

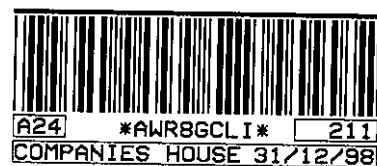
ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Company Number : 2392745

Directors' Report and Financial Statements

Year Ended

31 August 1998



ALLIED DOMEQ SPIRITS & WINE SERVICES LIMITED

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ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Directors' Report

The Directors have pleasure in submitting their report and financial statements for the year ended 31 August 1998.

Principal Activity

The principal activity of the company is the provision of management services to Allied Domecq Spirits & Wine (Overseas) Limited.

Financial Results

The profit for the year ended 31 August 1998 was £20,552 (1997 : £17,017)

Dividends

The Directors do not propose to declare a dividend.

Creditor Payment Policy and Practice

The company does not follow a specific payment policy. Instead, the company agrees terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting the agreed terms and conditions.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Year 2000

The company has implemented an examination of its business in order to identify areas where it is not compliant with year 2000 and so to determine and implement the necessary action. The total costs are quantified at a group level and disclosed in the statutory accounts of Allied Domecq PLC, and most of these will be charged to the profit and loss account.

Directors

The following served as Directors during the year:-

I N J Artis	(Resigned December 1997)
M P Bennett	
T G Mains	
D S Mitchell	

ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Directors' Report *(continued)*

Directors' Interests

The beneficial interests of the directors in the ordinary share capital of Allied Domecq PLC as at 31 August 1998 and 31 August 1997, were as follows:-

	As at 31 August 1998 25p Ordinary Shares	As at 31 August 1997 25p Ordinary Shares
M P Bennett	Nil	Nil
T G Mains	4,606	4,580
D S Mitchell	68,909	51,259
Total of directors' beneficial interests	73,515	55,839

During the year options in respect of ordinary shares in Allied Domecq PLC were granted to Mr M P Bennett (10,000), Mr T G Mains (5,688) and Mr D S Mitchell (52,816). Options in respect of ordinary shares in Allied Domecq PLC were exercised by Mr D S Mitchell (17,556). These figures include options under Allied Domecq PLC's savings-related share option schemes.

By order of the board



T G Mains

Secretary

18th December 1998

The Pavilions
Bridgwater Road
Bedminster Down
Bristol
BS13 8AR

ALLIED DOMEQ SPIRITS & WINE SERVICES LIMITED

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 and loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 also have general responsibility 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.

ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Auditor's Report to the Shareholders of Allied Domecq Spirits & Wine Services Limited

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

Respective Responsibilities of Directors and Auditors

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 31 August 1998 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 1998

ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Profit and Loss Account

for the year ended 31 August 1998

	Note	Year to 31 August 1998 £	Year to 31 August 1997 £
Turnover	1	325,120	275,924
Staff costs	2	(295,564)	(250,840)
Profit on ordinary activities before taxation	3	<u>29,556</u>	<u>25,084</u>
Tax on profit on ordinary activities	4	(9,004)	(8,067)
Retained profit for the year	6	<u><u>20,552</u></u>	<u><u>17,017</u></u>

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

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.

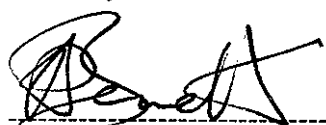
ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Balance Sheet

as at 31 August 1998

	Note	1998 £	1997 £
Current Assets			
Debtors			
- Amounts due from group undertakings		56,929	35,440
Current Liabilities			
Creditors falling due within one year			
- Taxation		(9,162)	(8,225)
Net Assets		<u>47,767</u>	<u>27,215</u>
Capital and Reserves			
Share Capital	5	2	2
Profit and Loss Account	6	47,765	27,213
Total Equity Shareholders' Funds		<u>47,767</u>	<u>27,215</u>

These financial statements were approved by the Board on 18 December 1998 and were signed on its behalf by:



----- DIRECTOR
M P Bennett

ALLIED DOMEQ SPIRITS & WINE SERVICES LIMITED

Notes

forming part of 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 have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash Flow Statement

Under Financial Reporting Standard No I, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of Allied Domecq PLC and its cash flows are included within the consolidated cash flow statement of that company.

Related Parties

The company is exempt under paragraph 3(c) of FRS8 Related Party Transactions from disclosing transactions with entities that are part of the group.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of management services.

2. Staff numbers and costs

	<i>Year to 31 August 1998 No.</i>	<i>Year to 31 August 1997 No.</i>
Average number of employees	3	3
	£	£
Salaries	281,493	245,535
Social security costs	153	887
Other pension costs	13,918	4,418
	<u>295,564</u>	<u>250,840</u>

3. Profit on ordinary activities before taxation

The directors received no remuneration in respect of their services to the company (1997: Nil). The interests of the directors in the share capital of Allied Domecq PLC are given on page 2. The auditor's remuneration for their services in the year is paid by Allied Domecq PLC.

ALLIED DOMECQ SPIRITS & WINE SERVICES LIMITED

Notes (continued)

4. Taxation

	1998	1997
	£	£
UK corporation tax at 31% (1997 : 32.16%)	9,162	8,067
Adjustment relating to prior year	(158)	-
	<u>9,004</u>	<u>8,067</u>

5. Share Capital

	1998	1997
	No.	No.
Authorised Share Capital £1 Ordinary Shares	100	100
	<u>£</u>	<u>£</u>
Allotted, Called Up and Fully Paid	<u>2</u>	<u>2</u>

6. Profit and Loss Account

	£
Balance at 31 August 1997	27,213
Profit for the year	<u>20,552</u>
Retained profit	<u>47,765</u>

7. Contingent Liability

Under the group registration the company is jointly and severally liable for value added tax due by other group companies.

At 31 August 1998 this contingent liability amounted to approximately £15.8 million (1997: £18.8 million).

8. Ultimate Parent Company

The ultimate parent company is Allied Domecq PLC, a company incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by Allied Domecq PLC. The consolidated accounts of Allied Domecq PLC are available to the public and may be obtained from 24 Portland Place, London W1N 4BB (registered office of Allied Domecq PLC). No other group accounts include the results of the company.