

ALLIED DOMECQ EUROPEAN INVESTMENTS LIMITED

Directors' Report and Accounts

Year to 31 August 2001

Registered number : 2772426



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Report of the Directors

YEAR TO 31 AUGUST 2001

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 2001 was £10,825,000. The directors do not propose to declare a dividend.

PRINCIPAL ACTIVITIES

The principal activity of the company is providing finance for other group companies.

DIRECTORS

The following served as directors during the year:

| | | |
|-------------|-----------|----------------|
| P Bowman | | |
| P M Burrell | resigned | 4 May 2001 |
| P J Lyster | | |
| T G Mains | appointed | 28 August 2001 |

R P Kelley resigned and C B Brown was appointed as Company Secretary on 28 August 2001.

Directors' Interests

P Bowman is also a director of Allied Domecq PLC and has his interests disclosed within those accounts. The beneficial interests of other directors in the ordinary share capital of Allied Domecq PLC as at 31 August 2001 were as follows:

| | At 31 August 2001 Ordinary Shares | At 31 August 2000/ date of appointment Ordinary Shares |
|---|--------------------------------------|--|
| P J Lyster | 5,234 | 5,234 |
| T G Mains | 2,722 | 5,022 |
| Total of other directors' beneficial interests | 7,956 | 10,256 |

During the year options in respect of ordinary shares in Allied Domecq PLC were granted to P J Lyster (41,217) and T G Mains (7,500). 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.

Report of the Directors

YEAR TO 31 AUGUST 2001

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 2000, 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

A handwritten signature in black ink, consisting of a large, stylized capital 'C' followed by a capital 'B' and a surname 'Brown' written in a cursive script.

C B Brown

SECRETARY

30 November 2001

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 Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED DOMECQ EUROPEAN INVESTMENTS LIMITED

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

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 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 November 2001

Accounting Policies

YEAR TO 31 AUGUST 2001

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention, and comply with applicable UK Accounting Standards. The accounts adopt Financial Reporting Standard 18 Accounting Policies which did not require a restatement of prior years results.

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.

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 are taken to the profit and loss account.

Profit and Loss Account

YEAR TO 31 AUGUST 2001

| | Note | Year to 31 August 2001 £'000 | Year to 31 August 2000 £'000 |
|--|------|------------------------------------|------------------------------------|
| Other operating income | 1 | 265 | 5,826 |
| Interest receivable and similar income | 4 | 15,199 | 15,115 |
| Profit on ordinary activities before taxation | | 15,464 | 20,941 |
| Taxation on profit on ordinary activities | 5 | (4,639) | (2,662) |
| Profit on ordinary activities after taxation | | 10,825 | 18,279 |
| Ordinary dividends | 6 | - | (30,858) |
| Retained profit / (loss) | 10 | 10,825 | (12,579) |

There are no recognised gains or losses other than the retained 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 2001

| | Note | 2001 £'000 | 2000 £'000 |
|--|------|-----------------|-----------------|
| Current Assets | | | |
| Debtors | 7 | 332,580 | 320,169 |
| Creditors (due within one year) | 8 | (33,473) | (31,887) |
| Net assets | | 299,107 | 288,282 |
| Capital and reserves | | | |
| Called up share capital | 9 | 236,778 | 236,778 |
| Share premium account | 10 | 31,835 | 31,835 |
| Profit and loss account | 10 | 30,494 | 19,669 |
| Shareholders' funds | | 299,107 | 288,282 |

Approved by the board on 30 November 2001 and signed on its behalf by:


P J Lyster
DIRECTOR

Reconciliation of Movements in Shareholders' Funds

YEAR TO 31 AUGUST 2001

| | Year to 31 August 2001 £'000 | Year to 31 August 2000 £'000 |
|---|------------------------------------|------------------------------------|
| Shareholders' funds at the beginning of the year | 288,282 | 153,053 |
| Profit for the financial year | 10,825 | 18,279 |
| Dividends | - | (30,858) |
| Ordinary share capital issued | - | 147,808 |
| Shareholders' funds at the end of the year | 299,107 | 288,282 |

Notes to the Accounts

YEAR TO 31 AUGUST 2001

1 OPERATING PROFIT

Other operating income represents exchange gains on retranslation of long term foreign currency debtors. The auditor's remuneration for their services in the year is paid by another group company.

2 STAFF COSTS

The company had no employees during the year (2000: nil).

3 DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services to the company during the year (2000: nil). P Bowman is also a director of Allied Domecq PLC and his remuneration is disclosed within those accounts. No part of his remuneration is specifically allocated to services provided to this company.

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.

| | Year to 31 August 2001 £'000 | Year to 31 August 2000 £'000 |
|--|------------------------------------|------------------------------------|
| 4 INTEREST RECEIVABLE | | |
| Interest receivable from group companies | 15,199 | 15,115 |
| | 15,199 | 15,115 |

| | Year to 31 August 2001 £'000 | Year to 31 August 2000 £'000 |
|---|------------------------------------|------------------------------------|
| 5 TAXATION | | |
| The charge for taxation on the profit for the year comprises: | | |
| United Kingdom taxation | | |
| Corporation tax at 30% (2000: 30%) | 4,639 | 4,535 |
| Prior Year | - | (1,873) |
| | 4,639 | 2,662 |

Notes to the Accounts

YEAR TO 31 AUGUST 2001

| | Year to 31 August 2001 £'000 | Year to 31 August 2000 £'000 |
|-------------------------------------|------------------------------------|------------------------------------|
| 6 DIVIDENDS | | |
| Ordinary shares - interim paid | - | 30,858 |
| | - | 30,858 |
| | | |
| 7 DEBTORS | 2001 £'000 | 2000 £'000 |
| Amounts owed by group undertakings | 332,580 | 320,169 |
| | 332,580 | 320,169 |
| | | |
| 8 CREDITORS | 2001 £'000 | 2000 £'000 |
| Amounts falling due within one year | | |
| Amounts owed to group undertakings | 28,817 | 27,809 |
| Taxation | 4,656 | 4,078 |
| | 33,473 | 31,887 |
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Notes to the Accounts

YEAR TO 31 AUGUST 2001

| 10 CAPITAL AND RESERVES | Share Capital £'000 | Share Premium £'000 | Profit and loss account £'000 | Total £'000 |
|--------------------------------|------------------------------------|------------------------------------|--|------------------------|
| At the beginning of the year | 236,778 | 31,835 | 19,669 | 288,282 |
| Retained profit for the year | - | - | 10,825 | 10,825 |
| At the end of the year | 236,778 | 31,835 | 30,494 | 299,107 |

| 11 CONTINGENT LIABILITIES | 2001 £'000 | 2000 £'000 |
|----------------------------------|-----------------------|-----------------------|
|----------------------------------|-----------------------|-----------------------|

The company is jointly and severally liable for the UK VAT liability of Allied Domecq (Holdings) PLC which at the end of the year amounted to:

- -

12 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 Great Britain. 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.