

THE BOMBAY SPIRITS COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1996

COMPANY NO. 36037

SC 36037.



THE BOMBAY SPIRITS COMPANY LIMITED

DIRECTORS' REPORT

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

Activities

The company acts as a management company for its parent company, Carillon Importers Limited, a subsidiary of Grand Metropolitan PLC. The directors foresee no material change in the nature of the company's activities.

Financial

The directors recommend that no dividend be paid (1995 - £Nil). The profit for the year retained in the company is £117,310 (1995 - £96,639).

Directors

The directors during the year were as follows:-

M.G. Delahooke	Resigned	01/01/96
C.J. Sandham	Resigned	25/10/96
D.B. Rickard	Resigned	15/11/96
J.J. Corbett	Appointed	01/01/96
N.C. Rose	Appointed	15/11/96
G. Williams	Appointed	25/10/96

Directors' Interests

The directors at the end of the financial period had the following interests in the shares of Grand Metropolitan PLC, the ultimate holding company.

	Number of ordinary shares at 25p each		Options			
	30 Sept 1995 (or date of appointment)	30 Sept 1996	30 Sept 1995 (or date of appointment)	Granted	Exec	30/09/96
J J Corbett	Nil	1,324	131,255	12,000	(27,481)	115,774
D B Rickard *	2,712	2,712	97,844	17,690	-	115,534
C J Sandham	3,656	3,656	270,504	32,500	-	303,004

The starred director held American Depository shares (ADSS) and/or options over ADSS each representing four ordinary shares of 25p each. The numbers quoted are in respect of the ADSS.

The directors held the above options under Grand Metropolitan PLC share option schemes at prices between 380p and 474p per share exercisable by 2006. The ADSS options are held at prices between US\$24.59 and US \$32.05 per ADSS, exercisable by 2006.

BOMBAY SPIRITS COMPANY LIMITED

Auditor

A limited liability company, KPMG Audit Plc, has assumed responsibility for part of the KPMG audit business. KPMG resigned as auditors of the company with effect from 2 August 1996 and KPMG Audit Plc was appointed auditor of the company during the year. A resolution for the reappointment of KPMG Audit Plc will be submitted to the AGM.

Secretary

Mrs M Petetin resigned as Secretary with effect from 28 May 1996 and Mrs V A Lynch was appointed in her place.

By order of the board.



V A Lynch
Secretary

39 George Street
Edinburgh
EH2 0DB

30 July 1997

BOMBAY SPIRITS COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES

in relation to 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 of the company for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 9, 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, and that it is appropriate to use a going concern basis.

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 them to give their audit report.



J J Corbett

Director

BOMBAY SPIRITS COMPANY LIMITED

Report of the Auditor, KPMG Audit Plc to the members of Bombay Spirits Company Limited

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditor

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 30th September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

30 July 1997

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

BOMBAY SPIRITS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30th September 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
Turnover and operating profit	2	175,089	144,238
Profit on ordinary activities before taxation		175,089	144,238
Tax on profit on ordinary activities	3	(57,779)	(47,599)
Profit for the financial year		117,310	96,639
Movements in reserves			
Reserves at beginning of year		901,868	805,229
Retained profits for year		117,310	96,639
Reserves at end of year		1,019,178	901,868

The profit and loss account relates wholly to continuing operations. The company has no recognised gains or losses for the year other than the profit for the financial year.

BOMBAY SPIRITS COMPANY LIMITED

BALANCE SHEET

As at 30th September 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
CURRENT ASSETS			
DEBTORS:			
Amounts owed by group undertakings	4	1,077,057	949,567
CREDITORS:			
Amounts falling due within one year			
Other creditors including taxation and social security	5	(57,779)	(47,599)
NET CURRENT ASSETS		1,019,278	901,968
TOTAL ASSETS LESS CURRENT LIABILITIES		1,019,278	901,968
CAPITAL AND RESERVES			
Called up share capital			
Authorised, allotted, called up and fully paid: 100 ordinary shares of £1 each		100	100
Profit and loss account		1,019,178	901,868
Shareholders' funds (all equity)		1,019,278	901,968

These financial statements were approved by the board of directors on 30 July 1997 and were signed on its behalf by:-



J J Corbett
Director

BOMBAY SPIRITS COMPANY LIMITED

Reconciliation of Movements in Shareholders' Funds for the year ended 30th September 1996

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the financial year	117,310	96,639
Net additions to Shareholders' Funds	117,310	96,639
Shareholders' Funds at 30th September 1995	901,968	805,329
Shareholders' Funds at 30th September 1996	<u>1,019,278</u>	<u>901,968</u>

BOMBAY SPIRITS COMPANY LIMITED

NOTES

(forming part of the financial statements)

1. Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention. They have been drawn up to comply in all material respects with applicable UK accounting standards.

b) Turnover

Turnover represents royalties receivable during the year.

c) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the year end at the rate of exchange ruling at the balance sheet date. Transactions during the year are translated into sterling at the rates prevailing at the date of transaction. Exchange differences arising in the ordinary course of business are included in the profit and loss account.

d) Taxation

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and the treatment under the Group's accounting policies. Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences, to the extent that it is probable that liabilities will crystallise in the foreseeable future.

2. Operating Profit

The directors received no emoluments in respect of their services to the company (1995 - Nil) and the audit fee has been borne by the parent company. The company has no employees and therefore there are no staff costs.

BOMBAY SPIRITS COMPANY LIMITED

NOTES - continued

3. Taxation on profit on ordinary activities

	<u>1996</u>	<u>1995</u>
	£	£
UK corporation tax at 33% (1995 - 33%) on the profits for the year	57,779	47,599
Transfer to deferred taxation	-	-
	<u>57,779</u>	<u>47,599</u>

4. Debtors

All debtors are receivable within one year.

5. Creditors:

Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Mainstream UK corporation tax	<u>57,779</u>	<u>47,599</u>

6. Ordinary shares are entitled to one vote each.

7. Cash Flow Statement

A cash flow statement is not presented as the company is a member of a group whose ultimate holding company, Grand Metropolitan PLC, includes a group cash flow statement in its financial statements.

8. Ultimate holding company

The company is a wholly owned subsidiary of Carillon Importers Limited, a company incorporated in the USA, and its ultimate holding company is Grand Metropolitan PLC, a company incorporated in Great Britain and registered in England and Wales. A copy of the financial statements of the latter can be obtained from 8 Henrietta Place, London, W1M 9AG.