

UNITED DISTILLERS INTERNATIONAL LIMITED

REGISTERED NO. 908005

DIRECTORS REPORT AND ACCOUNTS

31 DECEMBER 1995



UNITED DISTILLERS INTERNATIONAL LIMITED

DIRECTORS' REPORT

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

REVIEW OF BUSINESS

The Company's principal activity is to maintain offices in export markets to enable employees to further the awareness of group products in those markets.

Turnover for the year ended 31 December 1995 was £47,230 (1994 - £1,262,532) and costs were £136,859 (1994 - £1,127,803) resulting in a loss on ordinary activities before taxation for the year of £89,629 (1994 - £134,729 profit).

RESULTS AND TRANSFER TO RESERVES

After taxation the loss for the year amounted to £94,799 (1994 - £69,428 profit) which after the payment of a dividend of Nil (1994 - £2,000,000) resulted in a transfer from reserves of £94,799 (1994 - £1,930,572).

DIVIDENDS

No interim dividend was paid (1994 - £2,000,000).

The Directors do not recommend the payment of a final dividend (1994 - £NIL).

UNITED DISTILLERS INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS (Continued)

FIXED ASSETS

Details of fixed assets are shown in Note 6 to the accounts.

FUTURE DEVELOPMENTS

As a result of the transfer in 1993 of the European Duty Free activities to United Distillers plc, the future activities of United Distillers International Ltd are anticipated to continue at significantly smaller levels.

DIRECTORS' INTERESTS

The names of the present Directors of the Company are set out below:

J.E. Airey
A. Carr-Locke (appointed 15 July 1996)
M.C. Keiller (resigned 15 July 1996)

No Director had an interest in shares or debentures of the Company or 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:-

	At 31 December 1995		At 1 January 1995	
	Ordinary Shares	Options Over Ordinary Shares	Ordinary Shares	Options Over Ordinary Shares
M.C. Keiller	6,481	95,475	7,294	79,737
J.E. Airey	6,771	30,662	4,483	25,029

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

	Options Granted during 1995		Options exercised during 1995	
	Number	Price	Number	Price
M.C. Keiller	15,738	4.575	Nil	N/A
J.E. Airey	6,263	4.575		
	1,032	4.010	1,662	2.705

UNITED DISTILLERS INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS (Continued)

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 1996 and 2005 at varying prices between 127p and 548½p.

No contract or arrangement entered into by the Company in which any director is interested has existed during the year.

All Directors and Officers are insured against liabilities in relation to the Company as defined in S310 Companies' Act 1985. This cover does not extend to the company's auditors and professional advisors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

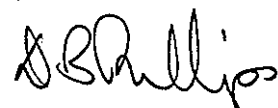
The Directors have a responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have a 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.

AUDITORS

Pricewaterhouse have expressed their willingness to continue in office and a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



D B Phillips

Secretary

25th September 1996

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
UNITED DISTILLERS INTERNATIONAL LIMITED**

We have audited the financial statements on pages 5 to 12 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 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 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 fair view of the state of affairs of the Company as at 31 December 1995 and of its loss 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

7 October 1996

UNITED DISTILLERS INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995**

	Year Ended 31 December 1995 £	Year Ended 31 December 1994 £
TURNOVER (Note 2)	47,230	1,262,532
Net Operating Costs (Note 3)	<u>(136,859)</u>	<u>(1,127,803)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	(89,629)	134,729
Taxation (Note 5)	<u>(5,170)</u>	<u>(65,301)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	(94,799)	69,428
Dividends	<u>-</u>	<u>(2,000,000)</u>
RETAINED LOSS FOR THE YEAR	<u>(94,799)</u>	<u>(1,930,572)</u>
Balance at 1 January 1995	<u>193,296</u>	<u>2,123,868</u>
Balance at 31 December 1995	<u>98,497</u>	<u>193,296</u>

NOTES OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the reported profit/loss for 1995 and 1994 and the profit/loss for those years on a historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those reflected in the profit and loss account.

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

CASHFLOW STATEMENT

The company has taken advantage of not having to prepare a cashflow statement under FRSI.

UNITED DISTILLERS INTERNATIONAL LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1995**

	As at 31 December 1995 £	As 31 December 1994 £
FIXED ASSETS		
Tangible Assets (Note 6)	252	140,019
CURRENT ASSETS		
Debtors (Note 7)	3,683,219	2,787,109
Cash at Bank and In Hand	<u>155,943</u>	<u>212,455</u>
	3,839,162	2,999,564
CREDITORS: Amounts falling due within one year (Note 8)	<u>(3,720,917)</u>	<u>(2,926,287)</u>
Net Current Assets	<u>118,245</u>	<u>73,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES/CAPITAL & RESERVES	<u>118,497</u>	<u>213,296</u>
Called Up Share Capital (Note 9)	20,000	20,000
Profit & Loss Account	<u>98,497</u>	<u>193,296</u>
	<u>118,497</u>	<u>213,296</u>

Approved by the Board on 25th September 1996

A. Carr-Locke
DIRECTOR

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

UNITED DISTILLERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 1995**

ACCOUNTING POLICIES

1) Basis of Accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting and financial reporting standards.

2) Foreign Currencies

Assets and liabilities in foreign currencies have been translated into sterling using the rates of exchange ruling at the balance sheet date. Exchange differences from currency conversions in the normal course of trading are dealt with in the profit and loss account.

3) Depreciation

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

Fixtures and Fittings	10% - 20% on cost
Computer Equipment	30% on cost
Motor Vehicles	11% -25% on cost

4) Deferred Taxation

Deferred taxation is provided only to the extent that a liability is expected to become payable within the foreseeable future.

5) Turnover

Turnover represents the invoice value of goods sold including duties where applicable, and any recharges to the immediate parent undertaking of expenses incurred overseas, but excluding value added tax.

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995 (Continued)****GEOGRAPHICAL ANALYSIS OF TURNOVER & PROFIT**

<u>Turnover</u> <u>for Continuing Activities</u>	31 December 1995 £	31 December 1994 £
United Kingdom	<u>47,230</u>	<u>1,262,532</u>

<u>(Loss)/Profit Before Taxation</u>	31 December 1995 £	31 December 1994 £
United Kingdom	<u>(89,629)</u>	<u>134,729</u>

NET OPERATING COSTS

	31 December 1995 £	31 December 1994 £
Staff Costs	64,959	239,863
Other Operating Charges	116,360	857,410
Depreciation	172	23,649
Exchange Losses (Gains)	(40,340)	12,487
Interest Received on Bank Loans, overdrafts and other loans (Wholly repayable within 5 years)	<u>(4,292)</u>	<u>(5,606)</u>
	<u>136,859</u>	<u>1,127,803</u>

included with Other Operating charges for 1995 is £NIL (1994 - £360,515) relating to redundancy costs on the closure of a regional office, and £104,518 (1994 - £42,329) relating to loss on disposal of fixed assets relating to the closure of regional offices.

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (Continued)****NET OPERATING COSTS (Continued)**

<u>Staff Costs</u>	31 December 1995 £	31 December 1994 £
Wages and Salaries	4,030	198,289
Social Security Costs	28,006	20,256
Pension Costs	<u>32,923</u>	<u>21,318</u>
	<u>64,959</u>	<u>239,863</u>
Average Number of Employees, All Employed Outside the UK	NIL	9

Employees of the Company were primarily based in overseas markets. Accordingly, the pension arrangements for employees were based on membership of pension schemes available to employees of locally based fellow subsidiary companies. In general, these schemes were of the defined contribution type and, as such, contributions were charged to the Profit and Loss account when payable.

The audit fee has been borne by the immediate parent undertaking.

Fees payable to the Auditors for non-audit services amounted to £1,374 (1994 - £27,052).

DIRECTORS' EMOLUMENTS

The Directors' received no remuneration for their services to the Company during the year ended 31 December 1995 (1994 - £NIL).

TAXATION

Taxation on the profit for the year:

	31 December 1995 £	31 December 1994 £
UK Corporation tax on profit for the year at 33% (1994 - 33%)	-	-
Overseas taxation	5,170	69,227
Deferred taxation	<u>-</u>	<u>(3,926)</u>
	<u>5,170</u>	<u>65,301</u>

UNITED DISTILLERS INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (continued)

FIXED ASSETS

	Fixtures & Fittings £	Computer Equipment £	Motor Vehicles £	Total £
COST:				
At 1 January 1995	84,821	63,842	53,308	201,971
Additions	-	-	-	-
Disposals	(88,557)	(67,442)	(56,317)	(212,316)
Exchange adjustments	<u>4,754</u>	<u>3,600</u>	<u>3,009</u>	<u>11,363</u>
At 31 December 1995	<u>1,018</u>	<u>-</u>	<u>-</u>	<u>1,018</u>
DEPRECIATION:				
At 1 January 1995	22,421	19,270	20,261	61,952
On disposals	(23,074)	(20,356)	(21,404)	(64,834)
Charge for year	172	-	-	172
Exchange adjustments	<u>1,247</u>	<u>1,086</u>	<u>1,143</u>	<u>3,476</u>
At 31 December 1995	<u>766</u>	<u>-</u>	<u>-</u>	<u>766</u>
NET BOOK VALUE:				
At 31 December 1995	<u>252</u>	<u>-</u>	<u>-</u>	<u>252</u>
At 31 December 1994	<u>62,400</u>	<u>44,572</u>	<u>33,047</u>	<u>140,019</u>

DEBTORS

	31 December 1995 £	31 December 1994 £
Amount owed by fellow group undertakings	3,077,099	2,602,478
Other debtors & prepayments	80,819	184,631
Corporation Tax	500,000	-
Overseas Taxation	<u>25,301</u>	<u>-</u>
	<u>3,683,219</u>	<u>2,787,109</u>

UNITED DISTILLERS INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (continued)****8 CREDITORS:** Amounts falling due within one year.

	31 December 1995 £	31 December 1994 £
Amount owed to fellow group undertakings	3,369,191	2,609,115
Overseas taxation	-	9,198
Other creditors and accruals	<u>351,726</u>	<u>307,974</u>
	<u>3,720,917</u>	<u>2,926,287</u>

9 CALLED UP SHARE CAPITAL

	31 December 1995 £	31 December 1994 £
Authorised, issued and fully paid, 100 ordinary shares of £200 each	20,000	20,000

10 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	£
(Loss)/Profit for the year	(94,799)
Opening shareholders funds	<u>213,296</u>
Closing shareholders funds	<u>118,497</u>

UNITED DISTILLERS INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (Continued)

11 PARENT UNDERTAKING

The immediate parent undertaking is United Distillers plc, registered in Scotland.

The ultimate parent undertaking is Guinness PLC, registered in England and Wales. The ultimate parent undertaking is the only company preparing group accounts and copies of these group accounts are available from the Secretary of the Company at Guinness PLC, 39 Portman Square, London W1H 9HB.