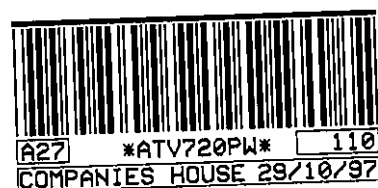


**SOPHIA GARDENS PROPERTIES LIMITED**  
(Registered Number 02460363)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1996**



## **SOFIA GARDENS PROPERTIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

The Directors present their annual report and the accounts of the Company for the year ended 31 December 1996.

#### **BOARD OF DIRECTORS**

The names of the Directors of the Company during the year are shown below:

S H Wingfield-Digby	Chairman
B Beanland	Secretary

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company was the letting of property. The company has disposed of all its property interests during the year.

#### **FUTURE PROSPECTS**

The Directors do not expect the Company to trade in the foreseeable future.

#### **RESULTS AND DIVIDENDS**

The profit for the financial year before taxation amounted to £78,710 (1995: £17,711 loss). After taxation of £Nil (1995 - £72,981) the profit for the financial year of £78,710 (1995 - £90,692 loss) was transferred to reserves.

The Directors do not recommend the payment of a dividend for the year (1995 : Nil).

#### **DIRECTORS' INTERESTS**

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:

	<u>At 31 December 1996</u>		<u>At 1 January 1996</u>	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
<u>Ordinary Shares (25p units)</u>				
S H Wingfield-Digby	29,848	62,588	31,253	53,122
B Beanland	17,548	46,324	14,543	40,301

## SOPHIA GARDENS PROPERTIES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

#### DIRECTORS' INTERESTS (CONTINUED)

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

	Options granted during 1996		Options exercised during 1996		
	Number	Price (£)	Number	Price (£)	Market price at date of exercise (£)
SH Wingfield-Digby	1,101*	3.54			
	8,365	4.60			
B Beanland	1,101*	3.54	1,824	4.11	4.44
	6,746	4.60			

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

The options outstanding at 31 December 1996 are exercisable at various dates between 1996 and 2005 at varying prices between 225.5p and 548.5p. The market price of the shares as at 31 December 1996 was £4.57½ and the range during 1996 was £4.30 to £4.91.

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 21(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.

## **SOPHIA GARDENS PROPERTIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors 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. 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 enable them 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.

#### **STATEMENT OF SUPPLIERS PAYMENTS**

The Company does not operate a standard code in respect of payments to suppliers. The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including terms of payment. It is Company policy that payments to suppliers are made in accordance with these terms.

#### **AUDITORS**

The 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 Annual General Meeting.

By Order of the Board

  
B Beanland  
Secretary

22 July 1997

*Price Waterhouse*



## AUDITORS' REPORT TO THE MEMBERS OF SOPHIA GARDENS PROPERTIES 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 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.

### 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 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 the Company's affairs as at 31 December 1996 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  
London

31 July 1997

# **SOPHIA GARDENS PROPERTIES LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
Administrative expenses		-	(17,711)
Profit on disposal of fixed assets		<u>78,710</u>	<u>-</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>78,710</b>	<b>(17,711)</b>
Tax on profit on ordinary activities	<b>3</b>	<u>-</u>	<u>(72,981)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>78,710</b>	<b>(90,692)</b>
<b>ACCUMULATED LOSS BROUGHT FORWARD</b>		<u><b>(513,060)</b></u>	<u><b>(422,368)</b></u>
<b>ACCUMULATED LOSS CARRIED FORWARD</b>		<u><b>(434,350)</b></u>	<u><b>(513,060)</b></u>

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

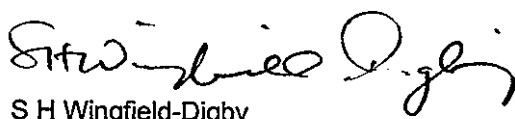
Other than the profit on ordinary activities after taxation there have been no other recognised gains or losses.

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

**SOPHIA GARDENS PROPERTIES LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Tangible assets	4	—	<u>402,483</u>
<b>CURRENT ASSETS</b>			
Debtors and prepayments	5	322,360	322,360
<b>CREDITORS - Amounts falling due within one year</b>	6	<u>(536,710)</u>	<u>(1,017,903)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(214,350)</u>	<u>(695,543)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(214,350)</u>	<u>(293,060)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital (including non-equity interests)	9	220,000	220,000
Profit and loss account		<u>(434,350)</u>	<u>(513,060)</u>
<b>SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)</b>	8	<u>(214,350)</u>	<u>(293,060)</u>

APPROVED BY THE BOARD ON  
 28.7 1997

  
 S H Wingfield-Digby  
 DIRECTOR

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

## **SOPHIA GARDENS PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996**

#### **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



# **SOPHIA GARDENS PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996**

### **2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Release of overprovision in prior year	-	(4,418)
Depreciation of owned assets	-	22,076
Profit on disposal of fixed assets	<u>78,710</u>	<u>-</u>

Auditors' fees are borne by Guinness Brewing Worldwide Limited.

The company had no employees during the year, and the Directors received no emoluments for their services to the company during the year.

### **3 TAXATION**

	<u>1996</u>	<u>1995</u>
	£	£
United Kingdom Corporation tax for current year 33% (1995 - 33%)	-	-
Prior year charge	-	72,981
	<u>-</u>	<u>72,981</u>
	<u>-</u>	<u>72,981</u>

# SOPHIA GARDENS PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

### 4 FIXED ASSETS

	Freehold property £	Short Leasehold property £	Furniture fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 1996	400,000	2,855	95,978	498,833
Disposals	<u>(400,000)</u>	<u>(2,855)</u>	<u>(95,978)</u>	<u>(498,833)</u>
At 31 December 1996	-	-	-	-
<b>Depreciation</b>				
At 1 January 1996	-	372	95,978	96,350
Disposals	<u>-</u>	<u>(372)</u>	<u>(95,978)</u>	<u>(96,350)</u>
At 31 December 1996	-	-	-	-
<b>Net book value</b>				
At 31 December 1996	-	-	-	-
At 31 December 1995	<u>400,000</u>	<u>2,483</u>	<u>-</u>	<u>402,483</u>

### 5 DEBTORS

	1996 £	1995 £
Amounts owed by fellow subsidiary undertaking	322,360	322,360

# **SOPHIA GARDENS PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996**

### **6 CREDITORS - Amounts falling due within one year**

	<u>1996</u>	<u>1995</u>
	£	£
Amounts due to parent undertaking	531,595	1,012,788
Accruals	<u>5,115</u>	<u>5,115</u>
	536,710	1,017,903
	<u>=====</u>	<u>=====</u>

### **7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
	£	£
Profit/(Loss) on ordinary activities after taxation	78,710	(90,692)
Increase/(Decrease) in shareholders' funds	78,710	(90,692)
Opening shareholders' funds	<u>(293,060)</u>	<u>(202,368)</u>
Closing shareholders' funds	<u>(214,350)</u>	<u>(293,060)</u>
	<u>=====</u>	<u>=====</u>

### **8 ANALYSIS OF SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
	£	£
Amounts attributable to equity interests	(304,350)	(383,060)
Amounts attributable to non-equity interests:		
10% redeemable cumulative preference shares	<u>90,000</u>	<u>90,000</u>
Total shareholders' funds	<u>(214,350)</u>	<u>(293,060)</u>
	<u>=====</u>	<u>=====</u>

# SOPHIA GARDENS PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

### 9 SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised:		
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
	<u>          </u>	<u>          </u>
Issued called up and fully paid:		
	<u>1996</u> £	<u>1995</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>

The cumulative preference shares have priority over ordinary shares on winding up. The preference shareholders have waived their rights to dividends. Preference shares are redeemable at the Company's option with a minimum of three months notice on redemption. The preference shareholders hold no voting rights.

### 10 PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary of Stadis Brewery PLC. The ultimate parent undertaking is Guinness PLC which 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 1996 annual report and accounts of Guinness PLC may be obtained from Guinness PLC, 39 Portman Square, London W1H 0EE.