

GUINNESS BREWING WORLDWIDE LIMITED  
(Registered Number 510607)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1993



## **GUINNESS BREWING WORLDWIDE LIMITED**

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

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 1993.

#### **RESULTS AND TRANSFER FROM RESERVES**

Profit before taxation amounted to £11.2 million (1992 - £2.2 million). After deducting taxation the profit for the financial year amounted to £10.5 million (1992 - £0.5 million) which after dividends of £Nil million (1992 - £9.0 million) resulted in a transfer to reserves of £10.5 million (1992 - £(8.5) million).

#### **DIVIDENDS**

The Directors do not recommend the payment of a final dividend (1992 - £9.0 million).

#### **REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES**

Throughout the year the Company continued to brew and market Guinness Stout and Kaliber in Great Britain, as well as being responsible for the supply of raw materials, plant and spares to overseas breweries and for the marketing of Guinness Stout and Harp Lager in overseas markets. A more extensive review of the business operations during the year is contained in the Annual Report and Accounts of Guinness PLC, the ultimate parent undertaking.

#### **FUTURE DEVELOPMENTS**

The Company will continue to seek ways of improving its performance in both its home and overseas markets.

#### **FIXED ASSETS**

Details of movements in tangible fixed assets are given in note 8 on pages 14 to 16.

#### **RESEARCH AND DEVELOPMENT**

Expenditure on research and development activities amounted to £3.4 million (1992 - £2.9 million).

## **GUINNESS BREWING WORLDWIDE LIMITED**

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

#### **EMPLOYMENT POLICIES**

**(1) Communication and consultation with employees**

The Company is committed to the continuing development of effective employee communication, consultation and involvement. The Company consults employees and their representative bodies on decisions which are likely to affect them and encourages the involvement of employees in the financial performance of the Company through a profit sharing scheme and SAYE stock option schemes in Guinness PLC.

Communication is achieved through the availability to employees of the Guinness PLC Annual Report, interim statements, company newspapers, circulation of Brewery Council minutes and departmental consultative committees and briefings.

**(2) Disabled persons**

The policy of the Company is to give full and fair consideration to applications for employment made by disabled persons. If an employee becomes disabled whilst employed by the Company, every effort is made to find suitable employment, with re-training as necessary. Disabled people share equally in the opportunities available for training, career development and promotion.

#### **BOARD OF DIRECTORS**

The names of the Directors of the Company during the year are shown below:

|             |  |
|-------------|--|
| BF Baldock  | (Chairman)                                     |
| BR O'Neill  | Managing Director (appointed 15 February 1993) |
| JDS Davies  |  |
| D Hampshire | (appointed 7 December 1993)                    |
| JF Hearnden |  |
| MJ Hughes   |  |
| MA Kayser   | (appointed 1 January 1993)                     |
| PW Lipscomb |  |
| BJ O'Neill  | (resigned 7 December 1993)                     |
| AF Peeters  |  |
| JS Smale    |  |
| WJH Spears  | (resigned 7 December 1993)                     |
| CA Storm    |  |
| PE Yea      | (resigned 1 January 1993)                      |

# GUINNESS BREWING WORLDWIDE LIMITED

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

### DIRECTORS' INTERESTS

No Director had any interest in shares or debentures of the Company, of any subsidiary undertaking or of 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 holding company, Guinness PLC, as set out below. Mr BF Baldock and Mr BR O'Neill are directors of Guinness PLC and their interests in the shares of Guinness PLC are set out in that company's Annual Report.

|                        | <u>At 31 December 1993</u> |                                 | <u>At 1 January 1993 or<br/>date of appointment if later</u> |                                 |
|------------------------|----------------------------|---------------------------------|--|---------------------------------|
|                        | Ordinary<br>shares         | Options over<br>ordinary shares | Ordinary<br>shares   | Options over<br>ordinary shares |
| <u>Ordinary shares</u> |                            |                                 |  |                                 |
| JDS Davies             | 7,858                      | 207,335                         | 7,236  | 176,019                         |
| DHC Hampshire          | 6,475                      | 67,648                          | 6,475  | 67,648                          |
| JF Hearnden            | 8,876                      | 66,370                          | 7,217  | 79,969                          |
| MJ Hughes              | 5,494                      | 134,240                         | 4,977  | 96,704                          |
| MA Kayser              | 6,993                      | 62,519                          | 11,844   | 34,574                          |
| PW Lipscomb            | 18,806                     | 128,846                         | 17,147   | 152,826                         |
| AF Peeters             | 3,474                      | 109,160                         | 1,815  | 74,573                          |
| JS Smale               | 8,680                      | 130,315                         | 7,021  | 109,478                         |
| CA Storm               | 20,601                     | 192,951                         | 19,979   | 165,714                         |

# GUINNESS BREWING WORLDWIDE LIMITED

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

### DIRECTORS' INTERESTS (CONTINUED)

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> |        |
|---------------|------------------------------------|--------|--------------------------------------|--------|
|               | Number                             | Price  | Number                               | Price  |
| JDS Davies    | 31,316                             | £4.925 | Nil                                  | Nil    |
| DHC Hampshire | 15,520                             | £4.925 | Nil                                  | Nil    |
|               | 3,155*                             | £3.280 | Nil                                  | Nil    |
| JF Hearnden   | 17,970                             | £4.925 | 9,646                                | £2.255 |
|               | 2,103*                             | £3.280 | 24,026                               | £3.210 |
| MJ Hughes     | 36,548                             | £4.925 | Nil                                  | Nil    |
|               | 5,259*                             | £3.280 | Nil                                  | Nil    |
| MA Kayser     | 25,563                             | £4.925 | Nil                                  | Nil    |
|               | 4,207*                             | £3.280 | Nil                                  | Nil    |
| PW Lipscomb   | 48,782                             | £4.925 | 11,708                               | £1.495 |
|               |                                    |        | 18,948                               | £2.255 |
|               |                                    |        | 42,056                               | £3.210 |
| AF Peeters    | 34,587                             | £4.925 | Nil                                  | Nil    |
| JS Smale      | 23,058                             | £4.925 | Nil                                  | Nil    |
|               | 2,103*                             | £3.280 | 4,324*                               | £1.655 |
| CA Storm      | 26,396                             | £4.925 | Nil                                  | Nil    |
|               | 841*                               | £3.280 | Nil                                  | Nil    |

\* These options were granted and exercised under the terms of the Savings Related Share Option Scheme.

The options outstanding at 31 December 1993 have been granted under Group employee share participation schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1994 and 2003 at varying prices between £1.365 and £5.335.

Directors of subsidiaries of Guinness PLC are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in the accounts of Guinness PLC.

The ultimate parent company purchases liability insurance covering the directors and officers of Guinness PLC and its subsidiaries.

## GUINNESS BREWING WORLDWIDE LIMITED

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

#### 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; and
- 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 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.

#### AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution for their re-appointment, also authorising the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board



B Beanland  
Secretary

Six September

1994

*Price Waterhouse*



**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
GUINNESS BREWING WORLDWIDE LIMITED**

We have audited the financial statements on pages 7 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 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 the Company's affairs 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*

Chartered Accountants  
and Registered Auditors  
London

*23 September 1994*

**GUINNESS BREWING WORLDWIDE LIMITED**

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

|  | <u>Notes</u> | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|--|--------------|--------------------|--------------------|
| <b>TURNOVER</b>  | 2            | 409.2              | 419.6              |
| <b>NET OPERATING CHARGES</b>                             | 3            | (400.8)            | (418.0)            |
| <b>OPERATING PROFIT</b>                                  |              | 8.4                | 1.6                |
| Income from shares in group undertakings                 |              | 2.9                | 0.9                |
| Interest payable on loans repayable<br>within five years |              | -                  | (0.3)              |
| Interest payable   |              | (0.1)              | -                  |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>     |              | 11.2               | 2.2                |
| Taxation on profit on ordinary activities                | 4            | (0.7)              | (1.7)              |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |              | 10.5               | 0.5                |
| Dividends paid and proposed                              | 7            | -                  | (9.0)              |
| <b>AMOUNT TRANSFERRED TO/(FROM) RESERVES</b>             | 18           | 10.5               | (8.5)              |
|  |              | <u>          </u>  | <u>          </u>  |

There is no material difference between the reported profit for 1993 and 1992 and the profit for those years restated on historical cost basis.

Movements on reserves are shown in note 18 to the financial statements.

The notes on pages 10 to 21 form part of these financial statements.



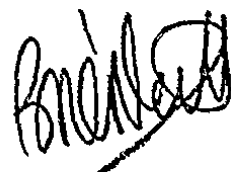
# GUINNESS BREWING WORLDWIDE LIMITED

## BALANCE SHEET AT 31 DECEMBER 1993

|   | Notes | <u>1993</u>   |                | <u>1992</u>    |                |
|---|-------|---------------|----------------|----------------|----------------|
|   |       | £'m           | £'m            | £'m            | £'m            |
| <b>FIXED ASSETS</b>   |       |               |                |                |                |
| Tangible assets   | 8     |               | 177.1          |                | 146.8          |
| Investments   | 9     |               | <u>3.6</u>     |                | <u>0.1</u>     |
|   |       |               | 180.7          |                | 146.9          |
| <b>CURRENT ASSETS</b>   |       |               |                |                |                |
| Stocks  | 11    | 13.7          |                | 20.8           |                |
| Debtors   | 12    | 120.0         |                | 94.3           |                |
| Cash at bank and in hand  |       | <u>3.0</u>    |                | <u>8.9</u>     |                |
|   |       | 136.7         |                | 124.0          |                |
| <b>CREDITORS (amounts falling due within one year)</b>          | 13    | <u>(91.8)</u> |                | <u>(114.0)</u> |                |
| <b>NET CURRENT ASSETS</b>                                       |       |               | <u>44.9</u>    |                | <u>10.0</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    |       |               | 225.6          |                | 156.9          |
| <b>CREDITORS (amounts falling due after more than one year)</b> | 14    |               | <u>(181.9)</u> |                | <u>(123.1)</u> |
|   |       |               | 43.7           |                | 33.8           |
| <b>CAPITAL AND RESERVES</b>                                     |       |               |                |                |                |
| Called up share capital   | 17    |               | 6.1            |                | 6.1            |
| Revaluation reserve   | 18    |               | 35.6           |                | 36.9           |
| Profit and loss account   | 18    |               | <u>2.0</u>     |                | <u>(9.2)</u>   |
|   |       |               | 43.7           |                | 33.8           |

APPROVED BY THE BOARD  
ON *5th September* 1994

DIRECTOR



The notes on pages 10 to 21 form part of these financial statements.

**GUINNESS BREWING WORLDWIDE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

|  | <u>1993</u>  | <u>1992</u>   |
|--|--------------|---------------|
|  | £            | £             |
| Profit for the financial year                          | 10.5         | 0.5           |
| Unrealised deficit on revaluation of properties        | <u>(0.6)</u> | <u>(26.1)</u> |
| Total recognised gains and losses relating to the year | <u>9.9</u>   | <u>(25.6)</u> |

The notes on pages 10 to 21 form part of these financial statements.

# **GUINNESS BREWING WORLDWIDE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993**

### **1 ACCOUNTING POLICIES**

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of another company incorporated in Great Britain, nor has a statement of cash flows been provided because the Guinness PLC consolidated accounts include such a statement.

#### **(2) Depreciation**

Tangible assets are depreciated in equal annual instalments at rates calculated to write off their cost or valuation over the term of their estimated useful lives. Details of depreciation rates are given in note 8.

#### **(3) Leased assets**

Assets acquired under finance leases, comprising vehicles, casks and computer equipment, are capitalised. The annual costs in respect of other equipment leases are charged to the profit and loss account and disclosed under the headings of "hire of plant and machinery" and "other operating lease charges".

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

Valuation of stocks is at the lower of cost and net realisable value. Cost includes raw materials, excise duty and the appropriate proportion of labour costs, production and other overheads.

#### **(5) Research and development expenditure**

All research and development expenditure is written off to the profit and loss account as incurred.

#### **(6) Investments**

Investments are stated at cost less amounts written off.

## **GUINNESS BREWING WORLDWIDE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **(7) Foreign currency**

Assets and liabilities denominated in foreign currencies are translated into sterling using contract rates of exchange or exchange rates prevailing at the balance sheet date, as appropriate. Exchange differences arising from foreign currency transactions in the normal course of trading are dealt with in the profit and loss account.

##### **(8) Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation, on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability or an asset is expected to crystallise within the foreseeable future.

##### **(9) Pensions**

The Company is a member of a group pension scheme which is operated by its ultimate holding company, Guinness PLC. Contributions to the scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating group undertakings. Costs are not determined for each individual undertaking, and accordingly, contributions are charged to the profit and loss account when they become payable.

#### **2 TURNOVER**

Turnover represents the net amounts receivable including duties where applicable but excluding value added tax.

The Company carries out principally one class of business, that of brewing and marketing Guinness stout and other brands of beer and lager. Turnover and profit predominantly arise within the United Kingdom. Further segmental information is provided in the accounts of the parent company, Guinness PLC.

The turnover includes £69.7 million (1992 - £69.9 million) of sales to fellow subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

| <u>1993</u> | <u>1992</u> |
|-------------|-------------|
| £m          | £m          |

|   |             |              |
|---|-------------|--------------|
| Change in stocks of finished goods and work in progress | 0.9         | (0.6)        |
| Raw materials and consumables                           | 141.2       | 143.4        |
| Excise duties   | 105.8       | 109.2        |
| Staff costs (note 5) including                          |             |              |
| Directors' emoluments (note 6)                          | 53.8        | 51.1         |
| Depreciation  | 16.0        | 14.6         |
| Other operating charges                                 | <u>83.1</u> | <u>100.3</u> |

400 8      418,0

| <u>1993</u> | <u>1992</u> |
|-------------|-------------|
| £'000       | £'000       |

|                                      |       |       |
|--------------------------------------|-------|-------|
| Research and development expenditure | 3,400 | 2,900 |
| Hire of plant and machinery          | 470   | 420   |
| Other operating lease charges        | 89    | 86    |
| Auditors' remuneration - audit work  | 55    | 87    |
| - non audit work                     | 610   | 1,047 |

| <u>1993</u> | <u>1992</u> |
|-------------|-------------|
| £m          | £m          |

|   |              |              |
|---|--------------|--------------|
| United Kingdom corporation tax for        |              |              |
| current year at 33% (1992 - 33%)          | 0.4          | 5.4          |
| Under provision in respect of prior years | <u>1.1</u>   | <u>-</u>     |
|   | 1.5          | 5.4          |
| Deferred tax (note 16)                    | <u>(0.8)</u> | <u>(3.7)</u> |
|   | 0.7          | 1.7          |

# GUINNESS BREWING WORLDWIDE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

### 5 STAFF COSTS AND EMPLOYEES

|                                 | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|---------------------------------|--------------------|--------------------|
| (1) Staff costs                 |                    |                    |
| Wages and salaries              | 50.1               | 47.6               |
| Social security costs           | <u>3.7</u>         | <u>3.5</u>         |
|                                 | 53.8               | 51.1               |
|                                 | <u>Number</u>      | <u>Number</u>      |
| (2) Average number of employees | <u>1,723</u>       | <u>1,791</u>       |

### 6 DIRECTORS' EMOLUMENTS

|   | <u>1993</u><br>£'000 | <u>1992</u><br>£'000 |
|---|----------------------|----------------------|
| Salaries and pension scheme contributions               | <u>2,095</u>         | <u>1,615</u>         |
| Emoluments (excluding pension scheme contributions) of: |                      |                      |
| Chairman and highest paid director                      | <u>362</u>           | <u>346</u>           |
| Other directors:  | <u>Number</u>        | <u>Number</u>        |
| £210,001 - £215,000                                     | 1                    | -                    |
| £205,001 - £210,000                                     | 1                    | 1                    |
| £165,001 - £170,000                                     | 1                    | -                    |
| £160,001 - £165,000                                     | 1                    | 1                    |
| £155,001 - £160,000                                     | 1                    | -                    |
| £150,001 - £155,000                                     | -                    | 1                    |
| £140,001 - £145,000                                     | -                    | 1                    |
| £135,001 - £140,000                                     | 1                    | -                    |
| £130,001 - £135,000                                     | -                    | 1                    |
| £125,001 - £130,000                                     | 1                    | -                    |
| £110,001 - £115,000                                     | -                    | 1                    |
| £95,001 - £100,000                                      | -                    | 2                    |
| £90,001 - £95,000                                       | -                    | 1                    |
| £75,001 - £80,000                                       | 1                    | -                    |
| £65,001 - £70,000                                       | 1                    | -                    |
| £55,001 - £60,000                                       | -                    | 1                    |
| £10,001 - £15,000                                       | 1                    | -                    |
| £5,001 - £10,000  | 1                    | -                    |
| £Nil - £5,000   | 1                    | 2                    |

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

7 DIVIDENDS

|                       | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|-----------------------|--------------------|--------------------|
| Interim dividend paid | <u>—</u>           | <u>9.0</u>         |

8 TANGIBLE ASSETS

|                                | <u>Land and<br/>buildings</u><br>£'m | <u>Plant and<br/>machinery</u><br>£'m | <u>Casks<br/>and road<br/>vehicles</u><br>£'m | <u>Total</u><br>£'m |
|--------------------------------|--------------------------------------|---------------------------------------|---|---------------------|
| (1) Cost or valuation          |                                      |                                       |   |                     |
| At 1 January 1993              | 42.9                                 | 116.5                                 | 50.7  | 210.1               |
| Additions                      | 0.6                                  | 41.7                                  | 6.4   | 48.7                |
| Transfers from group companies | 3.3                                  | -                                     | 0.3   | 3.6                 |
| Transfers to group companies   | -                                    | -                                     | (0.6)   | (0.6)               |
| Disposals                      | -                                    | (3.0)                                 | (6.9)   | (9.9)               |
| Revaluation during year        | <u>(0.6)</u>                         | <u>—</u>                              | <u>—</u>                                      | <u>(0.6)</u>        |
| At 31 December 1993            | <u>46.2</u>                          | <u>155.2</u>                          | <u>49.9</u>                                   | <u>251.3</u>        |
| Accumulated depreciation       |                                      |                                       |   |                     |
| At 1 January 1993              | -                                    | 47.7                                  | 15.6  | 63.3                |
| Provision for the year         | 1.1                                  | 10.4                                  | 4.5   | 16.0                |
| Disposals                      | -                                    | (2.1)                                 | (3.4)   | (5.5)               |
| Transfers from group companies | <u>0.4</u>                           | <u>—</u>                              | <u>—</u>                                      | <u>0.4</u>          |
| At 31 December 1993            | <u>1.5</u>                           | <u>56.0</u>                           | <u>16.7</u>                                   | <u>74.2</u>         |
| Net book amount                |                                      |                                       |   |                     |
| At 31 December 1993            | <u>44.7</u>                          | <u>99.2</u>                           | <u>33.2</u>                                   | <u>177.1</u>        |
| At 31 December 1992            | <u>42.9</u>                          | <u>68.8</u>                           | <u>35.1</u>                                   | <u>146.8</u>        |

**GUINNESS BREWING WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)**

**8 TANGIBLE ASSETS (CONTINUED)**

- (2) Land and buildings - the net book amount includes the following:

|  | <u>1993</u>   | <u>1992</u>   |
|--|---------------|---------------|
|  | £'m           | £'m           |
| Freehold                                 | 43.1          | 41.3          |
| Long leasehold (over 50 years unexpired) | <u>1.6</u>    | <u>1.6</u>    |
|  | 44.7          | 42.9          |
|  | <u>      </u> | <u>      </u> |

- (3) Land and buildings - the amount shown at cost or valuation includes the following:

|                 | <u>1993</u>   | <u>1992</u>   |
|-----------------|---------------|---------------|
|                 | £'m           | £'m           |
| At cost         | 2.6           | 5.5           |
| At valuation    |               |               |
| - 1983 or prior | 1.9           | 0.3           |
| - 1992          | <u>41.7</u>   | <u>37.1</u>   |
|                 | 46.2          | 42.9          |
|                 | <u>      </u> | <u>      </u> |

- (4) Land and buildings included at valuation would have been included on an historical cost basis at:

|                          | <u>1993</u>   | <u>1992</u>   |
|--------------------------|---------------|---------------|
|                          | £'m           | £'m           |
| Cost                     | 14.9          | 11.0          |
| Accumulated depreciation | <u>(5.8)</u>  | <u>(5.0)</u>  |
|                          | 9.1           | 6.0           |
|                          | <u>      </u> | <u>      </u> |



# GUINNESS BREWING WORLDWIDE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

### 8 TANGIBLE ASSETS (CONTINUED)

- (5) Included in the cost of tangible fixed assets are the following amounts in respect of assets under construction

|                     | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|---------------------|--------------------|--------------------|
| Land and buildings  | 0.3                | 1.9                |
| Plant and machinery | <u>53.7</u>        | <u>29.1</u>        |
|                     | 54.0               | 31.0               |

- (6) The following table shows the principal rates of depreciation:

|                             |                    |
|-----------------------------|--------------------|
| Buildings:                  |                    |
| Freehold and long leasehold | 2.5% - 5%          |
| Short leasehold             | over term of lease |
| Plant and machinery:        |                    |
| Brewing and racking plant   | 5% - 33%           |
| Containers                  | 5%                 |
| Casks and road vehicles:    |                    |
| Distribution vehicles       | 12.5%              |
| Motor cars                  | 25% - 50%          |
| Casks                       | 6.67%              |

### 9 INVESTMENTS

|                     | <u>Investments in</u><br><u>subsidiary undertakings</u><br>£'m |
|---------------------|--|
| At 1 January 1993   | 0.1  |
| Additions           | <u>3.5</u>   |
| At 31 December 1993 | <u>3.6</u>   |

- (1) All the shares are either unclassified or classified as ordinary.
- (2) In the opinion of the Directors, the aggregate value of the Company's investments in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.

# GUINNESS BREWING WORLDWIDE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

### 10 SUBSIDIARY COMPANIES

The Company has the following subsidiary undertakings registered in England and Wales:

| <u>Brewing</u>               | <u>% holdings</u> | <u>Country of operation</u> | <u>Activity</u> |
|------------------------------|-------------------|-----------------------------|-----------------|
| ES Beaven (Maltings) Limited | 100               | England                     | Maltster        |
| Guinness Hop Farms Limited   | 100               | England                     | Hop grower      |
| HKS Properties Ltd           | 100               | England                     | Property        |
| The Harp Lager Company Ltd   | 100               | England                     | Beer Marketing  |

During the course of the year the net assets of Guinness Hop Farms were sold for a sum in excess of book value. As a result Guinness Hop Farms is now a dormant company.

On 28 April 1993, the Company acquired the whole of the issued share capital of The Harp Lager Company from Guinness PLC for a consideration of £3,517,000.

### 11 STOCKS

|                                     | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|-------------------------------------|--------------------|--------------------|
| Raw materials and consumables       | 4.5                | 3.3                |
| Finished goods and goods for resale | <u>9.2</u>         | <u>17.5</u>        |
|                                     | <u>13.7</u>        | <u>20.8</u>        |

The replacement cost of stocks is not materially different from their book value.

### 12 DEBTORS

|  | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|--|--------------------|--------------------|
| Trade debtors                                  | 49.3               | 53.8               |
| Amounts owed by fellow subsidiary undertakings | 58.7               | 29.6               |
| Other debtors                                  | 3.7                | 4.4                |
| Prepayments and accrued income                 | 2.4                | 1.4                |
| Deferred tax (note 16)                         | <u>5.9</u>         | <u>5.1</u>         |
|  | <u>120.0</u>       | <u>94.3</u>        |

# **GUINNESS BREWING WORLDWIDE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)**

### **13 CREDITORS (amounts falling due within one year)**

|  | <u>1993</u>       | <u>1992</u>       |
|--|-------------------|-------------------|
|  | £'m               | £'m               |
| Trade creditors                                | 26.0              | 19.2              |
| Amounts owed to fellow subsidiary undertakings | 5.4               | 23.2              |
| Corporation tax                                | 0.5               | 7.0               |
| Social security and other taxes                | 8.9               | 8.5               |
| Other creditors                                | 3.2               | 8.3               |
| Accruals and deferred income                   | <u>47.8</u>       | <u>47.8</u>       |
|  | 91.8              | 114.0             |
|  | <u>          </u> | <u>          </u> |

### **14 CREDITORS (amounts falling due after more than one year)**

|                                    | <u>1993</u>  | <u>1992</u>  |
|------------------------------------|--------------|--------------|
|                                    | £'m          | £'m          |
| Amounts owed to parent undertaking | <u>181.9</u> | <u>123.1</u> |

### **15 LEASING COMMITMENTS**

#### **Operating leases**

Payments on non-cancellable operating leases due within one year of 31 December 1993 are as follows:

|                                | <u>Land and<br/>buildings</u> | <u>Other</u>      |
|--------------------------------|-------------------------------|-------------------|
|                                | £'m                           | £'m               |
| For which commitment expiring: |                               |                   |
| Within one year                | -                             | 0.5               |
| Between 1 - 2 years            | -                             | -                 |
| Between 2 - 5 years            | -                             | -                 |
| After 5 years                  | <u>0.1</u>                    | <u>-</u>          |
|                                | 0.1                           | 0.5               |
|                                | <u>          </u>             | <u>          </u> |

**GUINNESS BREWING WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)**

**16 DEFERRED TAXATION**

|   | <u>1993</u>   |                                 | <u>1992</u>   |                                 |
|---|---------------|---------------------------------|---------------|---------------------------------|
|   | <u>Amount</u> | <u>Full potential liability</u> | <u>Amount</u> | <u>Full potential liability</u> |
|   | £'m           | £'m                             | £'m           | £'m                             |
| Accelerated capital allowances on plant, machinery and industrial buildings | 0.4           | 18.6                            | -             | 11.0                            |
| Provisions allowable for tax in future years                                | <u>(6.3)</u>  | <u>(6.3)</u>                    | <u>(5.1)</u>  | <u>(5.1)</u>                    |
|   | (5.9)         | 12.3                            | (5.1)         | 5.9                             |
| Tax on chargeable gains on revaluation surpluses                            | <u>-</u>      | <u>-</u>                        | <u>-</u>      | <u>8.6</u>                      |
|   | (5.9)         | 12.3                            | (5.1)         | 14.5                            |

The deferred tax asset is included in debtors in note 12.

**17 CALLED UP SHARE CAPITAL**

|  | <u>1993</u> | <u>1992</u> |
|--|-------------|-------------|
|  | £'m         | £'m         |
| Authorised:<br>7,500,000 ordinary shares of £1 each              | <u>7.5</u>  | <u>7.5</u>  |
| Allotted and fully paid:<br>6,100,000 ordinary shares of £1 each | <u>6.1</u>  | <u>6.1</u>  |

**18 RESERVES**

|  | <u>Revaluation reserve</u> | <u>Profit and loss account</u> |
|--|----------------------------|--------------------------------|
|  | £'m                        | £'m                            |
| At 1 January 1993                              | 36.9                       | (9.2)                          |
| Retained profit for the year                   | -                          | 10.5                           |
| Depreciation transfer on revaluation surpluses | (0.7)                      | 0.7                            |
| Revaluation during year                        | <u>(0.6)</u>               | <u>-</u>                       |
| At 31 December 1993                            | <u>35.6</u>                | <u>2.0</u>                     |

# GUINNESS BREWING WORLDWIDE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)

### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

|   | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|---|--------------------|--------------------|
| Profit for the financial year                   | 10.5               | 0.5                |
| Dividends paid and proposed                     | <u>-</u>           | <u>(9.0)</u>       |
|   | 10.5               | (8.5)              |
| Other recognised losses relating to the year    | <u>(0.6)</u>       | <u>(26.1)</u>      |
| Net addition/(reduction) to shareholders' funds | 9.9                | (34.6)             |
| Opening shareholders' funds                     | <u>33.8</u>        | <u>68.4</u>        |
| Closing shareholders' funds                     | <u>43.7</u>        | <u>33.8</u>        |

### 20 FUTURE CAPITAL EXPENDITURE

|  | <u>1993</u><br>£'m | <u>1992</u><br>£'m |
|--|--------------------|--------------------|
| Contracted but not provided<br>for in the financial statements | 14.7               | 22.7               |
| Authorised but not contracted for                              | <u>13.4</u>        | <u>40.9</u>        |
|  | <u>28.1</u>        | <u>63.6</u>        |

### 21 PENSIONS

The Company is a member of a group pension scheme which is operated by its ultimate holding company Guinness PLC. The scheme is of the defined benefit type, is administered by a trustee company and is maintained independently of the finances of Guinness PLC and its subsidiary undertakings.

Contributions to the scheme are assessed by a qualified actuary based on the costs of providing pensions across all participating Group undertakings. Costs are not determined for each individual undertaking and, accordingly, contributions are charged to the profit and loss account when they become payable.

A valuation of the scheme was performed in 1992 by the actuary and particulars of the valuation are included in the accounts of Guinness PLC. Following the valuation, it was not expected that there would be a requirement to make contributions to the scheme before the date of the next valuation of the scheme in 1995. However, following an interim review of the funding position of the scheme, the Group will recommence contributions in 1994.

There has been no charge to the profit and loss account in 1993 or 1992 in respect of pension costs.

## **GUINNESS BREWING WORLDWIDE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (CONTINUED)**

#### **22 HOLDING COMPANIES**

The Company is a wholly owned direct subsidiary of Guinness PLC, a company registered in England and Wales. Guinness PLC is the parent undertaking of the smallest and largest group for which group accounts incorporating those of the Company are prepared. Copies of the consolidated accounts of Guinness PLC, can be obtained from:

Guinness PLC  
39 Portman Square  
London  
W1H 9HB