

William Grant & Sons Overseas Limited

Report and Accounts

28 December 2002

Registered No: 134251



SCT SM6MGP9K 0062
COMPANIES HOUSE 17/10/03

Directors' Report

The directors submit their report and accounts for the 52 weeks ended 28 December 2002.

Results and dividends

The profit for the period, after taxation, amounted to £2,984,000. The directors do not propose the payment of a dividend leaving retained profits of £2,984,000 to be taken to reserves.

Principal activities

The company's principal activity continued to be the holding of investments of the group's interests located outside the UK.

Review of the business

The business has progressed well and has allowed the overseas operations to continue to develop by concentrating on the key issues in the respective markets.

Directors and their interests

The directors during the period were as follows:

A L Hunt
P Thomas
P Wickman
H Graham

None of the directors had any interest in the share capital of the company or its ultimate parent, William Grant & Sons Limited, at 28 December 2002.

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.

Future Developments

Wherever possible, future growth opportunities will be identified and will be developed.

Directors' Report

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'G P Tait', written in a cursive style.

G P Tait
Secretary

30 September 2003

Independent Auditors' Report

to the members of William Grant & Sons Overseas Limited

We have audited the company's accounts for the year ended 28 December 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 10. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any *apparent misstatements within it*.

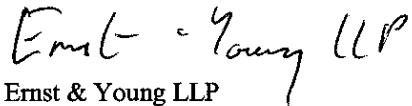
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP
Registered Auditor
Glasgow

30 September 2003

Profit and Loss Account

For the year ended 28 December 2002

	<i>Note</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
<i>Income from investments</i>	2	3,848	3,784
<i>Operating profit</i>	3	3,848	3,784
<i>Profit on ordinary activities before taxation</i>		3,848	3,784
Tax on profit on ordinary activities	4	(864)	(981)
<i>Profit for the period after taxation</i>		2,984	2,803

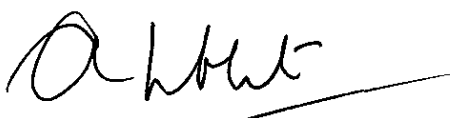
Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the retained profit of £2,984,000 (2001: £2,803,000) in the period ended 28 December 2002.

Balance Sheet

at 28 December 2002

	<i>Note</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
Investments			
Subsidiary undertakings at cost	5	9,790	9,790
Others		697	697
		<u>10,487</u>	<u>10,487</u>
Current assets			
Cash at bank and in hand		47,919	45,438
		<u>47,919</u>	<u>45,438</u>
Creditors: amounts falling due within one year	6	3,876	4,379
		<u>44,043</u>	<u>41,059</u>
Net current assets			
		<u>54,530</u>	<u>51,546</u>
Total assets less current liabilities			
		<u>54,530</u>	<u>51,546</u>
Capital and reserves			
Called up share capital	7	7,000	7,000
Profit and loss account	8	47,530	44,546
		<u>54,530</u>	<u>51,546</u>
Equity shareholders' funds			
		<u>54,530</u>	<u>51,546</u>


A L Hunt
Director

30 September 2003

Notes to the Accounts

at 28 December 2002

1. Accounting policies

Basis of preparation

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange gains and losses are taken to the profit and loss account.

Related party transactions

Related party transactions with group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard 8 "Related Party Disclosures".

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking and consolidated accounts which include the company are publicly available.

2. Income from investments

	2002	2001
	£000	£000
Dividend Income	3,848	3,784

Notes to the Accounts

at 28 December 2002

3. Profit on ordinary activities after taxation

The aggregate remuneration of all UK directors, excluding pension contributions, was £233,000 (2001: £265,000). The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is 2 (2001: 2).

Fees paid to the auditors for audit services amounted to £1,500 (2001: £1,500).

Directors' remuneration and audit fees have been met by the parent company, William Grant & Sons Limited.

4. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2002 £000	2001 £000
Current tax:		
UK corporation tax	864	961
Tax underprovided in previous years	-	20
Tax on profit on ordinary activities (note 4(b))	<u>864</u>	<u>981</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are reconciled below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	<u>3,848</u>	<u>3,784</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	1,154	1,135
Expenses not deductible for tax purposes	-	16
Overseas tax effects	(290)	(190)
Tax underprovided in previous years	-	20
Total current tax note (note 4(a))	<u>864</u>	<u>981</u>

Notes to the Accounts

at 28 December 2002

5. Investments

(a) Subsidiaries:

At 28 December 2002 and 29 December 2001 £000
9,790

The principal subsidiaries are:

	<i>Incorporated/ registered</i>	<i>Shares held</i>	<i>Proportion of voting rights and shares held</i>	<i>Activity</i>
William Grant & Sons Inc.*	USA	Common stock	100%	Distributor
Quality Spirits International Limited *	Guernsey	Ordinary	100%	Spirit sales

* Held by a subsidiary.

(b) Others:

At cost, less amounts written off *Unlisted
£000*
At 28 December 2002 and 29 December 2001 697

6. Creditors: amounts falling due within one year

	<i>2002 £000</i>	<i>2001 £000</i>
Current taxation	2,813	3,010
Amounts owed to parent company and fellow subsidiaries	1,063	1,369
	<u>3,876</u>	<u>4,379</u>

7. Share capital

	<i>2002 No</i>	<i>Authorised 2001 No</i>	<i>Allotted, called up and fully paid 2002 £000</i>	<i>2001 £000</i>
Ordinary shares of £1 each	10,000,000	10,000,000	7,000	7,000

Notes to the Accounts

at 28 December 2002

8. Share capital, movement on reserves and reconciliation of movement in shareholders' funds

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity shareholders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 30 December 2000	7,000	41,743	48,743
Profit for the period after taxation	-	2,803	2,803
At 29 December 2001	7,000	44,546	51,546
Profit for the period after taxation	-	2,984	2,984
At 28 December 2002	7,000	47,530	54,530

9. Pension arrangements

The Company participates in a number of defined benefits schemes operated by Wm Grant & Sons Limited in the UK. The scheme has a FRS17 deficit as at 28 December 2002. It is not possible to separately identify each subsidiary's share of the underlying assets and liabilities in the schemes and hence FRS17 allows the company to account for its contributions to the scheme as if it were a defined contribution scheme.

10. 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.