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JOHN HAIG & COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1988

JOHN HAIG & COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1988

DIRECTORS

R J Gilchrist  
I H Ross  
J W Smart

SECRETARY

R J Gilchrist

REGISTERED OFFICE

Distillers House  
33 Ellersly Road  
Edinburgh  
EH12 6JW

The directors present their report and the audited accounts for the year ended 31 December 1988.

REVIEW OF THE BUSINESS

On 1 January 1988 the company's net assets and trading activities were transferred to fellow group companies. As a result the company has not traded during the year.

RESULTS AND DIVIDENDS

The directors recommend an interim dividend of £10,000,000 which has been deducted from retained earnings.

## FIXED ASSETS

Changes in tangible fixed assets are summarised in the notes to the accounts.

## DIRECTORS AND THEIR INTERESTS

The persons who at the date of this report are directors of the company are listed above. Messrs. A Gibson, D W Jones and A D Scott resigned from the Board respectively on 31 January 1988, 31 August 1988 and 30 September 1988. Messrs. N V Brown and A C Connel resigned from the Board on 30 November 1988. Messrs. R J Gilchrist, I H Ross and J W Smart were appointed to the Board on 1 November 1988.

Directors' interests stated in accordance with statute and intimated to the company are shown below.

	At 31 December 1988 Guinness PLC		At date of appointment Guinness PLC	
	Ordinary Stock units of 25p each Number	5 3/4% Convertible Cumulative Preference shares of £1 each fully paid Number	Ordinary Stock units of 25p each Number	5 3/4% Convertible Cumulative Preference shares of £1 each fully paid Number
R J Gilchrist	257	-	-	-
I H Ross	1,065	752	1,065	752
J W Smart	346	-	-	-
	Options in respect of Ordinary Shares of 25p each		Options in respect of Ordinary Shares of 25p each	
R J Gilchrist	2,637		1,081	
I H Ross	28,400		28,400	
J W Smart	5,769		-	

## AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution to this effect will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

*Wm. J. Gilchrist*

Secretary

AUDITORS' REPORT TO THE MEMBERS OF

JOHN HAIG & COMPANY LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1988 and comply with the Companies Act 1985.

*Price Waterhouse.*

Price Waterhouse  
Chartered Accountants  
28 Drumsheugh Gardens  
Edinburgh

*100 Audit 1988*

JOHN HAIG & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Turnover	2	-	30,917
Net operating costs	3	-	(23,504)
Operating profit		-	7,413
Interest receivable	5	-	1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	7,414
Taxation on profit on ordinary activities	6	-	172
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	7,586
DIVIDENDS	9	(10,000)	(6,676)
RETAINED (DEFICIT)/EARNINGS	17	(10,000)	910

The notes on pages 6 to 10 form part of these financial statements

JOHN HAIG & COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	10	-	2,768
CURRENT ASSETS			
Stocks	11	-	523
Debtors	12	3,910	22,299
Cash at bank and in hand		-	1,884
		3,910	24,706
CREDITORS (amounts falling due within one year)	13	-	(12,881)
NET CURRENT ASSETS		3,910	11,825
TOTAL ASSETS LESS CURRENT LIABILITIES		3,910	14,593
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(385)
		3,910	14,208
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Revaluation reserve	17	-	298
Profit and loss account	17	3,909	13,909
		3,910	14,208

Approved by the Board of Directors on 10th March 1989 and signed on its behalf by:

John Haig  
Director

David J. McNeill  
Director

The notes on pages 6 to 10 form part of these financial statements.

JOHN HAIG & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1988

1. ACCOUNTING POLICY

Bases of accounting

The financial statements have been prepared under the historical cost convention.

On 1 January 1988 the company's net assets and trading activities were transferred to fellow group companies. As a result the company has not traded during the year.

2. TURNOVER

Turnover represents the invoice value including duties where applicable but excluding value added tax.

The following table analyses turnover by geographical area:

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
United Kingdom	-	579
Republic of Ireland	-	607
Rest of Europe	-	15,236
Africa	-	3,193
Asia and Australasia	-	4,264
North America	-	3,253
Central and South America	-	3,785
	<u>-</u>	<u>30,917</u>

3. NET OPERATING COSTS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Raw materials and consumables	-	168
Customs and excise duties	-	63
Staff costs (note 7)	-	862
Depreciation	-	140
Exceptional items (note 4)	-	199
Other operating charges	-	22,087
Change in stocks of finished goods	-	(15)
	<u>-</u>	<u>23,504</u>

Net operating costs are after taking account of:

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Directors' emoluments (Note 8)	-	73
Auditors' remuneration	-	20

JOHN HAIC & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1988

4. EXCEPTIONAL ITEMS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Net cost of redundancies and other closure costs	-	255
Gain in excess of cost on sale of property	-	(56)
	<u>-</u>	<u>199</u>

5. INTEREST RECEIVABLE

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Interest receivable	-	1

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Over provision in prior period	-	(196)
Deferred taxation - current year	-	24
	<u>-</u>	<u>(172)</u>

7. STAFF COSTS AND EMPLOYEES

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
(a) <u>Staff costs</u>		
Wages and salaries	-	808
Social security costs	-	54
Pension costs	-	-
	<u>-</u>	<u>862</u>

(b) Average number of employees

	<u>Number</u>	<u>Number</u>
UK employees	-	64
Overseas employees	-	1
	<u>-</u>	<u>65</u>



JOHN HAIG & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1988

8. DIRECTORS' EMOLUMENTS

(a) The total emoluments of Directors of the company represented by emoluments in respect of services as Directors amounted to £NIL (1987 £55,000). Pensions to former Directors amounted to £NIL (1987 £NIL). Compensation for loss of office amounted to £NIL (1987 £18,000).

(b) The emoluments of the Chairman were £NIL (1987 £11,000.) The emoluments of the highest paid Director were £NIL (1987 £35,000). Emoluments of other Directors of the Company based in the United Kingdom are shown in the following table:

£	£	Number	Number
0 to	5,000	6	6
5,001 to	10,000	-	1

9. DIVIDENDS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Interim dividend paid	10,000	-
Final dividend proposed	-	6,676
	<u>10,000</u>	<u>6,676</u>

10. TANGIBLE ASSETS

	<u>Freehold</u> <u>properties</u> <u>£'000</u>	<u>Plant and</u> <u>machinery</u> <u>£'000</u>	<u>Motor</u> <u>vehicles</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Cost or valuation				
At 1 January 1988	2,640	756	78	3,474
Transfers to Group companies	(2,640)	(756)	(78)	(3,474)
At 31 December 1988	-	-	-	-
Depreciation:				
At 1 January 1988	124	525	57	706
Transfers to Group companies	(124)	(525)	(57)	(706)
At 31 December 1988	-	-	-	-
Net book value				
At 31 December 1988	-	-	-	-
At 31 December 1987	2,516	231	21	2,768

JOHN HAIG & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1988

11. STOCKS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Raw materials and consumables	-	145
Finished goods and goods for resale	-	378
	<u>-</u>	<u>523</u>

12. DEBTORS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Trade debtors	-	4,852
Amounts owed by Group companies	3,910	17,061
Other debtors	-	80
Prepayments and accrued income	-	20
Corporation tax recoverable	-	286
	<u>3,910</u>	<u>22,299</u>

13. CREDITORS (amounts falling due within one year)

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Trade creditors	-	3,257
Amounts owed to Group companies	-	2,563
Dividends	-	6,676
Social security and other taxes	-	19
Other creditors	-	188
Accruals and deferred income	-	178
	<u>-</u>	<u>12,881</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Reorganisation provision</u> <u>£'000</u>	<u>Deferred taxation</u> <u>(note 15)</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1 January 1988	370	15	385
Transfer to Group companies	(370)	(15)	(385)
At 31 December 1988	<u>-</u>	<u>-</u>	<u>-</u>

JOHN HAIG & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1988

15. DEFERRED TAXATION

	<u>Amount provided</u>		<u>Full potential liability</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Excess of capital allowances over accumulated depreciation	-	114	-	96
Chargeable gains on properties	-	31	-	-
Provisions allowable for tax in future years	-	(130)	-	(105)
	<u>-</u>	<u>15</u>	<u>-</u>	<u>(9)</u>

16. CALLED UP SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
Authorised: 30,001,000 ordinary shares of £1 each	<u>30,001,000</u>	<u>30,001,000</u>
Allotted and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

17. RESERVES

	<u>Revaluation</u>	<u>Profit &amp; loss</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January 1988	298	13,909
Transfer to Group companies	(298)	-
Deficit for the year	-	(10,000)
At 31 December 1988	<u>-</u>	<u>3,909</u>

18. HOLDING COMPANIES

The immediate holding company is United Distillers plc and the ultimate holding company is Guinness PLC. Both holding companies are incorporated in Great Britain.