

SOPHIA GARDENS PROPERTIES LIMITED
(Registered Number 02460363)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors present their annual report and the accounts of the Company for the year ended 31 December 1995.

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 loss for the financial year after taxation amounted to £90,692 (1994: £16,463 loss). This has been added to the losses brought forward to give a carried forward loss at 31 December 1995 of £513,060 (1994: 422,368).

The Directors do not recommend the payment of a dividend for the year (1994 : Nil)

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

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 1995</u>		<u>At 31 December 1994</u>	
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares	Options over Ordinary Shares
<u>Ordinary Shares (25p units)</u>				
S H Wingfield-Digby	31,293	53,122	31,869	45,418
B Beanland	14,543	40,301	14,407	51,138

SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

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

	Options granted during <u>31 December 1995</u>		Options exercised during <u>31 December 1995</u>	
	Number	Price (£)	Number	Price (£)
S H Wingfield-Digby	8,124	4.575	1,108	2.705
	688 *	4.01		
B Beanland	7,259	4.575	10,466	2.255
	860 *	4.01	7,104	3.210
			1,386 *	2.705

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

The options outstanding at 31 December 1995 are exercisable at vary dates between 1996 and 2005 at varying prices between 127.0p and 548.5p.

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 4 to the financial statements.

SOPHIA GARDENS PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (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.

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

24th July

1996

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 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 the Company's affairs 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
London

24 July

1996

SOPHIA GARDENS PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1995**

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
Other operating income		-	10,360
Administrative expenses		(17,711)	(26,823)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(17,711)	(16,463)
Tax on profit on ordinary activities	3	(72,981)	-
LOSS FOR THE FINANCIAL YEAR		(90,692)	(16,463)
ACCUMULATED LOSS BROUGHT FORWARD		(422,368)	(405,905)
ACCUMULATED LOSS CARRIED FORWARD		(513,060)	(422,368)
		=====	=====

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 11 form part of these financial statements.

SOPHIA GARDENS PROPERTIES LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	4	402,483	424,559
CURRENT ASSETS			
Debtors and prepayments	5	322,360	395,360
Cash at bank and in hand		<u>-</u>	<u>-</u>
		322,360	395,360
CREDITORS - Amounts falling due within one year	6	<u>(1,017,903)</u>	<u>(1,022,287)</u>
NET CURRENT LIABILITIES		<u>(695,543)</u>	<u>(626,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(293,060)</u>	<u>(202,368)</u>
CAPITAL AND RESERVES			
Called up share capital (including non-equity interests)	9	220,000	220,000
Profit and loss account		<u>(513,060)</u>	<u>(422,368)</u>
SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)	8	<u>(293,060)</u>	<u>(202,368)</u>

APPROVED BY THE BOARD ON

24 July 1996

S H Wingfield-Digby

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 1995

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 1995 (CONTINUED)

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	<u>1995</u>	<u>1994</u>
	£	£
Release of overprovision in prior year	(4,418)	-
Depreciation of owned assets	22,076	17,472
	<u> </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>1995</u>	<u>1994</u>
	£	£
United Kingdom Corporation tax for current year 33% (1994 - 33%)	-	-
Prior year charge	72,981	-
Over provision in respect of prior years	<u> </u>	<u> </u>
	72,981	-
	<u> </u>	<u> </u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

4 FIXED ASSETS

	Freehold <u>property</u> £	Short Leasehold <u>property</u> £	Furniture fixtures and <u>fittings</u> £	<u>Total</u> £
Cost or valuation				
At 31 December 1994	400,000	2,855	95,978	498,833
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1995	400,000	2,855	95,978	498,833
Depreciation				
At 31 December 1994	-	300	73,974	74,274
Charge for the year	<u>-</u>	<u>72</u>	<u>22,004</u>	<u>22,076</u>
At 31 December 1995	-	372	95,978	96,350
Net book value				
At 31 December 1995	400,000	2,483	-	402,483
At 31 December 1994	400,000	2,555	22,004	424,559

5 DEBTORS

	<u>1995</u> £	<u>1994</u> £
Amounts owed by fellow subsidiary undertaking	322,360	322,360
Other debtors	<u>-</u>	<u>73,000</u>
	<u>322,360</u>	<u>395,360</u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

6 CREDITORS - Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Amounts due to parent undertaking	1,012,788	1,017,172
Accruals	<u>5,115</u>	<u>5,115</u>
	<u>1,017,903</u>	<u>1,022,287</u>

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	£	£
Loss on ordinary activities after taxation	(90,692)	(16,463)
Decrease in shareholders' funds	(90,692)	(16,463)
Opening shareholders' funds	(202,368)	(185,905)
Closing shareholders' funds	<u>(293,060)</u>	<u>(202,368)</u>

8 ANALYSIS OF SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	£	£
Amounts attributable to equity interests	(383,060)	(292,368)
Amounts attributable to non-equity interests:		
10% redeemable cumulative preference shares	<u>90,000</u>	<u>90,000</u>
Total shareholders' funds	<u>293,060</u>	<u>(202,368)</u>

SOPHIA GARDENS PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

9 SHARE CAPITAL

	<u>1995</u>	<u>1994</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 and fully paid:		
	<u>1995</u>	<u>1994</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.

10 PARENT UNDERTAKINGS

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 0EE.