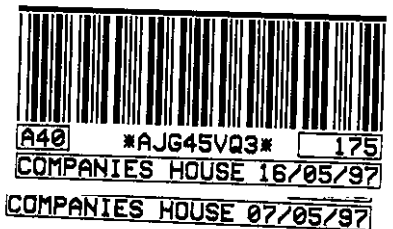


**GRAND METROPOLITAN CARDHOLDERS LIMITED**

**FINANCIAL STATEMENTS**

**30 September 1996**

**Registered in England No.1539185**



## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the financial statements for the year ended 30 September 1996.

### Activities

The company did not trade during the current or preceding year

### Financial

The directors do not recommend the payment of a dividend (1995: £nil). The profit for the year transferred to reserves is £nil (1995: £142,651).

### Directors and directors' interests.

The directors who served during the year were as follows:

D E Tagg (Chairman)  
R H Myddelton  
B E Wickham

The directors who held office at the end of the financial year had the following beneficial interests in the shares of the ultimate holding company, Grand Metropolitan PLC:

### Ordinary shares of 25p each

	At the End of Year	At Beginning of Year
R H Myddelton	27,952	27,019
B E Wickham	24,000	32,763

### Options

	At Start of Year	Granted During Year	Exercised During Year	At End of Year
R H Myddelton	255,102	56,645	-	311,747
B E Wickham	141,348	24,454	(56,000)	109,802

**DIRECTORS' REPORT (Continued)**

As a potential beneficiary of the Grand Metropolitan PLC Number 2 Employee Share Trust, Mr RH Myddelton had an interest at 30 September 1996, in 263,794 shares registered in the name of the trustees, Hill Street Trustees Limited, and 9,345,601 shares which were the subject of call options purchased by the trustees from SBC Warburg and National Westminster Bank.

The directors held the above options under Grand Metropolitan Public Limited Company share option schemes, at prices between 243p, and 474p, per share exercisable by 2006.

D E Tagg is a director of the ultimate holding company, Grand Metropolitan PLC, and his interests are disclosed in the annual report of that company.

Other than the above, no directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary.

**Auditor**

A limited liability company, KPMG Audit Plc, has assumed responsibility for part of the KPMG audit business. Accordingly, KPMG resigned as auditor of the company with effect from 26 July 1996. On 29 July 1996, KPMG Audit Plc was appointed as auditor of the company.

The company has taken advantage of Section 386(1) of the Companies Act 1985, as amended, to dispense with the obligation to appoint an auditor annually. The auditor, KPMG Audit Plc, is willing to continue in office and will be deemed to be reappointed on the expiry of their term in office in respect of the year ended 30 September 1996.

By order of the board



S M Adams  
*Secretary*

30 April 1997

8 Henrietta Place  
London  
W1M 9AG

**DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the report of the auditor set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditor in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors, in preparing the financial statements on pages 5 to 8, consider that the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

The directors, having prepared the financial statements, have requested the auditor to take whatever steps and undertake whatever inspections it considers to be appropriate for the purpose of enabling it to give an audit report.

**REPORT OF THE AUDITOR  
TO THE MEMBERS OF GRAND METROPOLITAN CARDHOLDERS  
LIMITED**

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

**Respective responsibilities of the 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 30 September 1996 and of its result 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 April 1997

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	Note	1996 £	1995 £
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	4	-	142,651
Profit on ordinary activities after taxation transferred to reserves		<u>-</u>	<u>142,651</u>

There are no recognised gains or losses other than those disclosed in the profit and loss account and accordingly a statement of recognised gains and losses is not presented.

**BALANCE SHEET**  
As at 30 September 1996

	Note	1996 £	1995 £
<b>Current Liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	3	(3,527,676)	(3,527,676)
<b>Net liabilities</b>		<u>(3,527,676)</u>	<u>(3,527,676)</u>
<b>Capital and reserves</b>			
Called up share capital	5	1,250,000	1,250,000
Profit and loss account		(4,777,676)	(4,777,676)
		<u>(3,527,676)</u>	<u>(3,527,676)</u>

The financial statements on pages 5 to 8 were approved by the board of directors on 30 April 1997 and were signed on its behalf by:



**BE Wickham**  
Director

The attached notes form part of these financial statements.

**NOTES****(Forming part of the financial statements)****1. Accounting Policies**

The financial statements of the company are prepared under the historical cost convention and comply with applicable UK accounting standards. These accounts have been prepared on a going concern basis as the only liability of the company at 30 September 1996 is the amount owed to the parent undertaking, Grand Metropolitan PLC.

**2. Operating Costs**

None of the directors received any remuneration from the company in respect of services provided during the year (1995 - £nil). The company has no employees.

**3. Creditors: amounts falling due within one year**

	1996 £	1995 £
Amounts owed to holding company	3,527,676	3,527,676
	<u>                    </u>	<u>                    </u>

The above balance represents an interest free loan from Grand Metropolitan PLC which is repayable on demand.

**4. Taxation**

The taxation credit in 1995 represents UK Corporation tax received from other companies in the Grand Metropolitan Group in return for the surrender of tax losses.

**5. Called up share capital**

	1996 £	1995 £
<b>Authorised</b>		
2,500,000 ordinary shares of £1 each	2,500,000	2,500,000
	<u>                    </u>	<u>                    </u>
<b>Allotted, called up and fully paid</b>		
1,250,000 ordinary shares of £1 each	1,250,000	1,250,000
	<u>                    </u>	<u>                    </u>

Ordinary shares are entitled to one vote per share.



**NOTES (Continued)****6. Reconciliation of Movements in Shareholders' Funds**

	1996 £	1995 £
Profit for the financial year	-	142,651
Net increase in shareholders' funds	<u>-</u>	<u>142,651</u>
Shareholders' funds at beginning of year	(3,527,676)	(3,670,327)
Shareholders' funds at end of year	<u>(3,527,676)</u>	<u>(3,527,676)</u>

**7. Ultimate holding company**

The ultimate holding company is Grand Metropolitan PLC, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements may be obtained from 8 Henrietta Place, London W1M 9AG.