

LOUISVILLE SECURITIES LIMITED  
(Formerly B.A.T Tanzania (Investments) Limited)

(COMPANY REGISTRATION NO 3015916)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996



## **Louisville Securities Limited**

### **Report of the directors for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

### **Principal activities**

The Company has investments in fellow subsidiaries operating in the tobacco industry.

### **Review of business and future developments**

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Dividends**

The directors recommend the payment of a dividend of £ 100,500,000. The profit and loss account surplus for the financial year of £ 16,000 will be transferred to reserves.

### **Directors**

U G V Herter	(Chairman; appointed 1 January 1996)
K S Dunt	(Appointed 1 January 1996)
N T Gourlay	(Resigned 1 January 1996)
A Johnson	(Resigned 1 January 1996)
D G Stevens	(Appointed 1 January 1996)
D Wilson	(Resigned 1 January 1996)

### **Directors' interests in the shares of the company**

The interests of those persons, who were directors at 31 December 1996, in the share capital and share option schemes of B.A.T Industries p.l.c. and its subsidiaries are disclosed in the Directors' Report of British-American Tobacco (Holdings) Limited, apart from Mr. U.G.V. Herter which are disclosed in the Directors' Report of B.A.T Industries p.l.c. Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

### **Fixed Asset Investments**

On 1 January 1996 the company purchased from a fellow subsidiary undertaking 915,001 ordinary shares of US\$1,000 each in BATUS (Holdings) Inc., a company incorporated in the USA, for a consideration of £427,392,000 and US\$915,000,000.

**Louisville Securities Limited****Report of the directors  
for the year ended 31 December 1996****Directors' responsibilities**

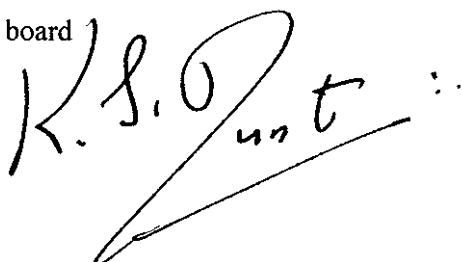
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select appropriate accounting policies and then 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 keeping proper accounting records which disclose with reasonable accuracy at any time 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

K S Dunt  
Director:

A handwritten signature in black ink, appearing to read 'K. S. Dunt', with a long, sweeping underline that extends to the right.

Dated:

26 MAR 1997

## **Auditors' Report to the Shareholders of Louisville Securities Limited**

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described on page 3 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 affairs of the Company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



26 MAR 1997

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY.

**Louisville Securities Limited**
**Profit and loss account  
for the year ended 31 December 1996**

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Income from shares in a group undertaking	3	105,806	-
<b>Profit on ordinary activities before taxation</b>		<u>105,806</u>	<u>-</u>
Tax on profit on ordinary activities	4	5,290	-
<b>Profit on ordinary activities after taxation</b>		<u>100,516</u>	<u>-</u>
Dividend proposed		100,500	-
<b>Retained profit for the year</b>		<u>16</u>	<u>-</u>
<b>Statement of retained profits</b>			
Retained profit at 1 January		-	-
Retained profit for the year		16	-
<b>Retained profits at 31 December</b>		<u>16</u>	<u>-</u>

There are no recognised gains and losses other than the profit for the financial year.

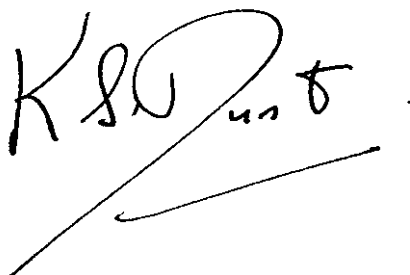
The notes on pages 7 to 10 form part of these financial statements.

## Balance Sheet - 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>	<u>1995</u> <u>£000</u>
<b>Fixed assets</b>					
Investments	5		962,167		-
<b>Current assets</b>					
Debtors	6	100,516		-	
<b>Creditors: amounts falling due within one year</b>	7	<u>1,062,667</u>		-	
<b>Net current liabilities</b>			(962,151)		-
Total assets less current liabilities			<u>16</u>		-
<b>Capital and reserves</b>					
Called up share capital	8		-		-
Profit and loss account			16		-
<b>Total shareholders' funds</b>	9		<u>16</u>		-
Equity interests			16		-
<b>Total shareholders' funds</b>	9		<u>16</u>		-

The financial statements on pages 5 to 10 were approved by the Directors on **26 MAR 1997** and are signed on their behalf by:

K S Dunt  
Director:



The notes on pages 7 to 10 form part of these financial statements.

**Louisville Securities Limited****Notes to the financial statements  
for the year ended 31 December 1996****1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceding year, is set out below. A cash flow statement is not submitted, as the Company, being a wholly owned subsidiary undertaking of a parent undertaking established under UK law, includes cash flow information in the financial statements of the parent undertaking.

**1.1 Basis of accounting**

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom and under the historical cost convention.

**1.2 Group financial statements**

Group financial statements are not submitted as the Company is a wholly owned subsidiary of a company incorporated in Great Britain.

**1.3 Translation of assets and liabilities**

Assets and liabilities denominated in foreign currency are translated at rates of exchange ruling at the end of the financial year.

Transactions expressed in currencies other than sterling are translated into sterling at actual rates. Exchange differences on remittances are reflected in trading profit.

**1.4 Investments valuation**

Investments are shown at cost less provision for any diminution in value.

**1.5 Taxation**

No account is taken of taxation which may be payable on the realisation of investments, or in the event of the distribution of profits retained by the subsidiary undertakings.

**1.6 Deferred taxation**

Deferred taxation is provided for on timing differences using the liability method to the extent that it is probable that the liability will crystallise. Timing differences arise on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account.

**1.7 Accounting for income**

Income is accounted for on a receivable basis. Provision is made where delays are anticipated in the receipt of monies from overseas companies.

**Louisville Securities Limited**
**Notes to the financial statements  
for the year ended 31 December 1996**
**2 Operating charges**

None of the directors received any remuneration in respect of their services to the company during the year (1995 - Nil).

There were no employees, and no staff costs during the year (1995 - Nil).

**3 Income from shares in a group undertaking**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Dividends received from BATUS Holdings Inc.	<u>105,806</u>	<u>-</u>

**4 Taxation**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
United Kingdom corporation tax at 33.00% (1995 : 33.00%)	-	-
	-----	-----
Overseas taxation	5,290	-
	-----	-----
	<u>5,290</u>	<u>-</u>

**5 Investments**
**Investments in subsidiaries**
**% Nominal Value Held Directly**
**Ordinary Shares of no par value**
**5.1 Unlisted overseas - USA**

BATUS Holdings Inc. (Incorporated in USA)	100
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**Louisville Securities Limited**
**Notes to the financial statements  
for the year ended 31 December 1996**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
5.2 Shareholding at cost:		
BATUS Holdings Inc.	962,167	-

5.3 The directors are of the opinion that the investments have an aggregate value of not less than the amount at which they are stated in the balance sheet.

<b>6 Debtors</b>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
<b>Amounts falling due within one year</b>		
Amounts owed by fellow group undertaking	100,516	-

<b>7 Creditors: amounts falling due within one year</b>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Dividend proposed	100,500	-
Amounts payable to parent undertaking	962,167	-
	-----	-----
	-	-
	<u>1,062,667</u>	<u>-</u>

<b>8 Share capital</b>	<b>Ordinary Shares of £1 each</b>	
	<u>1996</u>	<u>1995</u>
Authorised - value	<u>£100</u>	<u>£100</u>
number	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
value	<u>£1</u>	<u>£1</u>
number	<u>1</u>	<u>1</u>

**Louisville Securities Limited****Notes to the financial statements  
for the year ended 31 December 1996**

<b>9 Reconciliation of movements in shareholders' funds</b>	<b><u>1996</u></b>	<b><u>1995</u></b>
	<b><u>£000</u></b>	<b><u>£000</u></b>
Opening shareholders' funds	-	-
Profit attributable to shareholders for the year	<b>100,516</b>	-
Dividend proposed	<b>(100,500)</b>	-
	<b>-----</b>	<b>-----</b>
Closing shareholders' funds	<b>16</b>	-
	<b>=====</b>	<b>=====</b>

**10 Parent undertaking**

The Company's ultimate parent undertaking is B.A.T Industries p.l.c., being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared by B.A.T Industries p.l.c.

**11 Copies of the report and accounts**

Copies of the report and accounts of B.A.T Industries p.l.c. may be obtained from:

The Company Secretary  
Windsor House  
50, Victoria Street  
London SW1H 0NL