

WESTON INVESTMENT COMPANY LIMITEDDIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1978Board of Directors

B.G. Pearson	(Chairman)
N.G. Brookes	(Appointed 20 June 1978)
L.E. Collins	(Retired 16 November 1978)
G.T. Denton	(Appointed 16 November 1978)
R.W. Henchley	(Resigned 20 June 1978)
J. Palmer	
J. Simpson	

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

Principal Activities

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

Results of the Year

Net profit after taxation		£5,478,445
Interim Dividends - paid 30 June 1978	2,000,000	
Paid 14 December 1978	<u>300,000</u>	<u>2,300,000</u>
Retained profit of the year		3,178,445
Add: Exchange gain on revaluation	212,900	
Less: Provision for chargeable gains	<u>39,100</u>	<u>173,800</u>
Net increase in Reserves		£3,352,245
		=====

Directors' Interests

The interests in the Share and Loan Capital of the Company, the Ultimate Holding Company and its Subsidiaries at 1 October 1977 and 30 September 1978 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 Companies Act 1976 the Auditors, Messrs. Deloitte Haskins & Sells (formerly Deloitte & Co.) have expressed their willingness to continue in office and will be proposed for re-election.

Dated **27 FEB 1979**

On behalf of the Board

Presented by:

Mr. P.D. Moore,  
Westminster House,  
7 Millbank,  
London. SW1P 3JE

*Palmer*  
*J. Simpson*

14

Directors

12 APR 1979

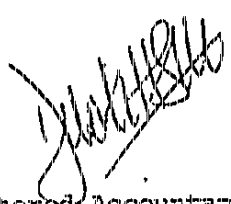
REPORT OF THE AUDITORS

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 1978, 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

14 MAR 1979

WESTON INVESTMENT COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1978

	<u>1978</u>		<u>1977</u>
	£	£	£
<u>INVESTMENT INCOME</u>			
Dividends from a Fellow Subsidiary (Unlisted)	7,294,955		3,935,946
	<u>2,700</u>		<u>2,425</u>
<u>INTEREST FROM HOLDING COMPANY</u>	7,297,655		3,938,371
<u>EXPENSES</u>			
Management Expenses	2,526		2,225
Auditors' Fees	160		140
Loss on Exchange (None of the 6 Directors received any remuneration from the Company during the year)	<u>815</u>	3,501	<u>2,365</u>
	<u>7,294,154</u>		<u>3,936,006</u>
<u>PROFIT BEFORE TAXATION</u>			
<u>TAXATION</u>			
U.K. Corporation Tax on profits of the year at 52%	6,481,328		3,159,041
Less : Double Taxation Relief	<u>6,441,722</u>		<u>3,100,671</u>
	39,606		58,370
Overseas Taxation	<u>1,776,103</u>		<u>983,986</u>
	1,815,709		1,042,356
Adjustments in respect of previous years:			
U.K. Corporation Tax	<u>-</u>	1,815,709	<u>(370,999)</u>
			671,357
<u>NOTE</u>			
The U.K. tax charge of £39,606 is payable to a Fellow Subsidiary as group relief surrendered. The U.K. tax on chargeable gains £39,100 is also payable to Fellow Subsidiaries as group relief surrendered. (1977 - NIL: The 1977 tax charge included £58,359 payable to a Holding Company in respect of the surrender of Advance Corporation Tax).			
<u>PROFIT AFTER TAXATION</u>		<u>5,478,445</u>	<u>3,264,649</u>
<u>DIVIDENDS - Interim paid</u>		<u>2,300,000</u>	<u>3,250,000</u>
<u>RETAINED PROFIT OF THE YEAR</u>		<u>3,178,445</u>	<u>14,649</u>
<u>STATEMENT OF TOTAL GAINS</u>			
Net profit after taxation		5,478,445	3,264,649
Exchange Gain on Revaluation		<u>212,900</u>	<u>8,807</u>
		5,691,345	3,273,456
Less: Provision for chargeable gains on disinvestment in Ghana		<u>39,100</u>	<u>-</u>
		5,652,245	3,273,456
Dividends paid out of current year's profits		<u>(2,300,000)</u>	<u>(3,250,000)</u>
Net increase in Reserves		<u>3,352,245</u>	<u>23,456</u>

WESTON INVESTMENT COMPANY LIMITED  
BALANCE SHEET - 30 SEPTEMBER 1978

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	£	1978	£	£	1977	£
<u>CAPITAL, RESERVES AND LIABILITIES</u>						
<u>Share Capital &amp; Reserves</u>						
Ordinary Shares of £1 each						
Authorised		100			100	
Issued and fully paid			20			20
Reserves						
		=====			=====	
Total Interest of Shareholders			9,362,459			6,010,214
			9,362,479			6,010,234
<u>Current Liabilities</u>						
Creditor						
U.K. Corporation Tax	160			140		
Dividend Payable				55		
	300,000			3,250,000		
		=====		=====		
		300,160				3,250,195
			9,662,639			9,260,429
			=====			=====
<u>ASSETS</u>						
<u>Fellow Subsidiaries</u>						
Shareholdings at cost (Note 1)		3,133,195		36		
Interest-Free Loan		4,174,276			3,961,377	
Less: Amount owing to Fellow		7,307,471			3,961,413	
Subsidiaries						
		78,714	7,228,757	8	3,961,405	
Amount owing by Holding Company						
			2,276,996..			5,134,024
<u>Current Asset</u>						
Debtors						
			156,886			165,000
			9,662,639			9,260,429
			=====			=====

NOTES

- (1) Principal Fellow Subsidiary (Unlisted Equity)  
GERMANY - Interversa G.m.b.H. 20% Shareholding  
A Net Dividend of DM.12 million for 1973 was declared payable on 20 June 1978. This amount was then utilised by Weston Investment Co. Ltd. in the purchase of further shares in Interversa G.m.b.H.
- (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

*John P. ...*  
) Directors