

510607

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

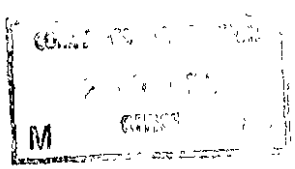
ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1987

CONTENTS

Page No.

1-3	Report of the Directors
4	Profit and loss account
5	Balance sheet
6	Source and application of funds
	<u>Notes to the accounts</u>
7-8	1 Accounting policies
8	2 Turnover
8	3 Net operating charges
9	4 Interest payable
9	5 Tax on profit on ordinary activities
10	5 Staff costs and employees
10-11	7 Director's emoluments
11	8 Dividends
12-14	9 Tangible assets
14-15	10 Investments
15	11 Subsidiary companies
16	12 Stocks
16	13 Debtors (amounts falling due within one year)
16	14 Creditors (amounts falling due with one year)
17	15 Creditors (amounts falling due after more than one year)
17	16 Leasing commitments
18	17 Deferred taxation
18	18 Called up share capital
19	19 Reserves
19	20 Future capital expenditure
19	21 Contingent liabilities
19	22 Ultimate holding company
19	23 Pension fund arrangements and contributions
20	Auditor's report to the members



ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED

31ST DECEMBER 1987

DIRECTORS

Managing Director	P.W. Lipscomb
Executive Directors	W.H.M. Bailie
	A. McMeekan
	J.M. Pullen
	M. Wych
Non-Executive Directors	G. A. C. Luddington
	C. A. Storm

The Directors of the company at 31st December 1987 are shown above. Mr. J.M. Pullen was appointed a Director on 1st January 1987. Mr. W.H.M. Bailie was appointed a Director on 1st April 1987. Mr. A. McMeekan was appointed a Director on 1st June 1987. Mr. E.W. Saunders resigned as a Director and Chairman on 20th January 1987. Mr. C.E. Guinness resigned as a Director on 23rd January 1987. Mr. S.C. Challoner resigned as a Director on 31st March 1987. Mr. M.R. Hatfield resigned as a non-executive Director on 31st December 1987.

REGISTERED OFFICE

Park Royal Brewery, London NW10 7RR

The Directors present their Report and the Audited Accounts of the company for the year ended 31st December 1987.

REVIEW OF THE BUSINESS

The company continues to produce, distribute and market Guinness Stout in Great Britain. Kaliber, a non-alcoholic lager, was launched nationally during the year.

	<u>12 months to December 1987</u>	<u>15 months to December 1986</u>
	<u>£'000</u>	<u>£'000</u>
<b>RESULTS AND DIVIDEND</b>		
The profit for the period after taxation is	<u>9,757</u>	<u>13,446</u>
A dividend of £15,298,000 is proposed for payment on 12th May, 1988		
The balance of unappropriated reserves to be carried forward amounts to	<u>17,921</u>	<u>23,462</u>
Unrealised surpluses not available for distribution and included in the above balance of unappropriated reserves amount to	<u>17,266</u>	<u>17,578</u>

#### FIXED ASSETS

Details of tangible asset additions are shown in note 9 to the accounts.

#### RESEARCH AND DEVELOPMENT

The company will continue to research new production methods, the acceptability of its products, and the appropriateness of its image and advertising.

#### FUTURE DEVELOPMENTS

The company will continue to seek ways in which it can modernise its plant and operating methods in order to maximise profitability and ensure the continued output of quality products.

#### EMPLOYMENT OF DISABLED PERSONS

The company endeavours to employ disabled persons where the requirements of the job are such that the duties can be effectively performed by a handicapped or disabled person. If existing employees become disabled, every endeavour is made to continue their employment, provided there are duties which they are still able to perform. Suitable training is given in such cases.

#### EMPLOYEE PARTICIPATION

The company is committed to a policy of the continuing development of effective means of 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 and accounts, interim statements, company newspapers, circulation of Brewery Council minutes and departmental consultative committees and briefings.

**DIRECTORS' INTERESTS**


No Director held any shares in the company or any other Group companies during the year, with the exception of the interests in the capital of Guinness PLC set out below:

	As at 31st December 1987	As at 1st January 1987 or date of appointment
	Beneficial Interests	Beneficial Interests
	Stockholdings	Stockholdings
	Ordinary Stock (25p Units)	Ordinary Stock (25p Units)
P.W. Lipscomb	300	-
G.A.C. Luddington	1,235	985
A. McMeekan	1,291	6,000
J.M. Pullen	775	-
C.A. Storm	2,591	1,463
M. Wych	225	-
W.H.M. Bailie	144	-
	Options	Options
	Ordinary Shares (25p Units)	Ordinary Shares (25p Units)
W.H.M. Bailie	10,970	-
P.W. Lipscomb	80,609	61,690
G.A.C. Luddington	42,750	53,661
A. McMeekan	39,695	39,695
J.M. Pullen	25,432	11,612
C.A. Storm	60,388	38,128
M. Wych	39,742	30,530

**AUDITORS**

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution for their re-appointment, authorising the Directors to fix their remuneration, will be submitted at the next Annual General Meeting at which accounts are laid before the members.

By Order of the Board

  
 .....  
 B. Beanland  
 Secretary

.....  
 10th March, 1988

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31ST DECEMBER 1987

	<u>Notes</u>	<u>Year ended</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>15 Months</u> <u>ended</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
Turnover	2	175,327	209,204
Net operating charges	3	(165,845)	(197,758)
<b>OPERATING PROFIT</b>		9,482	11,446
Income from shares in group companies		1,167	1,250
Interest payable	4	(12)	(24)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		10,637	12,672
Tax on profit on ordinary activities	5	(880)	774
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		9,757	13,446
Dividends	8	(15,298)	(21,133)
<b>AMOUNT TRANSFERRED FROM RESERVES</b>	19	(5,541)	(7,687)

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1987

		<u>As at 31st</u> <u>December</u> <u>1987</u>		<u>As at 31st</u> <u>December</u> <u>1986</u>	
	<u>Notes</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets	9		59,887		57,004
Investments	10		270		280
			<u>60,157</u>		<u>57,284</u>
<b>CURRENT ASSETS</b>					
Stocks	12	7,463		6,334	
Debtors	13	22,281		21,432	
Cash at bank and in hand		6		6	
			<u>29,750</u>		<u>27,772</u>
CREDITORS (amounts falling due within one year)	14		<u>(64,723)</u>		<u>(54,778)</u>
<b>NET CURRENT LIABILITIES</b>			<u>(34,973)</u>		<u>(27,006)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			25,184		30,278
CREDITORS (amounts falling due after more than one year)	15		<u>(1,163)</u>		<u>(716)</u>
			<u>24,021</u>		<u>29,562</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		6,100		6,100
Revaluation reserve	19		17,266		17,578
Profit and loss account	19		655		5,884
			<u>24,021</u>		<u>29,562</u>

Approved by the Board of Directors

on 10 March 1988

.....  
Director

.....  
Director

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR

ENDED 31ST DECEMBER 1987

	<u>Year ended</u>		<u>15 months ended</u>	
	<u>31st December 1987</u>		<u>31st December 1986</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FLOW OF FUNDS FROM OPERATIONS</b>				
Profit on ordinary activities before taxation		10,637		12,672
Adjustments for items not involving the movement of funds:				
Depreciation		6,109		5,335
Loss on disposal of tangible assets		2,067		866
<b>FUNDS GENERATED BY OPERATIONS</b>		<u>18,813</u>		<u>18,873</u>
<b>FUNDS FROM OTHER SOURCES</b>				
Decrease in investments		10		218
Proceeds from disposal of tangible assets		507		1,714
		<u>19,330</u>		<u>20,805</u>
<b>APPLICATIONS</b>				
Additions to tangible assets	(11,566)		(16,541)	
Taxation paid	(757)		(2)	
Dividends paid	(1,000)		(28,833)	
Decrease in finance lease obligations and other creditors due after more than one year	<u>(272)</u>		<u>(165)</u>	
		<u>(13,595)</u>		<u>(45,541)</u>
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>		5,735		(24,736)
Stocks	(1,129)		525	
Debtors	(849)		(4,293)	
Creditors (excluding taxation)	728		24,090	
		<u>(1,250)</u>		<u>20,322</u>
<b>INCREASE/ (DECREASE) IN NET LIQUID FUNDS</b>		<u>4,485</u>		<u>(4,414)</u>
Cash at bank and in hand		-		(2)
Short term bank overdraft		4,485		(4,412)
		<u>4,485</u>		<u>(4,414)</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention modified to include the revaluation of land and buildings.

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in the United Kingdom.

1.2 Depreciation

Tangible assets (other than land) 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 9.

1.3 Government grants

The cost of tangible assets is stated after allowing for any government grants receivable.

1.4 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 heading of "hire of plant and machinery".

1.5 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.

1.6 Research and development expenditure

All such expenditure is written off to profit and loss account as incurred.

1.7 Investments

Investments are stated at cost less amounts written off.



ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

1.8 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. However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on capital expenditure, if such taxation is not expected to be payable in the future.

2. TURNOVER

Turnover represents the net amounts receivable including duties where applicable but excluding value added tax. The company is engaged in only one category of business, that of brewing and all the sales are in the United Kingdom.

The turnover includes £4,508,000 (1986 - £6,659,000) sales to another wholly-owned fellow subsidiary.

3. NET OPERATING CHARGES

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Change in stocks of finished goods and work in progress	(1,213)	680
Own work capitalised	(33)	(357)
Raw materials and consumables	47,932	63,045
Other external charges	53,016	65,843
Staff costs (note 6) including Directors emoluments (note 7)	18,350	23,016
Depreciation on owned assets	5,932	5,142
Depreciation on assets subject to finance leases	177	193
Other operating charges	47,077	47,844
Other operating income	(5,393)	(7,648)
	<u>165,845</u>	<u>197,758</u>

Net operating charges include the following:

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Hire of plant and machinery	162	158
Other operating leases	57	56
Auditors' remuneration	39	37

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

4. INTEREST PAYABLE

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Finance leases - (payable)	(27)	(50)
Interest receivable	15	26
	<u>(12)</u>	<u>(24)</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
United Kingdom corporation tax for current year at 35% (1986 - 37%)	(884)	(163)
Prior years adjustment	4	937
	<u>(880)</u>	<u>774</u>

The low effective rate of taxation arises from advanced corporation tax surrendered from Guinness PLC without payment, and the tax charge has been reduced by £257,000 (1986 - £495,000) as a result of accelerated capital allowances.

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

6. STAFF COSTS AND EMPLOYEES

(a) Staff Costs	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Wages and salaries	14,798	17,902
Social security costs	1,083	1,304
Pension costs	2,469	3,810
	<u>18,350</u>	<u>23,016</u>

(b) Average number of employees	<u>Number</u>	<u>Number</u>
Brewing in the United Kingdom	<u>1,079</u>	<u>1,110</u>

(c) Emoluments of senior employees in the United Kingdom

Annualised emoluments (excluding pension scheme contributions) of senior employees based in the United Kingdom and earning in excess of £30,000 per annum are shown in the following table:-

	<u>1987</u>	<u>1986</u>
£40,001 - £45,000	5	1
£35,001 - £40,000	2	4
£30,001 - £35,000	10	5

7. DIRECTORS' EMOLUMENTS

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Salaries and pension scheme contributions	357	426
Compensation for loss of office	-	27
	<u>357</u>	<u>453</u>

Emoluments (excluding pension scheme contributions) of:

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Highest paid Director	87	77

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

7. DIRECTOR'S EMOLUMENTS (continued)

Other Directors:-

	<u>1987</u> <u>Number</u>	<u>1986</u> <u>Number</u>
£70,001 - £75,000	-	1
£60,001 - £65,000	-	2
£55,001 - £60,000	1	1
£45,001 - £50,000	1	-
£40,001 - £45,000	-	1
£35,001 - £40,000	1	-
£30,001 - £35,000	1	-
£20,001 - £25,000	1	-
£10,001 - £15,000	1	-
nil - £ 5,000	4	3

8. DIVIDENDS

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
1st interim dividend paid	-	133
2nd interim dividend paid	-	20,000
Final dividend proposed	15,298	1,000
	<u>15,298</u>	<u>21,133</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

	Land and buildings	Plant and machinery	Casks and road vehicles	Total
	£'000	£'000	£'000	£'000
<b>9. TANGIBLE ASSETS</b>				
(a) Cost or valuation at 1st January 1987	25,682	39,121	20,000	84,803
Additions	(69)	5,977	5,618	11,526
Transfers from group companies	-	-	92	92
Transfers to group companies	-	(2)	(35)	(37)
Disposals	-	(2,842)	(1,910)	(4,752)
Cost or valuation at 31st December 1987	25,613	42,254	23,765	91,632
Accumulated depreciation at 1st January 1987	1,764	18,674	7,361	27,799
Provision for the year	747	3,782	1,580	6,109
Depreciation provided on transfers from group companies	-	-	52	52
Depreciation provided on transfers to group companies	-	-	(7)	(7)
Disposals	(7)	(990)	(1,211)	(2,208)
At 31st December 1987	2,504	21,466	7,775	31,745
Net book amount at 31st December 1987	23,109	20,788	15,990	59,887
Net book amount at 31st December 1986	23,918	20,447	12,639	57,004

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

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Freehold	23,091	23,899
Long leasehold (over 50 years unexpired)	10	12
Short leasehold (under 50 years unexpired)	8	7
	<u>23,109</u>	<u>23,918</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

9. TANGIBLE ASSETS (continued)

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

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
At cost	2,161	2,230
At valuation - 1982 or prior	23,452	23,452
	<u>25,613</u>	<u>25,682</u>

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

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Cost	6,822	6,891
Accumulated depreciation	(2,827)	(2,400)
	<u>3,995</u>	<u>4,491</u>

- e) Included in the cost of tangible assets are the following amounts in respect of assets under construction:-

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Land and buildings	1	-
Plant and machinery	2,432	1,230
Casks and road vehicles	286	11
	<u>2,719</u>	<u>1,241</u>

- f) Included in the net book value of tangible assets are the following amounts in respect of assets under finance leases:-

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
i) Plant and machinery		
Gross Amount	804	804
Accumulated depreciation	(359)	(226)
	<u>445</u>	<u>578</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

9. TANGIBLE ASSETS (continued)

	<u>1987</u>	<u>1986</u>
	<u>£'000</u>	<u>£'000</u>
ii) Casks and road vehicles		
Gross Amount	468	468
Accumulated depreciation	(97)	(54)
	<u>371</u>	<u>414</u>

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

Buildings:	
Freehold and long leasehold	2.5%, 2.66%, 3.03%, 5%
Short leasehold	over term of lease
Plant and machinery:	
Brewing and packing plant	5%, 6.67%, 10%, 12.5%, 20%
Containers	5%
Casks and road vehicles:	
Distribution vehicles	12.5%
Motor cars	20%
Casks	6.67%

10. INVESTMENTS

	Subsidiaries	Other	Total
	<u>Shares</u>	<u>£'000</u>	<u>£'000</u>
	<u>£'000</u>		
Cost at 1st January 1987	51	229	280
Disposals/repayments	-	(10)	(10)
Cost at 31st December 1987	51	219	270

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

10. INVESTMENTS (continued)

- a) All the shares are either unclassified or classified as ordinary.
- b) In the opinion of the Directors, the aggregate value of the company's investment in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.
- c) The loans are mainly secured on property, having a period of repayment from 1-32 years and having interest rates ranging from 0 - 12½% per annum.

11. SUBSIDIARY COMPANIES

The company has the following subsidiary companies operating in the United Kingdom:-

	<u>% holding</u>	<u>Country of registration</u>	<u>Activity</u>
<u>Brewing</u>			
E.S. Beaven (Maltings) Limited	100	England	Maltster
Guinness Hop Farms Limited	100	England	Hop grower
<u>Non-brewing</u>			
James Blackmore Limited	78	England	Not trading



ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

12. STOCKS

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Raw materials and consumables	3,276	3,241
Finished goods	4,187	3,093
	<u>7,463</u>	<u>6,334</u>

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

13. DEBTORS (amounts falling due within one year)

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Trade debtors	16,607	16,695
Amounts owed by subsidiaries	2,027	1,592
Amounts owed by fellow subsidiaries	1,519	1,186
Other debtors	1,439	1,496
Prepayments and accrued income	689	463
	<u>22,281</u>	<u>21,432</u>

14. CREDITORS (amounts falling due within one year)

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Bank overdraft	784	5,269
Trade creditors	9,250	10,717
Amounts owed to holding company	5,062	3,093
Amounts owed to subsidiaries	13,064	12,513
Amounts owed to fellow subsidiaries	4,332	9,507
Dividend	15,298	1,000
Corporation tax	90	(73)
Social security and other taxes	5,001	4,854
Other creditors	577	459
Accruals and deferred income	10,969	7,172
Obligations under finance leases	293	267
	<u>64,723</u>	<u>54,778</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

15. CREDITORS (amounts falling due after more than one year)

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Obligations under finance leases	234	509
Corporation tax	882	163
Other	47	44
	<u>1,163</u>	<u>716</u>

16. LEASING COMMITMENTS

a) Finance leases

The future minimum lease payments to which the company is committed as at 31st December 1987 under finance leases are as follows:-

	<u>£'000</u>
Falling due within one year	291
Falling due in more than one but within five years	236
Falling due after five years	-
	<u>527</u>

b) Operating leases

Payments on non-cancellable operating leases payable within one year of the balance sheet date are as follows:-

	<u>Land &amp;</u> <u>buildings</u> <u>£'000</u>	<u>Other</u> <u>£'000</u>
For which commitment expiring:-		
Within one year	-	17
Between 2-5 years	-	145
After 5 years	57	-
	<u>57</u>	<u>162</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

17. DEFERRED TAXATION

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Notional full deferred tax balance calculated on the liability basis in respect of all timing differences:		
i) Accelerated capital allowances on plant, machinery and industrial buildings	6,837	7,465
ii) Provisions allowable for tax in future years	(315)	(53)
iii) Unrelieved advance corporation tax	<u>-</u>	<u>(436)</u>
	6,522	6,976
iv) Tax on chargeable gains on revaluation surpluses	<u>1,911</u>	<u>1,606</u>
	<u>8,433</u>	<u>8,582</u>

18. CALLED UP SHARE CAPITAL

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Authorised: ordinary shares of £1 each	<u>7,500</u>	<u>7,500</u>
Allotted and fully paid: ordinary shares of £1 each	<u>6,100</u>	<u>6,100</u>

ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1987

19. RESERVES

	<u>Revaluation reserve £'000</u>	<u>Profit and loss account £'000</u>
At 1st January 1987.	17,578	5,884
Deficit for the period	-	(5,541)
Transfers between reserves		
- Depreciation on revaluation surplus - current year	(306)	306
- Disposals of revalued assets	(6)	6
	<u>17,266</u>	<u>655</u>
At 31st December 1987		

20. FUTURE CAPITAL EXPENDITURE

	<u>1987 £'000</u>	<u>1986 £'000</u>
Contracted for but not provided for in the accounts	5,632	2,762
Authorised but not contracted for	1,275	4,899
	<u>6,907</u>	<u>7,661</u>

21. CONTINGENT LIABILITIES

	<u>1987 £'000</u>	<u>1986 £'000</u>
Guarantee		
Guinness PLC 10% Unsecured Loan Stock 1993/98	<u>15,000</u>	<u>15,000</u>

22. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Guinness PLC which is incorporated in England.

23. PENSION FUND ARRANGEMENTS AND CONTRIBUTIONS

The company contributes to the principal United Kingdom pension scheme of Guinness PLC. This fund is trustee administered and is maintained independently of the Guinness group's finances.

AUDITOR'S REPORT TO THE MEMBERS OF  
ARTHUR GUINNESS SON AND COMPANY (GREAT BRITAIN) LIMITED

We have audited the accounts on pages 4 to 19 in accordance with approved Auditing Standards.

In our opinion these accounts give a true and fair view of the state of the company's affairs at 31st December 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

10th March, 1988