

FILM FINANCE DISTRIBUTORS (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1994



FILM FINANCE DISTRIBUTORS (UK) LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

N M Coyle
D M Harris
G W King
G H Turvey (resigned 30 September 1994)

SECRETARY

B K Bredin

REGISTERED OFFICE

39 Portman Square
London
W1H 0EE

The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 1994.

RESULTS

The profit for the year amounted to £1,647,000 (1993 - £1,247,000) which, after dividends of £1,714,000, resulted in a transfer from reserves of £67,000.

DIVIDENDS

An interim ordinary dividend of £1,714,000 was paid during the year (1993 - £285,000). The Directors do not recommend the payment of a final dividend.

REVIEW OF THE BUSINESS

The Company received income from film and music royalties.

DIRECTORS

The Directors of the Company who held office during the year are shown above.

DIRECTORS' INTERESTS

No Director has a beneficial interest in the shares or debentures of the Company, any subsidiary undertaking or any subsidiary of the ultimate parent undertaking. The Director's interests in the Ordinary shares of the ultimate parent undertaking, Guinness PLC, were as follows:

	<u>At 31 December 1994</u>		<u>At 1 January 1994</u>	
	Options over		Options over	
	Ordinary	Ordinary	Ordinary	Ordinary
	shares	shares	shares	shares
D M Harris	4,773	41,987	3,788	32,360
G W King	8,101	47,016	5,675	39,463
N M Coyle	1,222	3,532	769	3,532

FILM FINANCE DISTRIBUTORS (UK) LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS (Continued)

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

		<u>Options granted during 1994</u>		<u>Options exercised during 1994</u>	
		Number	Price	Number	Price
			£		£
D M Harris		8,666	4.76	-	-
		*961	3.59	-	-
G W King)	13,394	4.76	5,274	1.365
)	*961	3.59	*1,528	2.355
N M Coyle		-	-	-	-

* These options were granted/exercised under the terms of the Savings Related Share Option Scheme the remaining shares were granted/exercised under the terms of the Executive Share Option Scheme.

The options outstanding at 31 December 1994 have been granted under Group employee share participation schemes (including the Executive Share Option Scheme and the Savings Related Share Option Scheme) and are exercisable at varying dates between 1995 and 2004 at varying prices between 127p and 548.5p.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial 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 4 to 7, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed. The Directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have 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.

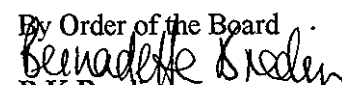
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent company, Guinness PLC, purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

AUDITORS

An Elective Resolution was previously passed in accordance with Section 386 of the Companies Act 1985 to dispense with the annual appointment of auditors. Price Waterhouse will continue in office until this election is revoked.

By Order of the Board

B K Bredin
Secretary

21 July 1995

FILM FINANCE DISTRIBUTORS (UK) LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FILM FINANCE DISTRIBUTORS (UK) LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 these 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Price Waterhouse
Chartered Accountants
and Registered Auditors**

**Southwark Towers
32 London Bridge Street
London SE1 9SY**

21 July 1995

FILM FINANCE DISTRIBUTORS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	Continuing Operations 1994 £'000	Continuing Operations 1993 £'000
Turnover	3	6	14
Operating (costs)/income	4	(3)	761
Operating profit		3	775
Interest receivable from Group undertakings		2,552	652
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,555	1,427
Taxation	5	(908)	(180)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,647	1,247
Dividend on ordinary shares		(1,714)	(285)
RETAINED (LOSS)/PROFIT FOR THE YEAR	10	(67)	962

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

NOTE OF HISTORICAL COST PROFIT AND LOSSES

There were no material differences between the reported results for 1994 and 1993 and the results for those years on a historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

<i>For the year ended 31 December 1994</i>	1994 £'000	1993 £'000
Profit for the year attributable to shareholders	1,647	1,247
Dividends	(1,714)	(285)
Retained (loss)/profit for the year	(67)	962
New share capital issued	-	39,364
Net (decrease)/increase in shareholders' funds	(67)	40,326
Shareholders' funds at start of year	41,019	693
Shareholders' funds at end of year	40,952	41,019

The notes on pages 6 and 7 form part of these accounts.

FILM FINANCE DISTRIBUTORS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	1994 £'000	1993 £'000
CURRENT ASSETS			
Debtors : amounts recoverable within one year	6	886	1,883
amounts recoverable after more than one year	6	41,923	39,364
Cash at bank and in hand		21	21
CREDITORS (amounts falling due within one year)	7	(1,806)	(175)
NET CURRENT ASSETS		<u>41,024</u>	<u>41,093</u>
TOTAL NET ASSETS LESS CURRENT LIABILITIES		41,024	41,093
PROVISIONS FOR LIABILITIES AND CHARGES	8	(72)	(74)
TOTAL NET ASSETS		<u>40,952</u>	<u>41,019</u>
CAPITAL AND RESERVES			
Called up share capital	9	39,379	39,379
Profit and loss account	10	1,573	1,640
		<u>40,952</u>	<u>41,019</u>

The notes on pages 6 and 7 form part of these accounts.


G W King
Director

Approved by the Board on 21 July 1995

FILM FINANCE DISTRIBUTORS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

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

2. DIRECTORS AND EMPLOYEES

None of the Directors received any emoluments in respect of their services to the company (1993 - £nil). There are no employees of the Company.

3. TURNOVER

Turnover represents commission and amounts received for film royalties excluding VAT.

4. OPERATING (COSTS)/INCOME

	1994 £'000	1993 £'000
Administrative and legal expenses	-	(1)
Write back of intercompany balances	-	563
Write back of provisions	-	199
Operating costs	(3)	-
	<u>(3)</u>	<u>761</u>

5. TAXATION

	1994 £'000	1993 £'000
UK corporation tax on profit for the year at 33% (1993 - 33%)	772	128
(Under)/Overprovision in respect of previous years	65	(22)
Deferred tax	71	74
	<u>908</u>	<u>180</u>

6. DEBTORS

	1994 £'000	1993 £'000
Amount recoverable within one year:		
Due from parent undertaking	-	990
Due from Group undertakings	886	893
Amounts recoverable after more than one year:		
Due from Group undertaking	41,923	39,364
	<u>42,809</u>	<u>41,247</u>

FILM FINANCE DISTRIBUTORS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. CREDITORS (amounts falling due within one year)	1994 £'000	1993 £'000
Corporation tax	846	128
Other creditors	41	41
Amounts owed to Group undertakings	358	6
Amounts owed to parent undertaking	561	-
	<u>1,806</u>	<u>175</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES	1994 £'000	1993 £'000
Deferred tax on short term timing differences	72	74
	<u>72</u>	<u>74</u>

Full provision has been made for all short term timing differences as they are expected to reverse in the near future.

9. SHARE CAPITAL	1994 £'000	1993 £'000
Authorised:		
39,379,000 Ordinary shares of £1 each	39,379,000	39,379,000
	<u>39,379,000</u>	<u>39,379,000</u>
Issued and fully paid:		
39,379,000 Ordinary shares of £1 each	39,379,000	39,379,000
	<u>39,379,000</u>	<u>39,379,000</u>

10. RESERVES	Total £'000
At 1 January 1994	1,640
Retained loss for the year	(67)
At 31 December 1994	<u>1,573</u>

11. PARENT UNDERTAKING

The immediate and the ultimate parent undertaking is Guinness PLC which is registered in England.

The ultimate parent undertaking is the only company in the Group preparing consolidated accounts and copies can be obtained from The Company Secretary, 39 Portman Square, London W1H 0EE.