

**HKS PROPERTIES LIMITED**  
**(Registered Number 423978)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1995**



## **HKS PROPERTIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995**

The Directors submit their Report and audited financial statements for the year ended 31 December 1995.

#### **REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES**

The Company holds various freehold properties and leasehold interests which it acquired from Stadis Brewery Plc (formerly Buckley's Brewery Plc) at 31 December 1991, and which it has managed throughout the year.

The Company's income arises from rental on property, discount receivable on sales into the estate, amusement machine income and profits from the sale of property.

#### **RESULTS AND TRANSFER FROM RESERVES**

The Company's results are set out in the profit and loss account on page 5. The Directors do not recommend the payment of a dividend. The profit for the year of £110,000 (1994 - £306,000) has been transferred to reserves.

#### **FIXED ASSETS**

Details of movements in tangible fixed assets are given in note 7 on pages 9 and 10.

#### **BOARD OF DIRECTORS**

The names of the Directors of the Company during the year are shown below:

SH Wingfield-Digby

B Beanland

(Secretary)



## HKS PROPERTIES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

#### DIRECTORS' INTERESTS

No Director had any interest in shares or debentures of the Company, of any subsidiary undertaking or of any subsidiary of the parent undertaking with the exception of non-beneficial interests as nominee and the interests in the ordinary shares of the ultimate parent undertaking Guinness PLC, as set out below:

	<u>At 31 December 1995</u>		<u>At 1 January 1995</u>	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
SH Wingfield-Digby	31,253	53,122	31,869	45,418
B Beanland	14,543	40,301	14,407	51,138

During the year, the following movements in options over the ordinary shares of Guinness PLC took place:

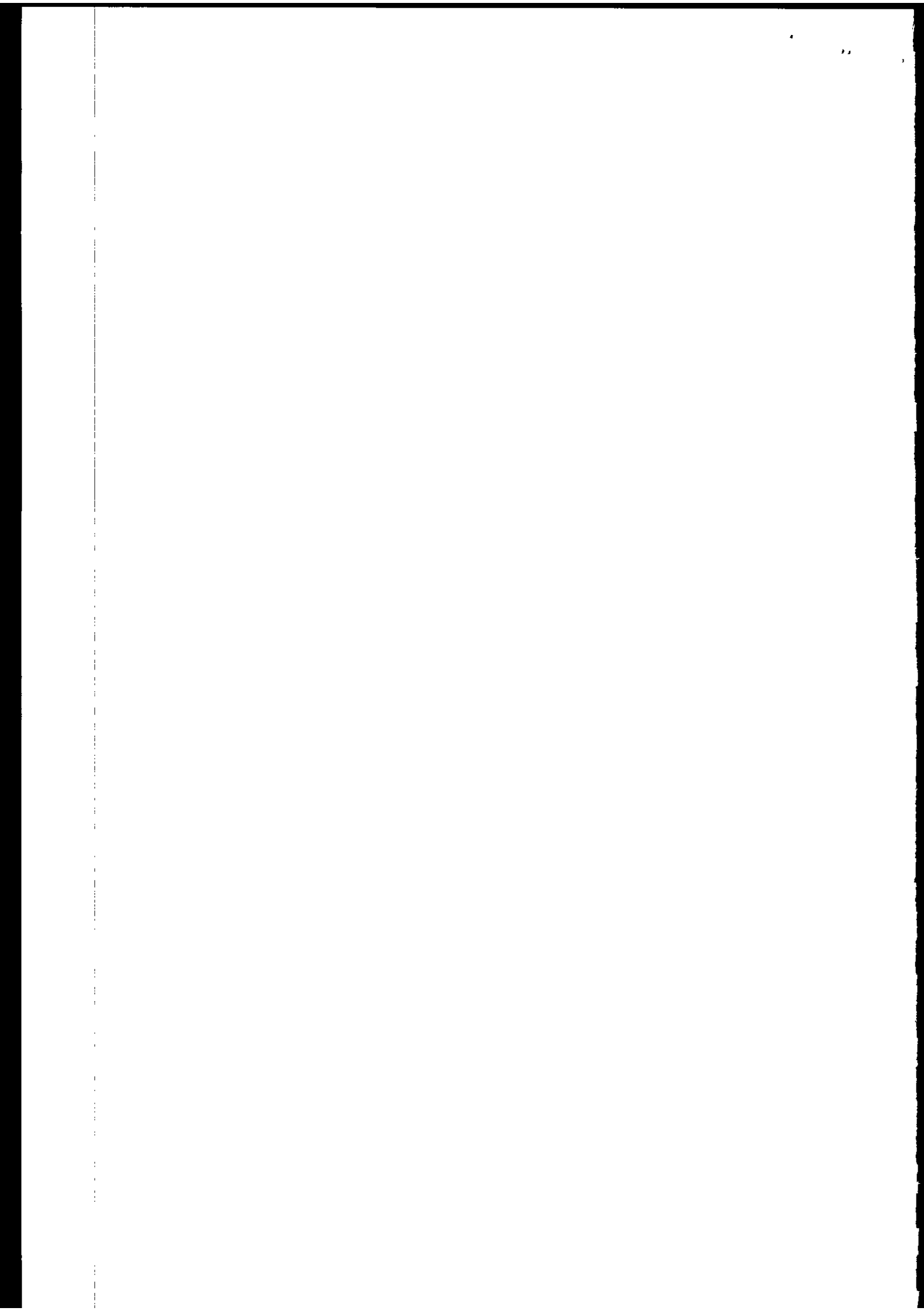
	<u>Options granted during 1995</u>		<u>Options exercised during 1995</u>	
	Number	Price (£)	Number	Price (£)
S H Wingfield-Digby	8,124	4.575	1,108	2.705
	688*	4.01	-	-
B Beanland	7,259	4.575	7,104	3.210
	860*	4.01	1,386*	2.705

\*These options were granted and exercised under the terms of the Savings Related Share Option Scheme.

The options outstanding at 31 December 1995 have been granted under Group employee share participation schemes (including the Executive Share Options Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1995 and 2004 at varying prices between £2.255 and £5.335.

Directors of subsidiaries of Guinness PLC are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in note 22(c) to the Group accounts of Guinness PLC.

The ultimate parent undertaking purchases liability insurance covering the Directors and officers of Guinness PLC and its subsidiaries.



## **HKS PROPERTIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

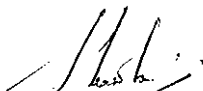
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS**

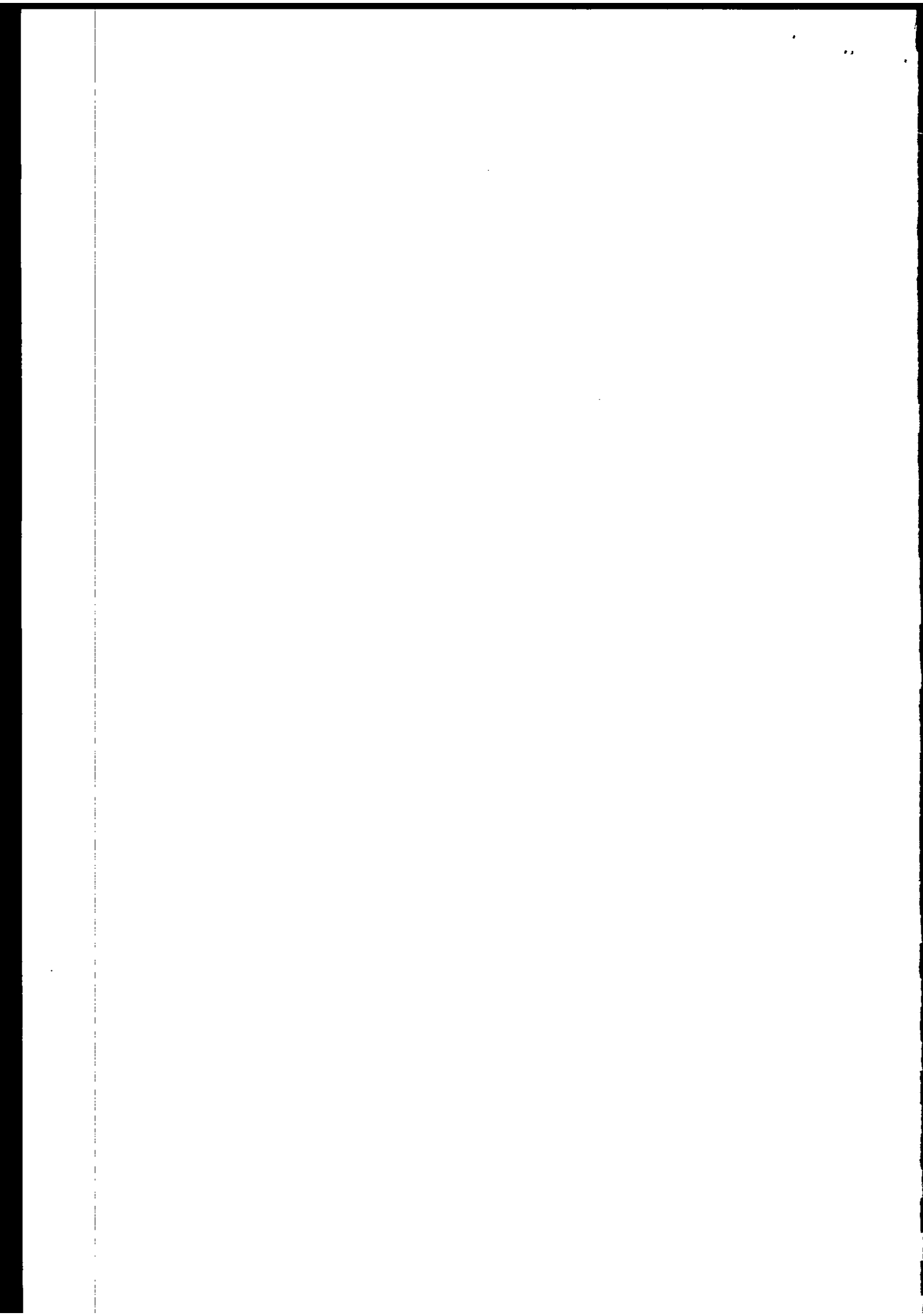
The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution for their re-appointment, also authorising the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board



B Beanland  
Secretary

19th September 1996



*Price Waterhouse*



## **AUDITORS' REPORT TO THE SHAREHOLDERS OF HKS PROPERTIES LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 3, 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 judgments 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

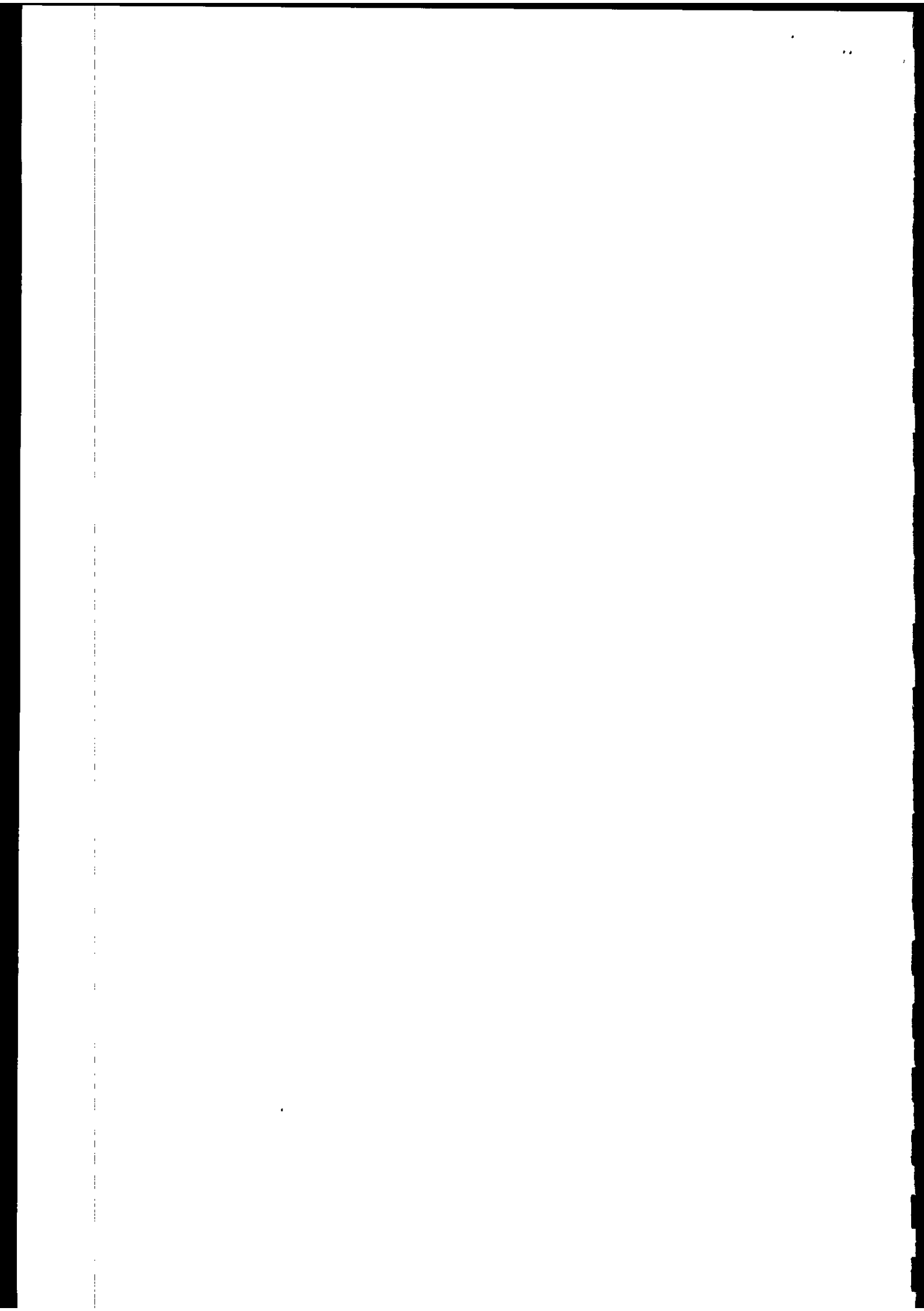
In our opinion the financial statements give a true and then fair view of the state of the Company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

*19 September* 1996





## HKS PROPERTIES LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
<b>TURNOVER - CONTINUING OPERATIONS</b>	2	515	618
Other operating income	3	<u>95</u>	<u>140</u>
		610	758
Other operating charges		<u>(282)</u>	<u>(194)</u>
<b>OPERATING PROFIT - CONTINUING OPERATIONS</b>	4	328	564
Profit/(loss) on disposal of fixed assets		25	(375)
Interest payable		<u>(9)</u>	<u>(7)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		344	182
Taxation on ordinary activities	6	<u>(234)</u>	<u>124</u>
<b>AMOUNT TRANSFERRED TO RESERVES</b>	12	<u>110</u>	<u>306</u>

#### NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the reported profit and the profit on an historical cost basis.

#### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Other than the profit on ordinary activities after taxation, there have been no other recognised gains or losses.

The notes on pages 7 to 12 form part of these financial statements.

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# HKS PROPERTIES LIMITED

## BALANCE SHEET AT 31 DECEMBER 1995

	Note	1995		1994	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>	7		9,375		10,322
<b>CURRENT ASSETS</b>					
Stocks	8	83		83	
Debtors	9	6,507		5,519	
Cash at bank and in hand		<u>160</u>		<u>33</u>	
			6,750		5,635
<b>CREDITORS (amounts falling due within one year)</b>	10	<u>(18,481)</u>		<u>(18,423)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(11,731)</u>		<u>(12,788)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(2,356)		(2,466)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Provision against long term leases			<u>(376)</u>		<u>(376)</u>
<b>NET LIABILITIES</b>			<u>(2,732)</u>		<u>(2,842)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		270		270
Profit and loss account	12		<u>(3,002)</u>		<u>(3,112)</u>
<b>SHAREHOLDERS' FUNDS</b>	13		<u>(2,732)</u>		<u>(2,842)</u>

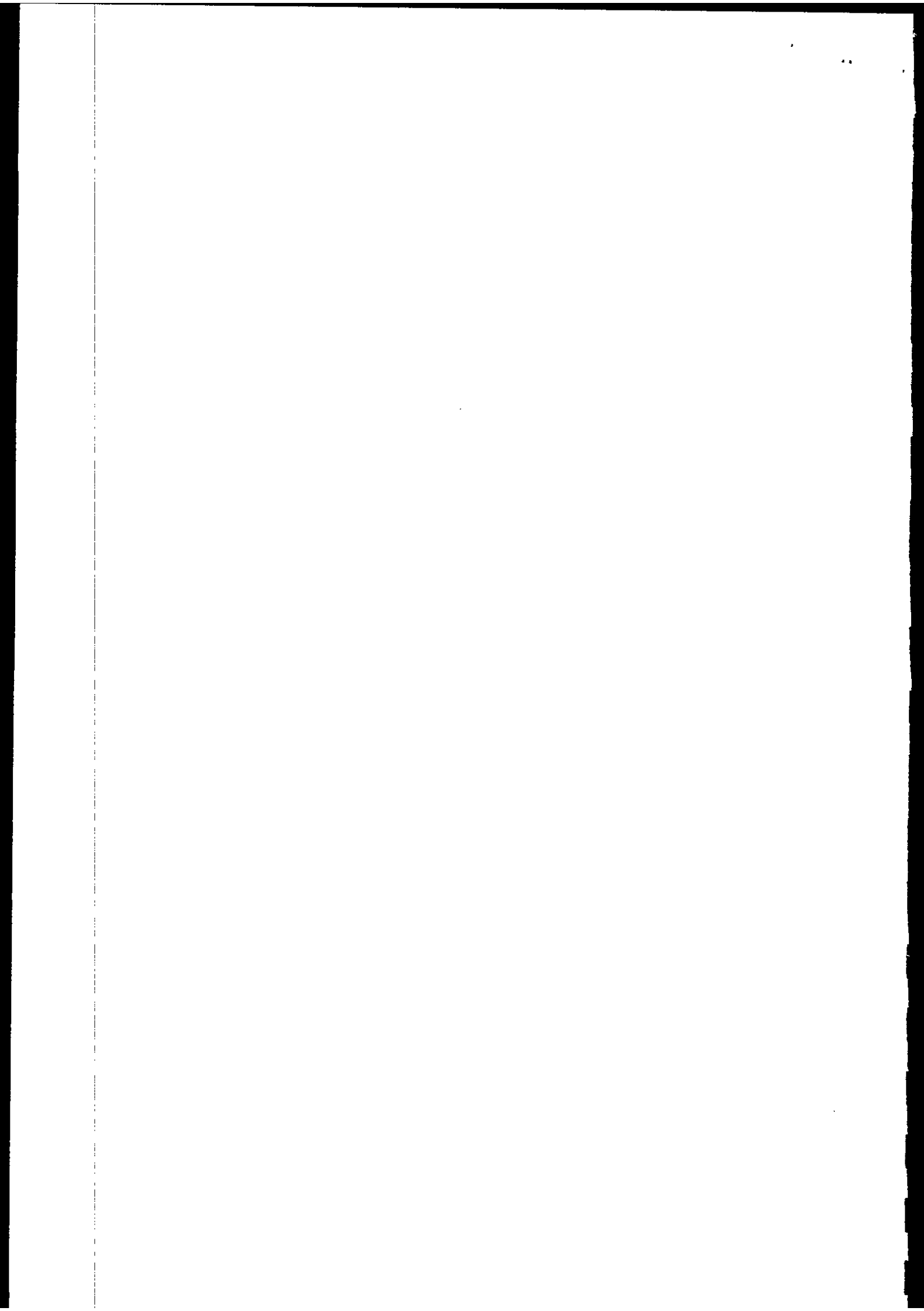
APPROVED BY THE BOARD ON

19.9. 1996

*SH Wingfield-Digby*

SH Wingfield-Digby  
DIRECTOR

The notes on pages 7 to 12 form part of these financial statements.



# HKS PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995

### 1 ACCOUNTING POLICIES

#### (1) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of Companies Act 1985 relating to depreciation and an explanation of the departure is given in note 7 below.

#### (2) 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. Deferred taxation, on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability is expected to crystallise within the foreseeable future.

#### (3) Depreciation

Tangible assets are depreciated in equal instalments at rates calculated to write off their cost over the term of their estimated useful lives. Details of depreciation rates are given in note 7.

#### (4) Stocks

Valuation of stocks is at the lower of cost and net realisable value.

#### (5) Prior year figures

Some cost and income comparatives have been restated to a basis consistent with the disclosure in the current year. This has been done to achieve a clearer presentation of these items.

### 2 TURNOVER

Turnover derives from rental income receivable from tenants on the estate.

### 3 OTHER OPERATING INCOME

	<u>1995</u> £'000	<u>1994</u> £'000
Amusement machine income	95	111
Other	<u>    </u>	<u>  29</u>
	95	140
	<u>    </u>	<u>    </u>



## HKS PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

#### 4 OPERATING PROFIT

	<u>1995</u> £'000	<u>1994</u> £'000
Operating profit is stated after charging:		
Depreciation	55	49
Rents payable	10	2
Repairs and maintenance expenditure	115	202
Auditors' remuneration	5	5
and after crediting:		
Net managed house income	296	316

Net managed house income represents net income derived from trade undertaken in managed houses and comprises sales of £1,745,000 (1994: £1,454,000) and costs, net of discounts receivable, of £1,449,000 (1994: £1,138,000). It is disclosed in this way because this activity is peripheral to the main activity of the company.

#### 5 DIRECTORS AND EMPLOYEES

The Company had no employees during 1995 and no Directors' emoluments or staff costs were incurred (1994: £Nil).

#### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax is charged/(credited) as follows:	<u>1995</u> £'000	<u>1994</u> £'000
United Kingdom Corporation Tax at 33% (1994: 33%)		
Prior year	122	(167)
Current year	<u>112</u>	<u>43</u>
	234	(124)
	<u>      </u>	<u>      </u>





# HKS PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

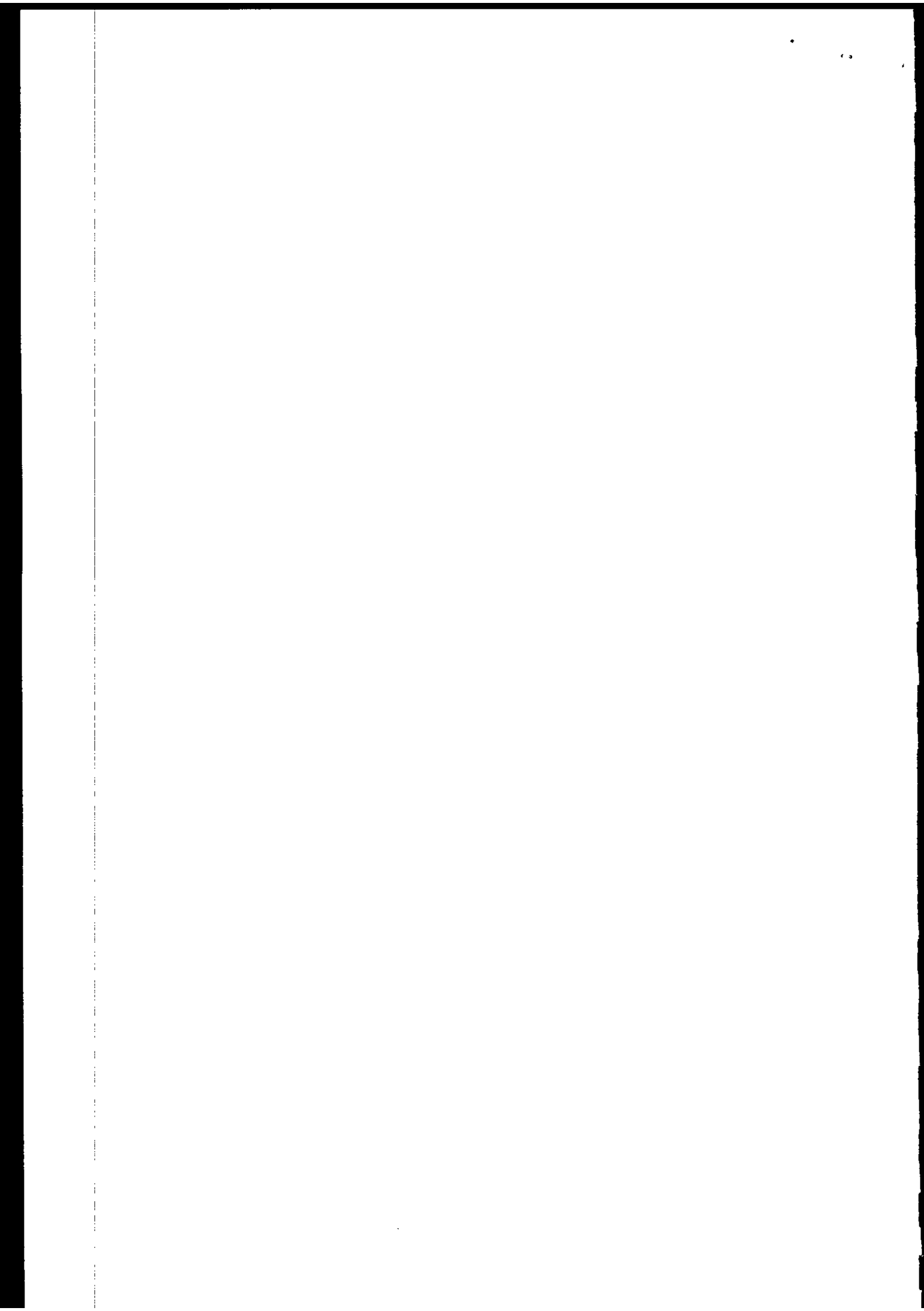
### 7 TANGIBLE FIXED ASSETS

	<u>Land &amp; buildings</u> £'000	<u>Fixtures &amp; fittings</u> £'000	<u>Total</u> £'000
<b>(1) Cost or valuation</b>			
At 1 January 1995	9,828	579	10,407
Additions	6	79	85
Disposals	<u>(879)</u>	<u>(115)</u>	<u>(994)</u>
At 31 December 1995	8,955	543	9,498
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Accumulated depreciation</b>			
At 1 January 1995	-	(85)	(85)
Charge for the year	-	(55)	(55)
Disposals	<u>-</u>	<u>17</u>	<u>17</u>
At 31 December 1995	-	(123)	(123)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 December 1995	8,955	420	9,375
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1994	9,828	494	10,322
	<u>          </u>	<u>          </u>	<u>          </u>

In accordance with SSAP 19, investment properties are revalued annually by the Directors and the individual surpluses or deficits are transferred to revaluation reserve with any net deficit on the revaluation reserve transferred to the profit and loss account. No provision is made for depreciation of freehold properties or for amortisation of leasehold properties held on leases having more than 20 years unexpired. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The depreciation (which would, had the provisions of the Act been followed, have reduced profit for the year) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

The fixed assets of the business were valued by external valuers, Weatherall Green and Smith, as at 31 December 1994.



**HKS PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)**

**7 TANGIBLE FIXED ASSETS (CONTINUED)**

(2) The net book value of land and buildings at 31 December 1995 includes the following:

	£'000
Freehold	8,471
Long leasehold (over 50 years unexpired)	391
Short leasehold (50 years and under years unexpired)	<u>93</u>
	<u>8,955</u>

(3) The principal rates of depreciation on fixtures and fittings are 5% - 25%.

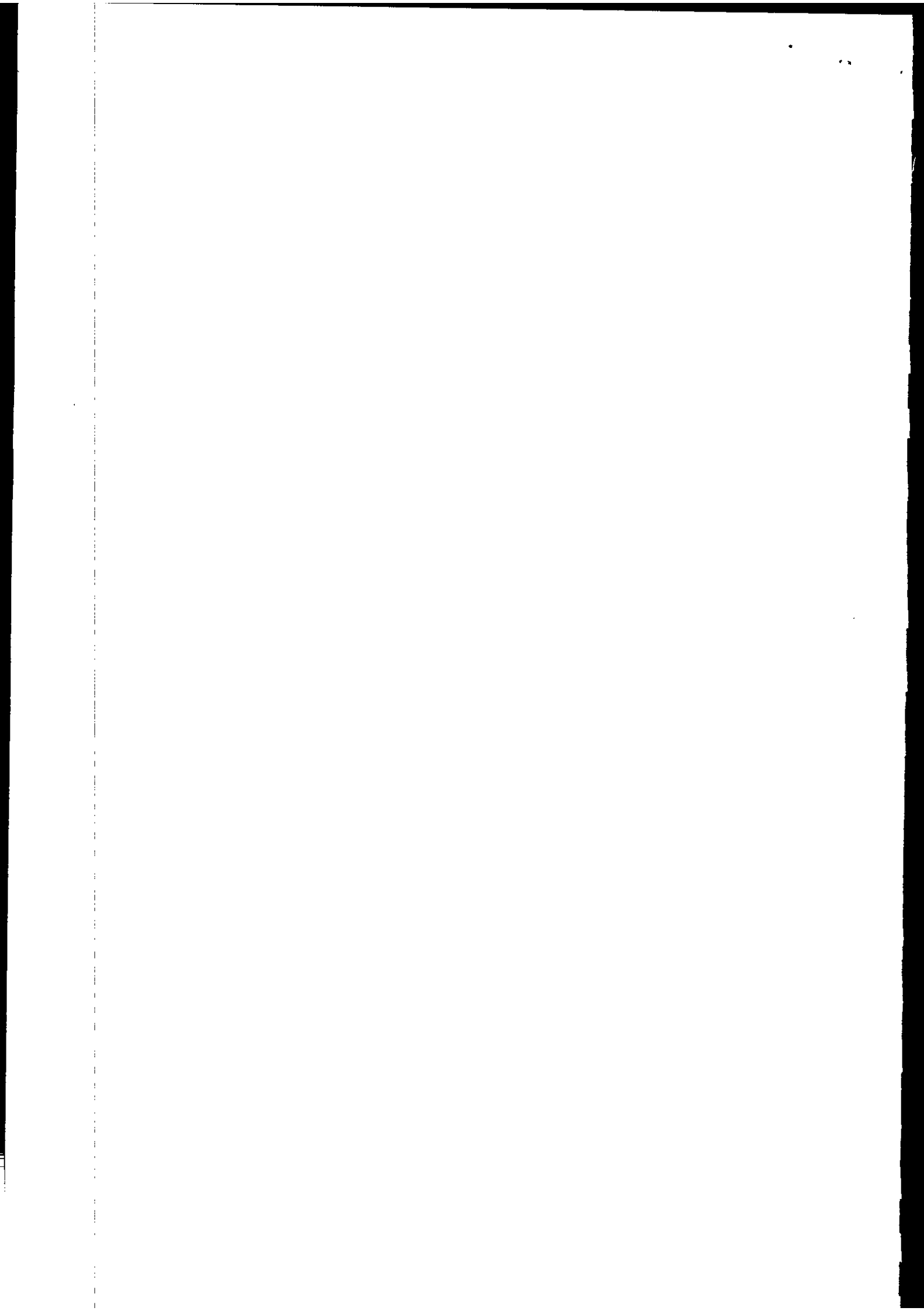
**8 STOCKS**

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Raw materials and consumables	<u>83</u>	<u>83</u>

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

**9 DEBTORS**

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Due within one year:		
Trade debtors	72	59
Amounts owed by group undertakings	6,434	5,240
Prepayments	1	-
Other debtors	<u>-</u>	<u>13</u>
	6,507	5,312
Due after one year:		
Amount owed by ultimate parent undertaking	<u>-</u>	<u>207</u>
	<u>6,507</u>	<u>5,519</u>



## HKS PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

#### 10 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	<u>1995</u> £'000	<u>1994</u> £'000
Trade creditors	594	650
Amounts owed to group undertakings	17,573	17,573
Accruals and deferred income	20	13
Taxation	<u>294</u>	<u>187</u>
	18,481	18,423

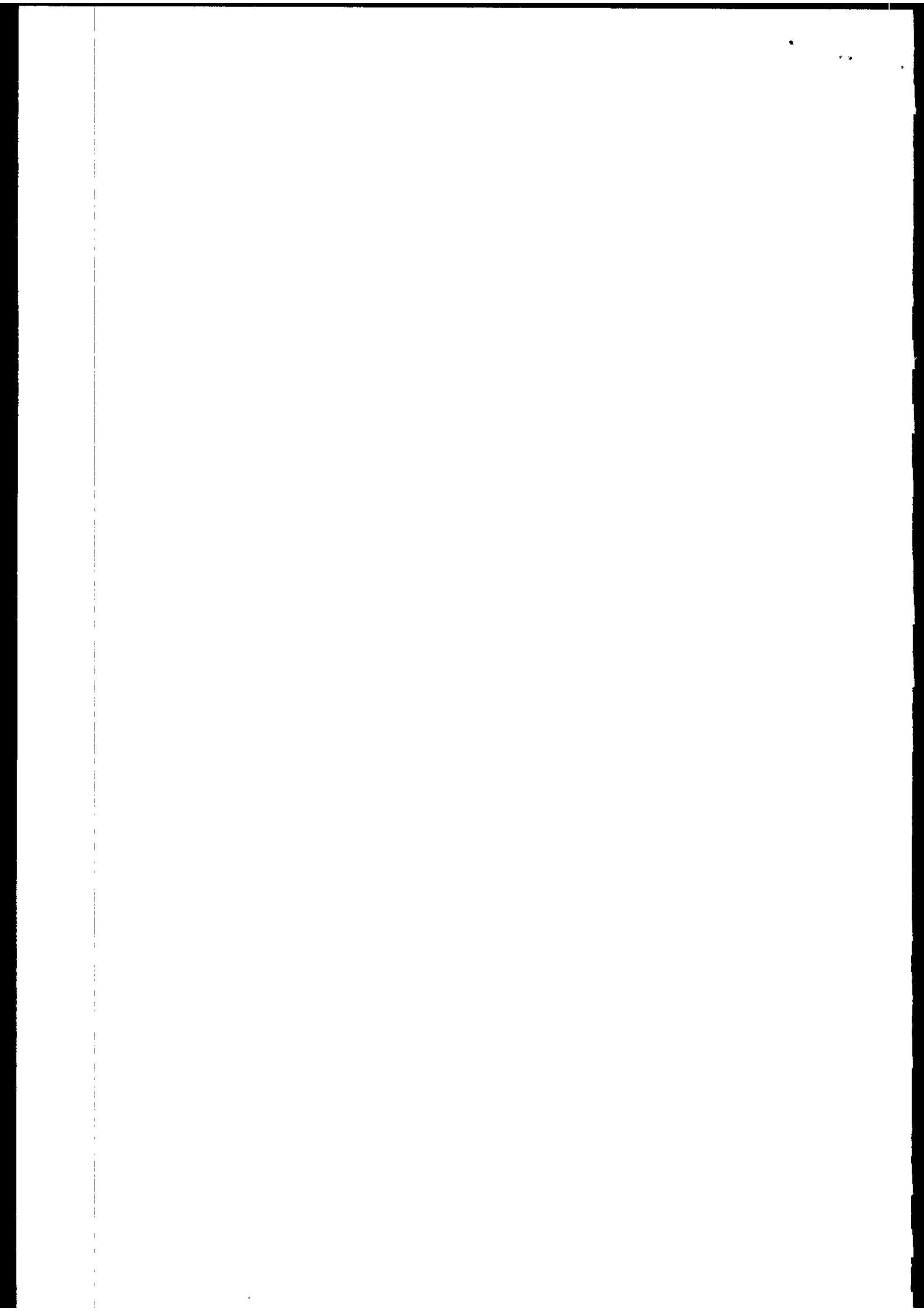
#### 11 CALLED UP SHARE CAPITAL

	<u>1995</u> £'000	<u>1994</u> £'000
Authorised, issued and fully paid:		
Equity interests: Ordinary Shares of £1 each	250	250
Non-equity interests: 1% Cumulative Preference shares of £1 each	<u>20</u>	<u>20</u>
	270	270

The cumulative preference shares have priority over ordinary shares in winding-up. The preference shareholders have waived their rights to dividends. The preference shares are non redeemable and have no voting rights.

#### 12 PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 1995	(3,112)
Retained profit for the year	<u>110</u>
At 31 December 1995	(3,002)



## HKS PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

#### 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Profit on ordinary activities after taxation transferred to reserves	110	306
Opening shareholders' funds	<u>(2,842)</u>	<u>(3,148)</u>
Closing shareholders' funds	<u>(2,732)</u>	<u>(2,842)</u>

The shareholders' funds include non equity interests of £20,000 (1994 : £20,000).

#### 14 PARENT UNDERTAKINGS

The Company is a subsidiary undertaking of Guinness Brewing Worldwide Limited, a company registered in England and Wales. The ultimate parent undertaking is Guinness PLC which is also registered in England and Wales and is the parent undertaking of both the smallest and largest group for which group accounts incorporating those of the Company are prepared. Copies of the consolidated accounts of Guinness PLC can be obtained from Guinness PLC.

Guinness PLC  
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