

Registered No. : 40795

GUINNESS FINANCE PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 1995

WSP



GUINNESS FINANCE PLC

REPORT OF THE DIRECTORS

DIRECTORS

N M Coyle (resigned 16 February 1996)
G W King
M D Peters (appointed 16 February 1996)
K J Plummer
I Scott

SECRETARY

A P McCarthy

REGISTERED OFFICE

Distillers House
33 Ellersly Road
Edinburgh EH12 6JW

The Directors present their report and the audited financial statements for the year ended 30 November 1995.

REVIEW OF THE BUSINESS

The Company acts as an investment company.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 4. The profit for the period after tax was £2,006,000 (1994 - £2,321,000). A dividend of £2,321,000 was paid on 14th December 1995 (1994 - £981,000).

DIRECTORS

The Directors of the Company who held office during the year are shown above.

DIRECTORS' INTERESTS

No Director had a beneficial interest in the shares of the Company, any subsidiary undertaking or any subsidiary of the ultimate parent undertaking. The interests of the Directors in the Company's parent undertaking, Guinness PLC, were as follows:

	<u>At 30 November 1995</u>		<u>At 30 November 1994</u>	
		Options over		Options over
	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
N M Coyle	1,755	3,532	1,222	3,532
G W King	7,232	61,443	8,101	48,544
K J Plummer	817	23,969	-	17,379
I Scott	18,223	139,295	11,622	113,900

GUINNESS FINANCE PLC

REPORT OF THE DIRECTORS (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 1995</u>		<u>Options exercised during 1995</u>	
	Number	Price	Number	Price
G W King	14,427	457.5p	1,528*	235.5p
K J Plummer	6,590	457.5p	-	-
I Scott	27,449	457.5p	1,528*	235.5p
	860*	401.0p	1,386*	270.5p

The options outstanding at 30 November 1995 have been granted under Group employee share schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1996 and 2005 at varying prices between 127p and 548.5p.

* These options were granted/exercised under the terms of the Savings Related Share Option Scheme the remaining shares were granted/exercised under the terms of the Executive Share Option Scheme.

No contract or arrangement entered into by the Company in which any Director is interested has existed during the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial 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 4 to 8, 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 are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.


DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent company, Guinness PLC, purchases liability insurance covering the Directors and officers of the Company.

AUDITORS

The Auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution concerning their reappointment will be submitted at the Annual General Meeting.

By Order of the Board


A P MCCARTHY
Secretary

18 June 1996

GUINNESS FINANCE PLC

AUDITORS' REPORT TO THE MEMBERS OF GUINNESS FINANCE PLC

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 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 as at 30 November 1995 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**

**Southwark Towers
32 London Bridge Street
London SE1 9SY**

18 June 1996

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 1995

	Notes	Continuing Operations 1995 £'000	Continuing Operations 1994 £'000
Net interest receivable	2	2,941	3,696
Net exchange gain/(loss)		53	(165)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,994	3,531
Taxation	3	(988)	(1,210)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,006	2,321
Dividend on ordinary shares		(2,321)	(981)
RETAINED (LOSS)/PROFIT FOR THE YEAR		(315)	1,340

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There were no material differences between the results as disclosed in the profit and loss account for 1995 and 1994 and the results for those years on an historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than those reflected in the above profit and loss account.

RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 NOVEMBER 1995

	1995 £'000	1994 £'000
Profit for the year attributable to shareholders	2,006	2,321
Dividends	(2,321)	(981)
Net (decrease)/increase in shareholders' funds	(315)	1,340
Shareholders' funds at start of year	2,421	1,081
Shareholders' funds at end of year	2,106	2,421

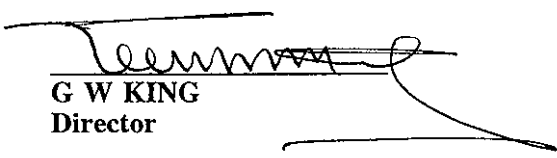
The notes on pages 6 to 8 form part of these accounts.

GUINNESS FINANCE PLC

BALANCE SHEET AS AT 30 NOVEMBER 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSET INVESTMENTS			
Long term loans to parent undertaking	4	72,645	348,768
Other investments	5	10	10
		<u>72,655</u>	<u>348,778</u>
CURRENT ASSETS			
Cash at bank and in hand		105	3,338
Other debtors	6	1,338,068	997,262
		<u>1,338,173</u>	<u>1,000,600</u>
CREDITORS: amounts falling due within one year	7	(1,336,077)	(997,446)
		<u>(1,336,077)</u>	<u>(997,446)</u>
NET CURRENT ASSETS		<u>2,096</u>	<u>3,154</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		74,751	351,932
CREDITORS: amounts falling due after more than one year			
Due to fellow subsidiary undertakings		(72,645)	(348,768)
PROVISIONS FOR LIABILITIES AND CHARGES	8	-	(743)
		<u>2,106</u>	<u>2,421</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	11	2,006	2,321
		<u>2,106</u>	<u>2,421</u>

The notes on pages 6 to 8 form part of these financial statements.


G W KING
Director

Approved by the Board of Directors on 18 June 1996.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- 1.1 The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- 1.2 Exchange differences arising in the normal course of business and on the translation of monetary assets and liabilities are dealt with in the profit and loss account.

Compliance with SSAP 20 "Foreign Currency Translation" requires departure from the requirements of Companies Act 1985 by requiring the inclusion of unrealised exchange gains on long term monetary items in the profit and loss account. An explanation of the departure is given below.

Assets and liabilities expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising on the translation of foreign currency loans are recognised in the profit and loss account.

In accordance with SSAP 20, unrealised gains on the translation of long term monetary items are credited to the profit and loss account. This is a departure from the requirement of the Companies Act 1985 which only allows profits realised at the balance sheet date to be included in the profit and loss account. Such exchange gains would therefore under the Act have to be taken to reserves as they are unrealised. In the opinion of the directors this departure is necessary for the accounts to show a true and fair view in accordance with applicable accounting standards. If this departure from the Act had not been made, the retained profit at 30 November 1995 would have been reduced by £4,639,000 (1994 - £10,523,000).

- 1.3 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.

2. INTEREST

	1995 £'000	1994 £'000
Interest receivable		
- from parent undertaking	93,425	86,600
- from fellow subsidiary undertaking	16	7,157
- other	171	105
	<u>93,612</u>	<u>93,862</u>
Interest payable		
- to fellow subsidiary undertaking	(90,670)	(90,166)
- other	(1)	-
	<u>(90,671)</u>	<u>(90,166)</u>
Net interest receivable	<u>2,941</u>	<u>3,696</u>

3. TAXATION

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% (1994 - 33%)	988	590
Deferred taxation	-	620
	<u>988</u>	<u>1,210</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4.	LONG TERM LOANS TO PARENT UNDERTAKING	1995 £'000	1994 £'000
	At 1 December 1994	348,768	1,260,502
	Transferred to current assets	(280,762)	(901,211)
	Exchange movements	4,639	(10,523)
	At 30 November 1995	<u>72,645</u>	<u>348,768</u>
5.	OTHER INVESTMENTS		
	Other investments at 30 November 1995 comprise £10,000 (1994 - £10,000) nominal of 6 percent Treasury Stock 1999. At 30 November 1995 the market value was £9,000 (1994 - £9,000).		
6.	OTHER DEBTORS	1995 £'000	1994 £'000
	Amounts due from parent undertaking	1,309,356	908,958
	Accrued interest receivable from parent undertaking	27,993	88,304
	Amounts due from fellow subsidiary undertakings	719	-
		<u>1,338,068</u>	<u>997,262</u>
7.	CREDITORS: amounts falling due within one year	1995 £'000	1994 £'000
	Corporation tax	1,732	394
	Amounts due to fellow subsidiary undertakings	1,306,352	911,001
	Accrued interest payable to fellow subsidiary undertakings	27,993	86,051
		<u>1,336,077</u>	<u>997,446</u>
8.	PROVISIONS FOR LIABILITIES AND CHARGES	1995 £'000	1994 £'000
	Deferred taxation on short term timing differences	<u>-</u>	<u>743</u>
9.	CALLED UP SHARE CAPITAL	1995 £'000	1994 £'000
	Authorised, issued and fully paid: 100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
10.	DIRECTORS AND EMPLOYEES		
	None of the Directors received any emoluments from the Company in respect of their services to the Company (1994 - £nil). There are no employees of the company.		

NOTES TO THE FINANCIAL STATEMENTS (Continued.)

11. PROFIT AND LOSS ACCOUNT

	£'000
At 1 December 1994	2,321
Retained profit for the year	(315)
30 November 1995	<u>2,006</u>

12. PARENT UNDERTAKING

The immediate and ultimate parent undertaking is Guinness PLC, which is registered in England. The ultimate parent undertaking is the only company in the Group preparing consolidated financial statements and copies can be obtained from The Company Secretary, Guinness PLC, 39 Portman Square, London W1H 0EE.