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GUINNESS BREWING WORLDWIDE LTD.

Brewers of Distinction

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GUINNESS BREWING WORLDWIDE LIMITED

(Formerly Arthur Guinness Son and Company (Great Britain) Limited)

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1988

GUINNESS BREWING WORLDWIDE LIMITED

(Formerly Arthur Guinness Son and Company (Great Britain) Limited)

REPORT OF THE DIRECTORS

YEAR ENDED 31ST DECEMBER 1988

DIRECTORS

B F Baldock
J D S Davies
J F Hearnden
M J Hughes
P W Lipscomb
B A Slowey
C A Storm
A J Walser

REGISTERED OFFICE

Park Royal Brewery
London, NW10 7RR

The Directors submit their Report and the Audited Financial Statements of the Company for the year ended 31st December 1988.

RESULTS AND TRANSFERS TO RESERVES

Profit before taxation amounted to £13.3 million. After deducting taxation the profit attributable to shareholders amounted to £9.0 million which after dividends of £7.0 million resulted in a transfer to reserves of £2.0 million.

DIVIDENDS

The Company paid an interim dividend of £7.0 million (1987 - nil) on 30th December 1988. The Directors do not recommend the payment of a final dividend (1987 - £15.3 million).

GUINNESS BREWING WORLDWIDE LIMITED

REPORT OF THE DIRECTORS (CONT'D)

YEAR ENDED 31ST DECEMBER 1988

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

During the year under review the Company changed its name to Guinness Brewing Worldwide Limited and with effect from 1st January 1988, acquired the businesses previously conducted by Guinness Exports Limited, Guinness Overseas Holdings Limited and Arthur Guinness Son and Company (Great Britain) Limited (formerly Guinness Brewing Worldwide Limited). The consideration for those acquisitions was the net book value of the assets transferred to the Company.

Throughout the year the Company continued to brew and market Guinness Stout and Kaliber in Great Britain. As a result of the acquisitions described above the Company also became 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.

FUTURE DEVELOPMENTS

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

TANGIBLE FIXED ASSETS

Details of movements on tangible fixed assets are given in note 8 on page 12.

RESEARCH AND DEVELOPMENT

Expenditure on research and development activities amounted to £1.9 million and related mainly to research into new production methods.

EMPLOYMENT POLICIES

(a) 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.

(b) 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 promotions.

GUINNESS BREWING WORLDWIDE LIMITED

REPORT OF THE DIRECTORS (CONT'D)

YEAR ENDED 31ST DECEMBER 1988

BOARD OF DIRECTORS

The names of the Directors of the Company at 31st December 1988 are shown above.

Mr B F Baldock, Mr J D S Davies, Mr J F Hearnden, Mr M J Hughes, Mr B A Slowey and Mr A J Walser were appointed Directors on 13th December 1988. In accordance with the Articles of Association they will retire at the Annual General Meeting and offer themselves for election.

Mr C R Pearmine and Mr G Rippon were appointed Directors on 2nd May 1988 and 1st July 1988, respectively and resigned as Directors on 12th December 1988

Mr M Wych resigned as a Director on 30th June 1988. Mr W H Bailie, Mr A McMeekan, Mr J M Pullen and Mr G A C Luddington resigned as Directors on 12th December 1988.

DIRECTORS' INTEREST

No Director held any shares in the Company or any other Guinness group company during the year, with the exception of the beneficial interests in the securities of Guinness PLC, set out below.

Mr B F Baldock is a Director of Guinness PLC and his interests in the securities of Guinness PLC are set out in that company's Annual Report.

	<u>31 December</u> <u>1988</u>	<u>31 December</u> <u>1987</u>
<u>Stockholding</u> - Ordinary Stock 25p Units		
J D S Davies	1,404	1,404*
J F Hearnden	451	451*
M J Hughes	823	823*
P W Lipscomb	1,002	300
C A Storm	6,392	2,591
B A Slowey	53,044	53,044*
A J Walser	25,230	25,230*
 <u>Stock Options</u> - Ordinary 25p Shares		
J D S Davies	77,825	77,825*
J F Hearnden	52,176	52,176*
M J Hughes	62,845	62,845*
P W Lipscomb	86,463	80,609
C A Storm	67,389	60,388
B A Slowey	75,140	75,140*
A J Walser	102,409	102,409*

* As at date of appointment

GUINNESS BREWING WORLDWIDE LIMITED

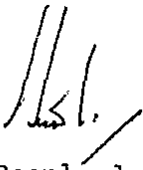
REPORT OF THE DIRECTORS

YEAR ENDED 31ST DECEMBER 1988

AUDITORS

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

By Order of the Board



B Beanland
Secretary

10 March 1989

GUINNESS BREWING WORLDWIDE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1988

	<u>Notes</u>	<u>1988</u> <u>£m</u>	<u>1987</u> <u>£m</u>
Turnover	2	268.0	175.3
Net operating charges	3	<u>255.4</u>	<u>165.8</u>
OPERATING PROFIT		12.6	9.5
Income from shares in group companies		0.7	1.2
Interest payable on loans repayable within five years		(0.1)	-
Interest receivable		<u>0.1</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13.3	10.7
Tax on profit on ordinary activities	4	<u>4.3</u>	<u>0.9</u>
PROFIT FOR THE FINANCIAL YEAR		9.0	9.8
Dividends	7	<u>7.0</u>	<u>15.3</u>
AMOUNT TRANSFERRED TO/(FROM) RESERVES	18	<u>2.0</u> =====	<u>(5.5)</u> =====

GUINNESS BREWING WORLDWIDE LIMITED

BALANCE SHEET AT 31ST DECEMBER 1988

	<u>Notes</u>	<u>£m</u>	<u>1988</u> <u>£m</u>	<u>£m</u>	<u>1987</u> <u>£m</u>
FIXED ASSETS					
Tangible assets	8		82.0		59.9
Investments	9		<u>0.2</u>		<u>0.3</u>
			82.2		60.2
CURRENT ASSETS					
Stocks	11	11.8		7.4	
Debtors	12	61.3		22.3	
Cash at bank and in hand		<u>2.5</u>		<u>-</u>	
		75.6		29.7	
CREDITORS (amounts falling due within one year)	13	<u>70.3</u>		<u>64.7</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>5.3</u>		<u>(35.0)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			87.5		25.2
CREDITORS (amounts falling due after more than one year)	14		(61.9)		(1.2)
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>0.4</u>		<u>-</u>
			<u>26.0</u>		<u>24.0</u>
			====		====
CAPITAL AND RESERVES					
Called up share capital	17		6.1		6.1
Revaluation reserve	18		16.8		17.2
Profit and loss account	18		<u>3.1</u>		<u>0.7</u>
			<u>26.0</u>		<u>24.0</u>
			====		====

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

.....
Director

.....
Director

GUINNESS BREWING WORLDWIDE LIMITED

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1988

	<u>£m</u>	<u>1988</u> <u>£m</u>	<u>£m</u>	<u>1987</u> <u>£m</u>
FLOW OF FUNDS FROM OPERATIONS				
Profit on ordinary activities before taxation		13.3		10.7
Adjustments for items not involving the movement of funds:				
Depreciation		8.0		6.1
Loss on disposal of tangible assets		<u>0.6</u>		<u>2.0</u>
FUNDS GENERATED BY OPERATIONS		21.9		18.8
FUNDS FROM OTHER SOURCES				
Decrease in investments		0.1		-
Proceeds from disposal of tangible assets		<u>1.0</u>		<u>0.5</u>
		23.0		19.3
APPLICATIONS				
Additions to tangible assets	31.7		11.6	
Taxation paid	0.4		0.7	
Dividends paid	22.3		1.0	
Decrease in other creditors due after more than one year	<u>0.3</u>		<u>0.3</u>	
		<u>54.7</u>		<u>13.6</u>
		(31.7)		5.7
(INCREASE)/DECREASE IN WORKING CAPITAL				
Stocks	(4.4)		(1.1)	
Debtors	(39.0)		(0.8)	
Creditors	<u>17.2</u>		<u>0.7</u>	
		<u>(26.2)</u>		<u>(1.2)</u>
DECREASE/(INCREASE) IN NET BORROWINGS		(57.9)		4.5
		====		====
REPRESENTED BY CHANGES IN				
Cash at bank and in hand		2.5		-
Overdrafts and short term loans		(3.0)		4.5
Bank loans (repayable after more than one year)		(0.5)		-
Amounts due to holding company (repayable after more than one year)		<u>(56.9)</u>		-
		(57.9)		4.5
		====		====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

1. ACCOUNTING POLICIES

1.1 Basis of accounting

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

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of another company incorporated in Great Britain.

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 8.

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.

1.8 Foreign Currency

Assets and liabilities in foreign currencies have been translated into sterling using both contract rates of exchange and exchange rates prevailing at the balance sheet date. Exchange differences arising from foreign currency conversions in the normal course of trading are dealt with in the profit and loss account.

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

1.9 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.

Turnover and profit predominantly arise within the United Kingdom.

The turnover includes £31.9m (1987 - £4.5m) sales to fellow subsidiaries.

3. NET OPERATING CHARGES

	<u>1988</u> <u>£m</u>	<u>1987</u> <u>£m</u>
Change in stocks of finished goods and work in progress	(2.6)	(1.2)
Raw materials and consumables	108.4	47.9
Other external charges	59.4	53.0
Staff costs (note 5) including Directors' emoluments (note 6)	25.7	18.4
Depreciation on owned assets	7.7	5.9
Depreciation on assets subject to finance leases	0.3	0.2
Other operating charges	66.9	47.0
Other operating income	(10.4)	(5.4)
	<u>255.4</u>	<u>165.8</u>

Other operating charges include the following:

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Hire of plant and machinery	159	162
Other operating leases	57	57
Auditors' remuneration	84	39

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
United Kingdom corporation tax for current year at 35% (1987 - 35%)	4.4	0.9
Prior years adjustment	<u>0.3</u>	-
	4.7	<u>0.9</u>
Deferred tax	<u>(0.4)</u>	-
	4.3	<u>0.9</u>
	===	===

The tax charge has been reduced by £0.5m (1987 - £0.3m) as a result of not providing in full for deferred taxation.

The low effective rate of taxation in 1987 arises from advance corporation tax surrendered from Guinness PLC without payment.

5. STAFF COST AND EMPLOYEES

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
(a) Staff costs		
Wages and salaries	23.0	14.8
Social security costs	1.8	1.1
Pension costs (note 21)	<u>0.9</u>	<u>2.5</u>
	25.7	18.4
	=====	=====

	<u>Number</u>	<u>Number</u>
(b) Average number of employees	1,470	1,079
	=====	=====
(c) Emoluments of senior employees in the United Kingdom		

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>1988</u>	<u>1987</u>
	<u>Number</u>	<u>Number</u>
£95,001 - £100,000	1	-
£85,001 - £ 70,000	2	-
£60,001 - £ 65,000	1	-
£55,001 - £ 60,000	1	-
£50,001 - £ 55,000	1	-
£45,001 - £ 50,000	6	-
£40,001 - £ 45,000	8	5
£35,001 - £ 40,000	15	2
£30,001 - £ 35,000	17	10

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

6. DIRECTORS' EMOLUMENTS

	<u>1988</u> <u>£,000</u>	<u>1987</u> <u>£,000</u>
Salaries and pension scheme contribution	471 ===	357 ===
Emoluments (excluding pension scheme contributions) of:		
	<u>1988</u> <u>£,000</u>	<u>1987</u> <u>£,000</u>
Highest paid Director	102 ===	87 ==
Other Directors:-	<u>1988</u> <u>Number</u>	<u>1987</u> <u>Number</u>
£80,001 - £85,000	1	-
£65,001 - £70,000	1	-
£55,001 - £60,000	1	1
£50,001 - £55,000	1	-
£45,001 - £50,000	-	1
£35,001 - £40,000	1	1
£30,001 - £35,000	-	1
£25,001 - £30,000	1	-
£20,001 - £25,000	1	1
£10,001 - £15,000	-	1
nil - £ 5,000	7	4

7. DIVIDENDS

	<u>1988</u> <u>£m</u>	<u>1987</u> <u>£m</u>
Interim dividend paid	7.0	-
Final dividend proposed	-	15.3
	<u>7.0</u> =====	<u>15.3</u> =====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

	Land and buildings	Plant and machinery	Casks and road vehicles	Total
	£m	£m	£m	£m
8. TANGIBLE ASSETS				
(a) Cost or valuation at 1st January 1988	25.6	42.2	23.8	91.6
Additions	-	11.4	9.2	20.6
Transfers from group companies	1.5	11.8	2.7	16.0
Transfers to group companies	-	(0.2)	(0.1)	(0.3)
Disposals	(0.7)	(3.8)	(2.2)	(6.7)
31st December 1988	26.4	61.4	33.4	121.2
	=====	=====	=====	=====
Accumulated depreciation at 1st January 1988	2.5	21.4	7.8	31.7
Provision for the year	0.7	5.1	2.2	8.0
Depreciation provided on transfers from group companies	0.6	3.4	0.9	4.9
Depreciation provided on transfers to group companies	-	(0.1)	-	(0.1)
Disposals	(0.6)	(3.5)	(1.2)	(5.3)
At 31st December 1988	3.2	26.3	9.7	39.2
	=====	=====	=====	=====
Net book amount at 31st December 1988	23.2	35.1	23.7	82.0
	=====	=====	=====	=====
Net book amount at 31st December 1987	23.1	20.8	16.0	59.9
	=====	=====	=====	=====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

8. TANGIBLE ASSETS (cont'd)

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Freehold	22.3	23.1
Long leasehold (over 50 years unexpired)	<u>0.9</u>	-
	23.2	<u>23.1</u>
	=====	=====

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
At cost	3.2	2.2
At valuation - 1982 or prior	<u>23.2</u>	<u>23.4</u>
	26.4	25.6
	=====	=====

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Cost	7.8	6.8
Accumulated depreciation	<u>(3.2)</u>	<u>(2.8)</u>
	4.6	4.0
	====	====

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Plant and machinery	6.3	2.4
Casks and road vehicles	<u>5.2</u>	<u>0.3</u>
	11.5	2.7
	=====	=====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

8. TANGIBLE ASSETS (cont'd)

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
i) Plant and machinery		
Cost	0.8	0.8
Accumulated depreciation	(0.6)	(0.4)
	0.2	0.4
	===	===

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
ii) Casks and road vehicles		
Cost	0.5	0.5
Accumulated depreciation	(0.2)	(0.1)
	0.3	0.4
	===	===

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 racking plant	5%, 6.67%, 10%, 12.5%, 20%
Containers	5%
Casks and road vehicles:	
Distribution vehicles	12.5%
Motor cars	20%
Casks	6.67%

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

9. INVESTMENTS

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Shares in subsidiaries	0.1	0.1
Other investments at cost	<u>0.1</u>	<u>0.2</u>
	0.2	0.3
	===	===

- 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 investments in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.

10. 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

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

11. STOCKS

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Raw materials and consumables	5.0	3.2
Finished goods	<u>6.8</u>	<u>4.2</u>
	11.8	7.4
	====	====

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

12. DEBTORS (amounts falling due within one year)

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Trade debtors	30.0	16.6
Amounts owed by subsidiaries	1.0	2.0
Amounts owed by fellow subsidiaries	22.5	1.5
Amounts owed by related company	0.2	-
Other debtors	5.1	1.5
Prepayments and accrued income	<u>2.5</u>	<u>0.7</u>
	61.3	22.3
	====	====

£6.7m (£nil) of the amounts owed by fellow subsidiaries fall due after more than one year.

13. CREDITORS (amounts falling due within one year)

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Bank loans	0.3	-
Bank overdraft	3.5	0.8
Trade creditors	16.1	9.2
Amounts owed to holding company	-	5.0
Amounts owed to subsidiaries	9.0	13.1
Amounts owed to fellow subsidiaries	10.8	4.3
Dividend	-	15.3
Corporation tax	0.8	0.1
Social security and other taxes	5.6	5.0
Other creditors	0.6	0.6
Accruals and deferred income	23.4	11.0
Obligations under finance leases	<u>0.2</u>	<u>0.3</u>
	70.3	64.7
	====	====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

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

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Bank loans	0.5	-
Amounts owed to holding company	56.9	-
Obligations under finance leases	-	0.2
Corporation tax	4.5	0.9
Other	-	<u>0.1</u>
	<u>61.9</u>	<u>1.2</u>
	====	====

The bank loans are repayable between one and two years of the balance sheet date. Interest is at a fixed rate in respect of each loan, such rates being within the range 7.4% to 11% per annum.

15. LEASING COMMITMENTS

a) Finance leases

The future minimum lease payments to which the company is committed as at 31st December 1988 under finance leases are as follows:-

	<u>1988</u>	<u>1987</u>
	<u>£m</u>	<u>£m</u>
Falling due within one year	0.2	0.3
Falling due in more than one but within five years	-	<u>0.2</u>
	<u>0.2</u>	<u>0.5</u>
	====	====

b) Operating leases

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

	<u>Land and</u>	<u>Other</u>
	<u>buildings</u>	<u>£m</u>
	<u>£m</u>	<u>£m</u>
For which commitment expiring:-		
Within one year	0.1	-
Between 2-5 years	0.4	-
After 5 years	-	<u>0.1</u>
	<u>0.5</u>	<u>0.1</u>
	====	====

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

16. DEFERRED TAXATION	1988		1987	
	Amount provided	Full liability	Amount provided	Full liability
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Deferred tax calculated on the liability basis in respect of all timing differences:				
i) Capital allowances on plant, machinery and industrial buildings	-	9.5	-	6.8
ii) Provisions allowable for tax in future years	(0.4)	(0.9)	-	(0.3)
	(0.4)	8.6	-	6.5
iii) Tax on chargeable gains on revaluation surpluses	-	1.9	-	1.9
	(0.4)	10.5	-	8.4
	===	=====	===	===
 17. CALLED UP SHARE CAPITAL				
	1988		1987	
	<u>£m</u>		<u>£m</u>	
Authorised:				
7,500,000 ordinary shares of £1 each	7.5		7.5	
	===		===	
Allotted and fully paid:				
6,100,000 ordinary shares of £1 each	6.1		6.1	
	===		===	

GUINNESS BREWING WORLDWIDE LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 1988

18. RESERVES

	<u>Revaluation reserve</u> £m	<u>Profit and loss</u> £m
At 1st January 1988	17.2	0.7
Retained profit for the year	-	2.0
Transfers between reserves		
- Depreciation on revaluation surplus	(0.4)	0.4
At 31st December 1988	<u>16.8</u> =====	<u>3.1</u> ===

19. FUTURE CAPITAL EXPENDITURE

	<u>1988</u> £m	<u>1987</u> £m
Contracted for but not provided for in the financial statements	5.6	5.6
Authorised but not contracted for	<u>2.1</u> 7.7 ===	<u>1.3</u> 6.9 ===

20. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Guinness PLC which is incorporated in Great Britain.

21. 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.

The trustees advised the Company that, because the principal fund had sufficient assets to cover the cost of benefits payable to pensioners, widows and deferred pensioners and accrued benefits to existing members, no employer's contributions would be payable for the period 1st April 1988 to 31st December 1988. Employer's contributions are defined as those contributions required to finance the cost of projected benefits payable to existing members, including pension increases.

AUDITORS' REPORT TO THE MEMBERS OF
GUINNESS BREWING WORLDWIDE LIMITED

We have audited the financial statements on pages 5 to 19 in accordance with approved Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of the company's affairs at 31st December 1988 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
London

10 March 1989