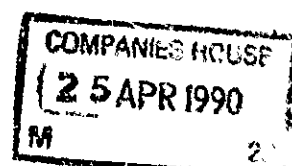


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Price Waterhouse



GUINNESS SUPERLATIVES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1989

GUINNESS SUPERLATIVES LIMITED

REPORT OF THE DIRECTORS

Mr SC Dowling	(Chairman)
Mr DF Hoy	
Mr P Jennings	(resigned 28 February 1989)
Mr ND McWhirter	
Mr F Buxton	
Mr DF Sommerville	(resigned 20 February 1989)
Mr DRM McFarlan	
Mr AR Morris	(appointed 28 February 1989)
Mr MJ Cohen	(appointed 22 November 1989)
Mr PJ Matthews	(appointed 22 November 1989)

The directors submit herewith their report and audited accounts for the year ended 31 December 1989.

1 PRINCIPAL ACTIVITIES OF THE COMPANY, REVIEW OF OPERATIONS AND FUTURE DEVELOPMENT

The company receives royalties from the Guinness Book of Records and other publications, other licensed income worldwide and fees from the operations of the Guinness World of Records permanent exhibition in London.

The financial results for the year are encouraging. The company has no immediate plans for significantly extending or reducing its existing business activities.

2 RESULTS

The profit after taxation for the year was £395,187. After paying a dividend of £950,000, a deficit of £554,813 arises for the year which with the balance brought forward of £620,364 leaves closing reserves of £65,551.

3 DIVIDENDS

A dividend of £950,000 was declared and paid during the year, the directors do not propose any further dividend.

4 FIXED ASSETS

Movements in fixed assets are shown in Note 9 to the accounts.

5 DIRECTORATE

The names of the directors are shown at the beginning of this report. In accordance with the articles of association, Mr F Buxton, Mr MJ Cohen, Mr PJ Matthews and Mr AR Morris will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. The interests of the directors in the shares of Guinness plc are shown in the directors' report and accounts of Guinness Publishing Limited.

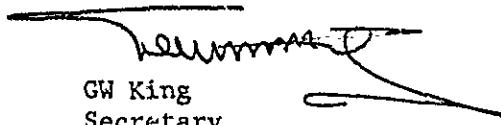
GUINNESS SUPERLATIVES LIMITED

REPORT OF THE DIRECTORS (continued)

6 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 forthcoming Annual General Meeting.

By Order of the Board


GW King
Secretary

6 March 1990

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
GUINNESS SUPERLATIVES LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit for the year then ended and have been properly prepared in accordance 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 No 10.

Price Waterhouse

Chartered Accountants

6 March 1990



Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham, Reading, Southampton, Stockport, and Wolverhampton.
The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 1 9SA, where a list of the partners' names is available for inspection.
The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry out investment business.

GUINNESS SUPERLATIVES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> f	<u>1988</u> f
TURNOVER	2	1,594,681	2,318,520
NET OPERATING COSTS	3	(993,103)	(1,343,169)
OPERATING PROFIT		601,578	975,351
INTEREST RECEIVABLE		9,259	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	610,837	975,351
TAXATION	7	(215,650)	(398,928)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		395,187	576,423
DIVIDENDS	8	(950,000)	-
(DECREASE)/INCREASE IN RESERVES		(554,813)	576,423
RESERVES AT BEGINNING OF YEAR		620,364	43,941
RESERVES AT END OF YEAR		£65,551	£620,364

GUINNESS SUPERLATIVES LIMITED

BALANCE SHEET AT 31 DECEMBER 1989

	Notes	1989 £	1988 £
FIXED ASSETS			
Tangible assets	9	895,029	953,351
Shares in group companies	10	<u>1</u>	<u>1</u>
		895,030	953,352
CURRENT ASSETS			
Debtors	11	467,821	764,404
Cash at bank and in hand		<u>8,779</u>	<u>13,333</u>
		<u>476,600</u>	<u>777,737</u>
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	12	<u>1,059,919</u>	<u>685,625</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>(583,319)</u>	<u>92,112</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		311,711	1,045,464
CREDITORS (amounts falling due after more than one year)	13	164,060	328,000
DEFERRED TAXATION	14	<u>82,000</u>	<u>97,000</u>
		<u>£65,651</u>	<u>£620,464</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account		<u>65,551</u>	<u>620,364</u>
		<u>£65,651</u>	<u>£620,464</u>

DIRECTORS

MJ Cohen
AR Morris

MJ Cohen
A.R. Morris

Approved by the Board of Directors on 6 March 1990.

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989

1 ACCOUNTING POLICIES

(1) Basis of accounting

The accounts have been prepared under the historical cost convention.

(2) Consolidated accounts

No consolidated accounts have been prepared as the company is a wholly owned subsidiary of Guinness Publishing Limited as permitted by Section 229(2) of the Companies Act 1985.

(3) Depreciation

Fixed assets are depreciated on a straight line basis at annual rates estimated to write off their book value over the term of their useful lives. Details of the depreciation rates used are as follows:

Motor vehicles	- 20%
Exhibition exhibits, fixtures and fittings	- 10%
Exhibition permanent structure	- 4%

No depreciation is provided on freehold land.

(4) Taxation

Deferred taxation in respect of capital allowances and other timing differences is provided only to the extent that the directors consider that the liability will become payable within the foreseeable future.

(5) Museums and exhibitions

The costs of exhibits, fixtures and fittings and design fees relating thereto are capitalised.

(6) Foreign currencies

Exchange gains and losses arising on the translation of assets and liabilities and gains and losses realised from trading operations are dealt with in the profit and loss account.

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

2 ANALYSIS OF TURNOVER AND OPERATING PROFIT

Turnover represents the net royalties receivable from licences granting publication rights to overseas publishers and fees (1988 - admissions and shop sales) from the Guinness World of Records.

Turnover and operating profit is analysed below:

	<u>Operating Profit</u>		<u>1989</u> £	<u>Turnover</u> <u>1988</u> £
	<u>1989</u> £	<u>1988</u> £		
Licences	716,728	742,390	1,557,295	979,081
Exhibition	<u>(115,150)</u>	<u>232,961</u>	<u>37,386</u>	<u>1,339,439</u>
	<u>£601,578</u>	<u>£975,351</u>	<u>£1,594,681</u>	<u>£2,318,520</u>

The geographical analysis of turnover is as follows:

	<u>1989</u> £	<u>1988</u> £
United Kingdom	60,174	1,492,128
Republic of Ireland	2,891	-
Rest of Europe	<u>777,730</u>	<u>541,886</u>
Total for Europe	840,795	2,034,014
Africa	2,940	-
Asia	497,682	156,363
America	251,195	125,110
Australia	<u>2,069</u>	<u>3,033</u>
Total turnover	<u>£1,594,681</u>	<u>£2,318,520</u>

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

3 NET OPERATING COSTS

	<u>1989</u>	<u>1988</u>
	£	£
Changes in stocks	-	995,302
Raw materials and consumables	-	(885,539)
Staff costs (Note 5)	-	201,107
Depreciation	152,082	149,879
Other operating costs	<u>841,021</u>	<u>882,420</u>
Net operating costs	<u>£993,103</u>	<u>£1,343,169</u>

4 EMOLUMENTS OF DIRECTORS

The total amount of emoluments paid to directors of the company are shown in the accounts of Guinness Publishing Limited.

5 STAFF COSTS AND EMPLOYEES

The company had no employees or staff costs in the year. All such costs were borne by Guinness Publishing Limited.

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after taking into account the following:

	<u>1989</u> £	<u>1988</u> £
Auditors' remuneration	4,000	7,000
	<hr/>	<hr/>

7 TAXATION

	<u>1989</u> £	<u>1988</u> £
UK Corporation tax at 35%	164,060	325,513
Overseas taxation	66,590	14,415
Deferred tax	<u>(15,000)</u>	<u>59,000</u>
	<hr/> £215,650	<hr/> £398,928

8 DIVIDENDS

	<u>1989</u>	<u>1988</u>
Dividends on ordinary £1 shares:		
Paid - £9,500 per share		
(1988 Nil).	£950,000	-
	<hr/>	<hr/>

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

9 TANGIBLE ASSETS

	Freehold <u>land</u> £	Copy- right £	Exhibition exhibits, fixtures and fittings £	Motor vehicles £	<u>Total</u> £
<u>Cost</u>					
At 31 December 1988	821	1,250	1,537,859	3,025	1,542,955
Additions	-	-	94,581	-	94,581
Transfers	-	250	(250)	-	-
Disposals	(821)	-	-	-	(821)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1989	-	1,500	1,632,190	3,025	1,636,715
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>					
At 31 December 1988	-	-	588,470	1,134	589,604
Charge for year	-	-	151,704	378	152,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1989	-	-	740,174	1,512	741,686
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book amount</u>					
At 31 December 1989	-	£1,500	£892,016	£1,513	£895,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1988	£821	£1,250	£949,389	£1,891	£953,351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

10 SHARES IN GROUP COMPANIES

The following table shows the total shares in subsidiaries at cost at the year end:

	<u>1989</u> £	<u>1988</u> £
GBR Educational Limited (registered in England)	10,201	10,201
Guinness Hall of World Records Inc (incorporated in Canada)	<u>1</u>	<u>1</u>
	10,202	10,202
Less: Provision	(10,201)	(10,201)
	<u>£1</u>	<u>£1</u>

Both the subsidiaries are wholly owned.

In the opinion of the directors, the value of the investments in the subsidiary companies is not less than £1.

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

11 DEBTORS

	<u>1989</u> £	<u>1988</u> £
Amounts owed by group companies	5,206	57,456
Other debtors	49,615	156,065
Prepayments and accrued income	<u>413,000</u>	<u>550,883</u>
	<u>£467,821</u>	<u>£764,404</u>

12 CREDITORS

	<u>1989</u> £	<u>1988</u> £
Trade creditors	-	45,128
Amounts owed to group companies	396,746	453,925
Accruals and deferred income	335,202	228,940
Corporation tax	<u>327,971</u>	<u>(42,368)</u>
	<u>£1,059,919</u>	<u>£685,625</u>

13 CREDITORS (amounts falling due after more than one year)

	<u>1989</u>	<u>1988</u>
Corporation tax	<u>£164,060</u>	<u>£328,000</u>

Corporation tax is payable on 1 April 1991.

14 DEFERRED TAXATION

The potential deferred tax liability at the balance sheet date which related wholly to accelerated capital allowances is approximately £212,000 (1988 - £233,000) of which £82,000 (1988 - £97,000) has been provided in accordance with the accounting policy in note 1 (4).

GUINNESS SUPERLATIVES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

15 SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
Authorised, issued and fully paid:		
Ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </u>

16 FUTURE CAPITAL EXPENDITURE

	<u>1989</u>	<u>1988</u>
	£	£
Contracted for but not provided for in the accounts	5,000	-
Authorised but not contracted for	<u> </u>	<u> </u>
	5,000	-
	<u> </u>	<u> </u>

17 TRANSACTIONS INVOLVING DIRECTORS

The company has made payments amounting to £109,225 (1988 - £198,801) to Novelpress SA, a company incorporated in Switzerland. Mr ND McWhirter has an authorship contract with this company.

20 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

21 ULTIMATE HOLDING COMPANY

The ultimate holding company of Guinness Superlatives Limited is Guinness plc, a company incorporated in Great Britain.