

**GUINNESS PUBLISHING LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1993**

541295

Company registered in England, No. 541295



**GUINNESS PUBLISHING LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1993**

Mr F I Chapman	(Chairman)
Mr B F Baldock	(Appointed 6 April 1993)
Mr F Buxton	
Mr M J Cohen	(Resigned 11 February 1994)
Mr I D Crofton	(Resigned 26 March 1993)
Mr S C Dowling	
Mr C S George	(Resigned 6 April 1993)
Mr P J Matthews	
Mr N D McWhirter	
Mr A R Morris	

The Directors submit herewith their report and the audited financial statements of the Company for the year ended 31 December 1993.

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

The Company publishes and receives royalties from The Guinness Book of Records and other publications, and receives 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 satisfactory. The Company has no immediate plans for significantly extending or reducing its existing book publishing activities. However, in view of the recent operating losses in the exhibition business, a provision of £601,000 has been made to fully write down all the exhibition assets at 31 December 1993.

**2 RESULTS**

The profit after taxation for the year was £245,000 (1992 - £946,000).

**3 DIVIDENDS**

An interim dividend of £1,000,000 was paid on 29 November 1993. The Directors do not recommend a further payment for the year.

**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 1993 (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 1993 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 1993		At 31 December 1992	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
Mr F I Chapman	10,350	-	11,000	-
Mr B F Baldock	52,830	271,762	* 46,171	* 289,740
Mr F Buxton	9,934	4,860	8,150	5,127
Mr M J Cohen	2,504	33,775	1,716	27,684
Mr S C Dowling	168,380	-	168,982	-
Mr P J Matthews	1,850	-	3,050	-
Mr N D McWhirter	26	-	26	-
Mr A R Morris	5,351	-	2,783	2,636

\* At date of appointment

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

	<u>Options granted during 1993</u>	
	Number	Price
Mr B F Baldock	66,134	492.5p
Mr F Buxton	1,051	328.0p
Mr M J Cohen	6,091	492.5p

**GUINNESS PUBLISHING LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1993 (Continued)**

	<u>Options exercised during 1993</u>	
	<u>Number</u> <u>Exercised</u>	<u>Price</u>
Mr B F Baldock	84,112	321.0p
Mr F Buxton	1,318	136.5p
Mr A R Morris	2,636	136.5p

The options outstanding at 31 December 1993 have been granted under Group employee share participation schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1994 and 2003 at varying prices between 127p and 548.5p.

**6 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

26 May 1994

## 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 13 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.

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

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above 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.

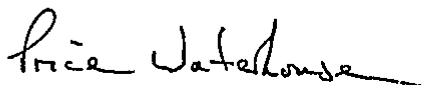
### BASIS OF OPINION

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 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE  
Chartered Accountants and Registered Auditors  
10 Bricket Road  
St Albans  
Hertfordshire AL1 3JX

26 May 1994

**GUINNESS PUBLISHING LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993**

	<u>Notes</u>	<u>1993</u> £000s	<u>1992</u> £000s
<b>TURNOVER</b>	<b>2</b>	<b>7,310</b>	<b>7,521</b>
Net operating costs:			
Raw materials and consumables		(2,062)	(2,652)
Changes in stocks		(193)	33
Staff costs	<b>4</b>	(1,242)	(1,223)
Depreciation		(259)	(311)
Other operating costs		(2,219)	(1,884)
		<b>(5,975)</b>	<b>(6,037)</b>
Provision to fully write down exhibition assets		(601)	-
		<b>(6,576)</b>	<b>(6,037)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>734</b>	<b>1,484</b>
Taxation	<b>6</b>	(489)	(539)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>16</b>	<b>245</b>	<b>946</b>

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 13 form part of these accounts.

**GUINNESS PUBLISHING LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1993**

	<u>Notes</u>	<u>1993</u> £'000s	<u>1992</u> £'000s
<b>FIXED ASSETS</b>			
Tangible assets	8	335	893
Shares in group undertakings	9	-	10
		335	903
<b>CURRENT ASSETS</b>			
Stocks	10	806	999
Debtors	11	2,497	2,897
Cash at bank and in hand		<u>746</u>	<u>457</u>
		4,049	4,353
<b>CREDITORS (amounts falling due within one year)</b>	12	<u>2,072</u>	<u>1,673</u>
<b>NET CURRENT ASSETS</b>		<u>1,977</u>	<u>2,680</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,312	3,583
<b>CREDITORS (amounts falling due after more than one year)</b>	13	1,939	2,462
<b>DEFERRED TAXATION</b>	14	<u>27</u>	<u>20</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>346</u>	<u>1,101</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	-	-
Profit and loss account	16	<u>346</u>	<u>1,101</u>
		<u>346</u>	<u>1,101</u>

**DIRECTOR**

*A.R. Morris*

A R Morris

**APPROVED BY THE BOARD  
ON 26 MAY 1994**

The notes on pages 7 to 13 form part of these accounts.

# GUINNESS PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1993

### 1 ACCOUNTING POLICIES

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

#### (1) Consolidated Accounts

The Company is a wholly-owned subsidiary of Guinness PLC. As permitted by section 229(2) of the Companies Act 1985, no consolidated accounts have been prepared.

#### (2) Cash Flow Statements

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.

#### (3) Revenue Recognition

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

Royalties from licences granting publication and other rights are recognised as received and net fees from exhibitions are recognised on an accruals basis.

#### (4) 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%
Exhibition permanent structure	- 4%
Exhibition exhibits, fixtures and fittings	- 10%
Motor vehicles	- 17% to 41%

#### (5) 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.

#### (6) 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.

#### (7) Pensions

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



GUINNESS PUBLISHING LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (Continued)

1 ACCOUNTING POLICIES (Continued)

(8) Pre-Publication Expenditure

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

(9) 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 1993 (Continued)

### 2 ANALYSIS OF TURNOVER

Turnover represents the net sales of publications, net royalties received from licences granting publication rights to overseas publishers and fees receivable from the Guinness World of Records.

Profit on ordinary activities before taxation, and turnover, are as follows:

	Profit/(Loss)		Turnover	
	<u>1993</u> £000s	<u>1992</u> £000s	<u>1993</u> £000s	<u>1992</u> £000s
Publishing and Licences	1,532	1,697	7,308	7,484
Exhibition	(798)	(213)	2	37
	<u>734</u>	<u>1,484</u>	<u>7,310</u>	<u>7,521</u>

The geographical analysis of turnover is as follows:

United Kingdom	3,591	3,595
Rest of Europe	1,527	1,762
North America	740	666
Asia/Pacific	1,247	1,228
Rest of the World	<u>205</u>	<u>270</u>
Total turnover	<u>7,310</u>	<u>7,521</u>

### 3 NET OPERATING COSTS

	<u>1993</u> £000s	<u>1992</u> £000s
Net operating costs are after taking account of:		
Emoluments of Directors (Note 5)	211	271
Auditors' remuneration	20	22

### 4 STAFF COSTS AND EMPLOYEES

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

	<u>1993</u> £'000s	<u>1992</u> £'000s
Salaries and wages	1,158	1,150
Social security costs	<u>84</u>	<u>73</u>
	<u>1,242</u>	<u>1,223</u>

There were no pension contributions in 1993 or 1992.

The average number of employees, including Directors, was 52 (1992 - 52).

# GUINNESS PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (Continued)

### 5 EMOLUMENTS OF DIRECTORS

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

	<u>1993</u>	<u>1992</u>
	£000s	£000s
Fees	3	3
Salaries and other emoluments	<u>208</u>	<u>268</u>
	<u>211</u>	<u>271</u>

The emoluments, excluding pension scheme contributions, of the Chairman were £Nil (1992 £Nil) and those of the highest paid Director were £71,285 (1992 £69,073).

The numbers of Directors who received emoluments within the following ranges were:

	<u>Number of directors</u>	
	<u>1993</u>	<u>1992</u>
Nil - £5,000	5	5
£5,001 - £10,000	1	-
£30,001 - £35,000	-	1
£35,001 - £40,000	1	1
£40,001 - £45,000	1	3
£45,001 - £50,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-

In addition, the Company made payments of £71,617 (1992 - £70,033) to McWhirter Twins Ltd, a company controlled by a Director, for editorial and promotional services. Payments were made to Chapmans Publishing Limited, a company of which the Chairman is a Director, by the Company of £68,750 (1992 £58,500 and by another group company of £16,500).

### 6 TAXATION

	<u>1993</u>	<u>1992</u>
	£000s	£000s
UK Corporation tax at 33%	489	538
Less relief for overseas taxation	<u>(96)</u>	<u>(46)</u>
	393	492
Adjustment to prior year corporation tax	(7)	21
Overseas taxation	96	46
Deferred taxation	<u>7</u>	<u>(21)</u>
	<u>489</u>	<u>538</u>

The 1993 tax charge has been increased by £85,000 due to the write-down of exhibition current assets and by £136,000 due to the impact of accelerated capital allowances mainly relating to the exhibition.

**GUINNESS PUBLISHING LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (Continued)**

**7 DIVIDEND PAID**

	<u>1993</u> £000s	<u>1992</u> £000s
Dividend paid on 29 November 1993	<u>1,000</u>	<u>-</u>

**8 TANGIBLE ASSETS**

	Exhibition structure & exhibits, fixtures & fittings	Plant & machinery, computer equipment	Motor vehicles	Total
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<u>Cost</u>				
At 31 December 1992	1,560	990	144	2,694
Additions	3	43	26	72
Disposals	(42)	(13)	(59)	(114)
	<u>1,521</u>	<u>1,020</u>	<u>111</u>	<u>2,652</u>
At 31 December 1993	<u>1,521</u>	<u>1,020</u>	<u>111</u>	<u>2,652</u>
<u>Depreciation</u>				
At 31 December 1992	1,072	688	41	1,801
Charge for year	* 490	82	29	601
Disposals	(41)	(10)	(34)	(85)
	<u>1,521</u>	<u>760</u>	<u>36</u>	<u>2,317</u>
At 31 December 1993	<u>1,521</u>	<u>760</u>	<u>36</u>	<u>2,317</u>
<u>Net book amount</u>				
At 31 December 1993	<u>-</u>	<u>260</u>	<u>75</u>	<u>335</u>
At 31 December 1992	<u>488</u>	<u>302</u>	<u>103</u>	<u>893</u>

\* Including exhibition write-down £342,000.

**9 SHARES IN GROUP UNDERTAKINGS**

The investment at cost in the Company's wholly-owned subsidiaries is as follows:

	<u>1993</u> £000s	<u>1992</u> £000s
GBR Educational Limited (registered in England)	<u>-</u>	<u>10</u>

Total holdings of 20,000 shares sold to a fellow subsidiary in the Guinness group for £1 each on 25 August 1993

**GUINNESS PUBLISHING LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (Continued)**

**10 STOCKS**

	<u>1993</u> £000s	<u>1992</u> £000s
Work in progress	121	117
Finished goods (books for resale)	<u>685</u>	<u>882</u>
	<u>806</u>	<u>999</u>

**11 DEBTORS**

	<u>1993</u> £000s	<u>1992</u> £000s
Trade debtors	2,092	2,155
Amounts owed by group undertakings	8	11
Other debtors	200	473
Prepayments and accrued income	<u>197</u>	<u>258</u>
	<u>2,497</u>	<u>2,897</u>

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

	<u>1993</u> £000s	<u>1992</u> £000s
Trade creditors	558	526
Amounts owed to group undertakings	222	206
Accruals and deferred income	413	449
Corporation tax	<u>879</u>	<u>492</u>
	<u>2,072</u>	<u>1,673</u>

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

	<u>1993</u> £000	<u>1992</u> £000s
Amounts owed to group undertakings	<u>1,939</u>	<u>2,462</u>

**14 DEFERRED TAXATION**

The deferred tax liability at 31 December 1993 relates principally to accelerated capital allowances. Movements during the year are as follows:

	Provided For £000s	Not Provided For £000s
At 31 December 1992	20	77
Charge/(credit) for the year	<u>7</u>	<u>(63)</u>
At 31 December 1993	<u>27</u>	<u>14</u>

# GUINNESS PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (Continued)

### 15 SHARE CAPITAL

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

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1993 £000s	1992 £000s
Profit for the financial year	245	946
Dividends (Note 7)	(1,000)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(755)	946
Shareholders' funds at 31 December 1992	1,101	155
	<hr/>	<hr/>
Shareholders' funds at 31 December 1993	346	1,101
	<hr/>	<hr/>

### 17 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 1992 by the actuary and particulars of the valuation are included in the accounts of Guinness PLC. Following the valuation, it was not expected that there would be a requirement to make contributions to the scheme before the date of the next valuation of the scheme in 1995. However, following an interim review of the funding position of the scheme, the Group will recommence contributions in 1994.

There has been no charge to the profit and loss account in 1993 or 1992 in respect of pension costs.

### 18 FUTURE CAPITAL EXPENDITURE

At year end 1993 £15,000 capital expenditure was contracted for but not provided for in the accounts (1992 nil). At year end 1993 and 1992 no capital expenditure was authorised to be incurred but not contracted for.

### 19 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 9HB.