

Granada (Management) Limited

Directors' report and financial statements

28 September 1996

Registered number 229607



Granada (Management) Limited

Directors' report and financial statements

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Granada (Management) Limited

Directors' report

The directors have pleasure in submitting their annual report together with the financial statements for the 52 weeks period ended 28 September 1996.

Principal activity

The principal activity of the company is to provide management services for other companies within the Granada Group. The company will continue to provide these management services for the foreseeable future.

Results and dividends

The results for the period are set out on page 5 of these financial statements.

The directors do not recommend the payment of a dividend (1995: *£nil*).

A preference dividend of £89 (1995: £89) has been paid.

Directors

The directors during the period were as follows:

GJ Parrott
JB Tibbitts
GM Wallace (resigned 31 January 1997)

Directors' interests in shares and share options

No director had any beneficial interests in the share capital of the company. The interests of GJ Parrott and GM Wallace in the shares and share options of Granada Group Plc (ultimate parent company) are disclosed in the financial statements of that company. The beneficial interests of JB Tibbitts in the shares and share options of Granada Group PLC were as follows:

	28 September 1996		30 September 1995	
	Ordinary	Options	Ordinary	Options
JB Tibbitts	27,796	92,869	27,296	73,369
as a trustee*	-	-	704,977	-

* Non beneficial trustee interests.

In the 52 weeks ended 28 September 1996 the non-beneficial trustee interests of JB Tibbitts ceased as a result of the final release to beneficiaries of their entitlements under the Granada Employee Share Scheme.

Details of share options granted under the Share Option Scheme for Executives are given in the financial statements of Granada Group PLC.

Granada (Management) Limited

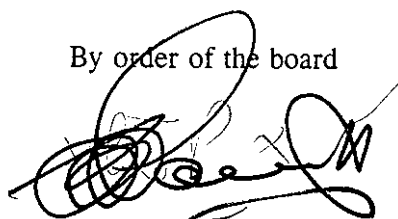
Directors' report *(continued)*

Directors' interests in shares and share options *(continued)*

During the period, options over Ordinary Shares (included in the above table) were granted to and exercised by directors as follows:

Ordinary share options	Granted	Exercised
JB Tibbitts	19,500	-

By order of the board



GJ Parrott
Secretary

Stornoway House
13 Cleveland Row
London
SW1A 1GG

1 April 1997

Granada (Management) 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 of the company 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;
- 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.



8 Salisbury Square
Blackfriars
London
EC4Y 8BB

Auditors' report to the members of Granada (Management) Limited

We have audited the financial statements on pages 5 to 14.

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

KPMG
Chartered Accountants
Registered Auditors

1 April 1997

Granada (Management) Limited

Profit and loss account

for the 52 weeks ended 28 September 1996

	<i>Note</i>	1996 £000	1995 £000
Turnover	2	9,514	7,351
Staff costs	3	(5,778)	(4,224)
Depreciation		(309)	(182)
Other operating costs		(1,934)	(1,956)
Profit on ordinary activities before taxation		1,493	989
Tax on profit on ordinary activities	6	(579)	(405)
Profit for the financial period		914	584
Accumulated losses brought forward		(1,011)	(1,595)
Accumulated losses carried forward		(97)	(1,011)

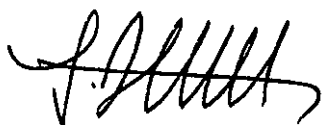
The company has no recognised gains or losses other than the profit for the period.

Granada (Management) Limited

Balance sheet
at 28 September 1996

	Note	1996 £000	1996 £000	1995 £000	1995 £000
Fixed assets					
Tangible fixed assets	8		6,041		409
Investments	9		12		12
			<u>6,053</u>		<u>421</u>
Current assets					
Debtors	10	585		1,864	
Creditors: amounts falling due within one year	11	(6,732)		(3,293)	
		<u>(6,732)</u>		<u>(3,293)</u>	
Net current liabilities			(6,147)		(1,429)
Total assets less current liabilities			<u>(94)</u>		<u>(1,008)</u>
Capital and reserves					
Called up share capital	12		3		3
Profit and loss account			(97)		(1,011)
			<u>(94)</u>		<u>(1,008)</u>

These financial statements were approved by the board of directors on 1 April 1997 and were signed on its behalf by:



JB Tibbitts
Director

Granada (Management) Limited

Notes

(forming part of 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 under the historical cost convention and in accordance with applicable accounting standards. The going concern basis has been applied since the parent company has indicated its intention to provide continuing financial support.

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets on a straight line basis at the following rates:

Fixtures and fittings	10 to 33 1/3 %
Motor vehicles	25 % to 33 1/3 %

Stock

Stock comprises consumables and is valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made for the effect of timing differences between the accounts and tax treatments of certain items of revenue and expense to the extent that it is probable that a liability or asset will crystallise.

Operating leases

The rental paid under operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

Pension scheme

Contributions to the Granada Group Pension Scheme (see note 14) are charged against profits as payments are made.

Cash flow statement

The company is exempt under section 8(c) of Financial Reporting Standard 1 from the requirement to prepare a cash flow statement. Its cash flows are included in the consolidated cash flow statement in the financial statements of Granada Group PLC.

Granada (Management) Limited

Notes (continued)

2 Turnover

Turnover, which arose wholly in the United Kingdom, represents the invoiced amounts of services provided, during the period and is stated net of valued added tax. An analysis of turnover is shown below:

	1996 £000	1995 £000
Management fees receivable from group undertakings	<u>9,514</u>	<u>7,351</u>

3 Staff costs

	1996 £000	1995 £000
Wages and salaries	5,270	3,822
Social security costs	477	377
Pension and other costs	31	25
	<u>5,778</u>	<u>4,224</u>

4 Operating profit

	1996 £000	1995 £000
<i>Operating profit is shown after charging/(crediting):</i>		
Auditors' remuneration	3	3
Loss/(profit) on sale of fixed assets	84	(22)
Operating lease costs	167	134
Depreciation of tangible fixed assets	<u>309</u>	<u>183</u>

Granada (Management) Limited

Notes (continued)

5 Directors' emoluments

	1996 £000	1995 £000
Emoluments	<u>666</u>	<u>598</u>
The directors' emoluments charged against operating profits are analysed as follows:		
Chairman	215	193
Highest paid director	<u>301</u>	<u>280</u>

The number of directors whose emoluments excluding pension contributions fell within the undermentioned ranges were as follows:

	Number	Number
£115,001 - £120,000	-	-
£125,001 - £130,000	-	1
£150,001 - £155,000	1	-
£190,001 - £195,000	-	1
£210,001 - £215,000	1	-
£280,001 - £285,000	-	1
£300,001 - £305,000	<u>1</u>	<u>-</u>

No pension contributions were made in the period or the prior period in respect of the company's directors. There were no bonus schemes in operation during the period or the prior period in respect of the directors.

6 Tax on profit on ordinary activities

	1996 £000	1995 £000
Taxation based on the results of the period:		
Corporation tax at 33% (1995: 33%)	492	368
Deferred taxation	<u>87</u>	<u>37</u>
	<u>579</u>	<u>405</u>

Granada (Management) Limited

Notes (continued)

7 Dividends

	1996 £	1995 £
Cumulative preference dividend	<u>89</u>	<u>89</u>

8 Tangible fixed assets

	Leasehold refurbishments £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At 30 September 1995	-	1,144	351	1,495
Additions	1,486	4,269	297	6,052
Disposals	-	(856)	(56)	(912)
	<u>1,486</u>	<u>4,557</u>	<u>592</u>	<u>6,635</u>
At 28 September 1996	1,486	4,557	592	6,635
<i>Accumulated depreciation</i>				
At 30 September 1995	-	920	166	1,086
Charge for the period	44	140	125	309
Disposals	-	(765)	(36)	(801)
	<u>44</u>	<u>295</u>	<u>255</u>	<u>594</u>
At 28 September 1996	44	295	255	594
<i>Net book value</i>				
At 28 September 1996	<u>1,442</u>	<u>4,262</u>	<u>337</u>	<u>6,041</u>
At 30 September 1995	<u>-</u>	<u>224</u>	<u>185</u>	<u>409</u>

Granada (Management) Limited

Notes (continued)

9 Investments

	Group undertakings £	Other investments £	Total £
Shares			
Cost:			
At 30 September 1995 and 28 September 1996	102	15,000	15,102
Provisions:			
At 30 September 1995 and 28 September 1996	-	(3,600)	(3,600)
Net book value			
At 30 September 1995 and 28 September 1996	102	11,400	11,502

At 28 September 1996 the company had an interest in excess of 5% of the unlisted equity share capital of the following companies, all of which are incorporated in Great Britain and registered in England and Wales.

Name of company	Description of shares	% holding
Granada World Productions Limited	Ordinary shares of £1 each	100%
Kinematograph Equipment Co Limited	Ordinary shares of £1 each	15%

These companies were dormant throughout the period.

Consolidated financial statements have not been prepared because the company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain. In the opinion of the directors the value of the company's investment in group undertakings is not less than the amount at which they are stated in the balance sheet.

Granada (Management) Limited

Notes (continued)

10 Debtors

	1996 £000	1995 £000
Amounts owed by parent undertaking	-	1,342
Other debtors	95	121
Prepayments and accrued income	323	147
Deferred tax	167	254
	<u>585</u>	<u>1,864</u>

11 Creditors: amounts falling due within one year

	1996 £000	1995 £000
Bank loans and overdraft	652	788
Other creditors	-	153
Corporation tax payable	578	491
Social security costs	72	55
Accruals and deferred income	2,136	1,806
Amounts owed to parent undertaking	3,294	-
	<u>6,732</u>	<u>3,293</u>

Granada (Management) Limited

Notes (continued)

12 Share capital

	1996 £000	1995 £000
<i>Authorised:</i>		
12,500 ordinary shares of 5p each	1	1
12,500 4.2% cumulative preference shares of £1 each	12	12
	<hr/>	<hr/>
	13	13
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
12,500 ordinary shares of 5p each	1	1
2,130 4.2% cumulative preference shares of £1 each	2	2
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' funds

	1996 £000	1995 £000
Opening shareholders' funds	(1,008)	(1,592)
Profit for the financial period	914	584
	<hr/>	<hr/>
Closing shareholders' funds	(94)	(1,008)
	<hr/>	<hr/>

Granada (Management) Limited

Notes (continued)

14 Pensions

The company participates in defined benefit pension schemes operated by Granada Group PLC that are externally funded under separate trusts. Valuations of the fund are carried out approximately every three years, the last actuarial assessment being made as at 1 October 1995. That report disclosed that the funds of the scheme were adequate to meet all obligations of the schemes. Particulars of the actuarial valuations of the group schemes are contained in the financial statements of Granada Group PLC.

15 Operating leases

At 28 September 1996 the company had annual commitments under operating leases as follows:

	1996 £000	1995 £000
Operating leases which expire:		
Between one and two years	<u>42</u>	<u>16</u>

16 Contingent liabilities

The company, under Group registration, is jointly and severally liable for Value Added Tax due by other group companies. At 28 September 1996, this contingent liability amounted to £29.6 million (1995: £11.2 million). No valuation security has been provided for this contingent liability.

The company is jointly and severely liable, with certain other members of the group, to Barclays Bank PLC in respect of borrowing on the Granada Group joint bank account.

17 Ultimate holding company

The company's ultimate holding 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.