

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1977

Board of Directors

B.G. Pearson	(Chairman)
L.E. Collins	
R.W. Henschley	(Appointed 8 July 1977)
F.S. Illsley	(Resigned 8 July 1977)
J. Palmer	
J. Simpson	(Appointed 8 July 1977)
D.E.J. Timpson	(Resigned 8 July 1977)

In pursuance of the Articles of Association, Mr. L.E. Collins retires from the Board at the Annual General Meeting and will be proposed for re-election. Messrs. R.W. Henschley and J. Simpson, who have been appointed to the Board since the last Annual General Meeting, also retire and will be proposed for re-election.

Activities

Investment in Fellow Subsidiaries operating mainly in the tobacco industry, including a German company which has also a substantial investment in a department store group.

Results of the Year

Net profit after taxation	£3,264,649
Interim Dividend paid 15 December 1977	<u>3,250,000</u>
Retained profit of the year	14,649
Add: Exchange gain on revaluation	<u>8,807</u>
Net increase in Reserves	<u>£ 23,456</u>

Directors' Interests

The interests in the Share and Loan Capital of the Company, the Ultimate Holding Company and its Subsidiaries at 1 October 1976 and 30 September 1977 were as follows:-

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

Auditors

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

Dated **28 FEB 1978**

On behalf of the Board

) Directors



J. Simpson
L. E. Collins




REPORT OF THE AUDITORS

TO THE MEMBERS OF WESTON INVESTMENT COMPANY LIMITED

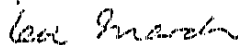
We have examined the accounts set out on pages 3 and 4 which have been prepared on the historical cost basis of accounting.

In our opinion, the accounts give, on that basis, a true and fair view of the state of the company's affairs at 30 September 1977, and of its profit for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

As indicated in Note (4), the accounts do not include a Statement of Funds Provided and Applied.



Chartered Accountants,
London.



1978

WESTON INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1977

	£	1977 £	£	1976 £
<u>INVESTMENT INCOME</u>				
Dividends from a Fellow Subsidiary (Unlisted)		3,935,946		1,359,827
<u>INTEREST FROM HOLDING COMPANY</u>		<u>2,425</u>		<u>2,100</u>
		3,938,371		1,361,927
<u>EXPENSES</u>				
Management Expenses	2,225		1,722	
Auditors' Fees	<u>140</u>	2,365	<u>120</u>	1,842
(None of the 7 Directors received any remuneration from the Company during the year)				
<u>PROFIT BEFORE TAXATION</u>		<u>3,936,006</u>		<u>1,360,085</u>
<u>TAXATION</u>				
U.K. Corporation Tax on profits of the year at 52%	3,159,041		955,687	
<u>Less: Double Taxation Relief</u>	<u>3,100,671</u>		<u>681,749</u>	
	58,370		273,938	
Overseas Taxation	<u>983,986</u>		<u>339,957</u>	
	1,042,356		613,895	
Adjustments in respect of previous years:				
U.K. Corporation Tax	(370,999)		188,767	
Overseas Taxation	<u>-</u>	671,357	<u>214,083</u>	1,016,745
<u>NOTE</u>				
The U.K. tax charge includes £58,359 (1976 - £20,151 of the tax charge which was subsequently adjusted to £20,195) payable to a holding company in respect of the surrender of Advance Corporation Tax				
<u>PROFIT AFTER TAXATION</u>		<u>3,264,649</u>		<u>343,340</u>
DIVIDEND - Interim payable		3,250,000		300,000
<u>RETAINED PROFIT OF THE YEAR</u>		<u>14,649</u>		<u>43,340</u>
<u>STATEMENT OF TOTAL GAINS</u>				
Net profit after taxation		3,264,649		343,340
Exchange Gain on Revaluation		<u>8,807</u>		<u>992,347</u>
		3,273,456		1,335,687
Dividend paid out of current years profits		(3,250,000)		(300,000)
Net increase in Reserves		<u>23,456</u>		<u>1,035,687</u>

WESTON INVESTMENT COMPANY LIMITED
BALANCE SHEET - 30 SEPTEMBER 1977

	£	£	1977 £	£	£	1976
<u>CAPITAL, RESERVES AND LIABILITIES</u>						
<u>Share Capital and Reserves</u>						
Ordinary Shares of £1 each						
Authorised		100			100	
Issued and fully paid			20			20
Reserves		6,010,214			5,986,758	
Total Interest of Shareholders		6,010,234			5,986,778	
<u>Current Liabilities</u>						
Creditors	140				120	
U.K. Corporation Tax						
Payable 1.7.78 or earlier	55				2,848	
Dividend Payable	3,250,000	3,250,195		300,000	302,968	
		9,260,429			6,289,746	
<u>ASSETS</u>						
<u>Fellow Subsidiaries</u>						
Shareholdings at cost						
(Note 1)	36			36		
Interest-free Loan	3,961,377			3,952,569		
	3,961,413			3,952,605		
Less: Amount owing to a						
Fellow Subsidiary	8	3,961,405		8	3,952,597	
Amount owing by Holding						
Company		5,134,024			2,172,149	
<u>Current Assets</u>						
Overseas Taxation						
Recoverable	--		350,066		--	
Less: Provision	--		350,066		--	
Debtor	--			3,000		
Cash	165,000	165,000		162,000	165,000	
		9,260,429			6,289,746	

NOTES

- (1) Principal Fellow Subsidiary (Unlisted Equity)
GERMANY - Intervorsa G.m.b.H. 20% Shareholding
- (2) Overseas currency items have been expressed in sterling as follows:-
 - (a) Shareholdings at the rates of exchange ruling when acquired.
 - (b) Other items at the rate of exchange ruling at 30 September.
- (3) The Company's Ultimate Holding Company is B.A.T Industries Limited, incorporated in the United Kingdom.
- (4) 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.

On behalf of the Board

[Signature]) Directors
[Signature])