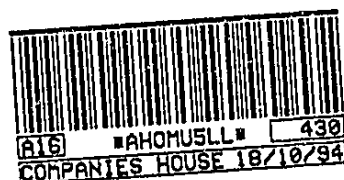


**UNITED DISTILLERS FRANCE LIMITED**  
**REGISTERED NUMBER: 132 792**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1993**



**REGISTERED OFFICE**

39 Portman Square  
London  
W1H 9HB

## **UNITED DISTILLERS FRANCE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1993**

The directors present their report and the audited financial statements of the company for the year ended 31 December 1993.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company during the year under review was the merchandising and distribution of wines and spirits in France.

#### **RESULTS AND TRANSFER TO RESERVES**

The net profit attributable to shareholders amounted to FFfr 43,701,000, which was transferred to reserves (1992 : FFfr 23,684,000 deducted from reserves).

#### **TANGIBLE FIXED ASSETS**

The company has no tangible fixed assets.

#### **DIVIDENDS**

The Directors do not propose a dividend.

#### **EVENTS SINCE THE END OF THE YEAR**

Subject to approval by the shareholders, it is the intention of the board to transfer all of the activities of United Distillers France Ltd in France to a new wholly owned subsidiary, United Distillers France SA.

#### **DIRECTORS' INTERESTS**

The name of the present directors of the company are set out below:

C de Jouvencel  
J M Bremner

# UNITED DISTILLERS FRANCE LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1993 (CONTINUED)

### DIRECTORS' INTERESTS (CONTINUED)

No director had an interest in shares or debentures of the company, any subsidiary undertaking or any subsidiary of the parent undertaking with the exception of non-beneficial interests as nominee and the interests in the ordinary shares of the ultimate parent undertaking, Guinness PLC, as set out below:

	<u>At 31 December 1993</u>		<u>At 1 January 1993</u>	
	<u>Ordinary</u>	<u>Options</u>	<u>Ordinary</u>	<u>Options</u>
	<u>shares</u>	<u>over</u>	<u>shares</u>	<u>over</u>
		<u>ordinary</u>		<u>ordinary</u>
		<u>shares</u>		<u>shares</u>
C de Jouvencel	1,015	31,830	941	57,455
J M Bremner	6,377	24,137	5,851	23,493

During the year, the following movements in options over the ordinary shares of Guinness PLC took place:

	<u>Options granted during 1993</u>		<u>Options exercised during 1993</u>	
	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>
C de Jouvencel	11,759	492.5p	34,384	320.1p
J M Bremner	2,806	492.5p	2,162	166.5p

The options outstanding at 31 December 1993 are exercisable at varying dates between 1994 and 2002 at prices between £1.495 and £5.335.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare 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 11, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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.

**UNITED DISTILLERS FRANCE LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED  
31 DECEMBER 1993 (CONTINUED)**

**AUDITORS**

Price Waterhouse have expressed their willingness to continue in office and a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board

*Nicola M. Coyle.*

Nicola M Coyle  
Secretary  
30 September 1994



**AUDITORS' REPORT TO THE MEMBERS OF  
UNITED DISTILLERS FRANCE LIMITED**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described above, 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 judgments 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 affairs of the company as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

30 September 1994

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St. Albans, Southampton and Windsor

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9QY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

# **UNITED DISTILLERS FRANCE LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993**

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
<b>TURNOVER</b> (Note 2)	618,234	588,101
Net operating costs (Note 3)	<u>(565,546)</u>	<u>(600,862)</u>
<b>OPERATING PROFIT/(LOSS)</b>	52,688	(12,761)
Net interest expense (Note 4)	<u>(8,965)</u>	<u>(10,901)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	43,723	(23,662)
Taxation on profit/(loss) on ordinary activities (Note 5)	<u>(22)</u>	<u>(22)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED EARNINGS</b> (Note 14)	<u>43,701</u>	<u>(23,684)</u>

A statement of the movements on reserves is provided in note 14 to the financial statements.

The notes on pages 7 to 11 form part of these financial statements.

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993**

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account.

### **NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993**

The reported profits for the year have been presented on a historical cost basis.

# UNITED DISTILLERS FRANCE LIMITED

## BALANCE SHEET - 31 DECEMBER 1993

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
<b>FIXED ASSETS</b>		
Investments (Note 8)	<u>4,039</u>	<u>3,591</u>
<b>CURRENT ASSETS</b>		
Stocks (Note 9)	5,583	3,739
Debtors (Note 10)	326,283	259,662
Cash at bank and in hand	<u>1,266</u>	<u>2,457</u>
	<u>333,132</u>	<u>265,858</u>
<b>CREDITORS - Amounts falling due within one year (Note 11)</b>	<u>(213,599)</u>	<u>(188,978)</u>
<b>NET CURRENT ASSETS</b>	<u>119,533</u>	<u>76,880</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>123,572</u>	<u>80,471</u>
<b>PROVISION FOR LIABILITIES AND CHARGES (Note 12)</b>	<u>(1,700)</u>	<u>(2,300)</u>
<b>NET ASSETS</b>	<u>121,872</u>	<u>78,171</u>
<b>SHAREHOLDERS' FUNDS</b>		
Called up share capital (Note 13)	121,594	121,594
Other reserves	212	212
Profit and loss account (Note 14)	<u>66</u>	<u>(43,635)</u>
	<u>121,872</u>	<u>78,171</u>

The notes on pages 7 to 11 form part of these financial statements.

APPROVED BY THE BOARD ON  
30 September 1994

*C. de Jouvencel*

Claude de Jouvencel  
DIRECTOR

## **UNITED DISTILLERS FRANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993**

#### **1 ACCOUNTING POLICIES**

##### **(1) Basis of accounting**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting and financial reporting standards.

##### **(2) Foreign currencies**

Monetary assets and liabilities in foreign currencies have been translated using the rates of exchange ruling at the balance sheet date or, where forward exchange contracts have been entered into, the rates of exchange forming the basis of the contracts. Exchange differences arising from currency conversions in the normal course of trading are dealt with in the profit and loss account.

##### **(3) Leases**

Annual rentals on all operating leases are charged to the profit and loss account. The company has no finance leases.

##### **(4) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost represents the invoiced cost of goods purchased for resale, customs duties where applicable and transport costs to the receiving warehouse.

#### **2 TURNOVER**

Turnover represents the invoice value including duties where applicable but excluding value added tax. The company carries on its business wholly in France and all sales are made to customers resident in the French Republic.



# UNITED DISTILLERS FRANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993 (CONTINUED)

### 3 NET OPERATING COSTS

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
Raw materials and consumables	337,687	342,396
Customs and excise duties	68,562	66,069
Staff costs (Note 6)	-	-
Other operating charges	241,739	211,924
Change in stocks of finished goods and work in progress	20,388	(14,586)
Other operating income	<u>(102,830)</u>	<u>(4,941)</u>
	<u>565,546</u>	<u>600,862</u>

Operating costs include the following:

Directors' emoluments (Note 7)	-	-
Auditors' remuneration	150	180
Other operating leases	-	62
Provision for diminution in value of investment	<u>(448)</u>	<u>448</u>

### 4 NET INTEREST EXPENSE

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
Interest on short term loan repayable within five years	9,087	11,041
Less: interest receivable	<u>(122)</u>	<u>(140)</u>
	<u>8,965</u>	<u>10,901</u>

### 5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

No corporation tax is due for the year as the company was able to impute its taxable profits against accumulated deficits as follows:

	FFr'000
Year ended 13 December 1989	22,925
Year ended 31 December 1990	9,499
Year ended 31 December 1992	22,233
Year ended 31 December 1993	<u>(42,248)</u>
TOTAL DEFICIT CARRIED FORWARD	<u>12,409</u>

# UNITED DISTILLERS FRANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993 (CONTINUED)

### 6 STAFF COSTS AND EMPLOYEES

The company has no employees, and did not incur any staff costs.

### 7 DIRECTORS' EMOLUMENTS

All directors discharged their duties wholly outside the United Kingdom and received no emoluments. Details of share options granted to directors may be found in the directors' report.

### 8 INVESTMENTS

FFr'000

At 1 January 1993  
Reversal of provision for diminution in value

3,591  
448

At 31 December 1993

4,039  
      

The company owns a 50% shareholding in NEGGMA, a Société Anonyme incorporated in France whose principal activity is the distribution of wines and spirits.

### 9 STOCKS

Stocks consist wholly of spirits and wines purchased for resale, and some advertising and promotions materials purchased for use by the sale and marketing departments. Stocks amounting to FFr 54,106,000 (1992: FFr 79,707,000) have been sourced from a fellow subsidiary, United Distillers plc. These stocks have been accounted for on a consignment basis.

### 10 DEBTORS

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
Trade debtors	163,047	182,322
Owed by group undertakings	155,200	61,325
Other debtors	<u>8,036</u>	<u>16,015</u>
	<u>326,283</u>	<u>259,662</u>

# UNITED DISTILLERS FRANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993 (CONTINUED)

### 11 CREDITORS - Amounts falling due within one year

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
Bank loans and overdrafts	69,288	93,106
Trade creditors	12,880	18,815
Amounts owed to group undertakings	-	3,967
Accruals and deferred income	70,452	65,724
Other creditors	<u>60,979</u>	<u>7,366</u>
	<u>213,599</u>	<u>188,978</u>

### 12 PROVISION FOR LIABILITIES AND CHARGES

	FFr'000
At 1 January 1993	2,300
Utilised	<u>(600)</u>
At 31 December 1993	<u>1,700</u>

The decrease in the provision of FFr 600,000 results from the settlement of various litigation during the course of 1993.

### 13 CALLED UP SHARE CAPITAL

	<u>1993</u> FFr'000	<u>1992</u> FFr'000
Authorised, called up and fully paid: 11,020,000 ordinary shares of £1 each	<u>121,594</u>	<u>121,594</u>

### 14 PROFIT AND LOSS ACCOUNT

	FFr'000
At 1 January 1993	(43,635)
Profit for the year	<u>43,701</u>
At 31 December 1993	<u>66</u>

## **UNITED DISTILLERS FRANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993 (CONTINUED)**

#### **15 GUARANTEES AND COMMITMENTS**

The company has one bank guarantee outstanding in favour of Total SA, a third party, for FFfr 90,000.

The company had no operating leases at the year end.

#### **16 CONTINGENT LIABILITIES**

The company received a subsidy from United Distillers plc in 1988 of FFfr 52 million. This subsidy, which was recorded as income in 1988, would become repayable should the company return to a profitable position, as defined by the agreement.

In 1993, the company became liable to repay FFfr 25.3 million. This sum was duly repaid and deducted from profits.

The company was granted an additional subsidy of FFfr 93 million from United Distillers plc in 1993 in the form of a conditional debt waiver. This debt will become repayable to United Distillers plc once the 1988 subsidy has been fully repaid and the company remains in a profitable situation.

#### **17 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is United Distillers plc. The ultimate parent undertaking is Guinness PLC. Both of these companies are registered in England.

The ultimate parent undertaking is the parent undertaking of the smallest and largest group of which the company is a member for which group accounts are prepared.

Copies of the group accounts referred to above can be obtained from the company's registered office, the address of which can be found in the Directors' report.