

EUROPEAN CELLARS (GERMANY) LIMITED

Directors' Report and Accounts

Year to 31 August 2004

Registered number : 531414



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Report of the Directors

YEAR TO 31 AUGUST 2004

The financial statements for the year are set out on pages 5 to 11.

REVIEW OF THE FINANCIAL PERIOD

The profit after taxation for the year ended 31 August 2004 was £5,211,000. The directors do not propose to declare a dividend.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of an investment holding subsidiary of the Allied Domecq Group. The principal subsidiaries are shown in note 5 to the accounts.

DIRECTORS

The following served as directors during the year:

C B Brown

P J Lyster

T G Mains

Directors' Interests

The beneficial interests of the directors in the ordinary share capital of Allied Domecq PLC as at 31 August 2004 were as follows:

	At 31 August 2004 Ordinary Shares	At 1 September 2003/ date of appointment Ordinary Shares
C B Brown	1,166	732
P J Lyster	35,123	32,982
T G Mains	-	-
Total of other directors' beneficial interests	36,289	33,714

During the year options in respect of ordinary shares in Allied Domecq PLC were granted to P J Lyster 25,000, T G Mains 15,000 and C B Brown 50,000. T Mains exercised 14,852 options during the year (7,500 on 3 December 2003 and 7,352 on 23 June 2004). None of the other directors serving at the end of the year exercised any options in respect of ordinary shares in Allied Domecq PLC during the year. These figures include options under Allied Domecq PLC's savings-related share option schemes.

In addition to the shares above, P J Lyster is entitled to receive 17,505 shares on 1 September 2005 under the deferred bonus plan of Allied Domecq PLC. Details of the plan are disclosed within the accounts of Allied Domecq PLC.

Report of the Directors

YEAR TO 31 AUGUST 2004

GOING CONCERN

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

ELECTIVE RESOLUTION AND AUDITOR

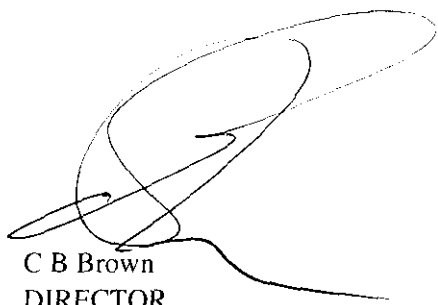
As stated in the Directors' Report and Accounts for the financial year ended 31 August 2001, on 21 August 2000 the shareholders passed an elective resolution, pursuant to the Companies Act 1985 :

- To dispense with the laying of accounts and reports before the company in general meeting.
- To dispense with the holding of annual general meetings.

On 20 August 2001, the shareholders passed an elective resolution, pursuant to the Companies Act 1985:

- To dispense with the obligation to appoint auditors annually.

By order of the Board



C B Brown
DIRECTOR

28 June 2005

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements the directors are required to:-

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibilities 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.

Report of the Auditors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEAN CELLARS (GERMANY) LIMITED

We have audited the financial statements on pages 5 to 11.

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 auditors' 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 member 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 3, 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

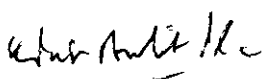
Basis of audit opinion

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 31 August 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



26 June 2005

KPMG Audit Plc
Chartered accountants
Registered auditor
London

Accounting Policies

YEAR TO 31 AUGUST 2004

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention, and comply with applicable UK Accounting Standards.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Allied Domecq PLC, and its cash flows are included within the consolidated cash flow statement of the group.

The company is exempt under paragraph 3(c) of Financial Reporting Standard 8, Related Party Transactions, from disclosing transactions with entities that are part of the group.

The financial statements have been prepared on a going concern basis because Allied Domecq PLC, a parent undertaking, has confirmed its intention to support the company for the foreseeable future.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost, less provision for any permanent diminution in value.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year end rates, any gains or losses on translation are taken to the profit and loss account.

Profit and Loss Account

YEAR TO 31 AUGUST 2004

	Note	Year to 31 August 2004 £'000	Year to 31 August 2003 £'000
Operating profit/(loss)	1	7,444	(30,214)
Profit/(loss) on ordinary activities before taxation		7,444	(30,214)
Taxation on profit/(loss) on ordinary activities	4	(2,233)	5,339
Profit/(loss) on ordinary activities after taxation		5,211	(24,875)
Retained profit/(loss)	9	5,211	(24,875)

There are no recognised gains or losses other than the profit for the year.

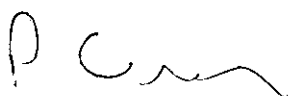
There is no difference between the profit on ordinary activities for the year as disclosed in the profit and loss account and the results stated on an unmodified historical cost basis.

Balance Sheet

AS AT 31 AUGUST 2004

	Note	2004 £'000	2003 £'000
Fixed Assets			
Investments	5	390,207	390,207
Total fixed assets		390,207	390,207
Current Assets			
Debtors	6	-	9,064
Creditors (due within one year)	7	(396,355)	(410,630)
Net current liabilities		(396,355)	(401,566)
Net liabilities		(6,148)	(11,359)
Capital and reserves			
Called up share capital	8	25,318	25,318
Profit and loss account	9	(31,466)	(36,677)
Shareholders' deficit		(6,148)	(11,359)

Approved by the board on 28/6/05 and signed on its behalf by:



P J Lyster
DIRECTOR

Reconciliation of Movements in Shareholders' Funds

YEAR TO 31 AUGUST 2004

	Year to 31 August 2004 £'000	Year to 31 August 2003 £'000
Shareholders' funds at the beginning of the year	(11,359)	13,516
Profit/(loss) for the financial year	5,211	(24,875)
Shareholders' funds at the end of the year	(6,148)	(11,359)

Notes to the Accounts

YEAR TO 31 AUGUST 2004

1 OPERATING PROFIT

Operating profit includes the net gain or loss arising on the retranslation of foreign currency debtors and creditors plus the net gain or loss arising on transactions in foreign currency assets or liabilities in the year.

The auditors' remuneration for their services in the year is borne by another group company.

2 STAFF COSTS

The company had no employees during the year (2003: nil).

3 DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services to the company during the year (2003: nil).

The interest of directors in the ordinary share capital of Allied Domecq PLC and in options in respect of ordinary shares in Allied Domecq PLC are given on page 1.

4 TAXATION

	Year to 31 August 2004 £'000	Year to 31 August 2003 £'000
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The charge/(credit) for taxation on the profit/(loss) for the year comprises:

Current tax

United Kingdom corporation tax at 30% (2003: 30%)	2,233	(9,064)
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Prior year charge	-	3,725
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Total tax charge	2,233	(5,339)
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A reconciliation of the current tax charge at the UK corporation tax rate of 30% (2003: 30%) to the current tax on profit/(loss) on ordinary activities is shown below:

	Year to 31 August 2004 £'000	Year to 31 August 2003 £'000
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Profit/(loss) on ordinary activities before taxation	7,444	(30,214)
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Tax charge/(credit) at UK corporation tax rate	2,233	(9,064)
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Adjustments to prior period tax charges	-	3,725
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Current tax charge/(credit)	2,233	(5,339)
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Deferred tax assets of £4,052,949 at 31 August 2004 (2003: £4,052,949) have not been recognised due to the degree of uncertainty over the utilisation of the underlying tax losses and deductions.

Notes to the Accounts

YEAR TO 31 AUGUST 2004

	2004 £'000	2003 £'000
5 INVESTMENTS		
At the beginning and end of the year	390,207	390,207

SHARES IN SUBSIDIARY UNDERTAKINGS

The principal subsidiaries at 31 August 2004 were:

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
Allied Domecq Spirits & Wines Deutschland (Holdings) GmbH	Germany	Ordinary Shares	95%

	2004 £'000	2003 £'000
6 DEBTORS		
Taxation	-	9,064
	-	9,064

	2004 £'000	2003 £'000
7 CREDITORS		
Amounts falling due within one year		
Amounts owed to group undertakings	394,122	410,630
Taxation	2,233	-
	396,355	410,630

	Authorised		Allotted, called up and fully paid	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
8 SHARE CAPITAL				
Ordinary shares of £1 each	30,090	30,090	25,318	25,318
	30,090	30,090	25,318	25,318

Notes to the Accounts

YEAR TO 31 AUGUST 2004

9 CAPITAL AND RESERVES	Share Capital £'000	Profit and loss account £'000	Total £'000
At the beginning of the year	25,318	(36,677)	(11,359)
Retained profit for the year	-	5,211	5,211
At the end of the year	25,318	(31,466)	(6,148)

10 ULTIMATE PARENT COMPANY

The largest group in which the results of the company are consolidated is that headed by Allied Domecq PLC, a company incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from:

The Company Secretary
Allied Domecq PLC
The Pavilions
Bridgwater Road
Bedminster Down
BRISTOL
BS13 8AR

No other group accounts include the results of the company.