

UNITED DISTILLERS FRANCE LIMITED
(REGISTERED NUMBER: 132792)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1992



UNITED DISTILLERS FRANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1992

The directors present their report and the audited financial statements of the company for the year ended 31 December 1992.

REVIEW OF THE BUSINESS

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 loss attributable to shareholders amounts to Ffr 23,684,000, which was deducted from reserves.

FIXED ASSETS

The company has no fixed assets.

DIVIDENDS

The directors do not propose a dividend.

EVENTS SINCE THE END OF YEAR

Subject to obtaining the necessary approvals, it is the intention of the board to transfer all of the activities of United Distillers France Limited in France to a new wholly owned subsidiary, United Distillers France SA.

DIRECTORS' INTERESTS

The names 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 1992 (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 1992</u>		<u>At 1 January 1992</u>	
	<u>Ordinary shares</u>	<u>Options over ordinary shares</u>	<u>Ordinary shares</u>	<u>Options over ordinary shares</u>
C de Jouvencel	941	57,455	-	46,068
J M Bremner	5,852	23,493	3,186	21,050

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

	<u>Options granted during 1992</u>		<u>Options exercised during 1992</u>	
	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>
C de Jouvencel	11,387	533.5p	-	
J M Bremner	2,443	533.5p	-	

The options outstanding at 31 December 1992 are exercisable at varying dates between 1993 and 2002 at prices between £1.495 and £5.335.

AUDITORS

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

By Order of the Board

Nicola M. Coyle

Nicola M Coyle
Secretary
18 October 1993

Price Waterhouse



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

We have audited the financial statements set out on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1992 and of the loss 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

18 October 1993

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 9SY 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 1992**

	<u>1992</u> <u>Fr'000</u>	<u>1991</u> <u>Fr'000</u>
TURNOVER	588,101	595,321
Net operating costs (Note 3)	<u>(600,862)</u>	<u>(566,833)</u>
OPERATING (LOSS)/PROFIT	(12,761)	28,488
Net interest expense (Note 4)	<u>(10,901)</u>	<u>(14,806)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(23,662)	13,682
Taxation (Note 5)	<u>(22)</u>	<u>(18)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED EARNINGS (Note 14)	<u>(23,684)</u>	<u>13,664</u>

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

The notes on pages 6 to 11 form part of these financial statements.

UNITED DISTILLERS FRANCE LIMITED

BALANCE SHEET - 31 DECEMBER 1992

	<u>1992</u> Fr'000	<u>1991</u> Fr'000
FIXED ASSETS		
Investments (Note 8)	3,591	39
CURRENT ASSETS		
Stocks (Note 9)	3,739	10,911
Debtors (Note 10)	259,662	327,146
Cash at bank	2,457	5,316
	<u>265,858</u>	<u>343,373</u>
CREDITORS - Amounts falling due within one year (Note 11)	<u>(188,978)</u>	<u>(237,857)</u>
NET CURRENT ASSETS	<u>76,880</u>	<u>105,516</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>80,471</u>	<u>105,555</u>
PROVISIONS FOR LIABILITIES AND CHARGES (Note 12)	<u>(2,300)</u>	<u>(3,700)</u>
	<u>78,171</u>	<u>101,855</u>
SHAREHOLDERS FUNDS		
Called up share capital (Note 13)	121,594	121,594
Other reserves	212	212
Profit and loss account (Note 14)	<u>(43,635)</u>	<u>(19,951)</u>
	<u>78,171</u>	<u>101,855</u>

The notes on pages 6 to 11 form part of these financial statements.

APPROVED BY THE BOARD ON
18 October 1993

C. de Jouvencel

Claude de Jouvencel
DIRECTOR

UNITED DISTILLERS FRANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992

1 ACCOUNTING POLICIES

(1) Basis of accounting

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

(2) Foreign currencies

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.

UNITED DISTILLERS FRANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)

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.

3 NET OPERATING COSTS

	<u>1992</u> Fr'000	<u>1991</u> Fr'000
Raw material and consumables	342,396	312,502
Customs and excise duties	66,069	74,237
Staff costs (Note 6)	-	558
Other operating charges	211,924	175,639
Change in stocks of finished goods and work in progress	(14,586)	5,217
Other operating income	<u>(4,941)</u>	<u>(1,320)</u>
	<u>600,862</u>	<u>566,833</u>

Change in stocks of finished goods excludes movement on stocks of advertising and promotions material, which are included in other operating charges.

Net operating costs include the following:

Directors' emoluments (Note 7)	-	-
Auditors' remuneration	180	180
Other operating leases	62	297
Provision for diminution in value of investments	448	-
	<u>-</u>	<u>-</u>

4 NET INTEREST EXPENSE

	<u>1992</u> Fr'000	<u>1991</u> Fr'000
Interest on share term loan repayable within five years	11,041	17,394
Less: Interest receivable	<u>(140)</u>	<u>(2,588)</u>
	<u>10,901</u>	<u>14,806</u>

UNITED DISTILLERS FRANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

No corporation tax is due for the year as the company made a loss for tax purposes. Losses available for relief against future taxable income are Ffr 54,656,652. The losses carried forward arose as follows:

	Ffr'000
Year ended 13 December 1989	22,925
Year ended 31 December 1990	9,499
Year ended 31 December 1992	<u>22,233</u>
	54,657

6 STAFF COSTS AND EMPLOYEES

(a) Staff costs

	<u>1992</u> Ffr'000	<u>1991</u> Ffr'000
Wages and salaries	-	329
Social security costs	-	128
Pension costs	<u>-</u>	<u>101</u>
	-	558

(b) Average number of employees

Full time

-	1
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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.

UNITED DISTILLERS FRANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)

8 INVESTMENTS

During the course of 1992, the company acquired a 50% shareholding in NEGGMA, a Société Anonyme registered in France whose principal activity is the distribution of wines and spirits. The net cost of this investment was:

	Ffr'000
40,000 ordinary shares at Ffr 100	4,000

In addition, the company paid a sum of Ffr 1,555,000 to Veuve Cliquot Ponsardin, representing 50% of NEGGMA's accumulated losses in 1990 and 1991. This was treated as a financing cost and was charged in full to the profit and loss account in 1992.

As the company does not control the Board of Directors of NEGGMA, it has not been consolidated in the accounts of the company.

	Ffr'000
At 1 January 1992	39
Additions	4,000
Provision for diminution of investment in NEGGMA, calculated on the basis of 50% of the diminution in NEGGMA's net assets	<u>(448)</u>
At 31 December 1992	<u>3,591</u>

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 79,707,000 (1991: Ffr 60,223,000) have been sourced from a fellow subsidiary, United Distillers Plc. These stocks have been accounted for on a consignment basis.

10 DEBTORS

	<u>1992</u> Ffr'000	<u>1991</u> Ffr'000
Trade debtors	182,322	216,244
Amounts owed by group undertakings	61,325	93,230
Other debtors	<u>16,015</u>	<u>17,672</u>
	<u>259,662</u>	<u>327,146</u>

UNITED DISTILLERS FRANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)

11 CREDITORS - Amounts falling due within one year

	<u>1992</u> Ffr'000	<u>1991</u> Ffr'000
Bank loans and overdrafts	93,106	121,390
Trade creditors	18,815	41,863
Amounts owed to group undertakings	3,967	-
Accruals and deferred income	65,724	56,938
Other creditors	<u>7,366</u>	<u>17,666</u>
	<u>188,978</u>	<u>237,857</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1992</u> Ffr'000	<u>1991</u> Ffr'000
Litigation provision	2,300	3,700

The decrease in the litigation provision of Ffr 1,400,000 results from the settlement of one litigation at a cost of Ffr 812,000 (provision Ffr 1,200,000), and the reduction in the risk associated with some of the others.

13 CALLED UP SHARE CAPITAL

	<u>1992</u> Ffr'000	<u>1991</u> Ffr'000
Authorised, called up and fully paid: 11,020,000 ordinary shares of £1 each	121,594	121,594

14 RESERVES

	<u>Profit and loss account</u> Ffr'000
At 1 January 1992	(19,951)
Loss for the year	<u>(23,684)</u>
At 31 December 1992	<u>(43,635)</u>

UNITED DISTILLERS FRANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)**

15 GUARANTEES AND COMMITMENTS

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

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 Secretary, Guinness PLC, 39 Portman Square, London W1H 9HB.