

IMPERIAL TOBACCO LIMITED  
AND SUBSIDIARIES

REPORT AND ACCOUNTS 1990



Coopers  
& Lybrand  
Deloitte

IMPERIAL TOBACCO LIMITED

BOARD OF DIRECTORS

R.S. Fulford, Executive Chairman  
R. Dyrbus  
S.T. Painter  
P.J. Turner

SECRETARY

R.C. Hannaford

REGISTERED OFFICE

PO Box 244,  
Upton Road,  
Bristol,  
BS99 7UJ.

AUDITORS

Coopers & Lybrand Deloitte,  
66 Queen Square,  
Bristol,  
BS1 4JP.

# IMPERIAL TOBACCO LIMITED

## REPORT OF THE DIRECTORS

The directors submit their report together with the consolidated accounts of the company for the year ended 30th September 1990.

### Results and dividends

The net profit for the year after taxation was £214,582,000 (1989 £170,483,000). The directors recommend that this amount be dealt with as follows:-

	£
Ordinary dividend - interim	250,000,000
Transferred from reserves	(35,418,000)
	-----
	214,582,000
	=====

### Subsidiaries and activities

The ultimate holding company of Imperial Tobacco Limited is Hanson PLC which is incorporated in Great Britain.

Imperial Tobacco Limited is engaged in the manufacture, import and sale of tobacco goods and in its capacity as holding company for the group, derives income from investments.

The principal activity of the company's subsidiaries is the manufacture and sale of tobacco goods.

The principal operating companies within the group are shown on page 22.

### Business Review

A summary of the results of the company and subsidiaries is shown in note 1 to the accounts.

The holding company, IMPERIAL TOBACCO, has continued to improve its performance and has achieved another record profit.

The concentration of resources on the company's leading cigarette brands has led to increases in their market share after years of steady decline. The Embassy brand has increased share by 20% with the help of the r... free gift coupon promotion. John Player Special, Superkings and Lambert & Butler brands have all performed strongly. Golden Virginia dominates the handrolled sector with 54% of total sales. The company's leading pipe tobaccos, St. Bruno and Gold Block have maintained a healthy 30% share. In the cigar sector, efforts were concentrated on Castella, Panama and Henri Wintermans brands, strongly supported by television advertising including the award winning commercial for Castella Classic cigars.

J & H WILSON'S record profits were achieved through the continuation of a buoyant export trade and a stable home market.

The group's principal overseas manufacturing subsidiary, PLAYER & WILLS (IRELAND), had another successful year with increased profits and a further gain in market share due to the strong performance of John Player King Size.

SNUFF-TOBACCO WITTMANN maintained profit levels following a brand rationalisation and cost reduction programme.

## Business Review (continued)

Imperial Tobacco International's trade remained buoyant with profits reaching record levels.

### Outlook

We have announced plans to invest £40 million on new generation high speed machinery and other production facilities for cigarettes and cigar manufacture and to consolidate our manufacturing resources into three dedicated factories: Nottingham for cigarettes and handrolling tobacco, Liverpool for pipe tobacco and a new cigar factory in Bristol. This, together with further brand initiatives and improved manufacturing productivity will enable us to compete strongly within the highly competitive UK tobacco market in 1991 and the single European market from 1992.

### Fixed Assets

The movements in fixed assets during the year are shown in note 7 to the accounts.

### Directorate

A list of the present directors of the company appears on page 1.

Changes in the composition of the Board during the year were as follows:-

	<u>Appointed</u>	<u>Resigned</u>
R.D. Mackenzie		2nd November 1989
R. Dyrbus	2nd November 1989	

### Directors' Interests

The directors' interests in shares of Hanson PLC (including options to subscribe for shares) at 1st October 1989 (or appointment, if later) and at 30th September 1990 were as follows:-

	<u>Ordinary Shares</u>		<u>Options</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
R.S. Fulford	100,332	100,332	564,000	578,333
R.D. Mackenzie	-	-	-	127,000
S.T. Painter	10,000	10,000	199,000	152,000
R. Dyrbus	-	-	100,000	59,000

The interests of P.J. Turner are disclosed in the accounts of Hanson Holdings (1) Limited.

### People

Each company in the group is encouraged to make its employees aware of the financial and economic factors affecting the performance of their employing company. Companies evolve their own consultative policies. Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. Full consideration is given to the employment, training and career development of disabled persons subject only to their aptitudes and abilities. Group companies make every effort to treat disabled persons equally with others.

People (continued)

Our employees continue to bring the skills and dedication to the business without which our success could not be achieved. They perform to a very high standard and we extend thanks to them all.

Research and development


Research and development appropriate to the needs of individual businesses is proceeding.

Charitable donations

During the year the group made charitable donations in the UK of £112,000 (1989 £327,000).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors to the company will be put to the annual general meeting.

  
Chairman  
R.S. Fulford  
12th June 1991

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared using the historical cost convention. The directors have decided that Group accounts shall be prepared for the company and its wholly owned subsidiaries.

(b) Basis of consolidation

The consolidated accounts incorporate audited accounts of the company and its subsidiaries.

The principal operating subsidiaries are listed on page 22.

(c) Related companies

The results include the relevant proportion of the profit of related companies based on their latest audited accounts. In the consolidated balance sheet, the investments in related companies are shown at the group's share of underlying net assets.

(d) Turnover

Turnover represents the amount charged to customers in respect of goods and services supplied, exclusive of VAT but inclusive of excise duty.

(e) Tangible fixed assets

Assets acquired under finance leases are capitalised and outstanding instalments are shown in creditors. No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost over their expected useful lives as follows:

Motor vehicles	4 - 8 years
General plant and equipment	3 - 12 years
Freehold and leasehold buildings	up to 50 years

(f) Deferred taxation

Provision is made, by the liability method, for taxation deferred in respect of all timing differences to the extent that it is thought reasonably probable that such liabilities will crystallise.

Where any taxation deferred in accordance with the above policy represents an amount of tax recoverable, provision is made for it only where there is a reasonable certainty that recovery will be achieved in future years.

(g) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes an addition for overheads where appropriate.

## ACCOUNTING POLICIES (Continued)

### (h) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

### (i) Foreign currencies

Balance sheets and profit and loss accounts of overseas companies are translated at rates ruling at the balance sheet date. Differences on translation arising from changes in the sterling value of overseas net assets at the beginning of the accounting year, or at the date of any later capital currency conversions, due to subsequent variations in exchange rates, are shown as a movement on the statement of retained reserves. Other exchange differences are dealt with in the profit and loss account.

### (j) Pension costs

The cost of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing pensions.

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th September 1990

	Note	1990 £000	1989 £000
Turnover	1	2,448,913	2,478,501
Costs and overheads less other income	2	2,218,499	2,294,607
Profit on ordinary activities	1	230,414	183,894
Taxation	4	15,832	13,411
Profit after taxation	5	214,582	170,483
Ordinary dividends	6	250,000	151,000
(Deficiency)/surplus for the year transferred to reserves	15	(35,418)	19,483

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

at 30th September 1990

	Note	1990 £000	1989 £000
<b>Fixed Assets</b>			
Tangible assets	7	63,650	68,911
Investments	8	3,269	2,426
		-----	-----
		66,919	71,337
		-----	-----
<b>Current Assets</b>			
Stocks	9	96,350	92,896
Debtors	10	1,065,241	802,096
Cash at bank and in hand		36,775	16,002
		-----	-----
		1,198,366	910,994
		-----	-----
<b>Current Liabilities</b>			
Creditors due within one year			
Obligations under finance leases	11	(281)	(1,462)
Other creditors	12	(1,024,419)	(709,647)
		-----	-----
		(1,024,700)	(711,109)
		-----	-----
<b>Net Current Assets</b>		173,666	199,885
		-----	-----
<b>Total Assets less Current Liabilities</b>		240,585	271,222
		-----	-----
<b>Creditors due after one year</b>			
Obligations under finance leases	11	(4)	(286)
Other creditors	12	(95)	(40)
		-----	-----
		(99)	(326)
		-----	-----
<b>Provisions for liabilities</b>	13	(140,409)	(136,062)
		-----	-----
<b>Net Assets</b>		100,077	134,834
		=====	=====
<b>FINANCED BY</b>			
<b>Capital and Reserves</b>			
Called up share capital	14	1,000	1,000
Capital reserve	15	14,916	-
Profit and loss account	15	84,161	133,834
		-----	-----
		100,077	134,834
		=====	=====

The accounts on pages 5 to 20 were approved by the Board of Directors  
on 12th June 1991 and signed by

*R.S. Fulford*  
.....  
*R. Dyrbus*  
.....  
- 8 -

Director R.S. Fulford  
Director R. Dyrbus

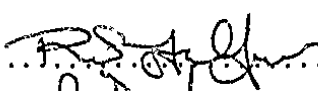
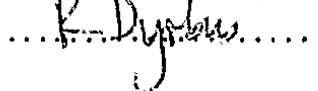
IMPERIAL TOBACCO LIMITED

BALANCE SHEET

at 30th September 1990

	Note	1990 £000	1989 £000
<hr/>			
Fixed Assets			
Tangible assets	7	59,811	65,223
Shares in group companies	16	8,169	8,169
		-----	-----
		67,980	73,392
		-----	-----
Current Assets			
Stocks	9	89,105	87,247
Debtors	10	1,045,050	789,670
Cash at bank and in hand		30,566	11,671
		-----	-----
		1,164,721	888,588
		-----	-----
Current Liabilities			
Creditors due within one year			
Obligations under finance leases	11	(281)	(1,462)
Other creditors	12	(1,084,652)	(763,644)
		-----	-----
		(1,084,933)	(765,106)
		-----	-----
Net Current Assets		79,788	123,482
		-----	-----
Total Assets less Current Liabilities		147,768	196,874
		-----	-----
Creditors due after one year			
Obligations under finance leases	11	(4)	(286)
Provisions for liabilities	13	(138,234)	(133,506)
		-----	-----
Net Assets		9,530	63,082
		=====	=====
FINANCED BY			
Capital and Reserves			
Called up share capital	14	1,000	1,000
Profit and loss account	15	8,530	62,082
		-----	-----
		9,530	63,082
		=====	=====

The accounts on pages 5 to 20 were approved by the Board of Directors  
on 12th June 1991. and signed by

.....  .....  
.....  .....

Director R.S. Fulford

Director R. Dyrbus

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 30th September 1990

	1990 £000	1989 £000
Profit on ordinary activities	230,414	183,894
Depreciation	13,344	16,472
Disposals of tangible fixed assets	2,776	3,637
	-----	-----
	246,534	204,003
Deduct:		
Capital expenditure	10,821	5,053
Tax paid	7,506	550
Dividends paid	250,000	151,000
Increase/(decrease) in working capital	15,400	(83,305)
Obligations under finance leases	1,463	2,932
Provisions for liabilities	(5,164)	(6,252)
Investments	740	397
	-----	-----
	280,766	70,375
	-----	-----
(Deficiency)/surplus on trading	(34,232)	133,628
Acquisition of businesses	-	(220)
	-----	-----
(Decrease)/increase in liquidity	(34,232)	133,408
	=====	=====
Reflected in balance sheet by:		
Increase in cash	20,631	10,506
(Decrease)/increase in amounts due from hanson group companies	(54,863)	122,902
	-----	-----
	(34,232)	133,408
	=====	=====

Note: The movements of funds are reconciled with the opening and closing balance sheets as follows:

	<u>Movement of funds</u> £000	<u>Other movements</u> £000	<u>Exchange rate</u> £000	<u>Balance sheet movement</u> £000
Tangible assets	5,299	-	38	5,261
	-----	-----	---	-----
Investments	740	-	(103)	843
	-----	-----	---	-----
Cash	20,631	-	(142)	20,773
	-----	-----	---	-----
Obligations under finance leases	1,463	-	-	1,463
	-----	-----	---	-----
Stocks	(3,383)	-	71	(3,454)
Debtors	(67,058)	-	335	(67,393)
Creditors	55,041	(57)	(402)	55,500
	-----	-----	---	-----
Working capital	(15,400)	(57)	4	(15,347)
	-----	-----	---	-----
Provisions for liabilities	(5,164)	(869)	52	(4,347)
	-----	-----	-----	-----

NOTES TO THE ACCOUNTS

Note

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
<b>1 <u>TURNOVER AND PROFIT</u></b>		
The turnover and profit by class of business and geographical location were as follows:		
<u>Turnover</u>		
EEC		
Manufacture	2,373,931	2,402,004
Marketing and distribution	74,982	76,497
	-----	-----
	2,448,913	2,478,501
	=====	=====
<u>Profit on ordinary activities</u>		
EEC		
Manufacture	221,349	177,922
Marketing and distribution	9,065	5,972
	-----	-----
	230,414	183,894
	=====	=====
	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
<b>2 <u>COSTS AND OVERHEADS</u></b>		
<b><u>LESS OTHER INCOME</u></b>		
Changes in stocks of finished goods and work in progress	(443)	6,874
Other operating income	(5,053)	(4,354)
Raw materials and consumables	1,994,205	2,021,623
Staff costs (note 3)	86,423	92,931
Depreciation including £1.72mn (1989 £2.567mn) in respect of assets held under finance leases	13,344	16,472
Other operating costs	131,220	162,216
Interest receivable	(457)	(397)
Share of profit of related companies:		
Unlisted	(740)	(758)
	-----	-----
	2,218,499	2,294,607
	=====	=====
Exceptional items included above:		
within Other operating costs:		
Costs of restructuring	41,495	35,927
	=====	=====
Other operating costs include:		
Hire charges for plant and machinery	199	152
	=====	=====
Hire charges for other assets	109	133
	=====	=====
Auditors fees and expenses	176	200
	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

3 DIRECTORS AND EMPLOYEES

	<u>1990</u> £000	<u>1989</u> £000
a) Employment Costs		
Wages and salaries	82,910	92,130
Social security costs	6,603	7,565
Other pension costs	288	380

-----	-----
89,801	100,075
=====	=====

b) Numbers employed

<u>1990</u> Number	<u>1989</u> Number
-----------------------	-----------------------

The average number of persons employed by the group during the financial year:

UK	4,733	5,559
Overseas	359	372

-----	-----
5,092	5,931
=====	=====

c) Higher paid employees

Number of employees of the company, other than directors, in receipt of emoluments (excluding pension contributions) within the following ranges:

	<u>1990</u> Number	<u>1989</u> Number
£30,001 - £35,000	26	39
£35,001 - £40,000	44	41
£40,001 - £43,000	19	29
£43,001 - £50,000	26	18
£50,001 - £55,000	6	9
£55,001 - £60,000	9	13
£60,001 - £65,000	12	9
£65,001 - £70,000	1	1
£70,001 - £75,000	1	2
£75,001 - £80,000	1	3
£80,001 - £85,000	1	5
£85,001 - £90,000	1	1
£90,001 - £95,000	2	1
£95,001 - £100,000	3	1
£100,001 - £105,000	2	-
£105,001 - £110,000	1	-
£110,001 - £115,000	-	2
£115,001 - £120,000	1	-
£120,001 - £125,000	1	-
£125,001 - £130,000	-	1
£130,001 - £135,000	1	-

NOTES TO THE ACCOUNTS (continued)

Note

3 DIRECTORS AND EMPLOYEES (continued)

	<u>1990</u> £000	<u>1989</u> £000
d) The remuneration charged in respect of the directors was		
Emoluments (including pension contributions and benefits in kind)	650	609

Emoluments disclosed above (excluding pension contributions) include amounts paid to  
The Chairman and highest paid director

309	142
---	---

The Chairman waived his entitlement to a profit-related bonus in 1989.

The number of other directors who received emoluments (excluding pension contributions) in the following ranges was

	<u>1990</u> Number	<u>1989</u> Number
Up to £5,000	1	-
£5,001 - £10,000	1	-
£130,001 - £135,000	-	3
£135,001 - £140,000	1	-
£160,001 - £165,000	1	-

<u>1990</u> £000	<u>1989</u> £000
---------------------	---------------------

4 TAXATION

UK

Corporation tax at 35%	15,649	17,548
Adjustment in respect of previous year	-	(154)
Deferred tax	(869)	(4,506)
	-----	-----
	14,780	12,888

Overseas

Taxation	1,052	467
Deferred tax	-	56
	-----	-----
	1,052	523
	-----	-----
	15,832	13,411
	=====	=====

The taxation charge for the year has been reduced by £63.68mn (1989 £53.316mn) arising from Group relief/ACT surrendered by Hanson PLC group companies.

NOTES TO THE ACCOUNTS (continued)

Note

5 PROFIT AVAILABLE FOR APPROPRIATION

In accordance with the exemption allowed by Section 230 of the Companies Act 1985 the company has not presented its own profit and loss account. Of the profit available for appropriation the sum of £196.902mn (1989 £158.332mn) has been dealt with in the accounts of Imperial Tobacco Limited.

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
6 <u>ORDINARY DIVIDENDS</u>		
Interim - paid 30th September	250,000	151,000

7 TANGIBLE FIXED ASSETS

	<u>Group</u>			
	<u>Land and buildings</u>	<u>Plant &amp; machinery</u>	<u>Fixtures fittings &amp; vehicles</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>COST</b>				
Balance at 1st October 1989	39,269	136,547	15,995	191,811
Exchange adjustments	20	109	29	158
Additions	4,057	2,422	4,342	10,821
Disposals	(3,319)	(6,497)	(1,924)	(11,740)
Reclassifications	(2)	(61)	63	-
	-----	-----	-----	-----
Balance at 30th September 1990	40,025	132,520	18,505	191,050
	-----	-----	-----	-----
<b>DEPRECIATION</b>				
Balance at 1st October 1989	11,086	100,427	11,387	122,900
Exchange adjustments	10	95	15	120
Charge for the year	671	10,179	2,494	13,344
Disposals	(1,710)	(5,737)	(1,517)	(8,964)
Reclassifications	(2)	8	(6)	-
	-----	-----	-----	-----
Balance at 30th September 1990	10,055	104,912	12,373	127,400
	-----	-----	-----	-----
<b>NET BOOK VALUE</b>				
At 30th September 1990	29,970	27,548	6,132	63,650
	-----	-----	-----	-----
At 30th September 1989	28,183	36,120	4,308	68,911
	-----	-----	-----	-----

NOTES TO THE ACCOUNTS (continued)

Note

7 TANGIBLE FIXED ASSETS (Continued)

	Company			
	<u>Land and buildings</u> £000	<u>Plant &amp; machinery</u> £000	<u>Fixtures fittings &amp; vehicles</u> £000	<u>Total</u> £000
<b>COST</b>				
Balance 1st October 1989	37,976	132,201	8,453	178,630
Additions	4,057	2,306	2,942	9,305
Disposals	(3,162)	(6,564)	(1,738)	(11,464)
Reclassifications	(2)	(61)	63	-
	-----	-----	-----	-----
Balance at 30th September 1990	38,869	127,882	9,720	176,471
	-----	-----	-----	-----
<b>DEPRECIATION</b>				
Balance at 1st October 1989	10,832	97,434	5,141	113,407
Charge for the year	632	9,754	1,688	12,104
Disposals	(1,672)	(5,810)	(1,369)	(8,851)
Reclassifications	(2)	8	(6)	-
	-----	-----	-----	-----
Balance at 30th September 1990	9,820	101,386	5,454	116,660
	-----	-----	-----	-----
<b>NET BOOK VALUE</b>				
At 30th September 1990	29,049	26,496	4,266	59,811
	=====	=====	=====	=====
At 30th September 1989	27,144	34,767	3,312	65,223
	=====	=====	=====	=====

Assets held under finance leases included within net book value:-

	Group		Company	
	<u>1990</u> £000	<u>1989</u> £000	<u>1990</u> £000	<u>1989</u> £000
Plant and Machinery	4,984	6,718	4,977	6,718
	=====	=====	=====	=====

Land and buildings at net book value comprise: -

	Group		Company	
	<u>1990</u> £000	<u>1989</u> £000	<u>1990</u> £000	<u>1989</u> £000
Freehold	20,708	18,665	19,787	17,626
Long leasehold	9,262	9,518	9,262	9,518
	-----	-----	-----	-----
	29,970	28,183	29,049	27,144
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

8 FIXED ASSET INVESTMENTS

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
Related companies (unlisted) at cost:		
At 1st October 1989	2,426	1,953
Exchange adjustments	103	76
Retained profit	740	397
	-----	-----
At 30th September 1990	3,269	2,426
	=====	=====

The directors estimated the value of unlisted investments at 30th September 1990 and 1989 to be at least worth book value.

9 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Raw materials	66,144	63,125	65,328	62,359
Work in progress	3,206	3,627	3,008	3,387
Finished stock and items for resale	27,000	26,144	20,769	21,501
	-----	-----	-----	-----
	96,350	92,896	89,105	87,247
	=====	=====	=====	=====

The replacement cost of stocks was not materially different from the amounts stated above.

10 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:				
Trade debtors	205,696	136,970	190,538	122,279
Amounts owed by group companies	851,546	655,794	847,167	658,767
Other debtors and prepayments	7,991	9,323	7,345	8,624
	-----	-----	-----	-----
	1,065,233	802,087	1,045,050	789,670
	=====	=====	=====	=====
Amounts falling due after one year:				
Other debtors and prepayments	8	9	-	-
	-----	-----	-----	-----
	1,065,241	802,096	1,045,050	789,670
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

**11 OBLIGATIONS UNDER FINANCE LEASES**

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts, excluding the interest element, due within one year	281	1,462	281	1,462
after one year:				
between one and two years	4	282	4	282
between two and five years	-	4	-	4
	4	286	4	286
	285	1,748	285	1,748

**12 OTHER CREDITORS**

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:				
Trade creditors	75,114	61,473	68,867	56,641
Amounts owed to group companies	649,747	399,581	728,409	469,014
Other creditors	161,023	119,275	155,602	114,165
Corporation tax	26,909	17,807	25,648	17,299
Other taxation and social security	87,192	87,194	84,945	83,951
Accruals and deferred income	24,434	24,317	21,181	22,574
	1,024,419	709,647	1,084,652	763,644
Amounts falling due after more than one year:				
Other creditors	11	15	-	-
Corporation tax	84	25	-	-
	95	40	-	-

**13 PROVISIONS FOR LIABILITIES**

	<u>Group</u>			<u>Total</u>
	<u>Restructuring &amp; rationalisation</u>	<u>Deferred tax</u>	<u>Other</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1st October 1989	76,912	869	58,281	136,062
Utilised in year	(27,576)	-	(8,754)	(36,330)
Exchange movements	49	-	5	52
Charge/(credit) in profit and loss account	41,495	(869)	(1)	40,625
At 30th September 1990	90,880	-	49,529	140,409

NOTES TO THE ACCOUNTS (continued)

Note

13 PROVISIONS FOR LIABILITIES (Continued)

		<u>Company</u>		
	<u>Restructuring &amp; rationalisation</u>	<u>Deferred tax</u>	<u>Other</u>	<u>Total</u>
	£000	£000	£000	£000
At 1st October 1989	74,738	808	57,960	133,506
Utilised in year	(27,055)	-	(8,754)	(35,809)
Charge/(credit) in profit and loss account	41,345	(808)	-	40,537
	-----	-----	-----	-----
At 30th September 1990	89,028	-	49,206	138,234
	=====	=====	=====	=====

The total potential liability for deferred tax, including the amounts for which provision has been made, are as follows:-

	<u>Amount provided</u>		<u>Total potential liability/(asset)</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£000	£000	£000	£000
Excess of capital allowances over depreciation	9,263	12,121	9,263	12,122
Chargeable gains on property	6,631	6,782	6,631	6,782
Short-term timing differences	(17,448)	(19,554)	(56,449)	(56,904)
Other timing differences	1,554	1,519	1,554	1,519
	-----	-----	-----	-----
Group	-	869	(39,001)	(36,481)
	=====	=====	=====	=====
Company	-	808	(39,212)	(36,542)
	=====	=====	=====	=====

14 CALLED UP SHARE CAPITAL

1,000,000 ordinary shares of 11.00 each:

	<u>1990</u>	<u>1989</u>
	£000	£000
Authorised	1,000	1,000
	=====	=====
Allotted, called up and fully paid	1,000	1,000
	=====	=====

15 RESERVES

	<u>1990</u>	
	<u>Group</u>	<u>Company</u>
	<u>Profit &amp; Loss A/c</u>	<u>Profit &amp; Loss A/c</u>
	£000	£000
At 1st October 1989	133,834	62,082
Reclassification	(14,916)	-
Exchange Fluctuation	660	(454)
Goodwill adjustment	1	-
Deficiency for the year	(35,418)	(53,098)
	-----	-----
At 30th September 1990	84,161	8,530
	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

16 <u>SHARES IN GROUP COMPANIES</u>	<u>1990</u> £000	<u>1989</u> £000
At cost:-		
At 1st October 1989	8,169	8,165
Additions	-	3,169
Disposals	-	(3,165)
	-----	-----
At 30th September 1990	8,169	8,169
	=====	=====

17 COMMITMENTS AND CONTINGENT LIABILITIES

- i) Future annual rentals under non-cancellable operating leases are as follows:-

	<u>1990</u>			<u>1989</u>
	<u>Land &amp; buildings</u>	<u>Plant &amp; machinery</u>	<u>Total</u>	<u>Total</u>
	£000	£000	£000	£000
Leases expiring.				
Within one year	-	45	45	64
Within two to five years	97	44	141	44
After five years	32	2	34	153
	---	--	---	---
	129	91	220	261
	=====	=====	=====	=====

- ii) Capital commitments of the group at 30th September 1990

	<u>1990</u> £000	<u>1989</u> £000
Authorised and contracted for	16,102	988
Authorised and not contracted for	5,987	4,570

- iii) Imperial Tobacco Limited has guaranteed the liabilities of its Irish subsidiaries in respect of the financial year ended 30th September 1990. The Irish companies namely, Player and Wills (Ireland) Limited, Irish Tobacco Exports Limited and John Player & Sons Limited have therefore availed themselves of the exemption provided for in Section 17 of the Irish Companies (Amendment) Act 1986, in respect of documents required to be attached to the Annual Returns for such companies.

Note

18 PENSIONS

The Group operates pension schemes in the UK and overseas. The schemes are of the defined benefit type all of which are funded and the assets are held in trustees administered Funds.

There is no pension cost to disclose in respect of the Imperial Tobacco Pension Fund for the year ended 30th September 1990. This has been assessed in accordance with the advice of R. Watson & Sons, consulting actuaries, using the projected unit credit method.

The latest actuarial valuations of the Imperial Tobacco Pension Fund and the Imperial Retirement Benefit Scheme were made as at 5 April 1986 and 5 April 1987 respectively. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the future investment return would be 9½% per annum, that dividends and rents from existing equity and property holdings would increase at 5% per annum, that pay increases would average 7½% per annum and pension increases would be at least equal to those specified in the rules of the Schemes.

At the dates of the latest actuarial valuations of the Fund and the Scheme, the market values of the assets of the two funds were £911 million. The total assets were sufficient to cover 112% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Company contributions to the Fund and the Scheme were suspended having regard to the surplus disclosed at those valuations.

There are no outstanding or prepaid contributions at the balance sheet date.

REPORT OF THE AUDITORS

TO THE MEMBERS OF IMPERIAL TOBACCO LIMITED

We have audited the accounts on pages 5 to 20 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the affairs of the company and of the group at 30th September 1990 and of the profit and source and application of funds of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand Deloitte*

COOPERS & LYBRAND DELOITTE  
Chartered Accountants

*Brian*

*19<sup>th</sup> June 1991*

## PRINCIPAL WHOLLY OWNED SUBSIDIARIES

The principal wholly owned subsidiaries of the company at 30th September 1990 were:-

### MANUFACTURING

\* Player & Wills (Ireland) Limited  
(incorporated in the Republic of  
Ireland)

Manufacture and sale  
of tobacco goods

Snuff-Tobacco Wittmann GmbH  
(incorporated in West Germany)

Manufacture of snuff  
products

J & H Wilson Limited

Manufacture of snuff  
products

\* Beneficial ownership

### MARKETING & DISTRIBUTION

Imperial Tobacco International Limited

Marketing and distribution  
of manufactured tobacco  
products outside the  
United Kingdom

Sinclair Collis Limited

Operator of vending machines