

SEAGRAM UNITED KINGDOM LIMITED
(Registered Number 560661)

ANNUAL REPORT AND ACCOUNTS

30 JUNE 2000



SEAGRAM UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS

The directors of Seagram United Kingdom Limited submit their annual report and the financial statements of the Company for the year ended 30 June 2000.

REVIEW OF THE BUSINESS

The principal activity of the Company during the year was the sale of spirits and wine.

RESULTS AND DIVIDENDS

The results of the Company for the year are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (1999 - £nil) and an amount of £11,353,000 (1999 - £6,510,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the year and to the date of this report were as follows:

I M Harris
J E Malcolm
RJ Ratcliffe
TMT Wallis
GP Wyatt

None of the directors at the end of the year had any beneficial interest in the share capital of the Company, or any other group company in the United Kingdom either at the beginning or at the end of the year.

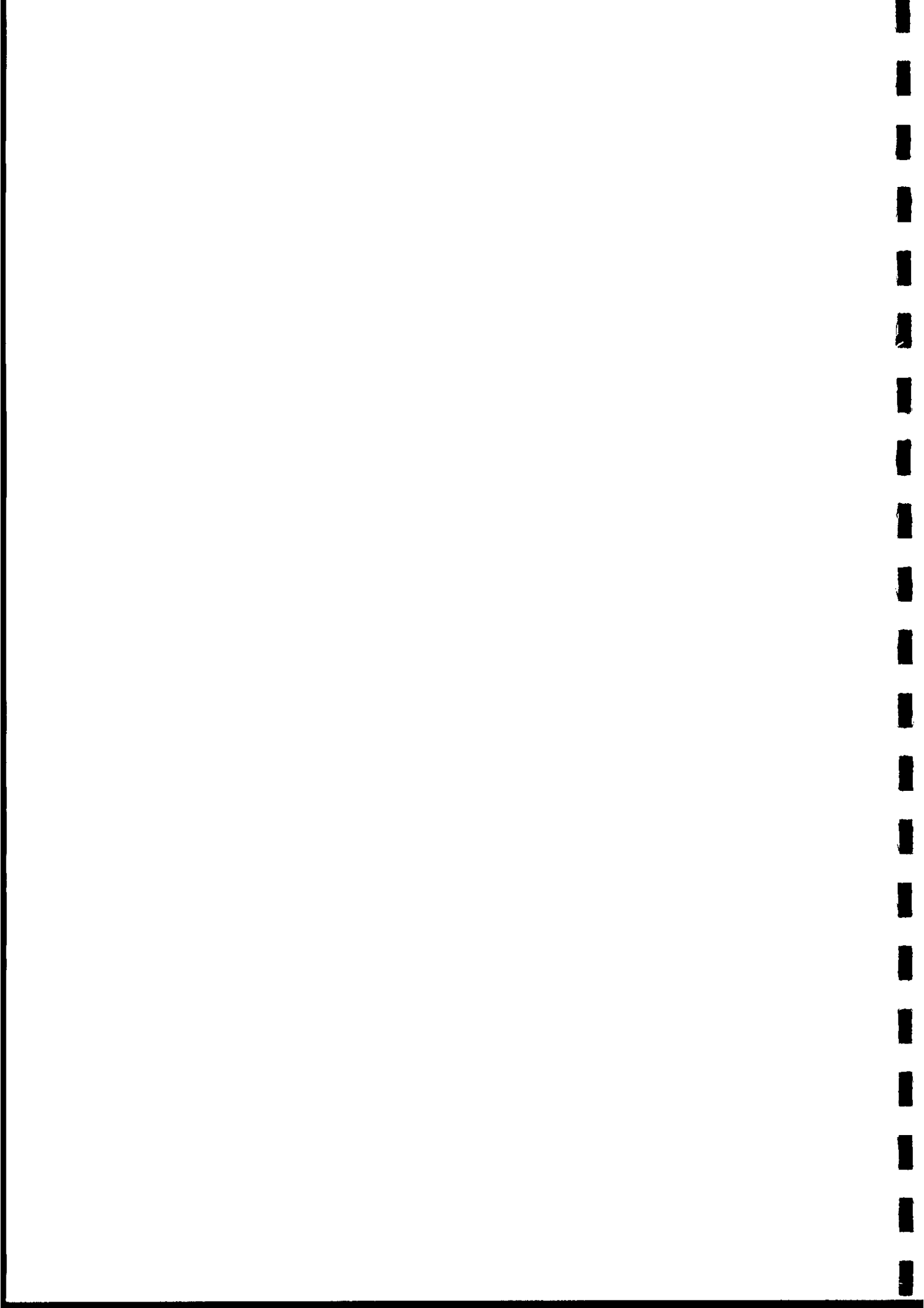
SUPPLIERS

The Company establishes trading terms, including payment terms, with each supplier either at the time an order is placed or from previously agreed practice with the supplier. The average period of credit taken by the Company was 27 days (1999 - 25 days). The Company reviews its arrangements with suppliers on a regular basis.

FUTURE DEVELOPMENTS

On 20 June 2000 it was announced that there would be a merger between The Seagram Company Ltd., Vivendi and Canal+. As a consequence of this proposed merger Seagram Distillers PLC ("SDPLC"), the immediate parent undertaking, has sold the Company since the year end. Further information is contained in note 20.

Despite the change in ownership the Company will continue to progress the development of new and existing products in the United Kingdom and Irish liquor markets, with the overall intention of increasing its profitability and enhancing its return on assets.



SEAGRAM UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS *(continued)*

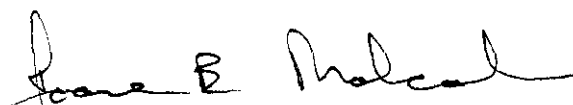
EMPLOYEES

The Company is firmly committed to the involvement of employees in the business through a policy of communication and consultation. The Company's policy for training and career development is to give full and fair consideration to any suitable person, including disabled persons, for all vacancies and opportunities.

AUDITORS

In pursuance of Section 386 of the Companies Act 1985 the auditors, PricewaterhouseCoopers are deemed to be re-appointed for the next financial year.

By Order of the Board



J E Malcolm
Secretary

1 December 2000

Registered Office:
The Ark
201 Talgarth Road
London W6 8BN

SEAGRAM UNITED KINGDOM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss 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; and
- * 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.

AUDITORS' REPORT TO THE MEMBERS OF SEAGRAM UNITED KINGDOM LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 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 at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
Glasgow

1 December 2000

SEAGRAM UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2000

	Notes	2000 £'000	1999 £'000
TURNOVER	2	181,476	164,778
Cost of sales		<u>(150,672)</u>	<u>(140,671)</u>
GROSS PROFIT		30,804	24,107
Distribution costs		(15,011)	(13,406)
Administrative costs		<u>(4,410)</u>	<u>(4,204)</u>
OPERATING PROFIT		11,383	6,497
Net interest (payable)/receivable		<u>(30)</u>	<u>13</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	11,353	6,510
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		11,353	6,510
Balance brought forward		<u>18,588</u>	<u>12,078</u>
BALANCE CARRIED FORWARD		<u>29,941</u>	<u>18,588</u>

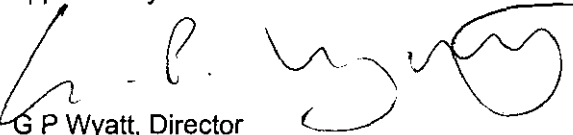
The Company has no recognised gains or losses other than its profit for both financial years.

SEAGRAM UNITED KINGDOM LIMITED

BALANCE SHEET AS AT 30 JUNE 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	8	<u>5,286</u>	<u>5,283</u>
CURRENT ASSETS			
Stocks	9	14,230	9,841
Debtors	10	88,674	84,904
Cash at bank and in hand	11	<u>150</u>	<u>3,626</u>
		103,054	98,371
CREDITORS - Amounts falling due within one year	12	<u>(29,071)</u>	<u>(35,738)</u>
NET CURRENT ASSETS		<u>73,983</u>	<u>62,633</u>
NET ASSETS		<u>79,269</u>	<u>67,916</u>
CAPITAL AND RESERVES - EQUITY			
Called up share capital	14	46,283	46,283
Share premium account		3,045	3,045
Profit and loss account		<u>29,941</u>	<u>18,588</u>
SHAREHOLDERS' FUNDS - EQUITY	15	<u>79,269</u>	<u>67,916</u>

Approved by the Board on 1 December 2000.


G P Wyatt, Director

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

No cash flow statement is presented by the Company since it is a wholly owned subsidiary within The Seagram Company Ltd. group and its results are included within consolidated accounts of the group which are publicly available.

Group financial statements have not been prepared as permitted under Section 228 of the Companies Act 1985 as the Company is a wholly owned subsidiary of SDPLC, a company incorporated in Great Britain.

Fixed asset investments

Investments are stated at cost. Income from such investments is included in the financial statements to the extent of dividends received.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation on timing differences between profits computed for taxation purposes and profits as stated in the financial statements is provided only where there is reasonable evidence that it will become payable within the foreseeable future.

Foreign currencies

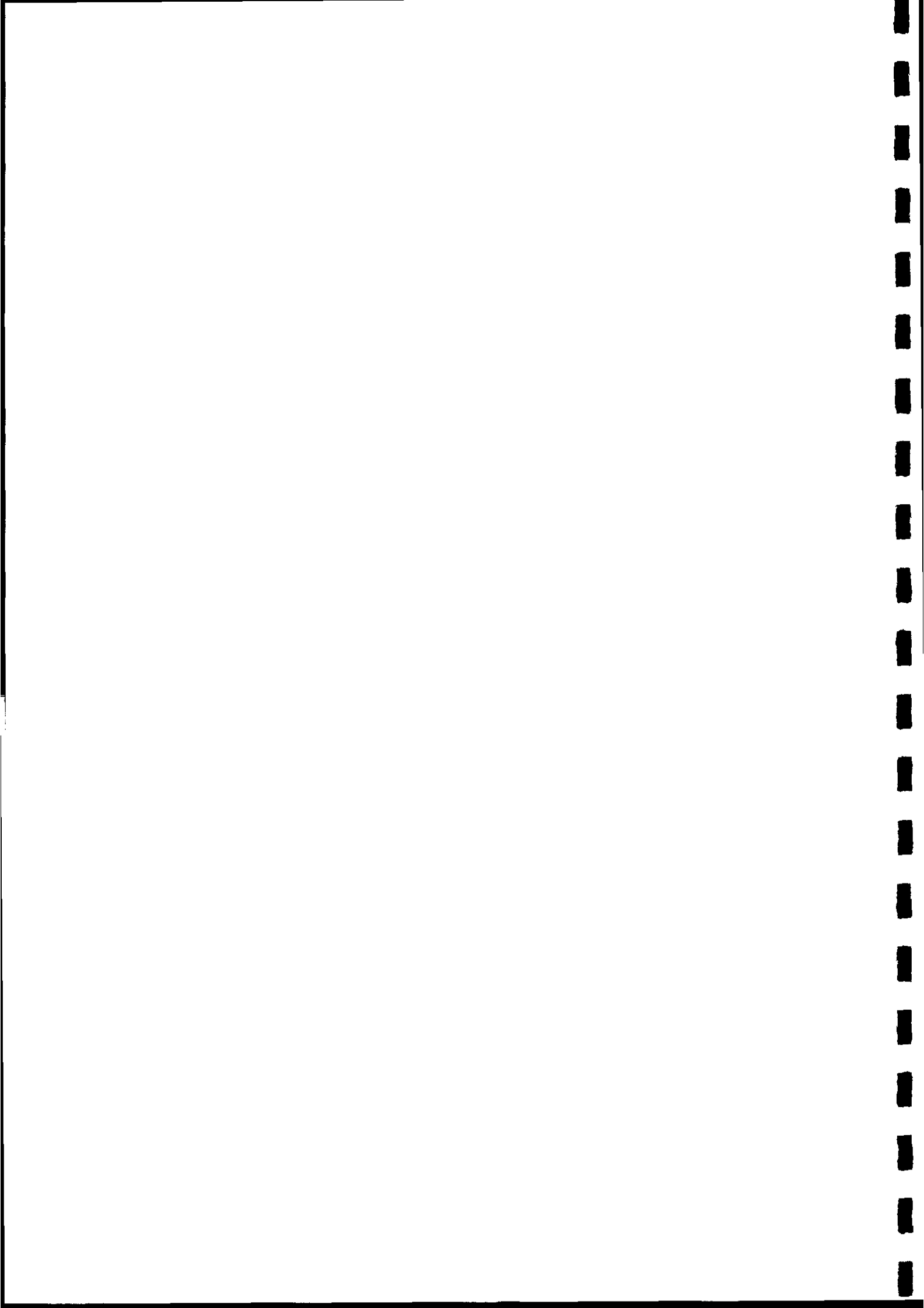
Transactions denominated in foreign currency are translated into sterling at the exchange rate at the date of the transactions and exchange differences arising on settlement are dealt with in the profit and loss account. Amounts receivable or payable in foreign currency have been translated into sterling at the exchange rate ruling at the balance sheet date and differences on exchange included in the profit and loss account.

Leases

The costs of operating leases are charged to the profit and loss account over the term of the lease.

Pensions

The Company charges the cost of providing pension benefits against profits so that the charge represents a substantially level percentage of the current and expected future pensionable payroll over the average expected service lives of employees.



SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 (*continued*)

2 TURNOVER

Turnover represents the aggregate amount receivable in respect of goods and services sold, including excise duty, but excluding value added tax. Turnover originated from the United Kingdom and the geographical analysis of turnover, by destination, is given below:

	2000 £'000	1999 £'000
United Kingdom	114,136	107,321
Europe	7,489	7,516
Asia and Africa	3,588	3,635
Other areas	1,000	502
	<u>126,213</u>	<u>118,974</u>
Duty	<u>55,263</u>	<u>45,804</u>
	<u>181,476</u>	<u>164,778</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Operating leases - land and buildings	1,181	1,181
Rents receivable	(914)	(827)
Lease rental charged to parent company	(267)	(362)
Auditors' remuneration in respect of audit services	31	31
Fees paid to auditors for other services to the Company	<u>8</u>	<u>8</u>

4 INTEREST (PAYABLE)/RECEIVABLE

	2000 £'000	1999 £'000
Payable on short-term borrowings	(30)	-
Receivable from fellow subsidiary undertakings	<u>-</u>	<u>13</u>
	<u>(30)</u>	<u>13</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 *(continued)*

5 DIRECTORS' EMOLUMENTS

	2000 £'000	1999 £'000
Aggregate emoluments	<u>479</u>	<u>420</u>

Of the directors who received remuneration in respect of their services to the Company three, including the highest paid, exercised share options during the year (1999 - one).

Retirement benefits under the group's defined benefit pension scheme in the United Kingdom are accruing to all directors (1999 - four) who received remuneration in respect of their services to the Company during the year.

The remuneration of the highest paid director was as follows:

Highest paid director	2000 £'000	1999 £'000
Aggregate emoluments	190	166
Accrued pension per annum at end of year from defined benefit pension scheme	<u>49</u>	<u>32</u>

6 EMPLOYEES

	2000 Number	1999 Number
The average weekly number of persons employed by the Company during the year was as follows:		
United Kingdom	<u>112</u>	<u>107</u>
Staff costs amounted to	£'000	£'000
Wages and salaries	3,472	3,051
Social security costs	331	273
Pension costs (note 16)	<u>446</u>	<u>599</u>
	<u>4,249</u>	<u>3,923</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 *(continued)*

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
The taxation charge comprises:		
UK corporation tax at 30% (1999 – 30.75%)	3,466	2,009
Group relief surrendered from other group companies for nil consideration	<u>(3,466)</u>	<u>(2,009)</u>
	<u>-</u>	<u>-</u>

8 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertaking £'000	Other investments £'000	Total £'000
At 1 July 1999	5,283	-	5,283
Additions	<u>-</u>	<u>3</u>	<u>3</u>
At 30 June 2000	<u>5,283</u>	<u>3</u>	<u>5,286</u>

The shares in a subsidiary undertaking represent the Company's holding in the entire issued share capital, both ordinary shares (equity) and deferred ordinary (non-equity), of Oddbins Limited, a company which operates as a specialist wine merchant and is incorporated in Great Britain. Since the year end the Company has transferred the ownership of Oddbins Limited (note 20).

In the opinion of the directors the value of the investment in subsidiary undertakings is not less than the aggregate amount shown in the balance sheet at 30 June 2000.

9 STOCKS

	2000 £'000	1999 £'000
Raw materials and consumables	28	28
Finished goods and goods for resale	<u>14,202</u>	<u>9,813</u>
	<u>14,230</u>	<u>9,841</u>

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 (*continued*)

10 DEBTORS

	2000 £'000	1999 £'000
Trade debtors	20,975	30,199
Amounts owed by group undertakings	64,998	53,569
Other debtors	2,419	756
Prepayments and accrued income	<u>282</u>	<u>380</u>
	<u>88,674</u>	<u>84,904</u>

11 CASH AT BANK AND IN HAND

Under the group's financing arrangements, the Company's bank accounts are part of group pooling arrangements and are offset against balances within other group companies in the United Kingdom. As a result of these arrangements the Company neither pays nor receives bank interest.

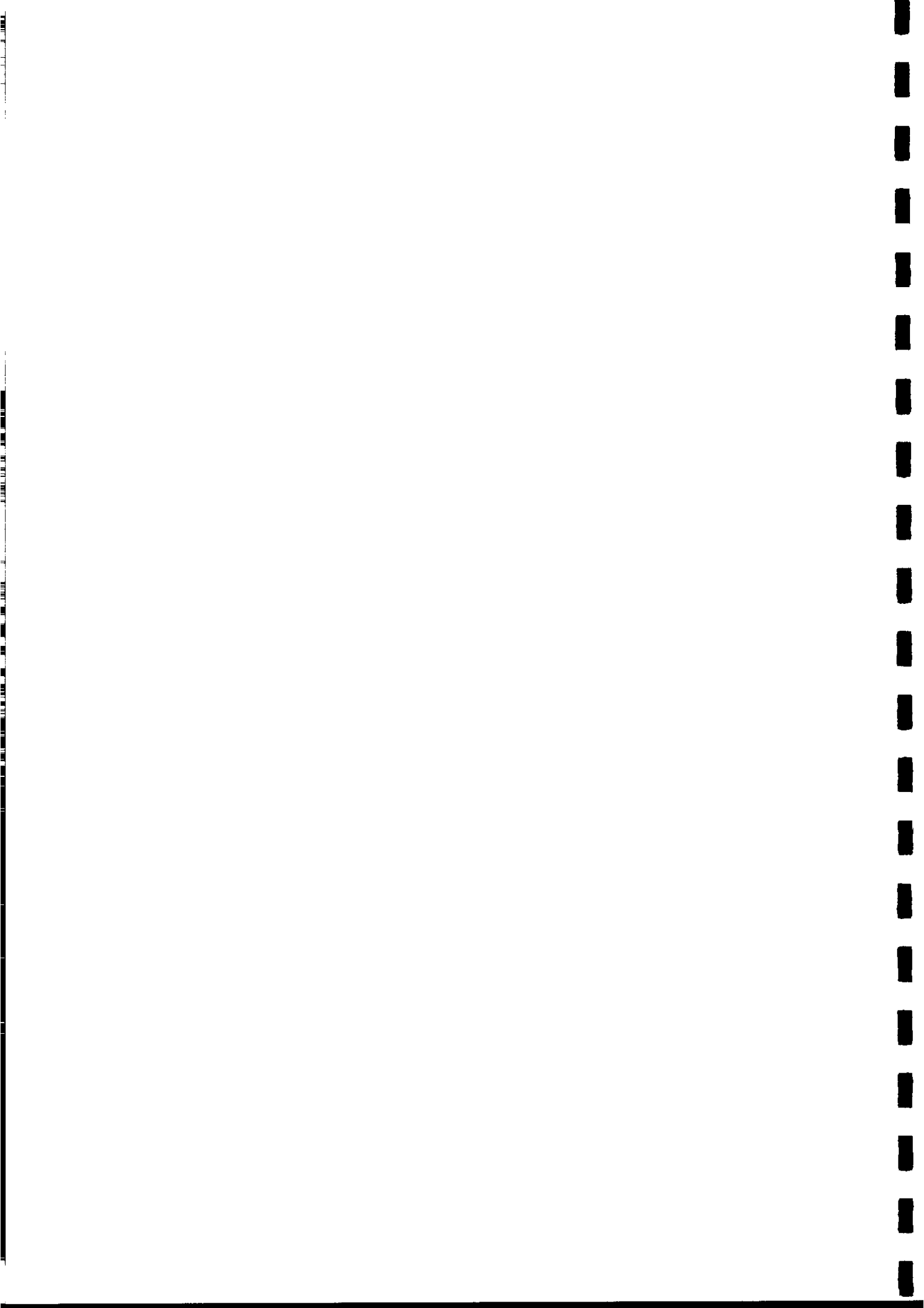
12 CREDITORS - Amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	5,188	3,128
Other creditors	2,913	3,473
Amounts owed to group undertakings	16,727	21,210
Payroll taxation and social security	388	409
Accruals and deferred income	<u>3,855</u>	<u>7,518</u>
	<u>29,071</u>	<u>35,738</u>

13 DEFERRED TAXATION

No provision for deferred taxation is recorded in the financial statements (1999 - £nil). The total estimated benefit from deferred taxation, using an estimated corporation tax rate of 30% (1999 - 30.75%), may be analysed as follows:

	2000 £'000	1999 £'000
Other timing differences	<u>299</u>	<u>347</u>



SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 (*continued*)

14 CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised: Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allotted and fully paid: Ordinary shares of £1 each	<u>46,283</u>	<u>46,283</u>

15 SHAREHOLDERS' FUNDS - EQUITY

	2000 £'000	1999 £'000
Profit for the financial year retained	<u>11,353</u>	<u>6,510</u>
Net increase in shareholders' funds	11,353	6,510
Opening shareholders' funds	<u>67,916</u>	<u>61,406</u>
Closing shareholders' funds	<u>79,269</u>	<u>67,916</u>

16 PENSION OBLIGATIONS

The Company contributes to a group pension scheme of a defined benefit nature in order to provide retirement benefits for its employees. Further details of the scheme, including particulars of the latest actuarial valuation, are contained in the financial statements of SDPLC.

17 COMMITMENTS IN RESPECT OF OPERATING LEASES

The Company has the following commitments for the year ending 30 June 2001 in respect of operating leases due to expire in the undernoted years from the balance sheet date:

	Land and buildings	
	2001 £'000	2000 £'000
After five years	<u>1,181</u>	<u>1,181</u>

18 SECURITY

During the year a first floating charge existed over the entire property and undertaking of the Company as security for £50,000,000 12³/₈ per cent Debenture Stock 2012 issued by SDPLC (note 20).

SEAGRAM UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000 (*continued*)

19 RELATED PARTIES

As a wholly owned subsidiary of The Seagram Company Ltd., a company listed on the New York Stock Exchange, the company has taken advantage of the exemption under Financial Reporting Standard No. 8 not to disclose related party transactions, with other group companies.

20 POST BALANCE SHEET EVENT

On 20 June 2000 it was announced that there would be a merger between The Seagram Company Ltd. ("TSCL"), Vivendi and Canal+. It was stated in the press release that TSCL's spirits and wine business would be sold. As a result of this proposed disposal the following transactions, affecting the Company, have taken place since the year end;

On 20 October 2000 SDPLC exercised its right under the Trust Deed dated 8 October 1982 to substitute as sole security for SDPLC's £50,000,000 12³/₈ per cent Debenture Stock 2012 ("the Stock") an amount of cash equal to 109.28 per cent of the principal amount of the Stock outstanding, releasing SDPLC from certain covenants contained in the Trust Deed. Accordingly the first-floating charge referred to in note 18 to these financial statements has been released.

On 27 October 2000:

- (i) ownership of the entire share capital of Oddbins Limited was transferred to SDPLC from the Company by way of a dividend in specie.
- (ii) SDPLC sold the entire issued share capital of Oddbins Limited and the Company to The Seagram Finance Company Limited, a fellow subsidiary undertaking of TSCL, for £25,000,000 and £47,000,000 respectively.

All the considerations paid on 27 October 2000 are subject to an upward or downward adjustment, on a pound by pound basis. The adjustments will be equal to the difference between the considerations paid and the purchase prices receivable from a third party sale of the various subsidiary undertakings in the event that it takes place within a period of twelve months from 27 October 2000.

21 ULTIMATE PARENT UNDERTAKING

During the year the ultimate parent undertaking was The Seagram Company Ltd., a company incorporated in Canada. Copies of its annual report may be obtained from 111/113 Renfrew Road, Paisley, Scotland, PA3 4DY.