

APPENDIX 4.7
(referred to in paragraph 4.2)

Granada: group balance sheets, 1998 to 2002

As described in paragraph 3 of Appendix 4.5, Granada Group underwent a major reorganization in 2000/01 involving, inter alia, a merger with Compass Group. As a result of a series of transactions, Granada Group ceased to operate and was replaced by a new company, Granada. The table below shows information for Granada Group in 1998 and 1999 and for Granada from 2000 to 2002. For 2000 the information in the table is the pro forma comparatives included in the 2001 accounts of Granada, a merger accounting basis having been used for the new group. During the period of ownership from July 2000 to February 2001 the investment in Compass Group was carried as a current asset investment.

Granada: group balance sheets 1998 to 2002

£ million

	Years ended 30 September				
	1998 Granada Group	1999	2000	2001 Granada	2002
Fixed assets					
Intangible*	-	44	94	1,589	1,305
Tangible	4,408	4,589	4,473	252	232
Investments in joint ventures	-6	33	81	68	14
Investments in associates	4	1	38	35	30
Other investments	<u>99</u>	<u>134</u>	<u>286</u>	<u>281</u>	<u>263</u>
	4,505	4,801	4,972	2,225	1,844
Current assets					
Investments held pending a demerger†	-	-	6,069	-	-
Stocks	234	265	230	259	248
Debtors	803	870	1,203	329	288
Cash‡	<u>244</u>	<u>323</u>	<u>2,077</u>	<u>182</u>	<u>106</u>
	1,281	1,458	9,579	770	642
Liabilities due within one year	<u>-2,061</u>	<u>-1,953</u>	<u>-2,321</u>	<u>-707</u>	<u>-587</u>
Total assets less current liabilities	3,725	4,306	12,230	2,288	1,899
Borrowing	-2,043	-1,928	-1,887	-20	-13
Other creditors	-67	-27	-32	-32	-30
Net liabilities of joint ventures§	-	-	-88	-140	-168
Provisions	<u>-23</u>	<u>-60</u>	<u>-15</u>	<u>-9</u>	<u>-46</u>
Net assets	1,592	2,291	10,208	2,087	1,642
Represented by					
Share capital	240	242	220	277	277
Share premium account	101	153	52	112	112
Revaluation reserve	255	257	272	42	40
Capital reserve	-	-	299	-	-
Merger reserve	-277	-	5,984	-	-
Other reserves	-	-	-	1,391	1,079
Profit and loss account	<u>1,181</u>	<u>1,546</u>	<u>2,905</u>	<u>254</u>	<u>133</u>
Shareholders' funds	1,500	2,198	9,732	2,076	1,641
Minority interests	<u>92</u>	<u>93</u>	<u>476</u>	<u>11</u>	<u>1</u>
	1,592	2,291	10,208	2,087	1,642
Calculation of net debt					
Short-term overdrafts etc	-495	-476	-1,012	-148	-52
Loans	<u>-2,043</u>	<u>-1,928</u>	<u>-1,887</u>	<u>-20</u>	<u>-13</u>
	-2,538	-2,404	-2,899	-168	-65
Cash	<u>244</u>	<u>323</u>	<u>2,077</u>	<u>182</u>	<u>106</u>
Net cash/debt	-2,294	-2,081	-822	14	41
Pre-tax return on mean enterprise value (%)#	25.9	29.6	N/A	-0.2	-18.5
Gearing (%) (D/D+E)	60.5	48.6	7.8	N/A	N/A

Source: Granada.

*The acquisition of the television interests of UNM in October 2000 involved goodwill of £1,517 million.

†At 30 September 2000, the investment in Compass Group was carried as current asset investment in the balance sheet of Granada.

‡In July 2000, 300 million ordinary shares in Granada Media were sold to investors for cash at 515p per share, a total consideration of £1,545 million.

§Consists mainly of the attributable net liabilities of Box Clever.

¶The merger reserve in 1998 was eliminated in 1999 by a transfer of goodwill previously written off against merger reserve. The merger reserve in 2000 arose from the merger of Granada Group with Compass Group and was eliminated when the demerger of Compass Group plc occurred in 2001. Other reserves in 2001 arose from the gain from the offering for sale of shares in Granada Media in July 2001 and the subsequent mandatory exchange for Granada Media shares for shares in Granada. In 2002, £312 million of the reserve was transferred to the profit and loss account.

#Profit before interest and tax divided by the mean of the sum of net assets and net debt.

Note: N/A = not available.