

GRAND METROPOLITAN PUBLIC LIMITED COMPANY

FINANCIAL STATEMENTS

30 June 2001

Registered Number: 291848



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COMPANIES HOUSE

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30/01/02

**Year ended 30 June 2001****DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2001.

**Activities**

The company owns subsidiaries which hold assets in global alcoholic drink, food and retail sectors. The activities carried out by the company on an ongoing basis include the purchase and sale of shareholdings, providing for the finance and management of its subsidiary undertakings, preparation and approval of financial statements, granting powers of attorney and administration of its bank accounts. The directors foresee no changes in the nature of the company's activities.

Subsequent to the year end the joint acquisition with Pernod Ricard of the Seagram spirits and wine business was completed and The Pillsbury Company was sold. Further information is given in note 19.

**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 for Grand Metropolitan Public Limited Company. 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.

**Financial**

The results for the year ended 30 June 2001 are shown on page 9. Interim dividends have been paid of £3,231m (2000 - £10m). The directors do not recommend the payment of a final dividend.

After deducting the total ordinary dividends of £3,231m (2000 - £10m) the loss for the year transferred from reserves is £2,890m (2000 - £3,336m profit for the year retained in the company).

**Directors**

The directors who served during the year were as follows:

P S Binning	
I S Cray	(resigned 12 Jan 2001)
J M J Keenan	
J B McGrath	(resigned 18 Dec 2000)
N C Rose	
P S Walsh	
J Walters	

On 30 October 2001 J M J Keenan resigned as a director and R J Moore was appointed.

**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 (2000 - £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.

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

	Ordinary shares		Conditional rights to ordinary shares				
	At beginning of year	At end of year	At beginning of year	Granted in year	Vested in year	Lapsed in year	At end of year
P S Binning	14,381	21,099	63,693	13,937	(12,601)	(4,279)	60,750
J Walters	-	3,016	24,000	15,184	(8,064)	(5,136)	25,984

The directors were granted conditional rights to receive ordinary shares or ADSs (one ADS is equivalent to four ordinary shares) or, exceptionally, a cash sum under certain long term incentive plans, the Share Incentive Plan and the Total Shareholder Return Plan ('TSR'). Any conditional rights to ADSs are shown in the table as ordinary share equivalents. The conditional rights to ordinary shares or ADSs 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 over ordinary shares

	At beginning of year	Granted during the year	Exercised during the year	At end of year
<b>UK options</b>				
P S Binning	45,144	68,526	(1,098)	112,572
<b>US options</b>				
J Walters	78,928	82,656	-	161,584

The directors held the above options under Diageo plc share option schemes at prices between 447p and 587p per ordinary share exercisable by 2010 for UK grants and at prices between US\$29.38 and US\$33.63 per ADS exercisable by 2010 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 share 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 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 ultimate holding company, Diageo plc.

At 30 June 2001 J M J Keenan, N C Rose and P S Walsh were directors of the parent company, Diageo plc. Details of their beneficial interests in the shares of Diageo plc are shown in the Diageo plc Annual Report and Accounts, copies of which are available from 8 Henrietta Place, London W1G 0NB.

The mid-market share price of Diageo plc shares fluctuated between 560p and 792p during the year. The mid-market share price on 30 June 2001 was 780p.

At 30 June 2001, P S Binning and J Walters had an interest in 154,100 shares and 2,017,451 shares subject to call options held by trusts to satisfy grants made under former Grand Metropolitan Public Limited Company incentive plans and in 9,831,421 shares held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes. In addition: P S Binning had an interest in 10,484,114 shares and 4,074,020 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes; and J Walters had an interest in 13,875,306 shares and 589,850 shares subject to call options held by trusts to satisfy grants made under Diageo incentive plans and savings related share option schemes.

**DIRECTORS' REPORT (continued)**

**Supplier payment policy**

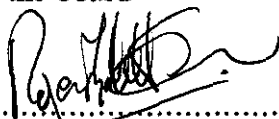
The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts were appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier.

Credit days have not been calculated for the company, as the company had no trade creditors at 30 June 2001. The company's invoices for goods and services are settled by fellow subsidiary undertakings acting as agents for the company.

**Auditors**

The auditors, KPMG Audit Plc, are willing to continue in office and a resolution for their re-appointment as auditors of the company will be submitted to the Annual General Meeting.

By order of the board



.....  
R H Myddelton, Secretary  
8 Henrietta Place, London, W1G 0NB  
29 January 2002

**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.

Year ended 30 June 2001

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GRAND METROPOLITAN PUBLIC LIMITED COMPANY**

We have audited the financial statements on pages 7 to 20.

*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 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 2001 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  
London

30 January 2002

## **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 from the requirement to prepare group accounts under section 228 of the Companies Act 1985 as its results are included in the consolidated accounts of Diageo plc.

### **Tangible fixed assets**

Fixed assets are depreciated on a straight line basis to estimated residual values over their expected useful lives within the following ranges:

Fixtures and fittings	5 to 10 years
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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.

### **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.

### **Leases**

Operating lease payments and receipts are taken to the profit and loss account on a straight line basis over the life of the lease.

### **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.



**ACCOUNTING POLICIES (continued)**

**Pensions and other post employment benefits**

The employees of the company are members of a group scheme managed by Diageo plc. The cost of providing pensions and other post employment benefits is charged against profits on a systematic basis, with pension surpluses and deficits allocated over the expected 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 are contained in the financial statements of Diageo plc. Unfunded post employment medical benefit liabilities are included in provisions in the balance sheet.

**Deferred taxation**

Deferred taxation on differences between the treatment of certain items for accounting and taxation purposes is accounted for to the extent that a liability or an asset is expected to be payable or recoverable within the foreseeable future taking account where appropriate of the availability of group relief in the future for which no consideration will be received or paid.

**PROFIT AND LOSS ACCOUNT**

	Notes	<u>30 June 2001</u> £m	<u>30 June 2000</u> £m
Operating costs	2	(34)	(39)
<b>Operating loss</b>		<u>(34)</u>	<u>(39)</u>
Income from fixed asset investments		2	3,202
Net interest income	4	<u>374</u>	<u>276</u>
<b>Profit on ordinary activities before taxation</b>		342	3,439
Taxation on profit on ordinary activities	5	<u>(1)</u>	<u>(93)</u>
<b>Profit on ordinary activities after taxation</b>		341	3,346
Dividend	6	<u>(3,231)</u>	<u>(10)</u>
<b>Transferred to/(from) reserves</b>	15	<u><u>(2,890)</u></u>	<u><u>3,336</u></u>

The notes on pages 11 to 20 form part of these financial statements.

There are no recognised gains or 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 account and the profit for the relevant year restated on an historical basis and consequently no note of historical cost profits and losses has been presented as part of the financial statements.

Year ended 30 June 2001

## BALANCE SHEET

	Notes	30 June 2001		30 June 2000	
		£m	£m	£m	£m
<b>Fixed assets</b>					
Tangible assets	7	-		2	
Investments	8	<u>7,222</u>	7,222	<u>7,115</u>	7,117
<b>Current assets</b>					
Debtors - due within one year	9	5,337		5,143	
Debtors - due after more than one year	9	451		3,990	
Cash at bank and in hand	10	<u>15</u>		<u>73</u>	
		5,803		9,206	
<b>Creditors - due within one year</b>					
Borrowings		-		(1)	
Other creditors	12	<u>(504)</u>		<u>(1,278)</u>	
		<u>(504)</u>		<u>(1,279)</u>	
<b>Net current assets</b>			<u>5,299</u>		<u>7,927</u>
<b>Total assets less current liabilities</b>			<b>12,521</b>		<b>15,044</b>
<b>Provisions for liabilities and charges</b>	13		(25)		(33)
			<u>12,496</u>		<u>15,011</u>
<b>Capital and reserves</b>					
Called up share capital	14		690		690
<b>Reserves</b>	15				
Share premium account		9,070		8,695	
Other reserves		530		530	
Profit and loss account		<u>2,206</u>		<u>5,096</u>	
Reserves attributable to equity shareholders			11,806		14,321
			<u>12,496</u>		<u>15,011</u>

The notes on pages 11 to 20 form part of these financial statements.

The financial statements on pages 7 to 20 were approved by the board of directors on 29 January 2002 and signed on its behalf by:



N C Rose,  
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Analysis of profit before taxation

The company owns subsidiaries which hold assets in the global alcoholic drink, food and retail sectors. The activities carried out by the company on an ongoing basis include the purchase and sale of shareholdings, providing for the finance and management of its subsidiary undertakings, preparation and approval of financial statements, granting powers of attorney and administration of its bank accounts. The directors foresee no changes in the company's activities. All activities were carried out in the United Kingdom.

2. Operating costs

	<u>2001</u> £m	<u>2000</u> £m
Other external charges	16	22
Staff costs (note 3)	16	15
Depreciation and other amounts written off tangible fixed assets	2	3
Other operating income	-	(1)
	<u>34</u>	<u>39</u>

A cost sharing contract exists between Grand Metropolitan Public Limited Company ("the company") and another group company. The operating costs include the company's share of costs incurred. Directors emoluments have been paid by Diageo plc. All staff are employed by Diageo plc or one of its subsidiaries.

Operating costs include operating lease rentals of £4m (2000 - £4m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Staff costs

All staff are employed by Diageo plc or one of its subsidiaries and recharged to the company.

	<u>2001</u>	<u>2000</u>
	£m	£m
Wages and salaries	14	13
Employer's social security costs	2	2
Employer's pension costs	-	-
	<u>16</u>	<u>15</u>

4. Net interest income

	<u>2001</u>	<u>2000</u>
	£m	£m
Loans to group undertakings	359	272
Other interest receivable	15	4
	<u>374</u>	<u>276</u>

5. Tax on profit on ordinary activities

	<u>2001</u>	<u>2000</u>
	£m	£m
UK current corporation tax	-	-
Deferred taxation	-	(5)
Adjustment to prior years taxation charges	<u>(1)</u>	<u>(88)</u>
	<u>(1)</u>	<u>(93)</u>

Companies in the Diageo plc group generally apply group relief rules in administering their taxation positions. Such group relief is effected for nil consideration. As a consequence the company has neither a current tax charge nor credit. The prior year adjustment principally results from a reassessment of group relief in respect of earlier periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Dividends

	<u>2001</u> £m	<u>2000</u> £m
Equity shares:		
Interim dividend	<u>3,231</u>	<u>10</u>
	<u>3,231</u>	<u>10</u>

7. Fixed tangible assets

	<b>Fixtures and fittings</b> £m
Cost or valuation:	
At 30 June 2000	<u>12</u>
At 30 June 2001	<u>12</u>
Amortisation/depreciation:	
At 30 June 2000	10
Provided during the year	<u>2</u>
At 30 June 2001	<u>12</u>
Net book value:	
At 30 June 2001	<u>-</u>
At 30 June 2000	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Fixed assets - investments

	<u>Shares in Diageo plc</u> £m	<u>Subsidiary undertakings</u> £m	<u>Other investments</u> £m	<u>Total</u> £m
Cost:				
At 30 June 2000	1	7,275	2	7,278
Additions	-	127	-	127
At 30 June 2001	<u>1</u>	<u>7,402</u>	<u>2</u>	<u>7,405</u>
Provisions:				
At 30 June 2000	-	163	-	163
Transfers	-	20	-	20
At 30 June 2001	<u>-</u>	<u>183</u>	<u>-</u>	<u>183</u>
Net book value:				
At 30 June 2001	<u>1</u>	<u>7,219</u>	<u>2</u>	<u>7,222</u>
At 30 June 2000	<u>1</u>	<u>7,112</u>	<u>2</u>	<u>7,115</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Fixed assets – investments (continued)

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

	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Percentage of shares held</u>
<u>Subsidiary undertakings</u>			
Guinness Ireland Group	Ireland	Brewing, marketing and distribution of beer.	100
Guinness United Distillers & Vintners Scotland Limited	Scotland	Production, marketing and distribution of premium drinks.	100
Guinness United Distillers & Vintners Limited	England	Production, marketing and distribution of premium drinks.	100
Guinness United Distillers & Vintners BV	Holland	Production, marketing and distribution of premium drinks.	100
Guinness United Distillers & Vintners Amsterdam BV	Holland	Production, marketing and distribution of premium drinks.	100
Guinness UDV North America, Inc	United States	Production, importing and marketing of premium drinks.	100
The Pillsbury Company	United States	Manufacturing, marketing and distribution of refrigerated dough products, frozen pizza, frozen and canned vegetables, Mexican foods, canned soups, superpremium ice cream, and foodservice baking mixes and frozen products.	100



NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Fixed assets - investments (continued)

Burger King Corporation	United States	Quick service restaurants.	100
Diageo Investment Corporation	United States	Financing company for US group companies.	100

Associated undertakings

Moët Hennessy, SA	France	Production and distribution of premium drinks	34
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All percentages relate to holdings of ordinary share capital. None of the subsidiary undertakings are directly owned by Grand Metropolitan Public Limited Company with the exception of Guinness United Distillers & Vintners Limited.

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

Certain undertakings have been omitted from the lists above as they are either dormant or not material.

Subsequent to the year end the joint acquisition with Pernod Ricard of the Seagram spirits and wine business was completed and The Pillsbury Company was sold.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Debtors

	2001		2000	
	Due within one <u>year</u> £m	Due after one <u>year</u> £m	Due within one <u>year</u> £m	Due after one <u>year</u> £m
Amounts owed by subsidiary undertakings	5,325	438	5,130	3,977
Other debtors	10	-	11	-
Pension prepayments	-	13	-	13
Deferred taxation (note 11)	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>5,337</u>	<u>451</u>	<u>5,143</u>	<u>3,990</u>

10. Cash at bank and in hand and overdrafts

The company has entered into a joint and several guarantee with certain other Diageo plc UK subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Deferred taxation

	<u>2001</u> £m	<u>2000</u> £m
Pension prepayments	(4)	(4)
Provisions	5	5
Other timing differences	<u>1</u>	<u>1</u>
Deferred tax asset	<u>2</u>	<u>2</u>

12. Other creditors – due within one year

	<u>2001</u> £m	<u>2000</u> £m
Amounts owed to group undertakings	492	1,248
Other creditors	5	20
Accruals and deferred income	<u>7</u>	<u>10</u>
	<u>504</u>	<u>1,278</u>

13. Provisions for liabilities and charges

	<u>Post employment</u> £m	<u>Disposal</u> £m	<u>Other</u> £m	<u>Total</u> £m
At 30 June 2000	6	3	24	33
Profit and loss	-	-	(1)	(1)
Utilised	<u>(3)</u>	<u>-</u>	<u>(4)</u>	<u>(7)</u>
At 30 June 2001	<u>3</u>	<u>3</u>	<u>19</u>	<u>25</u>

Provisions at 30 June 2001 comprise:

- (a) Post employment provisions of £3m, comprising £3m (2000 - £3m) unfunded pension liabilities, and £nil (2000 - £3m) in respect of post employment medical provisions. These provisions are generally long term and the timing of their utilisation is not known.
- (b) Disposal provisions of £3m (2000 - £3m) arising from commitments in respect of businesses sold. These provisions will be utilised within the next few years.
- (c) Other provisions of £19m (2000 - £24m) represent the estimated discounted rental shortfall in respect of vacant properties. This provision is based on the estimated discounted rental shortfall over the terms of the leases.

14. Share capital

	<u>2001</u> £m	<u>2000</u> £m
<b>Authorised</b>		
Equity - 3,000,000,000 Ordinary shares of 25p each	<u>750</u>	<u>750</u>
<b>Allotted, called up and fully paid</b>		
Equity - 2,759,144,946 Ordinary shares of 25p each	<u>690</u>	<u>690</u>

On 3 August 2000 1,000 ordinary shares of 25p each were allotted for cash at a premium of £374,999.75 per share.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Reserves

	<u>Share premium</u> £m	<u>Other reserves</u> £m	<u>Profit and loss account</u> £m	<u>Total</u> £m
At 30 June 2000	8,695	530	5,096	14,321
Retained deficit for year	-	-	(2,890)	(2,890)
Premium on share issues, less expenses	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
At 30 June 2001	<u>9,070</u>	<u>530</u>	<u>2,206</u>	<u>11,806</u>

Other reserves comprise a merger reserve of £62m, a special reserve of £426m, a preference share redemption reserve of £12m, and an other reserve of £30m. The merger reserve of £62m arose in 1992 on the issue of shares at a premium in connection with an acquisition. The special reserve was created, with shareholder and court approval, in 1988 by a transfer from the share premium account. The other reserve of £30m was created in 1998, with shareholder and court approval, following the cancellation and reissue of the company's shares to Diageo plc. This reserve is distributable on agreement from all of the creditors of the company which were existing at the date of the scheme of agreement, or until such time that these creditors cease to exist.

16. Movement in shareholders' funds

	<u>2001</u> £m	<u>2000</u> £m
Profit for the year	341	3,346
Ordinary dividends	<u>(3,231)</u>	<u>(10)</u>
	(2,890)	3,336
New share capital issued	<u>375</u>	<u>628</u>
Net movement in shareholders' funds	<u>(2,515)</u>	<u>3,964</u>
Shareholders' funds at beginning of the year	<u>15,011</u>	<u>11,047</u>
Shareholders' funds at end of the year	<u>12,496</u>	<u>15,011</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**17. Commitments**

The company had minimum annual commitments under non-cancellable operating leases for land and buildings which expire after five years of £13m (2000 - £11m).

**18. Contingent liabilities**

The company has guaranteed certain borrowings, liabilities and commitments of subsidiaries which amounted to £2,047m, £17m and £3m respectively (2000: £1,890m, £17m and £25m respectively).

**19. Post balance sheet events**

On 31 October 2001, the Diageo group completed the disposal of its Packaged Food operations, including The Pillsbury Company (an indirect subsidiary of the company) to General Mills, Inc. The consideration received was £4,360m (including the disposal of 55 million of General Mills, Inc ordinary shares on 5 November 2001 acquired on the disposal in October) and a 21.7% equity interest in General Mills, Inc. The disposal resulted in a gain to the Diageo group of approximately £400m before transaction costs and taxation.

**20. Ultimate parent undertaking**

The 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 2001, can be obtained from the Registered Office at 8 Henrietta Place, London W1G 0NB.