

Quality Spirits UK Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 28 December 1996.

RESULTS AND DIVIDENDS

The company did not trade during the year.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

G E Gordon
G G Gordon

None of the directors had any interest in the share capital of the company at 28 December 1996.

Two directors of the company at 28 December 1996 were also directors of William Grant & Sons Limited, the company's ultimate parent company at 28 December 1996. Their interests in the shares of William Grant & Sons Limited at that date are listed in the report of the directors of William Grant & Sons Limited for the year ended 28 December 1996.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and prepare the accounts 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 accounts 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

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

George D Tait
George D Tait
Secretary

20 October 1997

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REPORT OF THE AUDITORS
to the members of Quality Spirits UK Limited

We have audited the accounts on pages 3 and 4, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 4.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

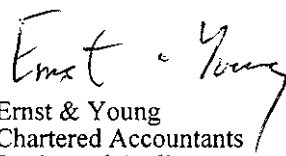
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28 December 1996 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

20 October 1997

Quality Spirits UK Limited

BALANCE SHEET at 28 December 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors	2	111,415	111,415
NET CURRENT ASSETS		<u>111,415</u>	<u>111,415</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>111,415</u>	<u>111,415</u>
 CAPITAL AND RESERVES			
Called up share capital	3	102	102
Profit and loss account	4	111,313	111,313
		<u>111,415</u>	<u>111,415</u>


G G Gordon
Director

20 October 1997

NOTES TO THE ACCOUNTS
at 28 December 1996

1. ACCOUNTING POLICIES

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

2. DEBTORS

	1996 £	1995 £
Amount due by parent company and fellow subsidiaries	111,415	111,415

3. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	28 December 1996	30 December 1995	28 December 1996	30 December 1995
	No.	No.	£	£
Ordinary shares of £1 each	1,000	1,000	102	102

4. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS' FUNDS

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 30 December 1995 and 28 December 1996	102	111,313	111,415

5. PENSION ARRANGEMENTS

The company is a member of a group pension scheme, details of which are given in the accounts of William Grant & Sons Limited, the company's ultimate parent company.

7. ULTIMATE PARENT COMPANY

The directors regard William Grant & Sons Limited, a company registered in Scotland, as the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.