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WESTON INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1980

**Principal Activities**

Investments in Fellow Subsidiaries operating mainly in the tobacco industry, including a German Company which also has a substantial investment in a department store group and a manufacturer of floor covering.

| Results of the year                        |               | <u>£ thousands</u> |
|--|---------------|--------------------|
| Net Profit after taxation                  |               | 2,472              |
| Dividends - Interim payable                |               | <u>2,472</u>       |
| Exchange loss on revaluation               | 770           | -                  |
| Dividends paid out of accumulated reserves | <u>10,182</u> | 10,952             |
| Ghana remittances                          |               | <u>(226)</u>       |
| Net decrease in Reserves                   |               | <u>10,726</u>      |

**Directors**

B.G. Pearson (Chairman)  
 J. Bamber (Appointed 14 October 1980)  
 N.G. Brookes  
 G.T. Denton  
 J. Palmer  
 J. Simpson (Resigned 14 October 1980)

In pursuance of the Articles of Association, Messrs. B.G. Pearson and N.G. Brookes retire from the Board at the Annual General Meeting and will be proposed for re-election. Mr. J. Bamber who has been appointed since the last Annual General Meeting also retires from the Board and will be proposed for re-election.

**Directors' Interests**

The Directors' interests in the Share and Loan Capital of the Company, the Ultimate Holding Company and its subsidiaries at 31 December 1980 are shown in the table below. The holdings at 1st January 1980 are shown in brackets where these differ.

|              | <u>B.A.T Industries Limited</u> |                                 |                    |                    |
|--------------|---------------------------------|---------------------------------|--------------------|--------------------|
|              | <u>Ordinary Shares</u>          | <u>Deferred Ordinary Shares</u> | <u>"A" Options</u> | <u>"B" Options</u> |
|              | <u>25p units</u>                | <u>25p units</u>                | <u>25p units</u>   | <u>25p units</u>   |
| B.G. Pearson | -                               | -                               | 246                | 2,000              |
| G.T. Denton  | -                               | -                               | -                  | 1,000              |
| J. Palmer    | 149 (138)                       | - (11)                          | -                  | -                  |

|             | <u>B.A.T Investments Limited</u> |
|-------------|----------------------------------|
| G.T. Denton | Loan Stock £112.50               |

Directors' holdings at 1 January 1980 in Deferred Ordinary Shares were converted to an equivalent number of Ordinary Shares on 20 June 1980.

Directors' interests other than those disclosed in the accounts of the Ultimate Holding Company are nil.

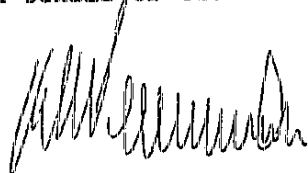


Auditors

In pursuance of Section 14 of the Companies Act 1976 the Auditors, Deloitte Haskins & Sells have expressed their willingness to continue in office and will be proposed for re-election.

Dated 28.12.81.

On behalf of the Board



)  
) Directors  
)

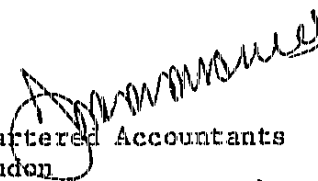
Auditors' Report

To the members of Weston Investment Company Limited

We have audited the financial statements on pages 4 to 7 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 31 December 1980 and of its profit for the year ended on that date, and comply with the Companies Acts 1948 to 1980.

As indicated in Note 8, the accounts do not include a statement of funds provided and applied.

  
Chartered Accountants  
London

YB/4/87

WESTON INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1980  
Including Statement of Total Gains

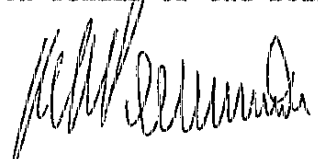

(Comparative figures for the fifteen months ended 31 December 1979)

|   | <u>Note</u> | <u>1980</u> | <u>1979</u> |
|---|-------------|-------------|-------------|
|   |             | £ thousands | £ thousands |
| Investment Income                           |             |             |             |
| Dividends                                   |             |             |             |
| Fellow Subsidiaries - Unlisted              |             | 3,065       | 5,980       |
| Interest                                    |             | 22          | 131         |
| Loans                                       |             | -----       | -----       |
|   |             | 3,087       | 6,111       |
| Interest Paid                               |             | 15          | 148         |
| Expenses -- (Gain)/Loss on exchange         |             | (13)        | 2           |
| Profit Before Taxation                      |             | 3,085       | 5,961       |
| Taxation                                    |             | 613         | 1,196       |
| Profit After Taxation                       |             | 2,472       | 4,765       |
| Dividends                                   |             |             |             |
| Interim -- paid                             | -           | 2,400       |             |
| -- payable                                  | 2,472       | 1,300       |             |
|   |             | 2,472       | 3,700       |
| Retained Profit for the year                |             | -----       | 1,065       |
|   |             | -----       | -----       |
| Statement of Total Gains                    |             |             |             |
| Net Profit after taxation                   |             | 2,472       | 4,765       |
| Exchange (Loss) gain on revaluation         | (770)       |             | 3           |
| Ghana remittances                           | 226         | (544)       | 295         |
|   |             | 1,928       | 5,063       |
| Dividend paid out of current period profits | 2,472       |             | 3,700       |
| Dividend paid out of accumulated reserves   | 10,182      | 12,654      | - 3,700     |
| Net (decrease)/increase in Reserves         |             | (10,726)    | 1,363       |
|   |             | -----       | -----       |

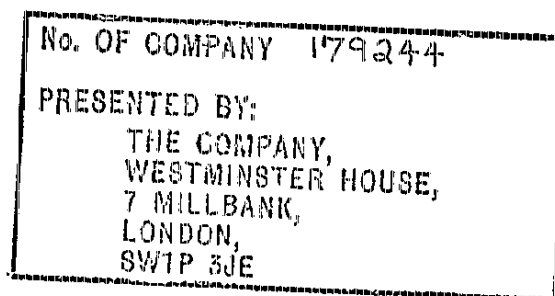
WESTON INVESTMENT COMPANY LIMITEDBALANCE SHEET - 31 DECEMBER 1980

|                                     | <u>Note</u> | <u>1980</u> | <u>1979</u> |
|-------------------------------------|-------------|-------------|-------------|
|                                     |             | £ thousands | £ thousands |
| <b>FUNDS EMPLOYED</b>               |             |             |             |
| Share Capital                       | 4           | -           | -           |
| Reserves                            |             | -           | 10,726      |
| Interest of Ordinary Shareholders   |             | -           | 10,726      |
| Borrowings - Short Term             | 5           | 1,576       | 1,793       |
| Current Liabilities                 |             |             |             |
| Dividend Payable                    |             | 12,654      | 1,300       |
| Interest Payable                    |             | 134         | 148         |
|                                     |             | 14,364      | 13,967      |
| <b>ASSETS</b>                       |             |             |             |
| Fellow Subsidiaries                 | 6           | 6,102       | 5,577       |
| Amount Owing by Holding Company     |             | 3,468       | 2,465       |
| Amount Owing by Fellow Subsidiaries |             | 4,690       | 5,844       |
| Current Assets                      |             |             |             |
| Debtors                             |             | 104         | 81          |
|                                     |             | 14,364      | 13,967      |

On behalf of the Board

) Directors



WESTON INVESTMENT COMPANY LIMITEDNOTES ON ACCOUNTS31 DECEMBER 1980

## 1. Accounting Policies

- (i) The accounts have been prepared on the historical cost basis of accounting.
- (ii) No group accounts are submitted as the Company is a wholly owned subsidiary of a company incorporated in Great Britain.
- (iii) Overseas currency items have been translated at the rate of exchange ruling at the end of the financial period.
- (iv) Investments in fellow subsidiaries are shown at cost less provisions consistent with the concept of prudence.
- (v) Exchange differences arising on the re-translation to sterling (using rates of exchange ruling at the end of the period) of net assets at the beginning of the period are taken to reserves and shown in the statement of total gains. Other exchange differences are reflected in profits for the period.

## 2. Expenses

- (i) Audit fees £0.250 (1979 borne by British-American Tobacco Company Limited.)
- (ii) Management expenses have been borne on the Company's behalf by the British-American Tobacco Company Limited.
- (iii) None of the directors received any remuneration during the financial period.

## 3. Taxation

|  | <u>1980</u>  | <u>1979</u>  |
|--|--------------|--------------|
|  | £ thousands  |              |
| U.K. Corporation Tax on profits which became chargeable during the year - 52% (1979 52%) | 2,898        | 5,654        |
| Less: Double taxation relief   | <u>2,898</u> | <u>5,654</u> |
|  | -            | -            |
| Overseas taxation  | <u>613</u>   | <u>1,196</u> |
|  | <u>613</u>   | <u>1,196</u> |

The U.K. tax charge has been reduced by group relief amounting to £11 (1979 £68) surrendered by a fellow subsidiary for no payment.

The U.K. tax on chargeable gains £17 was also surrendered by a fellow subsidiary as group relief for no payment.

WESTON INVESTMENT COMPANY LIMITEDNOTES ON ACCOUNTS31 DECEMBER 1980

## 4. Share Capital

|                            | Authorised | Issued fully paid |
|----------------------------|------------|-------------------|
|                            | 1980       | 1980              |
|                            | £          | £                 |
| Ordinary Shares of £1 each | 100        | 100               |

## 5. Borrowings - (Short Term)

6% loan with German Tax authorities repayable with interest should there be an adverse outcome on withholding tax dispute.

## 6. Principal Fellow Subsidiary - (Unlisted Equity)

## (i) Germany - Interversa G.m.b.H. 20% Shareholding.

A net dividend of DM 2 million for 1979 was declared payable on 10th August 1980. This amount was then utilised by Weston Investment Co. Ltd. in the purchase of further shares in Interversa G.m.b.H.

|                            | 1980         | 1979         |
|----------------------------|--------------|--------------|
|                            | £ thousands  |              |
| (ii) Shareholdings at cost | 4,581        | 4,109        |
| Dividends Receivable       | 1,182        | 1,214        |
| Current Account            | 339          | 254          |
|                            | <u>6,102</u> | <u>5,577</u> |

(iii) The directors are of the opinion that the investments in the fellow subsidiaries have an aggregate value not less than the amount at which they are stated in the Balance Sheet.

## 7. Ultimate Holding Company

The Company's ultimate holding company is B.A.T Industries Limited incorporated in Great Britain.

## 8. Statement of Funds Provided and Applied

A statement of funds provided and applied is not submitted as the Company being a wholly owned subsidiary deposits its surplus funds with the holding Company.