

**Guinness Brewing (UK) 1996 Profit Sharing Scheme Limited**

**FINANCIAL STATEMENTS**

**30 JUNE 2000**

Company Registration Number: 2634629



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COMPANIES HOUSE

\*L0621890\*

0411  
30/04/01

## **DIRECTORS' REPORT**

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

### **Activities**

The company acts as a trustee and nominee for the purpose of administering a profit sharing share scheme. Over the period 13 to 20 October 1999 the scheme purchased 695,741 ordinary shares in Diageo plc at 605 pence per share which are held for the beneficial ownership of UK employees in the Diageo group. These purchases were financed by a loan to the scheme from a group undertaking

### **Euro**

The directors do not anticipate that there will be any significant implications on the activities of the company on the introduction of the euro. There are no significant anticipated costs associated with the introduction of the euro for Guinness Brewing (UK) 1996 Profit Sharing Scheme Limited. A statement explaining the impact of the introduction of the euro, and the programme put in place to deal with this, for the Diageo group is disclosed in the annual report of the ultimate parent undertaking, Diageo plc.

### **Financial**

The directors do not recommend the payment of a dividend for the year ended 30 June 2000 (1999-£nil).

### **Directors**

The directors who served during the year were as follows:

S M Bunn	
R H Myddelton	
M D Peters	
G N Reid	(appointed 10 November 1999)
M S Saunders	(appointed 10 November 1999)
S J Walker	(appointed 10 November 1999)

### **Directors' emoluments**

None of the directors received any remuneration during the year 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 year in any significant contract with the company or any subsidiary.

# **DIRECTORS' REPORT (continued)**

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of 28 101/108p each in the ultimate parent company, Diageo plc:

## **(i) Ordinary shares and conditional rights to ordinary shares**

	<b>Ordinary shares</b>		<b>Conditional rights to ordinary shares</b>				
	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	2,061	682	4,650	0	0	0	4,650
R H Myddelton	19,519	22,780	53,449	5,919	10,125	(7,956)	51,412
M D Peters	4,744	6,827	4,650	0	0	0	4,650
G N Reid	407	919	0	0	0	0	0
M S Saunders	760	2,016	0	0	0	0	0
S J Walker	156	156	2,000	0	0	0	2,000

The directors were granted conditional rights to receive ordinary shares or, exceptionally, a cash sum under certain long term incentive plans (The Grand Metropolitan Restricted Share Plan ('GrandMet RSP'), the Share Incentive Plan and the Total Shareholder Return Plan ('TSR')). The GrandMet RSP vested during the year and the directors received 56% of their conditional rights to ordinary shares respectively. R H Myddelton did not have his shares released until September 2000, these are shown under the "vested in year" column above. 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.

**DIRECTORS' REPORT (continued)**

(ii) Options

	At beginning of year	Granted in year	Exercised in year	At end of year	Exercised	
					Option price (pence)	Market price (pence)
S M Bunn	4,021	5,032	(977)	8,076	353	635
R H Myddelton	204,354	33,808	(1,954)	236,208	353	635
M D Peters	12,730	5,824	(961) (550)	17,043	359 354	438
G N Reid	786	396	(275)	907	354	585
M S Saunders	3,461	633	(550) (961)	2,583	354 359	585 565
S J Walker	3,450	3,378	(0)	6,828	0	0

The directors held the above options under Diageo plc share option schemes at prices between 314p and 518p per ordinary share exercisable by 2009. 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.

The mid-market share price of Diageo plc shares fluctuated between 384p and 696.5p during the year. The mid-market share price on 30 June 2000 was 593p.

At 30 June 2000, R H Myddelton had an interest in 3,123,181 shares subject to call options held by trusts to satisfy grants made under ex-Grandmet incentive plans; and the directors had an interest in 22,068,050 shares and 2,296,087 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

A new Diageo plc Senior Executive Share Option Plan ('SESOP') was introduced with effect from 1 January 2000. The combined benefits provided under the TSR and the SESOP are expected to be the same as those previously provided under the TSR. Options granted under the SESOP may not normally be exercised unless a performance condition is satisfied. The performance condition applicable to the first grant of options 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 principally options granted under the SESOP, which are subject to performance conditions, as detailed above.

**DIRECTORS' REPORT (continued)**

**Auditors**

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 auditors, KPMG Audit Plc, are willing to continue in office and will be deemed to be reappointed on the expiry of their term in office in respect of the year ended 30 June 2000.

**Secretary**

Subsequent to year end M D Peters resigned as secretary on 10 November 2000 and S M Bunn was appointed in his stead.

By order of the board



S M Bunn  
Secretary

8 Henrietta Place, London W1G 0NB  
30 April 2001

**DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the report of the auditors, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors 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, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that accounting standards they consider to be applicable 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.

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF GUINNESS BREWING (UK) 1996 PROFIT SHARING SCHEME  
LIMITED**

We have audited the financial statements on pages 7 to 10.

**Respective responsibilities of directors and auditors**

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 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 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 2000 and of its result and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*30 April 2001*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

London

## **ACCOUNTING POLICIES**

### **Basis of preparation**

The financial statements 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.

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



## **PROFIT AND LOSS ACCOUNT**

The notes on page 10 form part of these financial statements.

During the financial year and the preceding financial year, the company did not trade and received no income and incurred no expenditure. Consequently, during those years, the company made neither a profit nor a loss, and there were no other recognised gains or losses.

Accordingly, neither a profit and loss account, a statement of recognised gains and losses, a note of historical cost profit and losses, nor a reconciliation of movement in shareholders' funds has been presented.

**BALANCE SHEET**

	Note	<u>30 June 2000</u> £	<u>30 June 1999</u> £
<b>Current assets</b>			
Debtors - due within one year due from parent undertaking		100	100
		<hr/>	<hr/>
<b>Net assets</b>		<u>100</u>	<u>100</u>
<b>Capital</b>			
Called up share capital	2	<u>100</u>	<u>100</u>

The notes on page 10 form part of these financial statements.

The financial statements on pages 7 to 10 were approved by the board of directors on 30 April 2001 and signed on its behalf by:



Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Profit and loss

Auditors' remuneration was paid on behalf of the company by a group undertaking.

### 2. Called up share capital

	<u>30 June 2000</u>	<u>30 June 1999</u>
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
Equity - 100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

### 3. Ultimate parent undertaking

The company is a wholly owned subsidiary of Diageo plc, a company incorporated and registered in England.

The consolidated accounts of Diageo plc for the year ended 30 June 2000, can be obtained from the Registered Office at 8 Henrietta Place, London W1G 0NB.

### 4. Post balance sheet event

Over the period 17 to 18 October 2000 the Scheme purchased 731,009 ordinary shares in Diageo Plc at 657 pence per share which are held for the beneficial ownership of UK employees of the Diageo group. These purchases were financed by a loan to the scheme from a group undertaking.