of £1 each            | <u>100</u>  | <u>100</u>  |
| Allotted but not called 2 ordinary shares of £1 each | <u>2</u>    | <u>2</u>    |

Ordinary shares are entitled to one vote each.



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

**5. Cash Flow Statement**

A cash flow statement is not presented as the company is a member of a group, whose ultimate holding company Grand Metropolitan PLC, includes a group cash flow statement in its financial statements.

**6. Ultimate Holding Company**

The company is a wholly owned subsidiary of United Distillers & Vintners (HP) Limited (formerly International Distillers and Vintners Limited) and its ultimate holding company as at 30 September 1997 was Grand Metropolitan Public Limited Company ("Grand Metropolitan"). Both companies are incorporated and registered in England. A copy of the financial statements of the latter can be obtained from 8 Henrietta Place, London W1M 9AG.

On 17 December 1997 Grand Metropolitan merged with Guinness PLC to form Diageo plc, which as a result, became the ultimate parent undertaking of the Company. The merger was effected by a Scheme of Arrangement under the terms of which for each ordinary share of 25 pence held in Grand Metropolitan, shareholders received one ordinary share of 25 pence in Guinness PLC (which was renamed Diageo plc). and each Grand Metropolitan ordinary share was cancelled.

Diageo plc is a company incorporated and registered in England and its accounting period end will be 30 June. The first consolidated accounts of Diageo plc will be for the eighteen month period ending 30 June 1998, and will be obtainable from the address shown above.