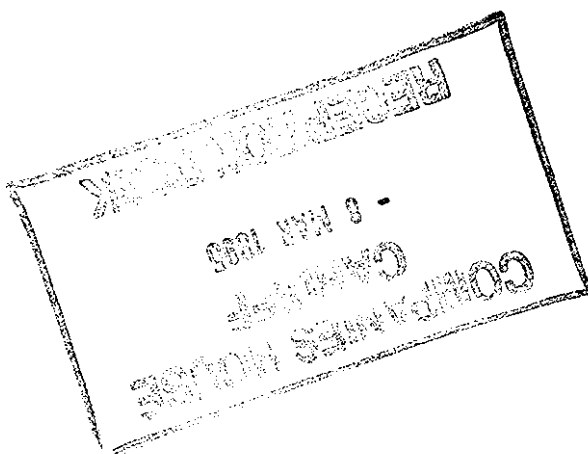


JAS W KING & COMPANY LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1994



JAS W KING & COMPANY LIMITED

(a wholly owned subsidiary undertaking of Eagle Star Holdings PLC)

REPORT OF THE DIRECTORS

The Directors submit their report and the accounts for the year ended 31st December 1994.

PRINCIPAL ACTIVITY

The Company did not trade during the year and accordingly no profit and loss account is submitted.

DIRECTORS

The following Directors held office throughout the year:-

C F Coates, FCCA

P B K Hitchings

DIRECTORS' INTERESTS

The Directors, excluding Mr C F Coates, whose interests are shown in the accounts of Eagle Star Holdings PLC, had no interest in the share and loan capital of group companies except as shown below.

B.A.T Industries p.l.c.

1st January 1994

	Ordinary <u>25p Shares</u>	Share Options <u>D</u>	Employee Savings <u>Related</u>
P B K Hitchings	-	24,660	1,821

Share Options Granted During the Year

	Ordinary <u>25p Shares</u>	Share Options <u>D</u>	Employee Savings <u>Related</u>
P B K Hitchings		2,000	2,041

B.A.T Industries p.l.c.

31st December 1994

	Ordinary <u>25p Shares</u>	Share Options <u>D</u>	Employee Savings <u>Related</u>
P B K Hitchings	229	26,660	3,862

JAS W KING & COMPANY LIMITED

REPORT OF THE DIRECTORS - Continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the auditors, shown on page 4, sets out their responsibilities in relation to the financial statements.

Company law requires the Directors 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 for the financial year. In preparing those financial statements, the Directors are required to:

- select appropriate accounting policies and apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The Directors are responsible for ensuring that the Company keeps sufficient records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

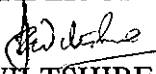
The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

AUDITORS

The Company has elected by a resolution passed in accordance with s.386, Companies Act 1985 and dated 14th December 1990, to dispense with the obligation to appoint auditors annually.

BY ORDER OF THE BOARD


J A WILTSHIRE
Secretary

Eagle Star Centre
Montpellier Drive
Cheltenham
Gloucestershire GL53 7LQ

3rd March 1995

JAS W KING & COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1994

	Note	1994 £	1993 £
CURRENT ASSETS			
Debtors:			
Amount due from fellow subsidiary undertakings	4	-	513,391
Amount due from holding company		220,000	-
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year:			
Amount due to holding company		-	293,391
NET CURRENT ASSETS		<u>220,000</u>	<u>220,000</u>
CAPITAL AND RESERVES			
Called up share capital:			
Equity Interests			
Allotted and fully paid ordinary shares of £1 each	5	<u>220,000</u>	<u>220,000</u>



C F COATES

DIRECTOR

NOTES TO THE ACCOUNTS

1. All expenses of management including auditors' remuneration have been borne by the immediate holding company.
2. The emoluments of the Directors were Nil (1993 - Nil).
3. The company did not trade during the year and accordingly no profit and loss account is submitted.
4. Amounts due from Eagle Star Insurance Company Limited were nil (1993: £513,391).
5. The authorised share capital is £250,000 comprising 250,000 ordinary shares of £1 each.
6. The immediate holding company is Eagle Star Holdings PLC which is incorporated and registered in England and Wales.
7. The ultimate holding company is B.A.T Industries p.l.c. which is incorporated and registered in England and Wales.

REPORT OF THE AUDITORS TO THE MEMBERS OF JAS W KING & COMPANY LIMITED

We have audited the financial statements on pages 3.

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 those 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 at 31st December 1994 and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Coopers & Lybrand

Chartered Accountants and Registered Auditors
London

3rd March 1995