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GRH LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1988

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GRH LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the year ended 31 December 1988.

REVIEW OF THE BUSINESS

The company has various leasehold interests which it has managed throughout the year.

RESULTS AND DIVIDENDS

The company's results are set out in the profit and loss account on page 4. The Directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors during the year were as follows:

D.J. Gormley	(resigned 16th September 1988)
A.J. Scrine	(resigned 29th July 1988)
N. Bird	
G.H. Turvey	
G.W. King	(appointed 29th July 1988)

GRH LIMITED

During the year none of the Directors had any interests in the shares of the company. Directors interests in shares of Guinness PLC were as follows:

		1988	1987
<u>Shares</u>			
G. H. Turvey	- Ordinary stock 25p units	533	254
N. Bird	- Ordinary stock 25p units	1,750	1,363
G.W. King	- Ordinary stock 25p units	616	616 *

* At date of the appointment

CHARITABLE AND POLITICAL CONTRIBUTIONS

There were no charitable or political contributions.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

Sharon Pirozzolo

S.L. Pirozzolo
Secretary
5TH APRIL 1989

AUDITORS' REPORT TO THE MEMBERS OF
GRH LIMITED

We have audited the financial statements on pages 4 to 7 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1988 and of the results for the year then ended and comply with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice number 10.

Price Waterhouse

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

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1989

GRH LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u> £'000	<u>1987</u> £'000
Operating Income		95	66
Net operating costs		(95)	(334)
External interest - receivable		1	-
Operating Profit/(loss)		<u>1</u>	<u>(268)</u>
Exceptional items	2	-	44
		<u>-</u>	<u>44</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1	(224)
Taxation on ordinary activities	3	-	-
		<u>-</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1	(224)
Extraordinary items	4	-	(500)
		<u>-</u>	<u>(500)</u>
RETAINED EARNINGS/(LOSS) FOR THE FINANCIAL PERIOD	8	1	(724)
		<u>1</u>	<u>(724)</u>

The notes set out on pages 6 and 7 form part of these accounts.

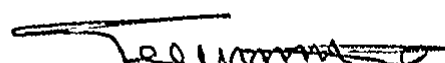
GRH LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
CURRENT ASSETS			
Debtors	5	246	320
Cash at bank and in hand		24	1
		<hr/>	<hr/>
		270	321
CREDITORS (amount falling due within one year)			
	6	(13)	(3)
		<hr/>	<hr/>
NET CURRENT ASSETS		257	318
PROVISIONS FOR LIABILITIES AND CHARGES			
Provision against long term leases	4	(438)	(500)
		<hr/>	<hr/>
		(181)	(182)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	270	270
Profit and Loss Account	8	(451)	(452)
		<hr/>	<hr/>
		(181)	(182)
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Approved by the Board on 5th April 1989


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Directors

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the historical cost accounting convention. The parent company has agreed to continue to provide financial support to allow the company to meet its liabilities as they fall due.

2. EXCEPTIONAL ITEMS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Write back of provisions for legal expenses	-	32
Write off loan to fellow subsidiary	-	(8)
Disposal of leasehold interest	-	20
	<u>-</u>	<u>44</u>
	=====	=====

3. TAXATION ON ORDINARY ACTIVITIES

No corporation tax liability arises due to losses incurred in prior years.

4. EXTRAORDINARY ITEMS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Provision against long term leases	-	(500)

During the year costs of £62,000 were charged against the provision created in 1987.

GRH LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (Continued)

5. DEBTORS

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Due within one year:		
Prepayments	3	11
Due after one year:		
Amount owed by holding company	243	309
	<u>246</u>	<u>320</u>

6. CREDITORS (amount falling due within one year)

Accruals and deferred income	<u>13</u>	<u>3</u>
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7. CALLED UP SHARE CAPITAL
Allotted and fully paid:

Ordinary shares of £1 each	250	250
1% cumulative preference shares of £1 each	20	20
	<u>270</u>	<u>270</u>
Authorised	<u>270</u> =====	<u>270</u> =====

8. PROFIT AND LOSS ACCOUNT

Balance at 1 January 1988	(452)	272
Profit/(Loss) for the period	1	(724)
	<u>(451)</u>	<u>(452)</u>
Balance at 31 December 1988	<u>(451)</u>	<u>(452)</u>

9. ULTIMATE HOLDING COMPANY

The holding company is Guinness PLC, which is incorporated in England.

10. DIRECTORS' EMOLUMENTS

No director received any remuneration in respect of his services to the company during the year.