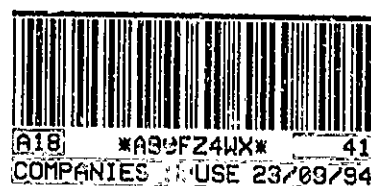


SOPHIA GARDENS PROPERTIES LIMITED
(Registered Number 02460363)

REPORT AND ACCOUNTS

14 MONTHS ENDED 31 DECEMBER 1993



SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 14 MONTHS ENDED 31 DECEMBER 1993

The Directors present their annual report and the accounts of the Company for the 14 months ended 31 December 1993.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the letting of property.

FUTURE PROSPECTS

The Directors expect the Company to continue with its principal activity for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the financial period after taxation amounted to £43 (1992 - £370,854 loss). This has been transferred to reserves brought forward to give a carried forward loss at 31 December 1993 of £405,905 (1992 - £405,948).

The Directors do not recommend the payment of a dividend for the period.

DIRECTORS' INTERESTS

The Directors of the Company who served during the period were:

B Beanland	
M A J Salter	(resigned 15 June 1993)
SH Wingfield-Digby	(appointed 15 June 1993)

No Director had any interest in shares or debentures of the Company, of any subsidiary undertaking or of 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 1993		At 1 November 1992 or date of appointment	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
<u>Ordinary Shares (25p units)</u>				
SH Wingfield-Digby	30,393	40,982	25,921	38,170
B Beanland	13,095	42,764	12,713	34,907

SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 14 MONTHS ENDED 31 DECEMBER 1993 (CONTINUED)

DIRECTORS' INTERESTS (Continued)

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

	<u>Options granted during</u> <u>14 months to 31 December 1993</u>		<u>Options exercised during</u> <u>14 months to 31 December 1993</u>	
	Number	Price (£)	Number	Price (£)
SH Wingfield Digby	4,714	4.925	-	-
	1,262*	3.280	3,164	1.365
B Beanland	9,442	4.925	-	-
	1,051*	3.280	2,636*	1.365

* These options were granted and exercised under the terms of the Savings Related Share Option Scheme.

The options outstanding at 31 December 1993 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 1994 and 2003 at varying prices between £1.365 and £5.335.

Directors of Subsidiaries of Guinness PLC are deemed to be interested as employees in shares held by an employee share trust, details of which are disclosed in note 22(c) to the Group accounts of Guinness PLC.

The ultimate parent undertaking purchases liability insurance covering the Directors and officers of Guinness PLC and its subsidiaries.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 5 to the financial statements.

SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE 14 MONTHS ENDED 31 DECEMBER 1993 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution for their re-appointment, also authorising the Directors to fix their remuneration, will be proposed at the end Annual General Meeting.

By Order of the Board



B BEANLAND
Secretary

1994

Registered Office:
Park Royal Brewery
Coronation Road
London

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.

As described on page 3 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.

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.

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 14 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants and
Registered Auditors

16 September 1994

SOPHIA GARDENS PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE
14 MONTHS ENDED 31 DECEMBER 1993**

	<u>Notes</u>	<u>14 Months to 31 December 1993</u>	<u>Year ended 31 October 1992</u>
		£	£
Administrative expenses		(28,733)	(152,656)
Interest payable	2	(38,224)	(48,561)
Exceptional write down of freehold property		<u>—</u>	<u>(169,637)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(66,957)	(370,854)
Tax on loss on ordinary activities	4	<u>67,000</u>	<u>—</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		43	(370,854)
ACCUMULATED LOSS BROUGHT FORWARD		<u>(405,948)</u>	<u>(35,094)</u>
ACCUMULATED LOSS CARRIED FORWARD		<u>(405,905)</u>	<u>(405,948)</u>

Profits/(losses) on ordinary activities after taxation stated on an historical cost basis are no different than those shown above.

Other than the loss on ordinary activities after taxation, there have been no other recognised gains or losses.

The notes on pages 7 to 12 form part of the financial statements.

SCPHIA GARDENS PROPERTIES LIMITED

BALANCE SHEET - 31 DECEMBER 1993

	Notes	31 December 1993		31 October 1992	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		373,694		394,078
CURRENT ASSETS					
Debtors and prepayments	6	395,360		-	
Cash at bank and in hand		<u>12,695</u>		<u>12,695</u>	
		408,055		12,695	
CREDITORS - Amounts falling due within one year	7	<u>(967,654)</u>		<u>(269,652)</u>	
NET CURRENT LIABILITIES			<u>(559,599)</u>		<u>(256,957)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				137,121	
CREDITORS - Amounts falling due after more than one year	8		<u>-</u>		<u>(323,089)</u>
			<u>(185,905)</u>		<u>(185,948)</u>
CAPITAL AND RESERVES					
Called up share capital	12	220,000		220,000	
Profit and loss account		<u>(405,905)</u>		<u>(405,943)</u>	
			<u>(185,905)</u>		<u>(185,948)</u>

APPROVED BY THE BOARD ON
and signed on their behalf by:

SH Wingfield-Digby
DIRECTOR



The notes on pages 7 to 12 form part of the financial statements.

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

1 ACCOUNTING POLICIES

(1) Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

(2) Going concern concept

The accounts have been prepared on a going concern basis based upon assurances given by the parent company that it will provide sufficient finance to enable the company to meet its liabilities as they fall due.

(3) Revaluations

The directors periodically revalue the freehold land and buildings. Gains arising on revaluation will be credited to a revaluation reserve. Deficits will be charged against the revaluation reserve to the extent that the deficit can be covered by that reserve. Any excess deficit is charged to the profit and loss account.

(4) Depreciation

Depreciation is provided on all fixed assets, other than freehold land and buildings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings - over the lease term

Furniture, fixtures and fittings - over five years

(5) Operating leases

Amounts payable under operating leases are written off as incurred.

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

2 INTEREST PAYABLE

	14 months to <u>31 December 1993</u>	Year ended <u>31 October 1992</u>
	£	£
Bank loans and overdrafts wholly repayable within five years	38,224	24
Long term loans	—	<u>48,537</u>
	<u>38,224</u>	<u>48,561</u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	14 months to <u>31 December 1993</u>	Year ended <u>31 October 1992</u>
	£	£
Auditors' remuneration	1,500	2,000
Depreciation of owned assets	20,384	17,472
	<u>—</u>	<u>—</u>

4 TAXATION

	14 months to <u>31 December 1993</u>	Year ended <u>31 October 1992</u>
	£	£
United Kingdom Corporation tax for current period 33% (1992 - 33%)	—	—
Over provision in respect of prior years	<u>67,000</u>	—
	67,000	—
Deferred taxation (Note 10)	—	—
	<u>67,000</u>	<u>—</u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

5 FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture fixtures and fittings £	Total £
COST OR VALUATION				
At 1 November 1992	<u>340,000</u>	<u>2,855</u>	<u>87,000</u>	<u>429,855</u>
At 31 December 1993	<u>340,000</u>	<u>2,855</u>	<u>87,000</u>	<u>429,855</u>
DEPRECIATION				
At 1 November 1992	-	144	35,633	35,777
Charge for the period	<u>-</u>	<u>84</u>	<u>20,300</u>	<u>20,384</u>
At 31 December 1993	<u>-</u>	<u>228</u>	<u>55,933</u>	<u>56,161</u>
NET BOOK AMOUNT				
At 31 December 1993	<u>340,000</u>	<u>2,627</u>	<u>31,067</u>	<u>373,694</u>
At 31 October 1992	<u>340,000</u>	<u>2,711</u>	<u>51,367</u>	<u>394,078</u>

6 DEBTORS

	31 December 1993 £	31 October 1992 £
Other debtors	67,000	-
Amounts due from group undertaking	<u>328,360</u>	<u>-</u>
	<u>395,360</u>	<u>-</u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

7 CREDITORS - Amounts falling due within one year

	<u>31 December 1993</u>	<u>31 October 1992</u>
	£	£
Bank loan (Note 9)	315,494	25,751
Amounts due to parent undertaking	652,160	241,056
Accruals	—	<u>2,845</u>
	<u>967,654</u>	<u>269,652</u>

8 CREDITORS - Amounts falling due after more than one year

	<u>31 December 1993</u>	<u>31 October 1992</u>
	£	£
Bank loan (Note 9)	-	323,069
	<u>—</u>	<u>—</u>

The bank loan with the AIB was repaid in full on 4 February 1994.

9 BANK LOAN

The long-term mortgage loan bears interest at a rate of 3% over Finance Houses Association base rate and is repayable in monthly instalments of £5,135 comprising capital and interest, which commenced in February, 1992. This loan was repaid in full on 4 February 1994.

	<u>31 December 1993</u>	<u>31 October 1992</u>
	£	£
Amounts payable within five years	315,494	148,564
Amounts payable after five years	—	<u>200,256</u>
	315,494	348,820
Less: amounts included in current liabilities (note 7)	<u>(315,494)</u>	<u>(25,751)</u>
	-	323,069
	<u>—</u>	<u>—</u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

10 DEFERRED TAXATION

Deferred taxation provided in the accounts and the maximum potential (asset)/liability are:

	Provided		Full potential liability	
	1993	1992	1993	1992
	£	£	£	£
Accelerated capital allowances	-	-	1,674	4,839
Other timing differences	-	-	(1,674)	(4,839)
	-	-	-	-
	-	-	-	-

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 1993	31 October 1992
	£	£
Profit/(loss) on ordinary activities after taxation	43	(370,854)
Net addition to shareholders funds	43	(370,854)
Opening shareholders funds	(185,948)	184,906
Closing shareholders funds	(185,905)	(185,948)

12 SHARE CAPITAL

Authorised:

	31 December 1993	31 October 1992
	£	£
Ordinary "A" shares of £1 each	455,000	455,000
Ordinary "B" shares of £1 each	455,000	455,000
10% redeemable cumulative preference shares of £1 each	90,000	90,000

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE ACCOUNTS - 14 MONTHS TO 31 DECEMBER 1993

12 SHARE CAPITAL (Continued)

Issued and fully paid:

	<u>31 December 1993</u>	<u>31 October 1992</u>
	£	£
Ordinary "A" shares of £1 each	65,000	65,000
Ordinary "B" shares of £1 each	65,000	65,000
10% redeemable cumulative preference shares of £1 each	<u>90,000</u>	<u>90,000</u>
	220,000	220,000
	<u> </u>	<u> </u>

13 PARENT COMPANY

The Company is a wholly owned subsidiary of Stadis Brewery PLC, a company registered in England and Wales. The ultimate parent undertaking is Guinness PLC which is also registered in England and Wales and is the parent undertaking of both the smallest and largest group for which group accounts incorporating those of the company are prepared. Copies of the group accounts of Guinness PLC may be obtained from Guinness PLC, 39 Portman Square, London W1H 9HB.