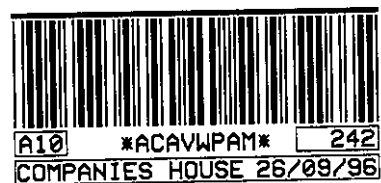


**GUINNESS PUBLISHING LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**31 December 1995**

Company registered in England, No. 541295



**GUINNESS PUBLISHING LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 1995**

Mr F I Chapman, CBE	(Chairman)
Mr B F Baldock	
Ms S F Brown	(Appointed 22 January 1996)
Mr F Buxton	
Mr C C Irwin	
Mr P J Matthews	
Mr N D McWhirter, CBE	
Mr A R Morris	(Resigned 30 April 1996)
Mr P E Yea	(Appointed 22 January 1996)

The Directors submit herewith their report and the audited financial statements of the Company for the year ended 31 December 1995

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

The Company is engaged in the publication and licensing of intellectual property. It publishes a number of titles including The Guinness Book of Records.

In February 1995 the Company entered into a licensing agreement with a third party in the United States of America to develop its franchised exhibitions business and sold the assets of its owned exhibitions business at the Trocadero in London to the licensee for £100,000.

The Directors consider that the financial results for the year are satisfactory. The Company plans to continue to exploit its intellectual property assets particularly through its print publishing activities.

Since the year end, Guinness Publishing has entered into various agreements with publishers in France and Germany to establish new publishing businesses in those countries which will be jointly owned by the local publisher and other Guinness Group companies.

**2 RESULTS**

The profit after taxation for the year was £744,000 (1994 - £690,000).

**3 DIVIDENDS**

The Directors have not recommended any payment for the year (1994 - £346,000).

**4 FIXED ASSETS**

Movements in fixed assets are shown in Note 8 to the accounts.

**GUINNESS PUBLISHING LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 1995 (Continued)**

**5 DIRECTORATE**

The Directors of the Company who held office during the year are shown on page 1.

In respect of those Directors at 31 December 1995 no Director had a beneficial shareholding in the Company. The interests of the Directors in the share capital of the Company's parent undertaking, Guinness PLC, are shown below:

	At 31 December 1995		At 31 December 1994	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options Over Ordinary Shares
Mr F I Chapman	5,000	-	5,000	-
Mr B F Baldock	57,850	411,951	56,083	411,951
Mr F Buxton	12,596	4,773	11,987	4,773
Mr C C Irwin	101	23,974	-	-
Mr P J Matthews	2,486	-	2,467	-
Mr N D McWhirter	26	-	26	-
Mr A R Morris	3,636	-	3,440	-

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

	Options granted during 1995	
	Number	Price
Mr C C Irwin	19,673	457.5p
	4,301	401.0p

No options were exercised during 1995.

The options outstanding at 31 December 1995 have been granted under Group employee share participation schemes (including the Executive Share Option Schemes and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1996 and 2004 at varying prices between 127p and 548.5p.

**6 STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies Act 1985 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. They consider that in preparing the financial statements on pages 5 to 11 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**GUINNESS PUBLISHING LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 1995 (Continued)**

**7 DIRECTORS' AND OFFICERS' LIABILITY**

The parent company, Guinness PLC, purchases liability insurance covering the Directors and Officers of the Company and its subsidiaries.

**8 AUDITORS**

An elective resolution has been passed previously in accordance with Section 386 of the Companies Act 1985 to dispense with the annual re-appointment of auditors. Price Waterhouse will continue in office until this election is revoked.

By Order of the Board



GW King  
Secretary

**GUINNESS PUBLISHING LIMITED**  
**AUDITORS' REPORT TO THE SHAREHOLDERS OF GUINNESS PUBLISHING LIMITED**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2 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 judgements 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 were 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 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  
10 Bricket Road  
St Albans  
Hertfordshire AL1 3JX

*28 May 1996*

**GUINNESS PUBLISHING LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 December 1995**

	<u>Notes</u>	<u>1995</u> £000s	<u>1994</u> £000s
<b>TURNOVER</b>	2	7,366	6,883
Net operating costs:			
Raw materials and consumables		(2,401)	(1,865)
Changes in stocks		169	(291)
Staff costs	4	(1,704)	(1,321)
Depreciation		(72)	(162)
Other operating costs		(2,438)	(2,204)
Surplus on disposal of exhibitions assets		63	-
		<u>(6,383)</u>	<u>(5,834)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		983	1,049
Taxation	6	<u>(239)</u>	<u>(359)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		744	690
Dividends	7	<u>-</u>	<u>(346)</u>
Amount set aside to reserves	14	<u>744</u>	<u>344</u>

The profit for the financial year includes all recognised gains and losses in the year.

All activities are continuing.

The notes on pages 7 to 11 form part of these accounts.

**GUINNESS PUBLISHING LIMITED**  
**BALANCE SHEET AT 31 December 1995**

	<u>Notes</u>	<u>1995</u> £'000s	<u>1994</u> £'000s
<b>FIXED ASSETS</b>			
Tangible assets	8	257	227
<b>CURRENT ASSETS</b>			
Stocks	9	684	515
Debtors	10	3,702	2,715
Cash at bank and in hand		303	446
		<hr/>	<hr/>
		4,689	3,676
<b>CREDITORS (amounts falling due within one year)</b>	11	3,512	3,205
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,177	471
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,434	698
<b>DEFERRED TAXATION</b>	12	-	8
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS LIABILITIES</b>		1,434	690
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	-	-
Profit and loss account	14	1,434	690
		<hr/>	<hr/>
		1,434	690
		<hr/>	<hr/>

DIRECTOR

*S F Brown*

S F Brown

SIGNED ON BEHALF OF THE BOARD ON

*28th May 1996*

The notes on pages 7 to 11 form part of these accounts.

**GUINNESS PUBLISHING LIMITED**  
**NOTES TO THE ACCOUNTS - 31 December 1995**

**1 ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

**(a) Cash Flow Statement**

As the Company is a wholly-owned subsidiary of an EC parent company which produces a group cash flow statement, no such statement has been prepared separately for the Company.

**(b) Revenue Recognition**

Revenue from the sale of publications is recognised as goods are shipped to customers.

Royalties from licences granting publication and other rights and net fees from exhibitions are recognised on a receivables basis.

**(c) 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:

Plant and machinery	- 5% and 12½%
Computer equipment	- 25%
Motor vehicles	- 17% to 34%

**(d) Taxation**

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

**(e) Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date except that where hedging arrangements are in place the relevant agreed rate is applied. Exchange gains and losses are charged to the profit and loss account.

**(f) Pensions**

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from employees' services.

**(g) Pre-Publication Expenditure**

Expenditure on books not yet published is included as work-in-progress and treated as cost of finished goods on publication.

**(h) Stocks**

Stocks are stated at the lower of cost and net realisable value and valued on a first in, first out basis.

**GUINNESS PUBLISHING LIMITED**  
**NOTES TO THE ACCOUNTS - 31 December 1995 (Continued)**

**2 ANALYSIS OF TURNOVER**

Turnover represents the net sales of publications and net royalties and fees receivable from licences granting intellectual property rights to certain overseas publishers and income from franchised exhibitions.

**3 PROFIT BEFORE TAXATION**

	<u>1995</u>	<u>1994</u>
	£000s	£000s
Profit before taxation is after taking account of:		
Emoluments of Directors (Note 5)	387	184
Auditors' remuneration	20	20
Redundancy costs	262	-

**4 STAFF COSTS AND EMPLOYEES**

The staff costs for the year including Directors' emoluments were as follows:

	<u>1995</u>	<u>1994</u>
	£'000s	£'000s
Salaries and wages	1,455	1,109
Social security costs	85	83
Pension costs	<u>164</u>	<u>129</u>
	<u>1,704</u>	<u>1,321</u>

The average number of employees, including Directors, was 48 (1994 - 50).

**5 EMOLUMENTS OF DIRECTORS**

The total emoluments paid by the Company to the Directors are as follows:

	<u>1995</u>	<u>1994</u>
	£000s	£000s
Fees	3	3
Salaries and other emoluments	352	165
Pension benefits	<u>32</u>	<u>16</u>
	<u>387</u>	<u>184</u>

The emoluments, paid by the Company, excluding pension scheme contributions, of the Chairman were £104,003 (1994 £Nil) and those of the highest paid Director were £104,247 (1994 £51,993).

The numbers of Directors, other than the Chairman, who received emoluments from the Company, excluding pension scheme contributions, within the following ranges were:

	<u>Number of Directors</u>	
	<u>1995</u>	<u>1994</u>
Nil - £5,000	2	4
£5,001 - £10,000	-	1
£15,001 - £20,000	-	1
£35,001 - £40,000	1	1
£50,001 - £55,000	2	2
£100,001 - £105,000	1	-

The Company made payments of £75,418 (1994 - £73,172) to McWhirter Twins Ltd, a company controlled by a Director, for editorial and promotional services. Payments were made to the Chairman by another Group company in 1994 of £93,336.

**GUINNESS PUBLISHING LIMITED**  
**NOTES TO THE ACCOUNTS - 31 December 1995 (Continued)**

**6 TAXATION**

	<u>1995</u> £000s	<u>1994</u> £000s
UK Corporation tax at 33%	260	391
Less relief for overseas taxation	<u>(65)</u>	<u>(58)</u>
	195	333
Adjustment to prior year corporation tax	(13)	(13)
Overseas taxation	65	58
Deferred taxation (Note 12)	<u>(8)</u>	<u>(19)</u>
	<u>239</u>	<u>359</u>

**7 DIVIDENDS**

	<u>1995</u> £000s	<u>1994</u> £000s
Dividends declared and paid	<u>-</u>	<u>346</u>

**8 TANGIBLE ASSETS**

	Exhibition structure & exhibits, fixtures & fittings	Plant & machinery, computer equipment	Motor vehicles	Total
	£000s	£000s	£000s	£000s
<u>Cost</u>				
At 31 December 1994	1,521	589	106	2,216
Additions	-	63	75	138
Disposals	(1,521)	(149)	(92)	(1,762)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1995	<u>-</u>	<u>503</u>	<u>89</u>	<u>592</u>
<u>Depreciation</u>				
At 31 December 1994	1,521	418	50	1,989
Charge for year	-	49	23	72
Disposals	(1,521)	(144)	(61)	(1,726)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1995	<u>-</u>	<u>323</u>	<u>12</u>	<u>335</u>
<u>Net book amount</u>				
At 31 December 1995	<u>-</u>	<u>180</u>	<u>77</u>	<u>257</u>
At 31 December 1994	<u>-</u>	<u>171</u>	<u>56</u>	<u>227</u>

**GUINNESS PUBLISHING LIMITED**  
**NOTES TO THE ACCOUNTS - 31 December 1995 (Continued)**

**9 STOCKS**

	<u>1995</u> £000s	<u>1994</u> £000s
Work in progress	47	62
Finished goods (books for resale)	<u>637</u>	<u>453</u>
	<u>684</u>	<u>515</u>

**10 DEBTORS**

	<u>1995</u> £000s	<u>1994</u> £000s
Trade debtors	2,765	1,879
Amounts owed by group undertakings	549	244
Other debtors	114	352
Prepayments and accrued income	227	240
Corporation Tax	<u>47</u>	<u>-</u>
	<u>3,702</u>	<u>2,715</u>

**11 CREDITORS (amounts falling due within one year)**

	<u>1995</u> £000s	<u>1994</u> £000s
Trade creditors	488	595
Amounts owed to group undertakings	2,438	1,961
Accruals and deferred income	586	471
Corporation tax	<u>-</u>	<u>178</u>
	<u>3,512</u>	<u>3,205</u>

All balances with Group undertakings are regarded as falling due within one year.

**12 DEFERRED TAXATION**

There is no deferred tax liability at 31 December 1995. Movements during the year are as follows:

	Provided For £000s	Not Provided For £000s
At 1 January 1995	8	-
Charge/(credit) for the year	<u>(8)</u>	<u>-</u>
At 31 December 1995	<u>-</u>	<u>-</u>

**13 SHARE CAPITAL**

The Company has 100 authorised, allotted and fully paid ordinary shares of £1 each.

**GUINNESS PUBLISHING LIMITED**  
**NOTES TO THE ACCOUNTS - 31 December 1995 (Continued)**

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1995 £000s	1994 £000s
Shareholders' funds at 1 January 1995	690	346
Net addition to shareholders' funds	744	344
	<hr/>	<hr/>
Shareholders' funds at 31 December 1995	1,434	690
	<hr/>	<hr/>

**15 PENSIONS**

The Company is a member of a group pension scheme which is operated by its parent undertaking, Guinness PLC. The scheme is a defined benefit scheme and is administered by trustees and maintained independently of the finances of Guinness PLC and its subsidiaries.

Contributions to the scheme are assessed by a qualified actuary based on the costs of providing pensions across all participating Group undertakings. Costs are not determined for each individual undertaking and, accordingly, contributions are charged to the profit and loss account when they become payable.

A valuation of the scheme was performed in 1995 by the actuary and particulars of the valuation are included in the accounts of Guinness PLC. An interim review of the funding position of the scheme was carried out by the actuaries in 1993 and as a consequence contributions were recommenced to the scheme in 1994 and have been maintained at the same level following the 1995 actuarial valuation. The contributions attributable to the Company in 1995 amounted to £164,000 (1994 - £129,000).

**16 FUTURE CAPITAL EXPENDITURE**

At 31 December 1995 £67,000 expenditure was contracted for but not provided for in the accounts (1994 - Nil). At 31 December 1995 and 1994 no capital expenditure was authorised to be incurred but not contracted for.

**17 PARENT COMPANY**

The immediate and ultimate parent company and parent for the smallest group of undertakings of which the Company is a member and for which group accounts are prepared is Guinness PLC, a company incorporated in England. The accounts for this company, including Guinness Group consolidated accounts, may be obtained from the Company Secretary, Guinness PLC, 39 Portman Square, London, W1H 0EE.