

HOUSE OF CAMPBELL LIMITED
(Registered Number 17607)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002



HOUSE OF CAMPBELL LIMITED

REPORT OF THE DIRECTORS

The directors of House of Campbell Limited ("the Company") present their report and the financial statements of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

As a consequence of the acquisition by Pernod Ricard SA of certain parts of the Seagram Spirits and Wines Group on 21 December 2001, the activities of the Company were reorganised during the year ended 31 December 2002. This resulted in the following:

- 1 January 2002, the Company's subsidiary, Campbell Distillers Limited, transferred its UK spirits distribution business to its wholly owned subsidiary, Pernod Ricard UK Limited.
- 22 April 2002, the Company's subsidiary, Campbell Distillers Limited, disposed of the property it held at 8 and 10 Lampton Rd, Hounslow, Middlesex. Consideration being the issue of 98 ordinary shares in Guildshelf (159) Limited at £61,000 per share.
- 24 May 2002, the trade and related assets and liabilities of the Company's subsidiary, Campbell Distillers Limited, were transferred to Chivas Brothers Limited, a fellow subsidiary undertaking. These operations comprised the distilling, blending and bottling of Scotch whisky. At the same time, the Company acquired from its subsidiary the investment held in Pernod Ricard UK Limited.

RESULTS AND DIVIDENDS

In the year ended 31 December 2002 the Company recorded a profit, before dividends, of £30,070,000 (2001 - £3,811,000).

The results of the Company for the period are shown in the profit and loss account on page 4.

Dividends of £30,000,000 (2001 - £3,887,000) have been paid during the year.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the year and to the date of this report are listed below:

T Jacquillat	(Chairman)
P Ricard	
G Cambournac	
A Jetha	(appointed 1 August 2002)
A Schofield	(appointed 1 August 2002)
N Krantz	

According to the register of directors' interests, none of the directors had any beneficial interest in the share capital of the Company or of any UK group company at the end of the year.

HOUSE OF CAMPBELL LIMITED

REPORT OF THE DIRECTORS (continued)

AUDITORS

On 1 September 2002, the auditors, Mazars Neville Russell changed their name to Mazars.

Mazars have indicated their willingness to continue in office.

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 of the company for that period. 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;
- prepare the financial statements on the 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board.



S Macnab
Company Secretary
22 October 2003

111/113 Renfrew Road
Paisley
PA3 4DY

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOUSE OF CAMPBELL LIMITED

We have audited the financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses and the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MAZARS

MAZARS
Chartered Accountants
and Registered Auditors
90 St Vincent Street
Glasgow G2 5UB

22 October 2003

HOUSE OF CAMPBELL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £'000	2001 Restated £'000
Turnover		-	-
Administrative expenses and other income		<u>(14)</u>	<u>(150)</u>
OPERATING LOSS		(14)	(150)
Income from shares in group undertakings		30,150	3,887
Interest receivable and similar income	2	5	77
Interest payable and similar charges	3	<u>(71)</u>	<u>(2)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
	6	30,070	3,811
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		30,070	3,811
Dividends paid	8	<u>(30,000)</u>	<u>(3,887)</u>
RETAINED PROFIT/ (LOSS) FOR THE FINANCIAL YEAR			
	13	<u>70</u>	<u>(76)</u>

The operating (loss) arises solely from continuing operations.

The notes on pages 7 to 15 form part of the financial statements.

HOUSE OF CAMPBELL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £'000	2001 Restated * £'000
Profit/(loss) for the financial year		<u>70</u>	<u>(76)</u>
Prior period adjustment (see note 1)		<u>(34,403)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES SINCE LAST ANNUAL REPORT		<u><u>(30,373)</u></u>	<u><u>(76)</u></u>

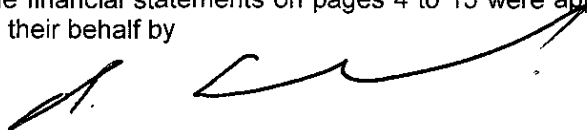
* The statement of total recognised gains and losses for the year ended 31 December 2001 has been restated for the change in accounting policy described in note 1.

HOUSE OF CAMPBELL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £'000	2001 Restated £'000
FIXED ASSETS			
Investments	9	<u>1</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	22,520	22,510
Cash at bank and in hand		<u>95</u>	<u>132</u>
		22,615	22,642
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(17)</u>	<u>(113)</u>
NET CURRENT ASSETS		<u>22,598</u>	<u>22,529</u>
NET ASSETS		<u>22,599</u>	<u>22,529</u>
CAPITAL AND RESERVES			
Called up share capital	12	7,467	7,467
Share premium account	13	6,421	6,421
Profit and loss account	13	<u>8,711</u>	<u>8,641</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>22,599</u>	<u>22,529</u>

The financial statements on pages 4 to 15 were approved by the directors on 22 October 2003 and signed on their behalf by



A Schofield
Director

The notes on pages 7 to 15 form part of the financial statements.

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

1. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention on the basis that the Company is a going concern. The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because its ultimate parent undertaking is Pernod Ricard S.A. which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

Prior period adjustment

There has been a change in the policy for accounting for investments in subsidiary undertakings. In prior years these were included at the underlying net asset value of the subsidiary undertakings. Following changes in the overall group structure the directors have decided that it is more appropriate to state such investments at cost less any provision for impairment. Comparative figures have been restated to reflect the change in policy. Fixed asset investments and revaluation reserve at 31 December 2001 have both been reduced by £34,403,000. There is no effect on profits for the current or preceding years.

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These transaction differences are dealt with in the profit and loss account.

Dividend income

Dividend income from trade investments is recognised when the dividend is declared.

Fixed asset investments

Investments in subsidiary undertakings are included at cost less provision for any impairment.

Deferred taxation

The company has adopted FRS19 Deferred tax. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at future dates, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

1. STATEMENT OF ACCOUNTING POLICIES (CONT.)

Pension costs

The company participates in a group defined benefit pension scheme for its employees. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining service lives of scheme members. Any difference between amounts charged to the profit and loss account and contributions paid under the scheme is shown as a separately identified prepayment or accrual in the balance sheet. The assets of the scheme are held independently of the company by Legal & General Investment Management and Fidelity Pension Management.

The company has adopted the transitional requirements of Financial Reporting Standard 17, Retirement Benefits.

The Company is the principal employer of the Campbell Distillers Limited Pension Scheme, "the Scheme". The Scheme is a group defined pension scheme, and as such, the Company cannot allocate the assets or liabilities that relate only to the Company on a consistent and reliable basis. The Company therefore accounts for the contributions to the Scheme as it were a defined contribution scheme.

2. INTEREST RECEIVABLE

	2002 £'000	2001 £'000
Bank Interest	<u>5</u>	<u>77</u>

3. INTEREST PAYABLE

Interest payable on bank loans and overdrafts	<u>71</u>	<u>2</u>
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4. DIRECTORS' EMOLUMENTS

The directors received no remuneration in respect of their services to the Company during the period. (2001 - £nil)

5. EMPLOYEES

With the exception of its directors, the Company did not have any employees during the period. (2001 - nil)

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £'000	2001 £'000
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Profit on ordinary activities before taxation is stated after charging:

Consulting and marketing fee	89	150
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The audit fee for 2002 has been charged to a fellow group company.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 30% (2001 – 30%)	-	-
Deferred tax credit	-	-
<u>Prior year adjustments</u>		
Corporation tax and group relief allocations	-	-
	-	-

The tax credit in the period to 31 December 2002 has been decreased by £24,336 (2001: £22,843) in respect of group relief surrendered to group undertakings for nil consideration.

RECONCILIATION OF TAX CHARGE FOR PERIOD

The rate of current UK tax charge on profit on ordinary activities varies from the standard rate of corporation tax in the UK due to the following factors:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	30,070	3,811
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30%	9,021	1,143
<u>Effects of:</u>		
Dividends not subject to UK corporation tax	(9,045)	(1,166)
Surrender of tax losses to group companies	24	23
Current tax charge for the period	-	-

There are no items that would materially affect the future tax charge.

8. DIVIDEND	2002 £'000	2001 £'000
Interim dividends paid	30,000	3,887

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

9. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings Restated £
<u>SHARES AT COST</u>	
At 1 January 2002 as originally stated	34,403
Prior year adjustment	(34,403)
At 1 January 2002 as restated	-
Additions in year	1
At 31 December 2002	1

The company's principal investments in subsidiary undertakings are as follows:

Subsidiary Undertaking	Principal activity	Country of Registration or Incorporation	Class of Share	Percentage of shares held
Campbell Distillers Ltd	Non-trading	Scotland	Ordinary	100%
Guildshelf (159) Ltd *	Property company	England	Ordinary	100%
World Brands Duty Free Limited	Duty free spirit supplier	England	Ordinary	100%
Pernod Ricard UK Ltd	Wine supplier and distributor	England	Ordinary	100%
Aberlour Glenlivet Distillery Company Ltd	Non-trading	Scotland	Ordinary	100%
Duncan Fraser & Co Ltd	Non-trading	Scotland	Ordinary	100%
Muir Mackenzie & Co Ltd	Non-trading	Scotland	Ordinary	100%

* Interests identified with an asterisk are held by a subsidiary undertaking.

On 24 May 2002, Campbell Distillers Limited transferred its investment in Pernod Ricard UK Limited to House of Campbell Limited.

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2002 £'000	2001 £'000
Group relief recoverable	784	-
Amounts owed by group undertakings	21,736	22,510
	<u>22,520</u>	<u>22,510</u>
 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	16	-
Amounts due to group undertakings	1	-
Accruals and deferred income	-	113
	<u>17</u>	<u>113</u>
 12. CALLED UP SHARE CAPITAL	2002 £'000	2001 £'000
Authorised:		
7,497,500 ordinary shares of £1	7,497	7,497
250,000 'A' ordinary shares of £0.01	3	3
	<u>7,500</u>	<u>7,500</u>
 Allotted, called up and fully paid:		
7,464,493 ordinary shares of £1	7,465	7,465
217,333 'A' ordinary shares of £0.01	2	2
	<u>7,467</u>	<u>7,467</u>

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

13. EQUITY SHAREHOLDERS' FUNDS

	Share Capital £'000	Share Premium Account £'000	Profit & Loss account £'000	Total 2002 £'000	Total 2001 £'000
At 1 January	7,467	6,421	8,641	22,529	22,605
Retained profit/ (loss) for the year	-	-	70	70	(76)
At 31 December	<u>7,467</u>	<u>6,421</u>	<u>8,711</u>	<u>22,599</u>	<u>22,529</u>

The opening shareholders' funds at 1 January 2002, as previously reported, amounted to £56,932,000 before the prior period adjustment of £34,403,000 (see notes 1 and 9).

14. PENSION OBLIGATIONS

The Company has continued to account for retirement benefits in accordance with SSAP 24 and the disclosures given in part (i) are those required by the standard. The Company has taken advantage of the transitional arrangements included in FRS17 and the relevant disclosures are given in part (ii) below.

(i) SSAP 24 Disclosures

The Company is the principal employer of the Campbell Distillers Limited Pension Scheme, "the Scheme". The Scheme is a group defined benefit pension scheme, and as such, the Company cannot allocate the assets or liabilities of the Scheme relating only to the Company.

The most recent actuarial valuation was carried out by William M. Mercer Limited, an independent qualified actuary, at 5 April 2001 on the Projected Unit Method. The main actuarial assumptions were (a) price inflation of 2.5% pa, (b) investment return of 5.5% pa, (c) salary increases of 4% pa and (d) pension increases of 2.5% pa.

This valuation showed that the market value of the assets of the scheme was £24,462,000 and the actuarial value of the assets was sufficient to cover the value of each member's accrued benefits based on projected salaries to the extent of 102.3%.

During the period, the Company contributed £nil (31 December 2001 -£nil) to the Scheme. Contributions to the Scheme from other group companies amounted to £550,000 (2001 £351,000).

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

14. PENSION OBLIGATIONS (CONT.)

(ii) Additional disclosures required under FRS17

The principal actuarial assumptions adopted were:

	2002	2001	2000
Rate of increase in salaries	3.50%	3.50%	4.00%
Rate of increase of pensions in payment	2.25%	2.50%	2.50%
Discount rate	5.50%	6.00%	6.00%
Inflation assumption	2.25%	2.50%	2.50%

Disclosure of fair value of assets and expected rates of return

	Expected rate of return at 31 Dec 2002	Fair value at 31 Dec 2002 £'000	Expected rate of return at 31 Dec 2001	Fair value at 31 Dec 2001 £'000	Expected rate of return at 31 Dec 2000	Fair value at 31 Dec 2000 £'000
Equities	7.50%	15,920	7.50%	18,705	7.00%	20,827
Bonds	4.50%	3,980	4.60%	4,676	5.00%	5,207
Total market value of assets		<u>19,900</u>		<u>23,381</u>		<u>26,034</u>

	2002 £'000	2001 £'000
Reconciliation of scheme assets and liabilities to the balance sheet		
Total market value of assets	19,900	23,381
Actuarial value of liability	<u>(27,900)</u>	<u>(23,226)</u>
(Deficit) /surplus in the schemes	(8,000)	155
Related deferred tax asset/(liability)	<u>2,400</u>	<u>-</u>
Net pension (liability)/asset	<u>(5,600)</u>	<u>155</u>

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

14. PENSION OBLIGATIONS (CONT.)	2002 £'000	2001 £'000
Analysis of the movement in the scheme (deficit)/ surplus during the year		
Opening surplus in the scheme	155	3,129
Current service cost	(1,048)	(897)
Contributions	550	351
Net return on assets	211	327
Actuarial (losses)	(7,868)	(2,755)
Closing (deficit) / surplus in the scheme	(8,000)	155

The actuarial valuation at 31 December 2002 showed a negative movement of £8,155,000 resulting in a deficit of £8,000,000. Improvements in benefits costing £nil million were made in 2002 and employer contributions increased to £550,000: the employer contribution rate increased to 15.2% of pensionable salary with effect from 1 January 2003.

	2002 £'000	2001 £'000
Reconciliation of profit and loss reserve		
Profit and loss reserve excluding pension asset/ liability	8,711	8,641
Pension reserve	(5,600)	155
Profit and loss reserve	3,111	8,796

Analysis of the amount charged to operating profit

Service cost	1,048	897
Past service cost	-	-
Total operating charge	1,048	897

Analysis of net return on pension scheme

Expected return on pension scheme assets	1,626	1,718
Interest on pension liabilities	(1,415)	(1,391)
Net return	211	327

HOUSE OF CAMPBELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

14. PENSION OBLIGATIONS (CONT.)	2002 £'000	2001 £'000
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	(5,334)	(4,372)
Experience (losses) and gains on liabilities	(2,734)	651
Changes in assumptions	200	966
Actuarial (loss) recognised in STRGL	<u>(7,868)</u>	<u>(2,755)</u>
 Percentage of Scheme Assets	 2002 %	 2001 %
Actual return less expected return on assets percentage of Scheme Assets	(26.8)	(18.7)
Experience (losses) and gains on liabilities as percentage of Scheme Assets	(13.7)	2.8
Actuarial (loss) recognised in STRGL	(39.5)	(11.8)

15. CAPITAL COMMITMENTS

At the end of the year there were no capital commitments contracted for (2001 - £Nil).

16. RELATED PARTY DISCLOSURES

The Company is included in the consolidated financial statements of Pernod Ricard S.A, which are publicly available. Consequently, the Company has taken advantage of the exemption under the terms of FRS 8 from disclosing related party transactions with entities that qualify under FRS 8.

17. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Pernod Ricard S.A., a Company incorporated in France. Copies of its annual report may be obtained from 12 Place des Etats-Uni, 75783 Paris, Cedex 16, France.