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WESTON INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE 15 MONTHS ENDED 31 DECEMBER 1979

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.

CHANGE OF YEAR END

The Company's accounting year end has been changed to 31 December. As a result, the accounting period is for fifteen months from 1 October 1978 to 31 December 1979.

RESULTS OF THE FIFTEEN MONTH PERIOD

		£ 000's
Net Profit after taxation		4,765
Dividends - Interim paid 31 December 1979	2,400	
- Interim payable	<u>1,300</u>	<u>3,700</u>
Retained Profit for the 15 months		1,065
Exchange gain on revaluation	3	
Ghana remittances	<u>295</u>	<u>298</u>
Net increase in Reserves		<u>1,363</u>

DIRECTORS

B.G. Pearson	(Chairman)
N.G. Spokes	
L.E. Collins	(Retired 16 November 1978)
G.T. Denton	(Appointed 16 November 1978)
J. Palmer	
J. Simpson	

In pursuance of the Articles of Association, Messrs. J. Palmer and J. Simpson retire from the Board at the Annual General Meeting 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 their subsidiaries at 31 December 1979, were as follows:

	<u>B.A.T Industries Limited</u>	
	<u>Ordinary Shares 25p Units</u>	<u>Deferred Ordinary Shares 25p Units</u>
J. Palmer	138	11
L.E. Collins	6	-

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

Directors' holdings at 1 October 1978 are shown in brackets where these differ. Directors' interests, other than those disclosed in the account 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 13 JUN 1980

On behalf of the Board

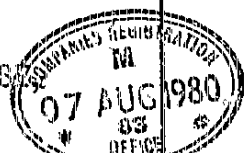
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)
) Directors.
)

No. OF COMPANY 179244

PRESENTED BY:

THE COMPANY,
WESTMINSTER HOUSE
7 MILLBANK,
LONDON,



REPORT OF THE AUDITORS

TO THE MEMBERS OF WESTON INVESTMENT COMPANY LIMITED

We have examined the accounts set out on pages 3 to 6, which have been prepared on the basis of the accounting policies set out on page 5.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 December 1979 and of its profit for the fifteen months ended on that date, and comply with the Companies Acts 1948 and 1967.

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


Chartered Accountants
London

03.05.1980

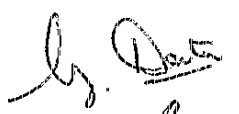
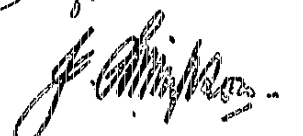
WESTON INVESTMENT COMPANY LIMITEDPROFIT AND LOSS ACCOUNT FOR THE 15 MONTHS ENDED 31 DECEMBER 1979Including Statement of Total Gains(Comparative figures for the year ended 30 September 1978)

	<u>£ thousands</u>			
	<u>Note</u>	<u>1979</u>		<u>1978</u>
<u>INVESTMENT INCOME</u>				
<u>Dividends</u>				
Fellow Subsidiaries - Unlisted		5,980		7,295
<u>Interest</u>				
Holding Company		-	3	
Loans	131	131	-	3
		6,111		7,298
<u>INTEREST PAID</u>		148		-
<u>EXPENSES</u> - Loss on Exchange	2	2		4
<u>PROFIT BEFORE TAXATION</u>		5,961		7,294
<u>TAXATION</u>	3	1,196		1,816
<u>PROFIT AFTER TAXATION</u>		4,765		5,478
<u>DIVIDENDS</u>				
Interim - paid 31 December 1979		2,400	2,300	
- payable		1,300	-	2,300
<u>RETAINED PROFIT</u>		1,065		3,178
<u>STATEMENT OF TOTAL GAINS</u>				
Net Profit after taxation		4,765		5,478
Exchange gain on revaluation	3		213	
Ghana remittances	295	298	-	213
		5,063		5,691
Provision for chargeable gains on disinvestment in Ghana	-		(39)	
Dividends paid out of current period profits	(3,700)	(3,700)	(2,300)	2,339
Net increase in Reserves		1,363		3,352

WESTON INVESTMENT COMPANY LIMITEDBALANCE SHEET - 31 DECEMBER 1979(Comparative figures at 30 September 1978)

	<u>£ Thousands</u>		
	<u>Note</u>	<u>1979</u>	<u>1978</u>
<u>TOTAL FUNDS EMPLOYED</u>			
<u>SHARE CAPITAL</u>	4	-	-
<u>RESERVES</u>		10,726	9,362
<u>TOTAL INTEREST OF SHAREHOLDERS</u>		10,726	9,362
<u>BORROWINGS - SHORT TERM</u>	5	1,793	-
<u>AMOUNT OWING TO FELLOW SUBSIDIARIES</u>		-	79
<u>CURRENT LIABILITIES</u>			
Dividend Payable		1,300	300
Interest Payable		148 1,448	- 300
<u>TOTAL FUNDS EMPLOYED</u>		<u>13,967</u>	<u>9,741</u>
<u>ASSETS</u>			
<u>FELLOW SUBSIDIARIES</u>	6	5,577	3,133
<u>AMOUNT OWING BY HOLDING COMPANY</u>		2,465	2,277
<u>AMOUNT OWING BY FELLOW SUBSIDIARIES</u>		5,844	4,174
<u>CURRENT ASSETS</u>			
Debtors		81	157
<u>TOTAL ASSETS</u>		<u>13,967</u>	<u>9,741</u>

On behalf of the Board

)
) Directors
)

WESTON INVESTMENT COMPANY LIMITEDNOTES ON ACCOUNTS31 DECEMBER 19791. 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-translations 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. MANAGEMENT EXPENSES

- (i) Audit fees and management expenses have been borne on the Company's behalf by the British-American Tobacco Company Limited.
- (ii) None of the directors received any remuneration during the financial periods.

3. TAXATION

	<u>1979</u>	<u>1978</u>
	£ thousands	
U.K. Corporation Tax on profits which became chargeable during the fifteen months - 52% (1978 52%)	5,654	6,481
Less: Double taxation relief	<u>5,654</u>	<u>6,441</u>
	-	40
Overseas taxation	<u>1,196</u>	<u>1,776</u>
	<u>1,196</u>	<u>1,816</u>

The U.K. tax charge has been reduced by group relief amounting to £68 (1978 £40) surrendered by a fellow subsidiary for no payment. (1978 - for payment).

(1978. The U.K. tax on chargeable gains £39 was also payable to a Fellow Subsidiary as group relief surrendered.)

4. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued fully paid</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
	£	£	£	£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>20</u>	<u>20</u>

WESTON INVESTMENT COMPANY LIMITEDNOTES ON ACCOUNTS31 DECEMBER 19795. 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 D.M. 4 million for 1978 was declared payable on 10th August 1979. This amount was then utilised by Weston Investment Co. Ltd. in the purchase of further shares in Interversa G.m.b.H.

	<u>1979</u>	<u>1978</u>
	£ thousands	
(ii) Shareholdings at cost	4,109	3,133
Dividends Receivable	1,214	-
Current Account	<u>254</u>	<u>-</u>
	<u>5,577</u>	<u>3,133</u>
(iii) The directors are of the opinion that the investments in the fellow subsidiaries have an aggregate value not less than the amounts 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.