

JOHN CRABBIE & CO. LTD.
DIRECTORS' REPORT
and
FINANCIAL STATEMENTS
Year ended 31st December 1987

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JOHN CRABBIE & COMPANY LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

Year ended 31st December 1987

JOHN CRABBE & COMPANY LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED
31ST DECEMBER 1987

DIRECTORS

I.E. Read
J.T. Gray
D.W. Jones
N.V. Brown

SECRETARY

J.B. Gardiner

REGISTERED OFFICE

108, Great Junction Street, Edinburgh, EH6 5LF.

The Directors present their Report and the Audited Financial Statements of the company for the year ended 31st December 1987.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the sale of its brands of alcoholic beverages throughout the United Kingdom and to overseas markets.

Both the level of business and the year-end financial position were satisfactory.

RESULTS AND TRANSFER TO RESERVES

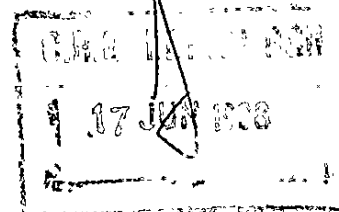
After taxation the loss attributable to shareholders amounted to £64,000 which resulted in a deficit of £64,000 being transferred to reserves.

DIVIDENDS

No dividends have been paid in respect of the current year. The Directors do not propose a final dividend.

FIXED ASSETS

The changes in the fixed assets owned by the company are summarised in the notes to the financial statements.



JOHN CRABBIE & COMPANY LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED
31ST DECEMBER 1987

(Continued)

FUTURE DEVELOPMENTS

The Directors consider that trading conditions will continue to be challenging. Forward plans will be reviewed and developed accordingly having regard to all the circumstances which affect the company's operations.

As part of the Group's reorganisation of the export sales function, it is anticipated that during 1988 the company's export sales administration activities will be transferred to a centralised location at Borron Street, Glasgow.

DIRECTORS AND THEIR INTERESTS

The names of the persons who at 11th March 1988 are directors of the company are as listed above.

Messrs. J.A.P. Hockley, D.W. Jones, A. Gibson and N.V. Brown were appointed to the Board on 26th May 1987.

Mr. A. R. Douglas resigned from the Board on 14th August 1987.

Mr. J.A.P. Hockley resigned from the Board on 31st December 1987 and Mr. A. Gibson retired from the Board on 31st January 1988.

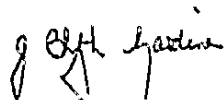
No director had an interest at any time during the year in the shares or debentures of the company, the holding company Guinness PLC, or any fellow subsidiary company other than a non-beneficial interest as nominee.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution concerning their reappointment will be submitted at the Annual General Meeting.

By Order of the Board

11th March 1988



Secretary

AUDITORS' REPORT TO THE MEMBERS OF

JOHN CRABBIE & COMPANY LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1987 and of its loss for the year then ended and comply with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

Price Waterhouse.

Price Waterhouse
Chartered Accountants
28 Drumsheugh Gardens
Edinburgh

11th March 1988

JOHN CRABBIE & COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 1987

	<u>Notes</u>	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
Turnover	2	1,533	1,306
Net operating costs	3	1,603	1,352
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(70)	(46)
Taxation on loss on ordinary activities	5	(6)	2
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(64)	(48)
DIVIDENDS	8	-	108
		<hr/>	<hr/>
RETAINED EARNINGS/(DEFICIT) FOR THE YEAR	16	(64)	(156)
		<hr/>	<hr/>

The notes on pages 6 to 13 form part of these financial statements.

JOHN CRABBIE & COMPANY LIMITED
BALANCE SHEET AT 31ST DECEMBER 1987

	<u>Notes</u>	<u>31st December</u> <u>1987</u> <u>£'000</u>	<u>31st December</u> <u>1986</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	9	1,315	342
CURRENT ASSETS			
Stocks	10	1,108	661
Debtors	11	606	190
Cash at bank and in hand		218	-
		1,932	851
CREDITORS (amounts falling due within one year)	12	1,547	471
NET CURRENT ASSETS		385	380
TOTAL ASSETS LESS CURRENT LIABILITIES		1,700	722
PROVISIONS FOR LIABILITIES AND CHARGES	13	35	41
		1,665	681
CAPITAL AND RESERVES			
Called up share capital	15	500	500
Revaluation reserve	16	973	-
Other reserves	16	41	41
Profit and loss account	16	151	140
		1,665	681

Approved by the Board of Directors on 11th March 1988 and signed on its behalf
 by:

John Skelch
 Director

J. H. Gray
 Director

The notes on pages 6 to 13 form part of these financial statements.

JOHN CRABBIE & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1987

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and plant and machinery.

1.2 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 arising from currency conversions in the normal course of trading are dealt with in the profit and loss account.

1.3 Depreciation

Tangible assets (other than land) 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 depreciation rates are given in Note 9 on page 10.

1.4 Government Grants

Government grants for investments in tangible assets are deducted from the cost of the relevant assets.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes raw materials, duties where applicable, direct labour and expenses and the appropriate proportion of production and other overheads.

1.6 Deferred Taxation

Deferred taxation is provided only to the extent that a liability is expected to become payable within the foreseeable future. Details of the amount provided and the potential liability for deferred taxation are given in Note 14 on page 12.

2. TURNOVER

Turnover represents the sales invoice value including duties where applicable but excluding value added tax.

The following table analyses turnover by customer located in each territory:

JOHN CRABBIE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1987

(Continued)

2. TURNOVER (continued)

	Year to 31st December 1987 £'000	Nine Months to 31st December 1986 £'000
United Kingdom	1,510	1,281
Republic of Ireland	2	1
Rest of Europe	1	4
Africa	-	2
Asia and Australasia	13	6
North America	2	12
Central and South America	5	-
	<u>1,533</u>	<u>1,306</u>

3. NET OPERATING COSTS

	Year to 31st December 1987 £'000	Nine Months to 31st December 1986 £'000
Raw materials and consumables	866	264
Customs and excise duties	804	381
Staff costs (note 6)	247	207
Depreciation	107	25
Other operating charges	61	230
Change in stocks of finished goods and work in progress	(478)	59
Own work capitalised	-	(5)
Other operating income	(4)	(3)
Exceptional item (note 4)	-	194
	<u>1,603</u>	<u>1,352</u>

Net Operating Costs are stated after
taking account of:

	£'000	£'000
Directors' emoluments	26	16
Auditors' remuneration	4	4
	<u>30</u>	<u>20</u>

4. EXCEPTIONAL ITEMS

	Year to 31st December 1987 £'000	Nine Months to 31st December 1986 £'000
Commonwealth Games Sponsorship costs	-	194

JOHN CRABBIE & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1987
(Continued)

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
Corporation tax for the year to 31st December 1987 at 35% (Nine Months to 31st December 1986 35%)	-	-
Deferred taxation	(6)	2
	<u>(6)</u>	<u>2</u>

The taxable loss for the year will be surrendered for nil consideration.

6. STAFF COSTS AND EMPLOYEES

<u>(a) Staff Costs</u>	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
Wages and salaries	235	192
Social security costs	12	15
	<u>247</u>	<u>207</u>

<u>(b) Average number of employees</u>	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
U.K. Full time staff	23	33
U.K. Part time staff	3	3
	<u>26</u>	<u>36</u>

7. DIRECTORS' EMOLUMENTS

(a) The total amount of emoluments of Directors of the company of £26,000 (Nine Months to 31st March 1986 £16,000) includes fees of £NIL (£NIL), salaries and pension contribution of £26,000 (£16,000) and pensions of £NIL (£NIL.)

(b) The emoluments of the highest paid Director are £26,000 (Nine months to 31st March 1986 £16,000). Emoluments (excluding pension fund contributions) of other Directors of the company based in the United Kingdom are shown in the following table:

	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>Number</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>Number</u>
Nil	6	2

JOHN CRABBIE & COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1987
(Continued)

8. DIVIDENDS

	<u>Year to</u> <u>31st December</u> <u>1987</u> <u>£'000</u>	<u>Nine Months to</u> <u>31st December</u> <u>1986</u> <u>£'000</u>
Final dividend proposed	-	108

9. TANGIBLE ASSETS

	<u>Freehold land</u> <u>and buildings</u> <u>£'000</u>	<u>Plant and</u> <u>machinery</u> <u>£'000</u>	<u>Motor vehicles</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<u>Cost or Valuation</u>				
At 1st January 1987	265	412	94	771
Revaluation surplus	351	326	-	677
Transfer from				
Group Companies	-	43	13	56
Additions	3	6	16	25
Disposals	-	(30)	(22)	(52)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1987	619	757	101	1,477
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1st January 1987	97	291	41	429
Revaluation Surplus	(97)	(274)	-	(371)
Transfers from Group				
Companies	-	36	6	42
Charge for year	24	67	16	107
Disposals	-	(30)	(15)	(45)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1987	24	90	48	162
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>				
At 31st December 1987	595	667	53	1,315
At 31st December 1986	168	121	53	342
	<hr/>	<hr/>	<hr/>	<hr/>

JOHN CRABBIE & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1987
(Continued)

10. STOCKS

	<u>31st December</u> <u>1987</u> <u>£'000</u>	<u>31st December</u> <u>1986</u> <u>£'000</u>
Raw materials and consumables	126	157
Work in progress	365	442
Finished goods	617	62
	<hr/> 1,108 <hr/>	<hr/> 661 <hr/>

11. DEBTORS

	<u>31st December</u> <u>1987</u> <u>£'000</u>	<u>31st December</u> <u>1986</u> <u>£'000</u>
Trade debtors	248	161
Amounts owed by group companies	349	29
Other debtors	1	-
Prepayments and accrued income	8	-
	<hr/> 606 <hr/>	<hr/> 190 <hr/>

12. CREDITORS (amounts falling due within one year)

	<u>31st December</u> <u>1987</u> <u>£'000</u>	<u>31st December</u> <u>1986</u> <u>£'000</u>
Trade creditors	357	-
Amounts owed to group companies	1,035	274
Dividends (note 8)	-	108
Corporation tax	-	69
Social security and other taxes	20	-
Other creditors	2	-
Accruals and deferred income	133	20
	<hr/> 1,547 <hr/>	<hr/> 471 <hr/>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>31st December</u> <u>1987</u> <u>£'000</u>	<u>31st December</u> <u>1986</u> <u>£'000</u>
Deferred tax (note 14)	35	41
	<hr/>	<hr/>

JOHN CRABBIE & COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1987

(Continued)

14. DEFERRED TAXATION

The amounts provided and the full potential liabilities are as follows:

	<u>Amount provided 31st Dec. 1987 £'000</u>	<u>Full potential liability 31st Dec. 1987 £'000</u>	<u>Amount provided 31st Dec. 1986 £'000</u>	<u>Full potential liability 31st Dec. 1986 £'000</u>
Excess of capital allowances over accumulated depreciation	35	37	41	41
Chargeable gains on properties	-	254	-	-
Other timing differences	-	-	-	9
Losses	-	(5)	-	-
	<u>35</u>	<u>286</u>	<u>41</u>	<u>50</u>

15. CALLED UP SHARE CAPITAL

	<u>31st December 1987 £'000</u>	<u>31st December 1986 £'000</u>
Authorised: 500,000 ordinary shares of £1 each	500	500
Allotted and fully paid: 500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

16. RESERVES

	<u>Revaluation £'000</u>	<u>Other £'000</u>	<u>Profit & Loss £'000</u>	<u>Total £'000</u>
At 1st January 1987	-	41	140	181
Retained deficit for the year	-	-	(64)	(64)
Surplus arising on revaluation (note 9)	1,048	-	-	1,048
Recognised in year	(75)	-	75	-
	<u>973</u>	<u>41</u>	<u>151</u>	<u>1,165</u>
At 31st December 1987				

JOHN CRADDIE & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1987
(Continued)

17. HOLDING COMPANY

The immediate holding company is United Distillers p.l.c., and the ultimate holding company is Guinness PLC. Both holding companies are incorporated in Great Britain.

It is the ultimate holding company's policy to manage centrally the funds of the Guinness Group. Accordingly, the directors do not consider it informative to prepare a funds flow statement.