

New Union Holdings Limited

Annual Report and Accounts

31 December 2001

Registered number

2477437



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New Union Holdings Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The Company's principal activity during the year continued to be the holding of investments. During the year the Company sold its shareholdings in its US and Canadian subsidiaries, at underlying net asset value, to the Company's ultimate holding company.

Future developments

It is not anticipated that there will be any changes to the Company's activities in the foreseeable future.

Results and dividends

The profit for the year after taxation amounted to £27,652,062. No dividends were paid during the year (2 April to 31 December 2000: Nil), and the directors do not recommend a final dividend (2 April to 31 December 2000: Nil).

Directors

The directors who served during the year were as follows:

C J R Gleave	Appointed 30 November 2001
J R Russell	Appointed 30 November 2001
F Blurton	Resigned 1 December 2001
RL Todd	Resigned 1 December 2001

Directors' interests

Throughout the year no director held an interest in the shares of the Company.

The interests of the directors and their connected persons in the shares, options and loan notes of the Company's ultimate holding company as at 31 December 2001 and on their respective dates of appointment are set out below. All such holdings are beneficial, and have been adjusted to reflect the May 2002 Capitalisation Issue.

Ordinary shares of 10p each in Guinness Peat Group plc

C J R Gleave held 213,357 shares at the year end (on appointment: 213,357 shares).

J R Russell held no shares at the year end (on appointment: Nil).

8% Convertible subordinated unsecured loan notes of 40p (2000: 50p) each due 2005 of Guinness Peat Group plc

C J R Gleave held 11,818 loan notes at the year end (on appointment: 11,818 loan notes).

J R Russell held no loan notes at the year end (on appointment: Nil).

New Union Holdings Limited
Directors' interests (cont)

Options over Ordinary Shares of 10p each of Guinness Peat Group plc.

Option type	Option period	31 December 2001		On appointment	
		Exercise Price (p)	Number	Exercise Price (p)	Number
<u>C J R Gleave</u>					
Ordinary	12.05.1997 - 11.05.2004	27.87	127,368	27.87	127,368
Super	12.05.1999 - 11.05.2004	27.87	127,368	27.87	127,368
Ordinary	25.08.1998 - 24.08.2005	27.62	42,996	27.62	42,996
Super	25.08.2000 - 24.08.2005	27.62	85,998	27.62	85,998
Ordinary	11.04.1999 - 10.04.2006	35.57	50,610	35.57	50,610
Super	11.04.2001 - 10.04.2006	35.57	50,610	35.57	50,610
Ordinary	01.09.2000 - 31.08.2007	45.43	62,743	45.43	62,743
Ordinary	22.03.2002 - 21.03.2009	38.93	78,328	38.93	78,328
Super	22.03.2004 - 21.03.2009	38.93	46,118	38.93	46,118
Super	02.09.2004 - 01.09.2009	36.44	465,850	36.44	465,850
Ordinary *	17.10.2004 - 16.10.2011	36.82	165,000	36.82	165,000
<u>J R Russell</u>					
Super	03.01.2001 - 02.01.2006	31.49	128,998	31.49	128,998
Ordinary	03.01.1999 - 02.01.2006	31.49	128,998	31.49	128,998
Ordinary	13.01.2000 - 12.01.2007	36.41	92,022	36.41	92,022
Ordinary	01.09.2000 - 31.08.2007	45.43	62,743	45.43	62,743
Ordinary	03.08.2001 - 02.08.2008	31.42	53,658	31.42	53,658
Super	03.08.2003 - 02.08.2008	31.42	26,866	31.42	26,866
Ordinary	22.03.2002 - 21.03.2009	38.93	78,328	38.93	78,328
Super	22.03.2004 - 21.03.2009	38.93	46,118	38.93	46,118
Super	02.09.2004 - 01.09.2009	36.44	465,850	36.44	465,850
Ordinary *	17.10.2004 - 16.10.2011	36.82	165,000	36.82	165,000

* Granted during 2001.

New Union Holdings Limited**Directors' responsibilities**

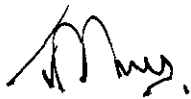
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are also responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be put to the members at the Annual General Meeting.

By order of the Board

J R Russell
Secretary
16 October 2002

**Independent auditors' report
to the members of New Union Holdings Limited**

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 judgements 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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
16 October 2002

New Union Holdings Limited
Profit and Loss Account
for the year ended 31 December 2001

	Notes	2001 £	2 Apr 2000 to 31 Dec 2000 £
Continuing operations			
Operating loss	2	(311,793)	(5,073,999)
Profit on sale of fixed assets	4	28,042,626	-
Interest payable and similar charges	5	(78,771)	-
Profit/(loss) on ordinary activities before taxation		<u>27,652,062</u>	<u>(5,073,999)</u>
Tax on profit/(loss) on ordinary activities	6	-	-
Retained profit/(deficit) for the year	14	<u><u>27,652,062</u></u>	<u><u>(5,073,999)</u></u>

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2001

	2001 £	2 Apr 2000 to 31 Dec 2000 £
Profit/(loss) for the financial year	27,652,062	(5,073,999)
Deficit on the valuation of investments	-	(2,837,222)
Total gains and losses recognised since last annual report	<u><u>27,652,062</u></u>	<u><u>(7,911,221)</u></u>

There is no material difference between the profit and loss account as presented above and the unmodified historical cost equivalent.

Reconciliation of Movements in Shareholders' Funds

	2001 £	2 Apr 2000 to 31 Dec 2000 £
At the beginning of the year	(4,875,550)	3,035,671
Profit/(loss) for the financial year	27,652,062	(5,073,999)
Other recognised gains and losses	-	(2,837,222)
New share capital subscribed	73,994	-
At the end of the year	<u><u>22,850,506</u></u>	<u><u>(4,875,550)</u></u>

The notes on pages 7 to 10 form part of these accounts. Report of the auditors - page 4.

New Union Holdings Limited

Balance Sheet

31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments	7	<u>2</u>	<u>27,476,605</u>
CURRENT ASSETS			
Debtors	8	25,177,504	-
CREDITORS : Amounts falling due within one year	9	-	(30,278,155)
NET CURRENT ASSETS/(LIABILITIES)		<u>25,177,504</u>	<u>(30,278,155)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,177,506	(2,801,550)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(2,327,000)	(2,074,000)
NET ASSETS/(LIABILITIES)		<u><u>22,850,506</u></u>	<u><u>(4,875,550)</u></u>
CAPITAL and RESERVES			
Called up share capital	11	4	3
Share premium account	12	73,993	-
Revaluation reserve	13	-	33
Profit and loss account	14	22,776,509	(4,875,586)
Equity shareholders' funds/(deficit)		<u><u>22,850,506</u></u>	<u><u>(4,875,550)</u></u>

The accounts were approved by the board on 16 October 2002
and signed on its behalf by



CJR Gleave
Director

The notes on pages 7 to 10 form part of these accounts. Report of the auditors - page 4.

New Union Holdings Limited

Notes to the Accounts

31 December 2001

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Investments

Investments in subsidiaries are stated at cost except where, in the opinion of the directors, the underlying net asset value has suffered a permanent diminution for which a provision is required.

Cash flow statement

As permitted by financial reporting standard FRS1, a cash flow statement is not included in the financial statements because of the exemption available to wholly owned subsidiaries.

Related party transactions

As permitted by financial reporting standard FRS8, disclosures regarding related party intra group transactions are not included in the financial statements because of the exemption available to wholly owned subsidiaries.

Provisions

Provision is made on the basis of the present value of future cash flows whenever unavoidable losses are expected to arise from obligations that exist at the balance sheet date. These obligations take the form of leases of unoccupied property entered into by subsidiary companies.

Deferred taxation

Provision is made for deferred tax using the liability method but not where, in the opinion of the directors, the potential tax liability is remote.

2. OPERATING LOSS

	2001	2 Apr 2000 to 31 Dec 2000
	£	£
Administrative expenses comprise:		
Provision for future losses of subsidiary companies		
in respect of property leases and onerous contracts	311,793	2,074,000
Loss on disposal of investment	-	2,999,999
	<u>311,793</u>	<u>5,073,999</u>

None of the company's directors received any emoluments from the company during the year (2 April to 31 December 2000 :Nil). Their remuneration was paid by the parent company for their services to the group as a whole.

The company had no employees during the year (2 April to 31 December 2000 :Nil).

3. AUDITORS

The remuneration of the auditors is borne by the parent company for their services to the group as a whole.

New Union Holdings Limited
Notes to the Accounts (continued)
31 December 2001

4. PROFIT ON SALE OF FIXED ASSETS	2001	2000
	£	£
Profit on the transfer to the immediate parent company of the investment in a subsidiary company	28,042,626	-

On 31 December 2001, the investment in Staveley Inc was transferred to Guinness Peat Group plc at net asset value of £55,593,223. This gave rise to a profit on disposal of £28,042,626.

5. INTEREST PAYABLE AND SIMILAR CHARGES	2001	2000
	£	£
Unwinding of discount on provisions	78,771	-

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year as the profit on the transfer to the immediate parent company of the investment in a subsidiary company is a non-taxable gain.

7. FIXED ASSET INVESTMENTS	2001	2000
	£	£
Shares in subsidiary companies at cost	2	2
Shares in subsidiary companies at directors' valuation	-	27,476,603
	2	27,476,605

The parent company, Guinness Peat Group plc, restructured its interests in its North American subsidiaries during the year in the course of which the Company sold its shareholdings in its Canadian and US subsidiaries. The investment in Staveley Canada was sold to Staveley Inc at cost (£73,994), and Staveley Inc was subsequently sold to Guinness Peat Group plc at underlying net asset value. The remaining subsidiaries, which are all wholly owned, are listed below.

	<u>Country of incorporation</u>	<u>Class of capital</u>	<u>Activity</u>
Directly held companies:			
Arcona Verbrauchsgüter GmbH	Germany	ordinary	Land holding
Centaurea Holdings BV	Netherlands	ordinary	Dormant
Staveley SA	Luxembourg	ordinary	Holding company
Indirectly held company:			
WHS Hong Kong Limited	Hong Kong	ordinary	

The company is itself the wholly owned subsidiary of a company incorporated in the European Union and is included in the group accounts of the parent, Guinness Peat Group plc, which is registered in England and Wales. By virtue of this and compliance with the other requirements of section 228 of the Companies Act 1985, the company is exempt from the obligation to prepare and deliver group accounts.

New Union Holdings Limited
Notes to the Accounts (continued)
31 December 2001

8. DEBTORS	2001	2000
	£	£
Amount due from parent undertaking	25,177,504	-

9. CREDITORS : Amounts falling due within one year	2001	2000
	£	£
Amount due to group undertakings:		
Foreign currency borrowing	-	23,798,957
Other accounts	-	6,479,198
	-	30,278,155

These amounts have been repaid following the sale of Staveley Inc to Guinness Peat Group plc (see note 4).

10. PROVISIONS FOR LIABILITIES AND CHARGES	2001	2000
	£	£
Provisions for future losses of subsidiary companies in respect of:		
Property leases expiring in years up to 2011	2,287,000	1,631,000
Onerous contracts	40,000	443,000
	2,327,000	2,074,000

The movements in provisions in the year were as follows:

	Property leases	Onerous contracts
	£	£
Balance at the beginning of the year	1,631,000	443,000
Transfer from/(to) profit and loss account	793,564	(403,000)
Utilised in the year	(137,564)	-
Balance at the end of the year	2,287,000	40,000

11. SHARE CAPITAL	2001	2000
	£	£
Authorised :		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid :		
4 (2000: 3) ordinary shares of £1 each	4	3

One share was issued to the parent company during the year.

12. SHARE PREMIUM ACCOUNT	£
Balance at the beginning of the year	-
Premium on issue of ordinary share	73,993
Balance at the end of the year	73,993

New Union Holdings Limited
Notes to the Accounts (continued)
31 December 2001

13. REVALUATION RESERVE

	£
Balance at the beginning of the year	33
Surplus realised on disposal of investments	(33)
Balance at the end of the year	<u>-</u>

14. PROFIT AND LOSS ACCOUNT

	£
Balance at the beginning of the year	(4,875,586)
Retained profit for the year	27,652,062
Revaluation surplus realised	33
Balance at the end of the year	<u>22,776,509</u>

15. ULTIMATE HOLDING COMPANY

The directors consider that at the period end the company's immediate and ultimate holding company and immediate and ultimate controlling party was Guinness Peat Group plc, which is registered in England. Copies of that company's accounts may be obtained from The Secretary, Guinness Peat Group plc, First floor, Times Place, 45 Pall Mall, London SW1Y 5GP