

Company Number: 1860181

IMPERIAL TOBACCO LIMITED

REPORT AND ACCOUNTS 1993



IMPERIAL TOBACCO LIMITED

BOARD OF DIRECTORS

R.S. Fulford, Executive Chairman
S.T. Painter
R. Dyrbus

SECRETARY

R.C. Hannaford

REGISTERED OFFICE

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

AUDITORS

Coopers & Lybrand,
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 group for the year ended 30th September 1993.

Results and dividends

The net profit for the year after taxation was £288,932,000 (1992 £280,825,000). The directors recommend that this amount be dealt with as follows:-

	£
Ordinary dividend - interim	150,000,000
Transferred to reserves	138,932,000

	288,932,000
	=====

Subsidiaries and activities

The ultimate parent company of Imperial Tobacco Limited is Hanson PLC, a company registered in England and Wales whose consolidated financial statements may be obtained from 1 Grosvenor Place, London, SW1X 7JH.

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 19.

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 reached a new record profit level. Productivity gains and market share improvement more than offset the declining market, increased competition and duty increases in excess of twice the rate of inflation.

Increased competition has come from the launch of fourteen rival UK brands as others seek to replace falling volumes. Imperial's market share, however, has grown to 35.5% and our main brands are robust. Embassy and Regal continue to flourish in the highly competitive premium sector and Superkings and Lambert & Butler hold strong positions in the low-price sector. The UK cigar, handrolling and pipe tobacco markets are experiencing a period of decline, but our main brands, Classic, Golden Virginia and St Bruno continue to perform well.

The group's principal overseas manufacturing subsidiary, PLAYER & WILLS (IRELAND), had another impressive year with a further increase in market share achieved against a declining overall market. John Player King Size retains its position as Ireland's top selling brand.

IMPERIAL TOBACCO INTERNATIONAL achieved a 29% increase over last years record profit through buoyant sales, particularly in the Duty Free markets.

Business Review (continued)

Reorganisation moves within the business helped SINCLAIR COLLIS largely contain the impact on profitability of the general economic depression in the pub and club trade.

J & H WILSON again increased profits through the success of its export trade.

Outlook

The November UK Budget imposed the year's second substantial increase in duty on tobacco, so adding a further twist to the upward consumer cost spiral. Despite the increasingly competitive arena, the investments made in technology, marketing and distribution activities should enable Imperial to perform strongly in 1994.

Fixed Assets

The movements in fixed assets during the year are shown in note 8 to the accounts.

Directorate

The present directors of the company are shown on page 1.

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

Resigned

P J Turner

23rd September 1993

Directors' Interests

None of the directors had any declarable interests in the share or loan capital of the company or any associated company during the year under review.

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.

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 is undertaken appropriate to the needs of individual businesses.

Charitable donations

During the year the group made charitable donations in the UK of £8,000 (1992 £11,000).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

R.S. Fulford
R.S. Fulford
Chairman
for and on behalf of the Board
18th March 1994

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important Group accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The accounts have been prepared in accordance with 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 all its subsidiary undertakings.

The principal operating subsidiaries are listed on page 19.

(c) Accounting for acquisitions

The results of companies and businesses acquired are dealt with in the consolidated accounts from the date of acquisition (except for businesses disposed of prior to the year end). Adjustments are made to bring the accounting policies of businesses acquired into alignment with those of the group to provide for environmental, employee liabilities and other costs and for the estimated costs of integrating businesses acquired. The costs of acquisition, including adjustments, are allocated to net tangible assets and, where appropriate, to goodwill and other intangibles. The amounts attributed to goodwill and other intangibles are written off against reserves.

(d) Associated undertakings

The results include the relevant proportion of the profit of associated undertakings based on their latest published information. In the consolidated balance sheet, the investments in associated undertakings are shown at the group's share of underlying net assets.

(e) Turnover

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

(f) Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation. 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 - 15 years
Freehold and leasehold buildings	up to 50 years

ACCOUNTING POLICIES (Continued)

(g) Deferred taxation

Deferred taxation is provided using the liability method in respect of material timing differences except where the liability is not expected to crystallize in the foreseeable future.

(h) Stocks

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

(i) Research and development

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

(j) 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, 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.

(k) Pension costs

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

(l) Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th September 1993

	Note	1993 £000	1992 £000
Turnover	1	3,070,604	2,980,919
Costs and overheads less other income	2	2,762,268	2,700,302
Operating profit		308,336	280,617
Profit on disposal of fixed assets		6,004	-
Net interest income	4	406	418
Profit on ordinary activities	1	314,746	281,035
Taxation	5	25,814	210
Profit after taxation	6	288,932	280,825
Ordinary dividends	7	150,000	260,000
Surplus for the year transferred to reserves	15	138,932	20,825

The turnover and profit figures above are directly related to continuing operations.

Statement of Total Recognised Gains and Losses

	1993 £000	1992 £000
Profit on ordinary activities after taxation	288,932	280,825
Currency translation differences on foreign net investments	(4,292)	5,048
Total recognised gains relating to the year	284,640	285,873

IMPERIAL TOBACCO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

at 30th September 1993

	Note	1993 £000	1992 £000
Fixed assets			
Tangible	8	55,878	58,279
Investments	9	6,056	5,634
		-----	-----
		61,934	63,913
Current assets			
Stocks	10	125,111	120,089
Debtors	11	1,798,691	1,650,844
Cash at bank		62,753	43,783
		-----	-----
		1,986,555	1,814,716
Creditors due within one year	12	(1,725,209)	(1,676,916)
Net current assets		-----	-----
		261,346	137,800
Total assets less current liabilities		-----	-----
		323,280	201,713
Provisions for liabilities and charges	13	(44,844)	(57,917)
Net assets		-----	-----
		278,436	143,796
		=====	=====
FINANCED BY			
Capital and Reserves			
Called up share capital	14	1,000	1,000
Capital reserve	15	14,916	14,916
Profit and loss account	15	262,520	127,880
		-----	-----
	18	278,436	143,796
		=====	=====

The accounts on pages 5 to 19 were approved by the Board of Directors
on 18th March 1994 and signed by

R.S. Fulford

R.S. Fulford

Director

R. Dyrbus

R. Dyrbus

Director

IMPERIAL TOBACCO LIMITED

BALANCE SHEET

at 30th September 1993

	Note	1993 £000	1992 £000
Fixed assets			
Tangible	8	53,483	54,889
Investments	9	3,169	3,169
		-----	-----
		56,652	58,058
		-----	-----
Current assets			
Stocks	10	116,011	110,626
Debtors	11	1,747,324	1,604,998
Cash at bank		54,042	38,389
		-----	-----
		1,917,377	1,754,013
		-----	-----
Creditors due within one year	12	(1,813,833)	(1,746,936)
		-----	-----
Net current assets		103,544	7,077
		-----	-----
Total assets less current liabilities		160,196	65,135
		-----	-----
Provisions for liabilities and charges	13	(44,559)	(57,082)
		-----	-----
Net assets		115,637	8,053
		=====	=====
FINANCED BY			
Capital and Reserves			
Called up share capital	14	1,000	1,000
Profit and loss account	15	114,637	7,053
		-----	-----
		115,637	8,053
		=====	=====

The accounts on pages 5 to 19 were approved by the Board of Directors
on 18th March 1994 and signed by

R.S. Fulford

..... R.S. Fulford

Director

R. Dyrbus

..... R. Dyrbus

Director

NOTES TO THE ACCOUNTS

Note

1 TURNOVER, PROFIT AND CAPITAL EMPLOYED

1993
£000

1992
£000

The turnover and profit by class of business and geographical location (origin and destination) were as follows:

Turnover

EEC

Manufacture	2,988,704	2,889,566
Marketing and distribution	81,900	91,353
	-----	-----
	3,070,604	2,980,919
	=====	=====

Profit on ordinary activities

EEC

Manufacture	301,684	269,724
Marketing and distribution	13,062	11,311
	-----	-----
	314,746	281,035
	=====	=====

Capital employed

EEC

Manufacture	(25,584)	(38,315)
Marketing and distribution	4,638	2,679
	-----	-----
	(20,946)	(35,636)
	=====	=====

Capital employed is reconciled to the consolidated balance sheet as follows:

Capital and reserves	278,436	143,796
Provision for liabilities	44,844	57,917
Corporation tax	24,879	452
Net cash	(62,753)	(43,783)
Net amounts due from Group undertakings	(306,352)	(194,018)
	-----	-----
	(20,946)	(35,636)
	=====	=====

2 COSTS AND OVERHEADS LESS OTHER INCOME

1993
£000

1992
£000

Changes in stocks of finished goods and work in progress	(5,929)	2,480
Raw materials and consumables	2,552,327	2,471,105
Employment costs	75,109	79,568
Depreciation including £0.558mn (1992 £0.766mn) in respect of assets held under finance leases	9,811	10,574
Other operating charges	132,120	137,517
Share of profit of associated undertakings	(1,170)	(942)
	-----	-----
	2,762,268	2,700,302
	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

2	<u>COSTS AND OVERHEADS</u>	<u>1993</u>	<u>1992</u>
	<u>LESS OTHER INCOME (continued)</u>	<u>£000</u>	<u>£000</u>
	Other operating charges include:		
	Hire charges for plant and machinery	251	160
		===	===
	Hire charges for other assets	565	249
		===	===
	Auditors' fees and expenses (company £126,000: 1992 £124,000)	186	192
		===	===
	Non audit fees paid to Coopers & Lybrand in the UK amounted to £103,000 (1992 £103,000).		
3	<u>DIRECTORS AND EMPLOYEES</u>	<u>1993</u>	<u>1992</u>
		<u>£000</u>	<u>£000</u>
a)	Employment Costs		
	Wages and salaries	69,228	77,367
	Employers' social security costs	5,845	6,483
	Other pension costs	36	94
		-----	-----
		75,109	83,944
		=====	=====
		<u>1993</u>	<u>1992</u>
		<u>Number</u>	<u>Number</u>
b)	Numbers employed		
	The average number of persons employed by the group during the financial year:		
	UK	2,833	3,218
	Overseas	276	313
		-----	-----
		3,109	3,531
		=====	=====
		<u>1993</u>	<u>1992</u>
		<u>£000</u>	<u>£000</u>
c)	The remuneration charged in respect of the directors was		
	Emoluments (including pension contributions and benefits in kind)	853	672
		===	===
	Emoluments disclosed above (excluding pension contributions) include amounts paid to The Chairman and highest paid director	410	333
		---	---
	The number of other directors who received emoluments (excluding pension contributions) in the following ranges was		
		<u>1993</u>	<u>1992</u>
		<u>Number</u>	<u>Number</u>
	£ 0 - £5,000	1	1
	£145,001 - £150,000	-	1
	£160,001 - £165,000	-	1
	£200,001 - £205,000	2	-

NOTES TO THE ACCOUNTS (continued)

Not.

	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
4 <u>NET INTEREST INCOME</u>		
Interest receivable	472	483
Interest payable	66	65
	---	---
	406	418
	===	===
Interest payable on finance leases	64	65
	===	===
	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
5 <u>TAXATION</u>		
UK		
Corporation tax at 33% (1992 33%)	24,182	-
Adjustment in respect of previous years	73	(963)
	-----	-----
	24,255	(963)
Overseas		
Current taxation	1,560	1,167
Deferred taxation	(1)	6
	-----	-----
	25,814	210
	=====	=====

The taxation charge for the year has been reduced by £66.7mn (1992 £72.8mn) arising from group relief and ACT surrendered by Hanson PLC group companies.

6 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 £257.57mn (1992 £259.647mn) has been dealt with in the accounts of Imperial Tobacco Limited.

	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
7 <u>ORDINARY DIVIDENDS</u>		
Interim - paid 30th September	150,000	260,000
	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

8 TANGIBLE FIXED ASSETS

	Group			
	Land and buildings	Plant & machinery	Fixtures fittings & vehicles	Total
	£000	£000	£000	£000
COST				
At 1st October 1992	29,481	115,448	19,302	164,231
Exchange adjustments	(49)	(396)	(74)	(519)
Additions	129	4,258	4,533	8,920
Disposals	(803)	(1,371)	(3,130)	(5,304)
Reclassifications	(6)	(25)	31	-
	-----	-----	-----	-----
At 30th September 1993	28,752	117,914	20,662	167,328
	-----	-----	-----	-----
DEPRECIATION				
At 1st October 1992	4,611	86,542	14,799	105,952
Exchange adjustments	(26)	(357)	(41)	(424)
Charge for the year	534	6,614	2,663	9,811
Released on disposals	(6)	(1,248)	(2,572)	(3,889)
	-----	-----	-----	-----
At 30th September 1993	5,050	91,551	14,849	111,450
	-----	-----	-----	-----
NET BOOK VALUE				
At 30th September 1993	23,702	26,363	5,813	55,878
	=====	=====	=====	=====
At 30th September 1992	24,870	28,906	4,503	58,279
	=====	=====	=====	=====
	Company			
	Land and buildings	Plant & machinery	Fixtures fittings & vehicles	Total
	£000	£000	£000	£000
COST				
At 1st October 1992	28,239	103,721	9,792	146,752
Additions	129	3,739	3,955	7,823
Disposals	(129)	(886)	(2,627)	(3,642)
Reclassifications	(6)	(25)	31	-
	-----	-----	-----	-----
At 30th September 1993	28,233	111,549	11,151	150,933
	-----	-----	-----	-----
DEPRECIATION				
At 1st October 1992	4,318	80,934	6,611	91,863
Charge for the year	524	6,202	1,906	8,632
Released on disposals	(69)	(808)	(2,168)	(3,045)
	-----	-----	-----	-----
At 30th September 1993	4,773	86,328	6,349	97,450
	-----	-----	-----	-----
NET BOOK VALUE				
At 30th September 1993	23,460	25,221	4,802	53,483
	=====	=====	=====	=====
At 30th September 1992	23,921	27,787	3,181	54,889
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

8 TANGIBLE FIXED ASSETS (continued)

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

	<u>Group</u>		<u>Company</u>	
	<u>1993</u> £000	<u>1992</u> £000	<u>1993</u> £000	<u>1992</u> £000
Plant and Machinery	2,362 =====	2,925 =====	2,331 =====	2,858 =====

Land and buildings at net book value comprise: -

	<u>Group</u>		<u>Company</u>	
	<u>1993</u> £000	<u>1992</u> £000	<u>1993</u> £000	<u>1992</u> £000
Freehold	10,950	11,837	10,708	10,888
Long leasehold	12,752	13,033	12,752	13,033
	-----	-----	-----	-----
	23,702 =====	24,870 =====	23,460 =====	23,921 =====

9 FIXED ASSET INVESTMENTS (UNLISTED)

	<u>Group</u>	
	<u>1993</u> £000	<u>1992</u> £000
Associated undertakings at cost including share of profits:		
At 1st October	5,634	4,108
Exchange adjustments	(489)	584
Retained profit for year	911	942
	-----	-----
At 30th September	6,056 =====	5,634 =====

The amount shown represents a 48.33% interest in Irish Carton Printers Limited, a company incorporated in the Republic of Ireland, engaged in printing and carton manufacturing.

The directors estimated the value of the investment at 30th September 1993 and 1992 to be at least worth book value.

During the year the movements on investment in subsidiary undertakings held by Imperial Tobacco Limited were as follows:-

	<u>Company</u>	
	<u>1993</u> £000	<u>1992</u> £000
<u>At cost</u>		
At 1st October	3,169	8,169
Disposals	-	(5,000)
	-----	-----
At 30th September	3,169 =====	3,169 =====

NOTES TO THE ACCOUNTS (continued)

Note

10 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Raw materials	73,569	74,386	70,709	71,039
Work in progress	2,910	3,067	2,800	2,916
Finished stock and items for resale	48,632	42,636	42,502	36,671
	-----	-----	-----	-----
	125,111	120,089	116,011	110,626
	=====	=====	=====	=====

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

11 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:				
Trade debtors	187,043	299,138	164,191	276,036
Amounts owed by parent company and fellow subsidiary undertakings	1,606,911	1,341,713	1,549,112	1,287,982
Amounts owed by subsidiary undertakings	-	-	30,290	31,082
Other debtors and prepayments	4,737	9,993	3,731	9,898
	-----	-----	-----	-----
	1,798,691	1,650,844	1,747,324	1,604,998
	=====	=====	=====	=====

12 CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:				
Trade creditors	66,196	75,928	57,967	67,761
Amounts owed to parent company and fellow subsidiary undertakings	1,300,559	1,147,695	1,300,559	1,147,695
Amounts owed to subsidiary undertakings	-	-	115,645	96,243
Other creditors	209,599	257,393	198,338	246,623
Corporation tax	24,879	452	23,692	-
Other taxation and social security	101,487	170,986	98,526	167,653
Accruals and deferred income	22,489	24,462	19,106	20,961
	-----	-----	-----	-----
	1,725,209	1,676,916	1,813,833	1,746,936
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group</u>		
	<u>Restructuring & rationalisation</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1st October 1992	42,690	15,227	57,917
Utilised in year	(9,430)	(5,836)	(15,266)
Exchange movements	-	4	4
Released in year	-	(144)	(144)
Charge/(credit) to P & L a/c	2,334	(1)	2,333
Reclassification	(3,000)	3,000	-
	-----	-----	-----
At 30th September 1993	32,594	12,250	44,844
	=====	=====	=====

	<u>Company</u>		
	<u>Restructuring & rationalisation</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1st October 1992	42,001	15,081	57,082
Utilised in year	(8,879)	(5,836)	(14,715)
Charge/(credit) to P & L a/c	2,192	-	2,192
Reclassification	(3,000)	3,000	-
	-----	-----	-----
At 30th September 1993	32,314	12,245	44,559
	=====	=====	=====

The provided and full potential liabilities for deferred taxation were as follows:-

	<u>Provided</u>		<u>Full potential liability/(asset)</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Excess of capital allowances over depreciation	2,163	2,345	2,914	4,535
Chargeable gains on property	10,136	6,120	13,299	8,650
Short-term timing differences	(13,086)	(9,425)	(17,867)	(23,043)
Other timing differences	792	966	792	966
	-----	-----	-----	-----
Group	5	6	(862)	(8,892)
	=====	=====	=====	=====
Company	-	-	(595)	(8,802)
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (continued)

Note

	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
14 <u>CALLED UP SHARE CAPITAL</u>		
1,000,000 ordinary shares of £1.00 each:		
Authorised	1,000	1,000
	=====	=====
Allotted, called up and fully paid	1,000	1,000
	=====	=====

	<u>1993</u>		
	<u>Group</u>	<u>Company</u>	
	<u>Profit & loss A/c</u>	<u>Capital reserve</u>	<u>Profit & loss A/c</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1st October 1992	127,880	14,916	7,053
Exchange fluctuation	(4,292)	-	14
Surplus for the year	138,932	-	107,570
	-----	-----	-----
At 30th September 1993	262,520	14,916	114,637
	=====	=====	=====

16 COMMITMENTS AND CONTINGENT LIABILITIES

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

	<u>1993</u>			<u>1992</u>
	<u>Land & buildings</u>	<u>Plant & machinery</u>	<u>Total</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Leases expiring:				
Within one year	20	25	45	45
Within two to five years	48	102	150	181
After five years	56	-	56	217
	---	---	---	---
	124	127	251	443
	===	===	===	===

ii) Capital commitments of the group at 30th September 1993:

	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
Authorised and contracted for	2,713	4,009
Authorised and not contracted for	5,221	4,177

Note

16 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

- iii) Imperial Tobacco Limited has guaranteed the liabilities of its Irish subsidiaries all of which are included in the consolidated Balance Sheet in respect of the financial year ended 30th September 1993. 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.

17 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 trustee administered funds.

There is no pension cost to disclose in respect of the Imperial Tobacco Pension Fund for the year ended 30th September 1993. This has been assessed in accordance with the advice of R. Watson & Sons, consulting actuaries, using the projected unit method.

The latest actuarial valuation of the Imperial Tobacco Pension Fund which now incorporates the Imperial Retirement Benefit Scheme was made as at 5th April 1992. 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 returns would be 9½% per annum, that dividends and rents from existing equity and property holdings would increase at 5% per annum in the long term, that pay increases would average 7% per annum and pension increases would be at least equal to those specified in the rules of the Scheme.

At the date of the latest actuarial valuation of the Fund, the market value of the assets of the Fund was £1,468 million. The total assets were sufficient to cover 116% of the benefits that had accrued to members, after allowing for expected future increases in earnings and for benefit improvements which have subsequently been implemented. Company contributions to the Fund remain suspended having regard to the surplus disclosed at this valuation.

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

18 <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
Profit on ordinary activities after taxation	288,932	280,825
Dividends	(150,000)	(260,000)
Surplus for the year	138,932	20,825
Other recognised gains and losses relating to the year (net)	(4,292)	5,048
	134,640	25,873
Opening shareholders' funds	143,796	117,923
Closing shareholders' funds	278,436	143,796
	=====	=====

19 PRINCIPAL WHOLLY OWNED SUBSIDIARIES

The principal wholly owned subsidiaries of the company at 30th September 1993 were:-

MANUFACTURING

Player & Wills (Ireland) Limited (incorporated in the Republic of Ireland)	Manufacture and sale of tobacco goods
J & H Wilson Limited	Manufacture and sale of snuff products

MARKETING & DISTRIBUTION

Imperial Tobacco International Limited	Marketing and distribution of manufactured tobacco products outside the United Kingdom
Sinclair Collis Limited	Operator of vending machines

REPORT OF THE AUDITORS
TO THE MEMBERS OF IMPERIAL TOBACCO LIMITED

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

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 and the Group and of the profit or loss of the Group for that period. In preparing those statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on the financial 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 Group'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 affairs of the Company and the Group at 30 September 1993 and the profit and total recognised gains of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Bristol

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22 March 1994