

AMENDING COPY

GMI(H) LIMITED

DIRECTORS' REPORT AND REVISED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 1996

REGISTERED NUMBER 3106798



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GMI (II) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 1996

The Directors present their annual report together with the audited financial statements for the period ended 30 September 1996. These are revised financial statements which replace the original financial statements approved by the directors on 29 January 1997. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved. Note 12 to these financial statements sets out the details of the revision to the original financial statements.

Principal Activity

The principal activity of the company is as a holding company.

Results

£000

Profit before tax	104,024
Taxation	-
Profit after tax	<u>104,024</u>
Proposed Dividends on Ordinary Shares	(104,024)
Retained profit for the period	<u>-</u>

Directors

The directors who served during the period ended 30 September 1996 were as follows :

CL Allen	- Resigned 25 February 1997
PB Coleridge	- Resigned 25 February 1997
KE Stross	
SR Morrison	- Appointed 25 February 1997
J Walker	- Appointed 25 February 1997

GMI (H) LIMITEDDIRECTORS' REPORT

(Continued)

Directors' interests in shares and share options

As CL Allen is a director of Granada Group PLC his interests in that company and its subsidiaries are shown in the financial statements of Granada Group PLC.

The interests of other directors in the shares and share options of Granada Group PLC are as follows :

<u>Ordinary Shares of 25p in Granada Group PLC</u>	At 30 September 1996	
	Ordinary	Options
PB Coleridge	626	137,869
KE Stross	75,810	102,566

Share options were granted under the Granada Group PLC Share Option Scheme for Executives and have not been exercised. The options were granted at a nominal consideration between January 1993 and July 1996 and are exercisable at prices of between 144p per share and 859.5p per share between August 1994 and July 2006.

No director had any material interest in any contract with the company except as disclosed in this report and financial statements.

By Order of the Board



K E Stross
Director
Quay Street , Manchester M60 9EA.
24 September 1997

GMI (H) 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 or loss for that period. In preparing those 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 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.

REPORT OF THE AUDITORS, KPMG
TO THE MEMBERS OF GMI (II) LIMITED

We have audited the revised financial statements set out on pages 5 to 9. The revised financial statements replace the original financial statements approved by the directors on 29 January 1997. They have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 these revised financial statements and to report our opinion to you. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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. The audit of the revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinions

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 30 September 1996 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 12 to these financial statements.

KPMG

KPMG
Chartered Accountants
Registered Auditors
23 October 1997

St James' Square
Manchester

GMI (H) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE PERIOD ENDED 30 SEPTEMBER 1996

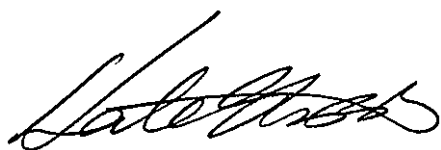
	<u>Note</u>	<u>1996</u> <u>£000</u>
Investment Income	3	104,024
Profit on ordinary activities before and after taxation		<hr/> 104,024
Dividends	4	104,024
		<hr/>
Profit for the financial period		-
Distributable Reserves brought forward		-
		<hr/>
Distributable Reserves carried forward		-
		<hr/> <hr/>

There are no gains and losses recognised in the year other than those passing through the profit and loss account.

GMI (H) LIMITEDBALANCE SHEET AT 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u> £000
Fixed assets		
Investment in subsidiaries	5	135,581
Current assets		
Debtors	6	104,000
Creditors		
Amounts falling due within one year	7	(104,000)
		<hr/>
Net assets		135,581
		<hr/>
Capital and reserves		
Called up share capital	8	135,581
		<hr/>
		135,581
		<hr/>

These financial statements were approved by the board of directors on **24** September 1997 and were signed on its behalf by :



K E Stross
Director

GMI (H) LIMITEDNOTES TO 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 Accounting

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

Cash flow statement

The company is exempt from the requirement to include a cash flow statement as it is a wholly owned subsidiary of Granada Group PLC whose financial statements include a consolidated cash flow statement.

2 Staff costs, directors' and auditors' remuneration

No emoluments have been paid to the directors during the period. The remuneration of the auditors is borne by another group company. There were no employees and no staff costs during the period.

3 Investment Income

1996
£000

Dividends receivable

104,024

4 Dividends

1996
£000

Ordinary shares - paid
- proposed

24
104,000
104,024

5 Shares in subsidiary undertakings

The company owns 100% of the ordinary share capital in the following principal subsidiary undertaking (registered in England and Wales) as at 30 September 1996:

Granada Media Group Limited

Holding company

6 Debtors

1996
£000

Amounts owed by group undertakings

104,000

GMI (II) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(Continued)

7 Creditors : Amounts falling due within one year

	<u>1996</u>
	£000
Dividends - Proposed	<u>104,000</u>

8 Share capital

	<u>1996</u>
	£000
Authorised : 150,000,000 Ordinary shares of £1 each	<u>150,000</u>
Allotted, called up and fully paid ; Ordinary shares of £1 each	<u>135,581</u>

9 Reconciliation of movements in shareholders' funds

	<u>1996</u>
	£000
Share capital issued	135,581
Balance at 30 September 1996	<u>135,581</u>

10 Contingent liability

The company, under group registration is jointly and severally liable for Value Added Tax due by other group companies. At 30 September 1996, this contingent liability amounted to £26.4 million. No valuable security has been provided for this contingent liability.

12 Revision to the financial statements

These revised accounts have been prepared as at 29 January 1997, the date on which the original financial statements were approved by the Board of Directors. Events after that date have not been taken into account. These financial statements replace the original financial statements for the period ended 30 September 1996 and are now the statutory accounts for that period.

These financial statements have been revised to include a dividend which was declared prior to the signing of the original financial statements by a subsidiary company and which was reflected in that company's accounts as relating to the year ended 30 September 1996, but which was omitted from the original financial statements of this company being its intermediate parent company.

GMI (H) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13 Ultimate parent company

The company's ultimate parent company is Granada Group PLC which is incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements may be obtained from The Secretary, Granada Group PLC, Stornoway House, 13 Cleveland Row, London SW1A 1GG.