

Express Foods Group (International) Limited

Financial statements 30 June 2004

Registered number 14172



Express Foods Group (International) Limited
Year ended 30 June 2004

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2004.

Activities

The company is an investment company and the directors foresee no changes in the company's activities.

Financial

The results for the year ended 30 June 2004 are shown on page 6. The directors do not recommend the payment of a dividend (2003 - £nil). The profit for the year transferred to reserves is £8,318,000 (2003 - £7,665,000).

Directors

The directors who held office during the year were as follows:

Diageo Corporate Officer A Limited
Diageo Corporate Officer B Limited

Directors' emoluments

None of the directors received any remuneration during the year in respect of their services as directors of the company (2003 - £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 no beneficial interests in the ordinary shares of 28¹⁰¹/₁₀₈ pence each in the ultimate parent company, Diageo plc.

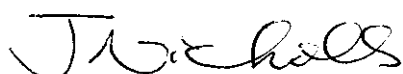
Express Foods Group (International) Limited
Year ended 30 June 2004

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 reappointed on the expiry of its term in office in respect of the year ended 30 June 2004.

By order of the board



J Nicholls
For and on behalf of
Diageo Corporate Officer A Limited
Secretary
8 Henrietta Place
London
W1G 0NB

17 December 2004

Express Foods Group (International) Limited
Year ended 30 June 2004

Statement of directors' responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the independent auditor's report on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditor in relation to the financial statements.

The directors are required by 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 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 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.

Independent auditor's report to the members of Express Foods Group (International) Limited

We have audited the financial statements on pages 6 to 12.

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 directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent 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 2004 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

17 December 2004

Express Foods Group (International) Limited
Year ended 30 June 2004

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2004 £'000	Year ended 30 June 2003 £'000
Operating income/(costs)	2	<u>379</u>	<u>(13)</u>
Operating profit/(loss)		379	(13)
Interest receivable from group undertaking (Diageo Finance plc)		<u>8,540</u>	<u>8,159</u>
Profit on ordinary activities before taxation		8,919	8,146
Taxation on profit on ordinary activities	3	<u>(488)</u>	<u>(368)</u>
Profit on ordinary activities after taxation		8,431	7,778
Additional finance charge – non-equity	4	<u>(113)</u>	<u>(113)</u>
Amounts transferred to reserves	9	<u>8,318</u>	<u>7,665</u>

There is no difference between the results for the years shown in the profit and loss account and the results for the relevant years restated on an historical cost basis.

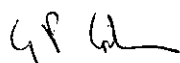
All results arise from continuing operations.

Express Foods Group (International) Limited
Year ended 30 June 2004

Balance Sheet

		30 June 2004		30 June 2003	
	<i>Notes</i>	£'000	£'000	£'000	£'000
Fixed assets					
Investments	5		5,016		5,016
Current assets					
Debtors – due within one year	6	251,830		243,765	
Creditors: due within one year					
Other creditors	7	(199,017)		(199,206)	
Net current assets			52,813		44,559
Provision for disposal warranty claims			<u>-</u>		<u>(64)</u>
Total assets less liabilities			<u>57,829</u>		<u>49,511</u>
Capital and reserves					
Called up share capital	8		15,139		15,139
Share premium account	9	772		772	
Other reserves	9	2,937		2,937	
Profit and loss account	9	<u>38,981</u>		<u>30,663</u>	
Reserves attributable to equity shareholders			<u>42,690</u>		<u>34,372</u>
Total shareholders' funds			<u>57,829</u>		<u>49,511</u>
Shareholders' funds are attributable to:					
Equity shareholders			56,119		47,801
Non-equity shareholders			<u>1,710</u>		<u>1,710</u>
Total shareholders' funds			<u>57,829</u>		<u>49,511</u>

These financial statements on pages 6 to 12 were approved by the board of directors on 17 December 2004 and were signed on its behalf by:



G P Crickmore
For and on behalf of
Diageo Corporate Officer B Limited,
Director

Express Foods Group (International) Limited
Year ended 30 June 2004

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

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 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.

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

2. Operating costs

	Year ended 30 June 2004	Year ended 30 June 2003
	£'000	£'000
Reversal of provision	64	-
Write-back/(write-off) of inter-company balances no longer considered payable/(recoverable)	<u>315</u>	<u>(13)</u>
	<u>379</u>	<u>(13)</u>

The company did not employ any staff during either the current or prior year. None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2003 - £nil).

Express Foods Group (International) Limited
Year ended 30 June 2004

Notes to the financial statements (continued)

2. Operating costs (continued)

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. There were no fees payable to the auditor in respect of non-audit services (2003 - £nil).

3. Taxation on profit on ordinary activities

	Year ended 30 June 2004 £'000	Year ended 30 June 2003 £'000
Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	<u>8,919</u>	<u>8,146</u>
Taxation on profit on ordinary activities at UK corporation tax rate of 30% (2003 - 30%)	2,676	2,444
Group relief received for nil consideration	(2,676)	(2,444)
Adjustment in respect of prior year	<u>(488)</u>	<u>(368)</u>
Current ordinary tax charge for the year	<u>(488)</u>	<u>(368)</u>

4. Additional finance charge – non-equity

	Year ended 30 June 2004 £'000	Year ended 30 June 2003 £'000
Additional finance charge – non-equity	<u>(113)</u>	<u>(113)</u>

The additional finance charge in each year represents the unpaid preference dividend on the preference share capital.

5. Fixed assets – investments

	£'000
Shares in subsidiary undertakings	
At cost at beginning and end of the year	127,721
Provisions at beginning and end of the year	<u>(122,705)</u>
Net book value at beginning and end of the year	<u>5,016</u>

The company's principal subsidiary undertakings are as follows:

Express Foods Group (International) Limited
Year ended 30 June 2004

Notes to the financial statements (continued)

5. Fixed assets – investments (continued)

Subsidiary undertakings	Principal activity	Class of shares held
Spiers & Pond Limited	Dormant	Ordinary shares of 25p each 4.55% cumulative preference shares of £1 each
PSP (Sales and Distribution) Limited	Dormant	Ordinary shares of 10p each 'A' ordinary non-voting shares of 10p each
Express Foods Nominee Limited	Dormant	Unclassified shares of £1 each
FDL Transport Services Limited	Dormant	Ordinary shares of £1 each
Kaysen's Limited	Dormant	Ordinary shares of £1 each
Parry's Butterfull Cakes, Limited	Dormant	Ordinary shares of £1 each
Precis (12000) Limited	Dormant	Ordinary shares of 25p each
Precis (9000) Limited	Dormant	Ordinary shares of £1 each
S. Reece (Liverpool) Limited	Dormant	Ordinary shares of £1 each

All the subsidiary undertakings are incorporated in the United Kingdom and are 100% directly owned by the company.

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

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

6. Debtors - due within one year

	30 June 2004	30 June 2003
	£'000	£'000
Amounts owed by group undertakings:		
Diageo Finance plc	247,610	239,070
Midas Silencers Limited	235	235
Sutherlands Foods Limited	8	8
Grand Metropolitan Estates (Developments) Limited	2,100	2,100
Grand Metropolitan Public Limited Company	<u>1,877</u>	<u>1,864</u>
	251,830	243,277
Corporation tax	<u>-</u>	<u>488</u>
	<u>251,830</u>	<u>243,765</u>

Express Foods Group (International) Limited
Year ended 30 June 2004

Notes to the financial statements (continued)

7. Other creditors

	30 June 2004	30 June 2003
	£'000	£'000
Accruals	901	788
Amounts owed to subsidiary undertakings:		
FDL Transport Services Limited	30	30
Precis (12000) Limited	108	108
Parry's Butterfull Cakes, Limited	891	891
PSP (Sales and Distribution) Limited	289	289
S. Reece (Liverpool) Limited	205	205
Spiers & Pond Limited	900	900
Amounts owed to other group undertakings:		
East Walls Leasing Limited	20	20
Precis (8000) Limited	7,802	7,802
J.H. Senior & Company (Holdings) Limited	103	103
Somerwest Limited	768	768
Precis (1057) Limited	187,000	187,000
Other	-	302
	<u>199,017</u>	<u>199,206</u>

8. Called up share capital

	30 June 2004	30 June 2003
	£'000	£'000
<i>Authorised:</i>		
Equity - 800,000 ordinary shares of 25p each	200	200
53,800,000 'A' ordinary shares of 25p each	13,450	13,450
Non-equity- 100,000 7% cumulative preference stock of £1 each	100	100
1,000,000 7% 'A' cumulative preference stock of £1 each	1,000	1,000
200,000 6% cumulative preference stock of £1 each	200	200
550,000 6% 'A' cumulative preference stock of £1 each	550	550
	<u>15,500</u>	<u>15,500</u>
<i>Allotted, called up and fully paid:</i>		
Equity - 799,999 ordinary shares of 25p each	200	200
52,918,181 'A' ordinary shares of 25p each	13,229	13,229
Non-equity- 100,000 7% cumulative preference stock of £1 each	100	100
902,601 7% 'A' cumulative preference stock of £1 each	903	903
200,000 6% cumulative preference stock of £1 each	200	200
507,110 6% 'A' cumulative preference stock of £1 each	507	507
	<u>15,139</u>	<u>15,139</u>
Total equity share capital	13,429	13,429
Total non-equity share capital	<u>1,710</u>	<u>1,710</u>
	<u>15,139</u>	<u>15,139</u>

None of the preference stock is redeemable.

Express Foods Group (International) Limited
Year ended 30 June 2004

Notes to the financial statements (continued)

9. Reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 30 June 2003	772	2,937	30,663	34,372
Retained profit for the year	-	-	8,318	8,318
At 30 June 2004	<u>772</u>	<u>2,937</u>	<u>38,981</u>	<u>42,690</u>

10. Reconciliation of movement in shareholders' funds

	30 June 2004 £'000	30 June 2003 £'000
Profit on ordinary activities after taxation	8,431	7,778
Additional finance charge – non-equity	<u>(113)</u>	<u>(113)</u>
Net addition to shareholders' funds	8,318	7,665
Shareholders' funds at beginning of year	<u>49,511</u>	<u>41,846</u>
Shareholders' funds at end of year	<u>57,829</u>	<u>49,511</u>

11. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Grandmet Foods (UK) Limited, 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 can be obtained from the Registered Office at 8 Henrietta Place, London W1G 0NB.