

British American Tobacco Company Limited
Report and Accounts 1974



BRITISH-AMERICAN TOBACCO COMPANY LIMITED

REPORT AND ACCOUNTS 30 SEPTEMBER 1974

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Financial Calendar 1975

Annual General Meeting		March
Interim Report		Late July
Dividends		
Ordinary Stock		
1st Interim 1974/75 and Proposed Final 1973/74	Payable	1 April
2nd Interim 1974/75	Announced	Late July
	Payable	1 October
5% Cumulative Preference Stock	Payable	31 March & 30 September
6% Second Cumulative Preference Stock	Payable	30 April & 31 October

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NOTICE OF MEETING

Notice is hereby given that the Seventy-second Annual General Meeting of British-American Tobacco Company Limited will be held at St John's, Smith Square, Westminster, London SW1 on Thursday 20 March 1975 at 12 noon for the transaction of the following business:

1 To receive and consider the Accounts for the year ended 30 September 1974 and the Reports of the Directors and Auditors thereon.

2 To declare a dividend.

3 To elect Directors.

4 To authorise the Directors to fix the Auditors' remuneration.

5 As special business to consider and, if thought fit, pass the following resolution which will be proposed as a SPECIAL RESOLUTION namely:

THAT the Articles of Association of the Company be amended by inserting the following new Articles after Article 93:

"94A. The Directors shall be entitled to remuneration for their services as Directors at a rate not exceeding £60,000 per annum in aggregate (or at such higher rate as may from time to time be determined by the Company by Ordinary Resolution) and such remuneration shall be divided amongst them as they may determine. Any such remuneration shall be deemed to accrue from day to day. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the Directors or of committees of the Directors or General Meetings.

94B. Any Director who holds the office of Manager of the Company or any other executive office or serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such special remuneration by way of salary, commission, participation in profits or otherwise as the Directors may determine."

By Order of the Board

P J Ricketts, *Secretary*
20 February 1975

Notes

Only the holders of Ordinary Stock, Deferred Ordinary Stock and 5% Cumulative Preference Stock are entitled to attend or be represented at the Meeting. The holders of 5% Cumulative Preference Stock are entitled to vote only on the Special Resolution. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the Company. A proxy card is enclosed.

The special business of the Meeting is to propose an alteration to the Company's Articles of Association providing for the payment of remuneration to Directors. In the past Directors have received salaries as Managers of the Company and no provision has been made for their remuneration as Directors. However, the composition of the Board has recently been strengthened by the addition of external Directors who serve in a non-executive capacity. It is proposed, therefore, that the Articles should be amended to provide Directors with an entitlement to remuneration for their services as Directors based on a maximum sum of £60,000 per annum to be divided amongst them as they may determine. In the light of modern inflationary conditions, the Board strongly recommends the adoption of this flexible provision in the Articles. If the proposal is approved, the Board intends to distribute only such part of the sum provided as is considered appropriate in relation to the ordinary duties of Directors and will take account of any special remuneration paid to Directors for services outside the scope of such duties. In all other respects the two new Articles proposed accord with modern practice and integrate with the existing provisions in the Articles for payment of special remuneration to Directors.

Copies of contracts of service whereunder Directors are employed as Managers of the Company will be available for inspection during business hours at the Registered Office until the date of the Meeting and at the place of the Meeting from 11.45 am until its conclusion.

DIRECTORS' REPORT

BOARD OF DIRECTORS OF BRITISH-AMERICAN TOBACCO COMPANY LIMITED

Chairman's Policy Committee

Richard Portway Dobson **Chairman** ✓

Peter Macadam **Vice Chairman** ✓

Peter Dudley Tindley **Deputy Chairman** ✓

Richard John Ogle ✓

Other Directors

- ✓ Norman John Maurice Bennett CBE (Appointed 31 Dec 1974)
- ✓ Thomas Edward Davies
- ✓ Gerald Lambert Dennis (Appointed 1 Nov 1974)
- ✓ Lord Greenhill of Harrow GCMG OBE (Appointed 1 Oct 1974)
- ✓ Kenneth Everard Haines (Retired 30 June 1974)
- ✓ John Taylor Husbands
- ✓ Peter William Longland
- ✓ Antony Dewsnap McCormick (Retired 30 June 1974)
- ✓ Sir John Partridge KBE ✗
- ✓ Geoffrey Rawlinson (Died 3 March 1974)
- ✓ Patrick Sheehy
- ✓ Tom Adams Hume Slack (Retired 30 June 1974)
- ✓ Christopher Hallimond Stewart Lockhart ✓
- ✓ Edward John Symons ✓
- ✓ Sir Gerald Thorley TD (Appointed 1 Oct 1974) ✓

In pursuance of the Articles of Association Messrs R P Dobson, R J Ogle, T E Davies and C H Stewart Lockhart retire from the Board at the Annual General Meeting and will be proposed for re-election. Messrs N J M Bennett, G L Dennis, Lord Greenhill and Sir Gerald Thorley who have been appointed to the Board since the last Annual General Meeting also retire and will be proposed for re-election.

Divisional Boards of Management

Tobacco

Chairman and Managing Director
P Macadam

Deputy Chairman
P Sheehy

Other Directors
I B D Bluett
G G Bowra
N W Goddard
S J Green
J T Husbands
C H Stewart Lockhart
E J Symons
R St C Walmisley

Retail

Chairman
R P Dobson

Managing Director
L D G Hill

Other Directors
P W Longland
R J Ogle
P D Tindley

Paper

Chairman
P D Tindley

Managing Director
N J M Bennett

Other Directors
P Gardner
P W Longland

Cosmetics

Chairman
R P Dobson

Managing Director
E A G Morgan

Other Directors
P W Longland
G G Moore
P D Tindley

Solicitor
T E Davies

Auditors
Deloitte & Co.
128 Queen Victoria St, London EC4P 4JX

Secretary and Registered Office
P J Ricketts, Westminster House,
7 Millbank, London SW1P 3JE

Registrar
Lloyds Bank Limited, Registrar's Department,
The Causeway, Goring-by-Sea, Worthing,
West Sussex BN12 6DA

THE PRINCIPAL ACTIVITIES OF THE GROUP

The main business of British-American Tobacco Co Ltd and its subsidiaries is in the tobacco industry. It also has sizeable interests in retailing and the paper and cosmetics industries. The Group also has substantial minority interests in companies operating mainly in these industries.

Tobacco

BAT is the world's largest manufacturer of tobacco products. The overseas companies of the Tobacco Division operate 140 factories supplying domestic markets in 54 countries. In 40 of these the leading cigarette brand is a Group product.

In addition the Group exports manufactured tobacco products to 170 countries and supplies the world-wide duty free trade including most international shipping and air lines.

The Group does not grow leaf tobacco except for experimental purposes but it encourages and promotes the growing of this crop by farmers. In some countries worthwhile export businesses have been developed.

Retailing

International Stores and Pricerite together have over 1000 supermarkets and self-service stores in England and Wales.

In the United States, Gimbel Brothers and Saks Fifth Avenue have respectively 38 general department and 30 high fashion stores in major metropolitan and suburban areas in 13 States. The Kohl Corporation has 82 supermarkets and other retail stores in Wisconsin and Illinois.

Peg-Pag in Brazil has 38 supermarkets in and around Sao Paulo and Rio de Janeiro.

A 25% interest is held in Horten which has 57 department stores in the Federal Republic of Germany.

Paper

Wiggins Teape make an extensive range of speciality and industrial papers as well as high grade printing and writing papers. There are 19 mills and factories in the UK and others in Belgium, Eire, Latin America, Africa and Asia. It also has sales offices and warehouses in many parts of the world and is the largest exporter of paper products from the UK.

Mardon Packaging International, jointly owned with the Imperial Group, produces a wide variety of packaging and promotional materials in the UK and Europe.

Cosmetics

Perfumery, cosmetics, toiletries and skin care products from the Houses of Yardley, Lenthéric, Morny, Germaine Monteil, Cyclax, Scandia and Tuvaché are manufactured in 38 countries and sold widely throughout the world.

Other Activities

These include the medium and short term investment of financial resources, insurance and certain subsidiaries in the food industry.

GROUP PROFIT SUMMARY

	1974		1973	
	£ millions		£ millions	
Turnover	3,488.00		2,807.74	
Operating profit before interest paid	287.76		249.66	
Profit before taxation	249.44		229.93	
Profit after taxation	135.43		122.47	
BAT's interest therein	117.27		105.98	
Retained in Inflation Reserves	41.37		18.50	
Retained in Other Reserves	48.98		60.24	
Dividends of BAT:				
Preference	.41		.45	
Ordinary interims	6.500p	16.54	5.775p	17.17
final proposed	3.917p	9.97	3.780p	9.62
	<u>10.417p</u>		<u>9.555p</u>	<u>26.79</u>

Earnings per 25p Ordinary Stock Unit

45.9p

42.1p

Funds Provided

	Acquisitions and Disposals of Subsidiaries	Other Increases	Acquisitions and Disposals of Subsidiaries	Other Increases
Retained in Inflation Reserves		41.37		18.50
Retained in Other Reserves	(.04)	49.02	1.84	5.13
Capital profits and adjustments	(.82)	5.13	(.07)	1.13
Goodwill on acquisitions	(7.29)		(27.37)	
Differences on exchange		(3.24)		40.58
Increase in Issued Share Capital			6.05	
Share Premium		.02	58.53	.04
Net increase of BAT Stockholders	<u>(8.15)</u>	<u>92.30</u>	<u>29.04</u>	<u>118.65</u>
Net increases in:				
Interest of Minority Shareholders	(8.67)	5.38	(1.20)	12.47
Deferred Taxation		21.37		5.29
Loans and overdrafts	13.92	61.36	171.29	11.44
	<u>(2.90)</u>	<u>180.41</u>	<u>199.13</u>	<u>147.85</u>

Application of Funds

	Group Net Assets	Acquisitions and Disposals of Subsidiaries	Other Increases	Group Net Assets	Acquisitions and Disposals of Subsidiaries	Other Increases
Fixed Assets:						
Expenditure		12.66	74.41		172.88	39.48
Disposals and exchange differences		(5.44)	(.64)		(10.47)	2.07
Depreciation of year			(34.99)		(4.00)	(23.88)
Net Fixed Assets	455.57	7.22	38.78	409.57	158.41	17.67
Associated Companies and Trade Investments	182.40	2.54	5.08	174.78	14.06	38.01
Stocks	777.21	(16.82)	173.88	620.15	58.39	66.43
Debtors	275.21	.01	46.11	229.09	71.43	6.92
Current Investments, Deposits and Cash	242.03	.94	(32.88)	273.97	(18.37)	98.05
Total Assets	<u>1,932.42</u>	<u>(6.11)</u>	<u>230.97</u>	<u>1,707.56</u>	<u>283.92</u>	<u>227.08</u>
Less: Current Liabilities	<u>(489.81)</u>	<u>3.21</u>	<u>(50.56)</u>	<u>(442.46)</u>	<u>(84.79)</u>	<u>(79.23)</u>
Net Assets	<u>1,442.61</u>	<u>(2.90)</u>	<u>180.41</u>	<u>1,265.10</u>	<u>199.13</u>	<u>147.85</u>

REVIEW OF THE YEAR

The Review deals with the significant features of the Group's operations during the year to 30 September 1974. The Chairman will comment on the prospects for the current year in his speech at the Annual General Meeting. The text of that speech will be published in the national press on the day following the meeting and copies may be obtained from the Secretary on request.

Group Results

In the year to 30 September 1974, the Group's operations were conducted in a general environment of rising rates of inflation and of government controls on selling prices of varying severity. The massive increase in oil prices at the beginning of the period was followed by comparable increases in the price of many other primary products and raw materials. A decline in industrial activity became evident in many economies from the middle of 1974.

A significant factor in the year's operations was the sharp increase in working capital required, particularly for leaf tobacco and papermaking materials and finished goods. The additional funds were provided without undue difficulty but continued rapid inflation without appropriate taxation relief must pose financial problems in the longer term. Due to increased borrowing and the high rates of interest, the Group charge for interest rose by £18.6 million to £38.3 million.

Group turnover increased by £680.3 million to £3,438.0 million. This increase of 24% reflects the inclusion in the previous year of the turnover of certain retail companies only from their date of acquisition. Excluding retailing, turnover increased by 8%. Group operating profit (comprising trading profit and investment income) at £287.8 million, rose by £38.1 million. Of this increase £12.4 million is attributable to retailing.

Group operating profit is stated after transfers of £24.9 million (1973 £6.1 million) to employees' benefit funds to provide improvements to pensions, particularly to offset inflation, and towards making good the decline in market values of investments of certain pension funds.

As explained in greater detail on page 10 the basis of the charge for taxation has been changed to take account of deferred taxation. To facilitate comparison the results of the previous year as stated in these accounts have been adjusted to show the tax charge for that year on the new basis. Allowing for this the net profit attributable to BAT increased by £11.3 million, 11%, to £117.3 million in the year under review.

Foreign currencies have been converted to sterling at the rates ruling on 30 September 1974. Over the year the US dollar hardened from \$2.41 to \$2.33 to the £ sterling whereas the German mark weakened from Dm 5.83 to Dm 6.19 and the Brazilian cruzeiro from Cr 14.77 to Cr 16.58. The adverse effect of these and other changes in exchange rates during the year on the sterling equivalent of BAT's interest in Group net profits was £2.4 million compared with a favourable effect of £9.3 million last year.

Inflation Accounting

The United Kingdom Accounting Standards Steering Committee has published a Provisional Accounting Standard recommending the presentation, in addition to the normal accounts, of a statement in which the current year's results and the previous year's comparative figures are restated in terms of current purchasing power calculated by reference to consumer price indices. It is the view of BAT that this method does not reflect the varying impact of inflation on the many kinds of assets and liabilities in the numerous countries in which the Group operates. It is also considered that a supplementary statement of accounts, as advocated, could not fail to be confusing. It is recognised that no entirely satisfactory method of accounting for inflation has yet been devised. The object of the method followed by the Group is to show clearly the proportion of profits reported on the normal historic basis which needs to be retained because of inflation. Only the profits remaining after making this retention and paying the dividend are available for real expansion.

The Group's method of calculating the amount that needs to be set aside for inflation has three elements:

- 1 Supplementary depreciation for the year calculated on the estimated excess of replacement values of fixed assets over their cost.
- 2 The increase in investment in stocks due to price rises; this figure is based as far as possible on actual prices paid during the year.
- 3 From the sum of these two elements is deducted the compensating benefit arising from the decline over the year in the real value of net liabilities, that is monetary liabilities less monetary assets.

Although since 1948 it has been the practice of the tobacco companies in the Group to retain in Replacement Reserves an amount reflecting the increase in working capital required because of inflation, the spread in the Group's activities outside tobacco, combined with the worldwide acceleration of inflation, makes it advisable to extend the system to all companies in the Group. The element 3 above, the decline in the real value of liabilities, has been taken into consideration for the first time.

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The increase in working capital required in the year under review for the first two elements, supplementary depreciation of fixed assets and higher investment in stocks, amounts to £91.0 million. The benefit arising in respect of the third element amounts to £49.6 million so that the net required transfer to Inflation Reserves is £41.4 million. The equivalent figure of £18.5 million in 1973 is not comparable owing to the change in the scope of the calculation.

Both the supplementary depreciation and the higher investment in stocks represent actual expenditure on a continuing basis. Thus, the extra finance absorbed during the year because of inflation is the gross amount of £91.0 million.

Tobacco Division

Continuing gains in the sales volume of cigarettes and in turnover have helped to counteract the effect of rapidly rising costs, and the consolidated operating profit increased by £8.3 million to £202.0 million. This profit performance was achieved despite ITC Ltd in India being excluded from consolidation because it ceased to be a subsidiary in the year under review. Further comment on this change is made later.

United Kingdom and Europe

Export sales from the two factories in the United Kingdom were substantially higher than in the previous year. Profits of the International Exports Division improved notwithstanding the general impact of inflation.

Sales volume in total in Continental Europe again increased, the main contribution coming from a satisfactory increase in sales of Interversa GmbH in Germany where there was a small but significant gain in market share. As costs continued to rise, the German company's profits were below the exceptional level of the previous year which had had the full benefit of a price increase.

Higher prices and fewer tourists depressed the total market in Switzerland for the second year in succession and sales of BAT (Suisse) SA were correspondingly depressed. The pressure of rising costs continued but margins were improved by a price increase in June 1974. Sales in Benelux continued to increase but profitability declined as price increases were less than necessary to cover increased costs. The full benefits of the rationalisation of cigarette manufacture in Benelux have yet to be attained. A considerable increase was achieved in export sales of Winterman cigars, and the operating profits of the total Dutch cigar business improved as a result.

North America

The total United States market expanded during the financial year by over 3% and Brown & Williamson maintained its share of the market. KOOL continued to grow, retaining its position as the leading mentholated cigarette, and the third most popular brand in the country. The full effect of last year's price increase, augmented by a further increase in May 1974, had a favourable impact on profits but costs also continued to increase, eroding the improvement so gained. Building commenced on the Macon, Georgia, factory mentioned in the last Review, work on site preparation and the foundations being well advanced by the end of the year.

In Wilson, North Carolina, the construction of a major new leaf processing and packaging plant was undertaken by Export Leaf Tobacco Co. The buildings have been completed and much of the equipment installed. This facility will expand the leaf processing capacity in the United States and replace three old and less efficient installations. Export Leaf Tobacco handles leaf tobacco for Brown & Williamson and many other Group companies, buying up to 20% of the United States cured Virginia tobacco crop.

Latin America and the Caribbean

Satisfactory increases in sales volume were achieved by BAT companies in Central and South America although small decreases in sales were experienced by companies in the Caribbean. But for the fall in exchange rates, the operating profit for the region would have improved slightly despite inflationary pressures.

Souza Cruz Indústria e Comércio continued its very creditable sales achievement in the rapidly growing Brazilian market, once again increasing its market share in face of strong competitive activity. Because of the fall in the value of the cruzeiro, operating profits were down slightly in sterling terms compared with the previous year. Land was purchased for a new factory to be constructed in Uberlandia in the State of Minas Gerais to supply the developing market in the interior. This will be the ninth cigarette factory of Souza Cruz and is expected to commence operations in the early part of 1977.

It was also announced during the year that Souza Cruz will take a substantial minority interest in Aracruz Cellulosa S.A. This company is to construct a 400,000 tons per annum bleached pulp mill at Espirito Santo, 250 miles north of Rio de Janeiro, supported by its own eucalyptus forests. Most of the pulp will be exported under contract. Wiggins Teape has secured a contract for 15% of the output for use in Brazil and elsewhere.

Although not yet satisfactory, the results in Venezuela were particularly encouraging in that, for the first time for a number of years, the company significantly increased its market share. The company in Argentina increased its sales but continued to be severely affected, as was industry as a whole, by the critical economic situation in the country.

VIEW OF THE YEAR

The associated company in Chile increased sales volume in a more stable situation and price increases led to a significant improvement in results in the latter half of the year. The Mexican associate, Empresas La Moderna, maintained its market share but with lower profits as a result of cost increases. The dividend received by BAT was the same as in the previous year.

Asia

Major increases in sales volume were secured in Malaysia and Indonesia and profits improved despite inflation. There were signs of the rate of growth declining towards the end of the year as the world demand for commodities eased. Sales increased only a little in Hong Kong and declined slightly in Singapore as a result of price increases, but profits were higher.

Over a number of years there has been growing government and legislative pressure for Indian companies to seek a reduction of foreign ownership. After lengthy negotiations agreement was obtained for the sale to Indian investors of sufficient shares in ITC Ltd, to reduce the foreign holding to 60%, of which 44% is attributable to BAT, and to the repatriation to the United Kingdom of the proceeds of the sale in instalments over seven years. The Indian Government insisted that the shares should be offered at par, even though this was considerably below the market price at the time. As a result of the sale, ITC Ltd, ceases to be a subsidiary, its results are not consolidated and it has been treated as a trade investment.

Although in Pakistan the company increased its turnover, profits were not as high as in the previous period. In Sri Lanka, however, sales and profits have increased substantially as a result of greater prosperity in the agricultural sector of the economy.

Africa

Turnover was higher in all subsidiaries in East and West Africa with an especially marked increase in Nigeria. In total the operating profits were significantly higher than last year with Nigeria and Kenya contributing the major part of the gain. There was some improvement in the exchange made available for the remittance of dividends from Nigeria. A dividend payment from Ghana related to years prior to 1969 was received but the prospect of further remittances seems limited at the moment.

In South Africa, the sales volume of UTICO Holdings Ltd, dropped slightly as prices increased. Profits from the tobacco operations were maintained.

Retail Division

Operating profit at £25.3 million was £12.4 million above that consolidated in the previous year. It was during that year that the majority of the retail businesses were acquired and profits were consolidated only from the dates of acquisition. The increase in Group profit does not therefore indicate the progress made by these businesses.

In the United States some progress was made towards revitalising the Gimbels business although profits were disappointing. Retailing was adversely affected by some slackening in consumer spending during a year of no industrial growth as well as by price control during half the period and some stock shortages. Gimbels was also affected by the expenses of reorganisation and by re-equipment of some stores undertaken to improve future profitability. Gimbels' subsidiary Saks Fifth Avenue, the high fashion clothing chain, continued to perform well in the circumstances. At the pre-tax profit level the companies were affected by increased interest costs.

The turnover of the Kohl Corporation increased in volume terms even allowing for new selling space added during the year, and profits showed an encouraging improvement. Six new supermarkets were opened of which five were in Illinois and one in Wisconsin.

Price control in the United Kingdom had a severe effect on grocery retailing. Profit margins are historically low and the arbitrary reductions in gross margins imposed by the Government made many small shops unprofitable. The integration of International Stores and Pricerite and the rationalisation of the use of warehouses and office accommodation progressed during the year. A start was made on the extension of the International name to stores previously trading under other names. Fifty-one unprofitable shops were closed and thirteen larger stores added; there was a slight increase in the total selling space. Profits were depressed sharply because rising costs, particularly wages, were not permitted to be passed on to the consumer.

Supermercados Peg-Pag in Brazil has added two supermarkets in Sao Paulo and has closed one bringing the number of stores to 38 in total. Profits held up well despite high costs and the imposition by the Government of price restrictions on meat, followed later in the year by price control over a wider range of items.

In the Federal Republic of Germany, Horten expanded its selling area substantially, leasing five stores from Otto-Versand GmbH, and opening a new department store in Brunswick. After allowing for the greater selling area, Horten's sales still increased faster than those of its major competitors.

Paper Division

The improvement in results of this Division continued in the period under review. Trading conditions were very favourable with demand for all products increasing during most of the year and plant operating at full capacity. Customers may have over-stocked in an effort to ensure supplies and anticipate price increases.

In the United Kingdom, Wiggins Teape increased its turnover and operating profit substantially despite the fuel crisis in the early part of the year and acute raw material supply difficulties. The impact of these factors varied from one unit to another but the company was generally successful in minimising the effects. Because of price control, the prices of pulp and paper produced and sold in the United Kingdom were considerably below those prevailing abroad. Whilst this made the United Kingdom paper market less attractive to imports, it also restricted the opportunity to earn the profits that are essential to investment in this capital intensive industry.

During the year plans were completed for a major programme of capital investment at Stoneywood Mill in Aberdeen. The Mill has produced industrial, coated and fine writing papers for many years and the new investment is aimed at improving productivity and efficiency and conserving fuel. A project was sanctioned to construct a new type of materials recovery plant at Ely in South Wales after a pilot plant had demonstrated the feasibility of recycling waste produced in the manufacture of carbonless copying paper. This will enable the Mill to recover 8,000 tons of fibre per annum. As the lease of the principal paper distribution warehouse in London was to expire shortly, a site was acquired in the Borough of Newham for the construction of a new warehouse designed for more modern order processing and handling.

Glory Mill in Luckinghamshire received the Queen's Award to Industry for technological innovation in polymer-coated base paper for colour photographs. Wiggins Teape has twice before won the Award, on each occasion for exports.

In August 1974 Wiggins Teape acquired for the equivalent of £8.8 million the outstanding 50% interest held by The Mead Corporation of the United States in a Belgian joint venture Papeteries de Virginal SA. This collaboration was started in 1969 to expand the supply of base paper for Nivelles, the nearby Wiggins Teape Mill producing IDEM, the carbonless copying paper. It had become increasingly

obvious, that for maximum efficiency, the two mills needed to be treated as a single operating unit and therefore the purchase of the Mead interest was negotiated. This step also added a distributor in Belgium to the Group's continental paper merchanting interests in France, Italy and - acquired in the year under review - Finland.

The operations of Wiggins Teape outside the United Kingdom and Europe also had a good year, with a marked increase in turnover and profits. Excellent results were achieved in Brazil, where the installation of an additional paper machine is nearing completion. The Mill at Tribeni in West Bengal also achieved much improved results in a year virtually free from the industrial disputes that have been too common in the past. The Indian Government gave its approval to a project for a further paper machine at the Mill to expand the capacity for cigarette tissue and other speciality papers. In South Africa the paper merchanting, stationery and flexible packaging businesses achieved record results in favourable economic conditions.

Exports from the United Kingdom although hampered by shipping problems were at a record level being 35% above the previous year.

Mardon Packaging International achieved considerable growth during the year, despite shortages of raw materials and loss of production during the fuel crisis. Sales increased by £41.0 million to £143.7 million including the appropriate proportion of the good results from the Canadian associate. BAT's half share in the operating profit was £6.0 million.

Cosmetics Division

Cosmetics Division results are consolidated on the basis of the year to 30 June as it is impracticable to prepare accounts at 30 September in this seasonal industry.

Total sales at £56.8 million were up by £10.6 million or 23% on the previous year. Operating Profits rose by 28%.

Yardley and Lenthéric-Morny in the United Kingdom increased their sales and profits despite price control, the power crisis at the beginning of the year and the general shortage of supplies. Substantial investment in the promotion of products by Yardley in the United States produced markedly higher sales and the loss was contained at the same level as last year. Germaine Monteil continued to perform well in the United States.

In Continental Europe the Yardley and Lenthéric operations were reorganised as part of a plan to expand the Group's business but trading conditions were not favourable for a major attack on the markets. There was significant growth by Yardley in Australia and in Latin America where Colombia and Venezuela continued to achieve good results.

REVIEW OF THE YEAR

In April 1974 the Division purchased the House of Cyclax, which is firmly established in the skin care and decorative cosmetic businesses in Australia and New Zealand and, to a lesser extent, in the United Kingdom. In this country it was arranged that Cyclax should have the benefit of the use of the Lenthéric-Morny distribution organisation. In the period after the acquisition the Cyclax business was profitable and there is confidence that it will contribute to the Division's growth in sales and profits.

Other Activities

High interest rates throughout the year under review resulted in a sharp increase in income from the deposit of short-term funds and more than accounts for the rise of £1.8 million to £23.7 million in the operating profits for this section.

Vita Foods Products Inc, in the United States, was affected by the economic situation and again made a loss for the year. There were a number of senior management changes during the period including the appointment of a new President and Chief Operating Officer.

Taxation

UK Corporation Tax has been provided at a rate of 52% (1973 45%).

The substantial increase in UK tax due to higher UK income permitted the recovery of £3.2 million Advance Corporation Tax charged against profits in 1973.

Account has been taken for the first time of Deferred Taxation, as recommended by the Accounting Standards Steering Committee, involving a charge of £19.2 million against profits mainly overseas. The 1973 comparative figures have been adjusted to incorporate the corresponding charge for that year. In the Balance Sheet the calculated amount required at 30 September 1973 of £56.8 million has been taken partly from reserves and partly from existing provisions for taxation although a substantial proportion of the total appropriation is unlikely ever to be required. The anticipated taxation relief against the 1973 liability in respect of stock appreciation in the United Kingdom has been transferred from the provision for corporation tax to the provision for deferred taxation.

Dividends

Under the Counter Inflation (Dividends) (Amendment) Order 1974, the maximum ordinary dividend the Company can pay for the year is 10.417p (net) per 25p unit of ordinary stock compared with a maximum of 9.555p (net) for the previous year, an increase of 9%. The terms of the Order permit an increase of 12½% in the total of the dividend and its associated Advance Corporation Tax (ACT). As the rate of ACT was increased during the year the rate of possible increase in the net dividend is automatically reduced.

The first and second interim ordinary dividends amounted to 6.500p (net) per 25p unit of ordinary stock and the Directors are now recommending a final dividend of 3.917p (net) making a total of 10.417p (net) for the year, the maximum permitted.

Employees

The average number of persons employed by the Group within the UK during the year was 38,382 and their aggregate remuneration £58.6 million.

Charitable and Political Contributions in the United Kingdom

Payments for charitable purposes made by the Group during the year ended 30 September 1974 amount to £120,913 which includes payments made to various foundations and trusts concerned with management education, research and student welfare.

During the year the Company made payments of £1,000 to Aims of Industry, £1,000 to Centre for Policy Studies Ltd, £500 to Common Cause Ltd, and £1,750 to Economic League Ltd. An additional payment of £10,000 was made to the Aims of Industry campaign for the publication of information on Government policies and legislation affecting the position of free enterprise in Great Britain. No payments were made to political parties.

Exports

Group exports from the UK totalled £80.2 million (1973 £63.3 million).

Contribution to United Kingdom Balance of Payments

The Group's total contribution to the balance of payments including dividends and other income received from overseas Subsidiaries and Trade Investments, and after deducting payments for imported materials used in this country was some £90 million as against £38 million in the previous year.

Directors' Interests

The interests at 30 September 1974 of the persons, who at that date were Directors, in the Share and Loan Capital of the Company and its Subsidiaries as shown in the Register kept by the Company, all of which are beneficial, are shown below. The holdings at 1 October 1973 are shown in brackets where these differ.

Directors	British-American Tobacco Co Ltd	
	Ordinary Stock 25p Units	Deferred Ordinary Stock 25p Units
R P Dobson	1,500	3,000 (2,500)
P D Tindley	1,250	1,600
T E Davies	Nil	1,000 (600)
J T Husbands	1,250	Nil
P W Longland	100	100
P Macadam	1,250	1,520 (Nil)
R J Ogle	1,000	400
Sir John Partridge	500	Nil
P Sheehy	1,800	Nil
C H Stewart Lockhart	1,000	Nil
E J Symons	Nil	200 (Nil)

P D Tindley 800 6% Cumulative Preference Stock £1 Units.

The undermentioned beneficial interests were recorded in the Register kept by the Company between 1 October 1974 and 31 January 1975 representing the interests of the following Directors at their date of appointment.

N J M Bennett	820	Nil
G L Dennis	500	Nil
Lord Greenhill	Nil	400
Sir Gerald Thorley	400	Nil

N J M Bennett 10,825 British-American Tobacco Investments Ltd 9½% Convertible Unsecured Loan Stock 1990/95 25p Units.

The above holdings were unchanged at 31 January 1975.

No director had any interest in a contract (other than service contracts) with the Company or with any Subsidiary company during the year.

Substantial Shareholder

Imperial Investments Limited, a wholly owned Subsidiary of Imperial Group Limited, is beneficially interested in £16.95 million Ordinary Stock.

Capital Gains Tax

The market values on 6 April 1965 of the Stocks of BAT in issue at that date, were:

5% Cumulative Preference Stock 70p
6% Second Cumulative Preference Stock 82½p
Ordinary Registered Stock 121½p per 25p Unit

Company Status

The Company is not a close company for the purpose of company taxation.

Group Turnover, Asset and Profit Analyses

The statements on page 12 form part of this Report.

On behalf of the Board

Richard P Dobson, P Macadam, *Directors*

GROUP TURNOVER, ASSET AND PROFIT ANALYSES

GEOGRAPHICAL ANALYSES

Turnover	1974		1973	
	£ millions	%	£ millions	%
UK	497.3	14.3	332.2	11.8
Europe	836.5	24.0	818.6	29.2
USA and Canada	1,105.7	31.7	675.0	24.1
Latin America	681.3	19.5	542.3	19.3
Asia	173.1	5.1	251.4	9.7
Africa	163.3	4.7	142.3	5.1
Australasia	24.5	0.7	23.7	0.8
	<u>3,488.0</u>	<u>100.0</u>	<u>2,807.7</u>	<u>100.0</u>

INDUSTRIAL ANALYSES

	1974		1973	
	£ millions	%	£ millions	%
Tobacco	2,255.6	64.7	921.1	32.8
Retail	816.9	23.4	311.1	11.1
Paper	324.5	9.3	40.9	1.5
Cosmetics	56.8	1.6	40.2	1.4
Other Activities	34.2	1.0	35.0	1.2
	<u>3,488.0</u>	<u>100.0</u>	<u>2,807.7</u>	<u>100.0</u>

Tobacco Turnover includes duty and excise 1,296.7 1,200.6

Net Assets

	1974		1973	
	£ millions	%	£ millions	%
UK	295.6	20.5	261.6	20.7
Europe	231.7	16.1	200.5	15.6
USA and Canada	550.3	38.1	472.0	37.3
Latin America	171.6	11.9	144.1	11.4
Asia	66.4	4.6	73.1	5.8
Africa	77.1	5.3	64.6	5.1
Australasia	49.9	3.5	49.2	3.9
	<u>1,442.6</u>	<u>100.0</u>	<u>1,265.1</u>	<u>100.0</u>

	1974		1973	
	£ millions	%	£ millions	%
Tobacco	701.0	48.6	550.0	43.5
Retail	325.0	22.5	302.0	23.9
Paper	161.1	11.2	135.4	10.8
Cosmetics	33.0	2.3	27.1	2.1
Other Activities	222.5	15.4	249.6	19.7
	<u>1,442.6</u>	<u>100.0</u>	<u>1,265.1</u>	<u>100.0</u>

Operating Profit (before interest paid)

	1974		1973	
	£ millions	%	£ millions	%
UK	34.6	12.0	25.2	10.1
Europe	45.4	15.8	51.7	20.7
USA and Canada	107.1	37.2	84.0	33.6
Latin America	49.7	17.2	51.2	20.5
Asia	23.6	8.2	17.7	7.1
Africa	22.5	7.8	16.0	6.4
Australasia	4.9	1.7	3.9	1.6
	<u>287.8</u>	<u>100.0</u>	<u>249.7</u>	<u>100.0</u>

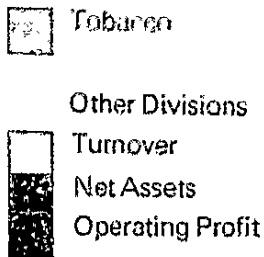
	1974		1973	
	£ millions	%	£ millions	%
Tobacco	202.0	70.2	193.7	77.5
Retail	25.3	8.8	12.9	5.2
Paper	33.8	11.7	18.7	7.5
Cosmetics	3.2	1.1	2.5	1.0
Other Activities	23.7	8.2	21.9	8.8
	<u>287.8</u>	<u>100.0</u>	<u>249.7</u>	<u>100.0</u>

Note

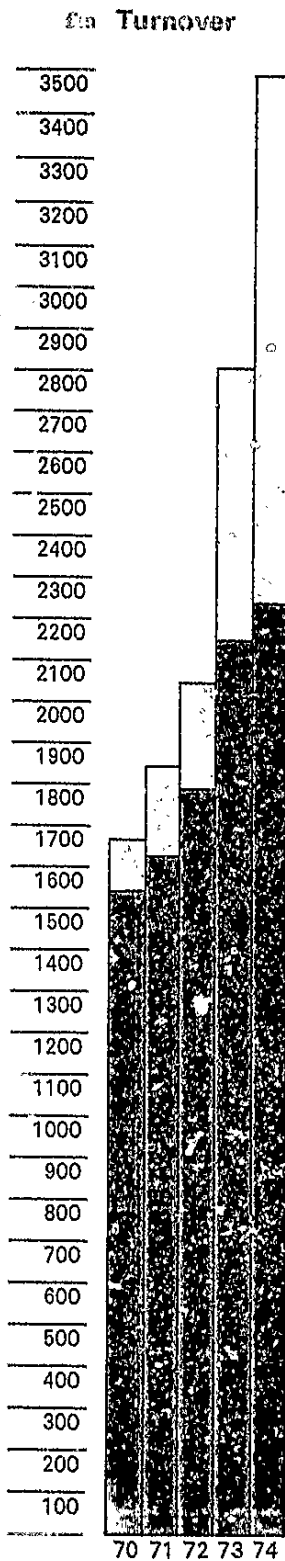
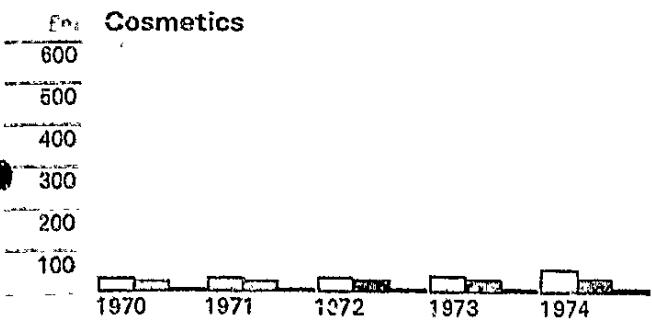
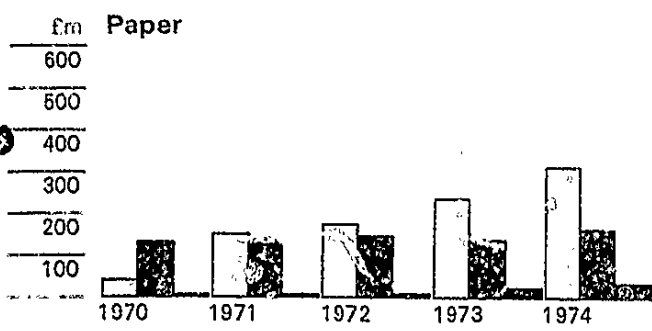
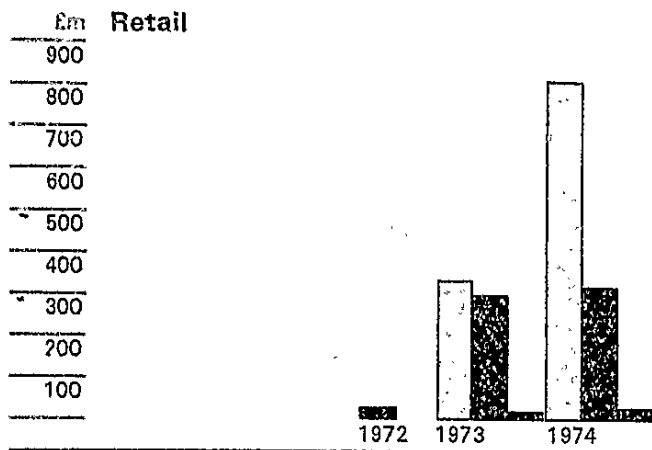
The Caribbean is included with Latin America.

GROWTH BY DIVISIONS

TOTAL GROWTH



Tobacco
See graphs opposite



Net Assets

Operating Profit

FIVE YEARS SUMMARY

Group Profit Summary	1970	1971	1972	1973	1974
	£ millions				
Turnover	1,668.4	1,846.7	2,037.5	2,807.7	3,488.0
Operating profit	167.6	169.3	175.4	249.7	287.8
Profit before taxation	159.7	155.3	161.6	229.9	249.4
BAT's interest in profit after taxation	75.9	73.6	78.0	106.0	117.3
Dividends of BAT	30.3	30.3	31.5	27.2	26.9
Retained by Subsidiaries	40.7	37.7	42.2	68.8	75.5
Retained by BAT	4.9	5.6	4.3	10.0	14.9

	Pence				
Earnings per ordinary stock unit	31.7	30.7	32.6	42.1	45.9
Dividends per ordinary stock unit					
Gross	12.5	12.5	13.0		
Net of ACT credit				9.6	10.4
	£ millions				
Depreciation	14.1	18.4	21.4	27.9	35.0
Expenditure on fixed assets	32.2	47.1	48.8	48.2	74.4

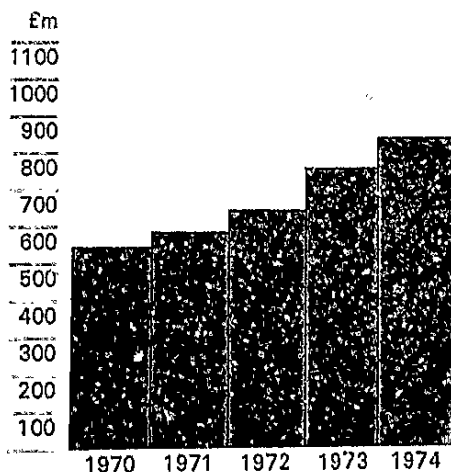
Group Balance Sheet Summary

	£ millions				
BAT equity interests	546.3	576.0	648.7	750.3	834.4
BAT preference stock	10.5	10.5	10.5	10.5	10.5
Minority interests	66.0	64.9	71.0	81.7	78.4
Deferred taxation				56.8	78.2
Loans and overdrafts	171.4	181.4	183.1	365.8	441.1
	<u>794.2</u>	<u>832.8</u>	<u>913.3</u>	<u>1,265.1</u>	<u>1,442.6</u>
Fixed assets	206.1	222.5	233.5	409.6	455.6
Investments	77.8	85.7	125.3	174.8	182.4
Net current assets	510.3	524.6	554.5	680.7	804.6
	<u>794.2</u>	<u>832.8</u>	<u>913.3</u>	<u>1,265.1</u>	<u>1,442.6</u>

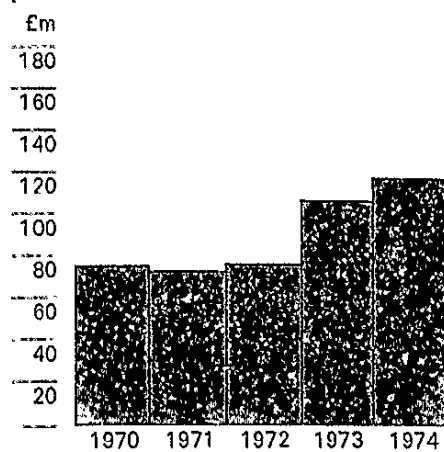
BAT Stockholders

	Number excluding Bearer Stockholders				
	Thousands				
Ordinary	132	128	127	145	145
Deferred Ordinary				16	16
Preference	12	11	10	10	9

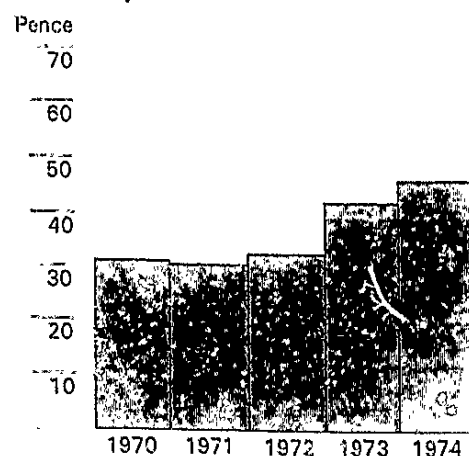
BAT equity interests



BAT's interest in profit after taxation



Earnings per ordinary stock unit



ACCOUNTING POLICIES

65

1 Subsidiary Companies— The assets, liabilities, turnover and profits of Subsidiaries are consolidated on the basis of audited accounts to 30 September except for Subsidiaries in the cosmetics industry which are consolidated on the basis of audited accounts to 30 June because of seasonal difficulties in preparing accounts at 30 September.

Profits of Subsidiaries acquired during the year are included from the date of acquisition.

Goodwill, including that arising on consolidation, is set off against reserves in the year of acquisition.

2 Associated Companies— These comprise companies incorporated in the UK in which the Group has 50% of the voting rights. In the Balance Sheet of BAT, Associated Companies are shown at cost. In the Group Accounts these investments are valued at BAT's interest in the net tangible assets, on the basis of accounts made up to dates between June and October. Adjustments are made for Associated Companies' interest in BAT Subsidiaries.

Only BAT's interest in the turnover and profit is included in the Group Profit and Loss Account. See note 10 page 17

3 Trade Investments— Investments are shown at cost to the Group and in the event of companies ceasing to be a Subsidiary or an Associated Company the cost is taken to be the share of net assets attributable to the Group when they cease to be consolidated. Only income received is included in the Group Profit and Loss Account.

Having regard to the impracticability in the case of certain companies of obtaining up-to-date information and the limited extent to which BAT as a foreign minority shareholder can properly influence the distribution of profits, it is considered that it would be misleading to consolidate the Group's interests in the results and net assets of overseas companies in which the Group has only a minority interest. However, equivalent information is given on page 28 which also covers Trade Investments in the UK.

4 Stocks are valued at the lower of cost and net realisable value.

5 Turnover comprises net sales to external customers and includes added value and sales taxes in overseas territories. UK Value Added Tax is excluded.

6 Depreciation on fixed assets is calculated to amortise their cost over their useful lives by equal annual instalments, having regard to their location and the industry in which they are employed.

Research and Development Revenue Expenses are charged against profits as incurred.

8 Taxation— Advance Corporation Tax (ACT) on dividends paid and proposed is written off except to the extent that relief is generated by income of the year to which dividends relate or by income of an earlier period. Amounts written off may be recovered in subsequent years as profits permit.

9 Deferred Taxation— There has been a change in accounting policy in that for the first time provision has been made for the appropriate deferral of taxation where profits differ from those currently assessable to tax. Comparative figures for 1973 have been amended.

No provision has been made for tax which may be payable on the realisation of investments or in the event of the distribution of profits retained by Subsidiaries.

10 Inflation Reserves— The retention of the year represents the interests of BAT Stockholders in amounts set aside against inflation during the year and comprises:

supplementary depreciation for the year calculated on the estimated excess of replacement values of fixed assets over their cost;

and the inflationary element in the value of stocks;

less the compensating benefit arising on the excess of monetary liabilities over monetary assets.

The retention in Inflation Reserves now covers all companies in the Group. Account has been taken of the monetary element for the first time.

11 Foreign Currencies— Although there are restrictions in many parts of the world on the transfer of assets, including cash, between individual companies in the Group, all assets, liabilities, turnover and profits expressed in currencies other than sterling are converted to sterling at rates of exchange ruling at 30 September.

Exchange differences arising on the re-conversion of assets and liabilities at the beginning of the year are taken direct to reserves. Other exchange differences are reflected in profits for the year.

66 GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1974

	Notes	1974 £ millions	1973
Turnover		<u>3,488.00</u>	<u>2,807.74</u>
Trading Profit	1	246.75	217.31
Investment Income	3	41.01	32.45
Operating Profit		<u>287.76</u>	<u>249.66</u>
Interest Paid	4	38.32	19.73
Profit before taxation		<u>249.44</u>	<u>229.93</u>
Taxation	5	114.01	107.46
Profit after taxation		<u>135.43</u>	<u>122.47</u>
Attributable to Minority Shareholders in Subsidiaries		18.16	16.49
Net Profit attributable to BAT	6	<u>117.27</u>	<u>105.98</u>
Retained in Inflation Reserves	7	41.37	18.50
		<u>75.90</u>	<u>87.48</u>
Retained in Other Reserves		48.98	60.24
Dividends of BAT	8	<u>26.92</u>	<u>27.24</u>
Earnings per Ordinary Stock Unit	9	45.9p	42.1p
Fully diluted		44.0p	40.6p
Undistributed profit of principal Trade Investments		2.8p	2.6p
Summary of Reserves			
Balance 1 October 1973		626.09	543.02
Difference on exchange		(3.24)	40.58
Retained in Inflation Reserves		41.37	18.50
Retained in Other Reserves		48.98	60.24
Capital profits and adjustments		4.31	1.06
Goodwill on acquisitions		(7.29)	(37.31)
Balance 30 September 1974		<u>710.22</u>	<u>626.09</u>

NOTES ON GROUP PROFIT AND LOSS ACCOUNT

1 Trading Profit is stated after deducting the following:	1974 £ millions	1973
Depreciation	34.99	27.58
Rent of Machinery and Equipment	4.23	2.68
Auditors' Fees (BAT £32,500 1973 £25,000)	.96	.71
Transfer to Employees Benefit Funds	24.90	6.10
Remuneration of Directors of BAT as Managers:		
Emoluments (including pension contributions)	.37	.36
Pensions	.04	.03
Compensation for loss of office	.06	

2 Emoluments of Directors and certain employees (excluding pension contributions):

Chairman	£38,636	£36,826
Other Directors:		
£30,001 — £32,500	1	1
£27,501 — £30,000		
£25,001 — £27,500	2	
£22,501 — £25,000	1	2
£20,001 — £22,500	4	1
£17,501 — £20,000	1	5
£15,001 — £17,500	3	4
£ 7,501 — £10,000	1	
£ 0 — £ 2,500	1	1
Employees of BAT in the UK:		
£20,001 — £22,500	2	
£17,501 — £20,000	2	1
£15,001 — £17,500	1	
£12,501 — £15,000	3	1
£10,001 — £12,500	20	14

3 Investment Income

	£ millions	
Quoted	12.55	11.64
Unquoted	3.73	1.91
Short Term Deposits	24.73	18.90
	<u>41.01</u>	<u>32.45</u>

Distributions by Associated Companies amounting to £2.53 1973 £2.24 (Quoted £0.48 1973 £0.51) have not been included in investment income — note 10.

4 Interest Paid

Bank Loans and Overdrafts	22.07	8.00
Short Term Loans	5.28	1.72
Other Loans	10.97	10.01
	<u>38.32</u>	<u>19.73</u>

5 Taxation	1974 £ millions	1973
UK Corporation Tax on profits which became chargeable during the year — 52% 1973 45%	91.30	55.38
Less: Double Taxation Relief	64.90	40.29
	<u>26.40</u>	<u>9.09</u>
ACT recoverable 1973 payable	(3.15)	3.57
	<u>23.25</u>	<u>12.66</u>
Overspill Relief	(1.61)	(7.54)
	<u>21.64</u>	<u>11.12</u>
Overseas Taxation	73.19	89.70
	<u>94.83</u>	<u>100.82</u>
Deferred Taxation	19.18	6.64
	<u>114.01</u>	<u>107.46</u>

6 Net Profit dealt with in the accounts of BAT	41.80	37.18
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7 Retained in Inflation Reserves

Fixed Assets	14.89
Stocks	76.13
	<u>91.02</u>
Less: Benefit arising on net liabilities	49.65
	<u>41.37</u>

8 Dividends of BAT

5% Preference Stock (payable as 3.5%)	.16	.19
6% Preference Stock (payable as 4.2%)	.25	.26
Ordinary Stock 25p Unit		
3.000p Interim paid 1 April 1974	7.64	8.27
3.500p Interim paid 1 October 1974	8.90	8.90
3.917p Final proposed payable 1 April 1975	9.97	9.62
10.417p (1973 9.555p of which 2.275p was paid gross)	<u>26.92</u>	<u>27.24</u>

9 Earnings per Ordinary Stock Unit are based on equity earnings of £116.86 and 254.4 million units of Ordinary Stock of 25p each being the number of Ordinary Stock Units in issue. Fully diluted Earnings per Stock Unit are based on 266.7 million units of Ordinary Stock being the number of units in issue of both the Ordinary and Deferred Ordinary Stock and the Ordinary Stock to be issued in exchange for Convertible Loan Stock.

10 Associated Companies — page 27

BAT's interest in the profits has been included as follows:

Turnover	76.28	46.42
Trading profit	6.22	3.23
Investment income	64	.74
Operating profit	6.86	3.97
Interest paid	1.03	.61
Profit before taxation	5.83	3.36
Taxation	2.97	1.31
Profit after taxation	2.86	2.05
Attributable profits of BAT Subsidiaries	1.27	1.07
	<u>4.13</u>	<u>3.12</u>
Distributed to BAT	2.53	2.24
Profits retained	<u>1.60</u>	<u>.88</u>

BALANCE SHEETS

30. SEPTEMBER 1974

Funds Employed	Notes	Group 1974 £ millions	1973	Company 1974	1973
Ordinary and Deferred Ordinary Stock	1	65.46	65.46	65.46	65.46
Share Premium	1	58.73	58.71	58.73	58.71
Reserves	2	710.22	626.09	102.30	85.33
Interest of Ordinary Stockholders		834.41	750.26	226.49	209.50
Preference Stock	1	10.50	10.50	10.50	10.50
Interest of Minority Shareholders in Subsidiaries		78.42	81.71		
Deferred Taxation		78.21	56.84		58
Long Term Loans	3	160.47	159.28	22.11	15.19
Short Term Loans and Overdrafts	3	280.60	206.51	11.27	7.32
Funds Employed		1,442.61	1,265.10	270.37	243.09
Net Assets					
Fixed Assets—net	4	455.57	409.57	10.48	9.93
Investments					
Subsidiary Companies	5	25	25	187.66	185.08
Associated Companies	6	29.09	27.73	2.06	2.06
Trade Investments	6	153.06	146.80	7.88	7.83
		182.40	174.78	197.60	194.97
Current Assets					
Stocks—note 4 page 15		777.21	620.15	61.49	39.68
Debtors		275.21	229.09	24.37	18.53
Current Investments	6	59.21	45.45		
Short Term Deposits		140.48	172.52	14.04	8.69
Cash		42.34	56.00	2.61	11.11
		1,294.45	1,123.21	102.51	78.01
Total Assets		1,932.42	1,707.56	310.59	282.91
Current Liabilities					
Creditors		332.11	299.95	9.16	10.53
Taxation Provisions	7	59.86	67.56	1.96	8.64
Dividends	7	18.87	18.52	18.87	18.52
Employees Benefit Funds		78.97	5.13	10.23	2.13
		489.81	442.46	40.22	39.82
Net Assets		1,442.61	1,265.10	270.37	243.09

On behalf of the Board

Richard P Dobson, P Macadam, Directors

WE HEREBY CERTIFY this to be a true and correct balance sheet and before the Company in 1974 during the period to which this return relates and of the report of the auditors thereon and of the directors accompanying such balance sheet.

E. J. J. J.

Secretary

69

NOTES ON BALANCE SHEETS

1 Share Capital

	1974 £ millions	Authorised 1973	1974	Issued fully paid 1973
Ordinary Stock and Shares	68.69	68.69	63.60	63.60
Deferred Ordinary Stock	1.86	1.86	1.86	1.86
5% Cumulative Preference Stock	4.50	4.50	4.50	4.50
6% Second Cumulative Preference Stock	6.00	6.00	6.00	6.00
	<u>81.05</u>	<u>81.05</u>	<u>75.96</u>	<u>75.96</u>

The Deferred Ordinary Stock will rank for dividends in respect of periods commencing on or after 1 October 1975.

Rights of conversion of BAT Investments Ltd Unsecured Loan Stock into Ordinary Stock of BAT are stated in note 3b.

Share Premium

Balance 1 October 1973	58.71
Premium arising on conversion of BAT Investments Ltd Unsecured Loan Stock	.02
Balance 30 September 1974	<u>58.73</u>

2 Reserves

Group	Inflation Reserves	Other Reserves	Total
Balance 1 October 1973	127.76	549.77	677.53
Deferred Taxation		51.44	51.44
	<u>127.76</u>	<u>498.33</u>	<u>626.09</u>
Differences on exchange	1.84	(5.08)	(3.24)
Retained profits	41.37	48.98	90.35
Goodwill on acquisitions		(7.29)	(7.29)
Capital profits and adjustments		4.31	4.31
Transfers between Reserves	(1.33)	1.33	
Balance 30 September 1974	<u>169.64</u>	<u>540.58</u>	<u>710.22</u>
Company			
Balance 1 October 1973	12.80	73.52	86.32
Deferred Taxation		.99	.99
	<u>12.80</u>	<u>72.53</u>	<u>85.33</u>
Retained profits	10.66	4.22	14.88
Capital profits and adjustments		2.09	2.09
Balance 30 September 1974	<u>23.46</u>	<u>78.84</u>	<u>102.30</u>

Undistributed Reserves of Associated Companies amounting to £10.44 1973 £10.11 are included in Other Reserves.

70 NOTES ON BALANCE SHEETS

3 Loans

	Group 1974 £ millions	1973	Company 1974	1973
Summary				
Long Term Loans	160.47	159.28	22.11	15.19
Short Term Loans and Overdrafts repayable within five years	280.60	206.51	11.27	7.32
Total Loans of which £23.45 1973 £48.26 is secured	441.07	365.79	33.38	22.51

Company	Rate of Interest %	1974	1973	Repayable	Currency
Unsecured Loan Stock 1982/1987	7	5.91	6.52	1978 to 1987	£
Unsecured Bonds	6½	5.81	5.48	1977	Swiss Fr
Unsecured Bonds	5½	7.27	6.84	1979 to 1983	Swiss F
		18.99	18.84		
Bank Loans		14.39	3.67		
Total (all unsecured)		33.38	22.51		

BAT Investments Ltd					
ab Convertible Unsecured Loan Stock	9½	12.58	12.60	1990 to 1995	£
a Unsecured Loan Stock 1990/1995	10	2.60	2.60	1981 to 1995	£
a Unsecured Loan Stock 1990/1995	10½	37.02	37.02	1981 to 1995	£
		52.20	52.22		

Other Subsidiaries					
a Secured Debenture Stock 1971/1981	4½	1.89	2.10	1974 to 1981	£
Secured Debenture Stock	5½	6.04	6.73	1974 to 1981	£
a Secured Debenture Stock 1981/1986	6½	3.49	3.81	1974 to 1986	£
Secured Notes	4	2.42	2.40	1974 to 1980	US \$
Secured Notes	5	2.74	2.82	1974 to 1986	US \$
Unsecured Notes	6½	7.74	8.05	1974 to 1987	US \$
Unsecured Notes	7½	16.29	16.58	1974 to 1992	US \$
Secured Notes	8½	8.08	7.99	1974 to 1993	US \$
a Unsecured Bonds	7½	8.48	9.25	1974 to 1987	FF
Miscellaneous—long term		10.30	19.81		
		119.67	131.76		
Miscellaneous—short term		36.08	19.70		
Bank Loans and Overdrafts		251.94	191.82		
		407.69	343.28		
Group Total		441.07	365.79		

a Unconditionally guaranteed by BAT.

b The Convertible Stock may be converted into fully paid Ordinary Stock of BAT on 10 March in any year up to 1980 at the rate of 25p Ordinary Stock for every £2.60 of Convertible Stock.

4 Fixed Assets

	Group			Company		
	Land & Buildings £ millions	Plant Machinery & Equipment	Total	Land & Buildings	Plant Machinery & Equipment	Total
Cost:						
At 1 October 1973	293.84	354.72	648.56	5.55	10.59	16.14
Differences on exchange	5.33	3.56	8.89			
Subsidiaries acquired during year	3.46	13.42	16.88			
Expenditure	26.10	48.31	74.41	.20	1.57	1.77
Disposals	(6.04)	(21.07)	(27.11)	(.22)	(.49)	(.71)
At 30 September 1974	322.69	398.94	721.63	5.53	11.67	17.20
Depreciation:						
At 1 October 1973	69.48	169.51	238.99	1.31	4.90	6.21
Differences on exchange	1.47	2.05	3.52			
Subsidiaries acquired during year	.67	3.55	4.22			
Charged to Profit and Loss Account	6.44	28.55	34.99	.07	.81	.88
Adjustments on disposals	(1.68)	(13.98)	(15.66)	(.04)	(.33)	(.37)
At 30 September 1974	76.38	189.68	266.06	1.34	5.38	6.72
Net Values at 30 September 1974	246.31	209.26	455.57	4.19	6.29	10.48
Net Values at 30 September 1973	224.36	185.21	409.57	4.24	5.69	9.93
Land and Buildings comprise:	Cost	Depreciation	Net	Cost	Depreciation	Net
Freehold Land and Buildings	252.98	64.61	188.37	5.06	1.24	3.82
Land and Buildings on Long Leases	50.68	6.72	43.96			
Land and Buildings on Short Leases	19.03	5.05	13.98	.47	.10	.37
	322.69	76.38	246.31	5.53	1.34	4.19
Capital Expenditure		Group			Company	
		1974	1973		1974	1973
Authorised by the Directors of BAT or its Subsidiaries but not provided for in these accounts is estimated at		171.24	106.51		9.93	1.40
of which contracts have been placed for		41.95	28.06		1.74	.89

5 Subsidiaries

Group

The leaf company in Rhodesia with a book value of £250,000 has not been consolidated owing to lack of information.

Company

At cost less provisions and amounts written off

	1974	1973
Shareholdings	130.67	130.68
Loans and Current Accounts	159.14	140.52
	289.81	271.20
Less: Amounts owing to Subsidiaries	102.15	86.12
	187.66	185.08

NOTES ON BALANCE SHEETS

6 Investments		Group		Company	
		1974	1973	1974	1973
	£ millions				
a Associated Companies page 27		29.09	27.73	2.06	2.06
Trade Investments at cost		153.06	146.80	7.88	7.83
Current Investments		59.21	45.45		
		<u>241.36</u>	<u>219.98</u>	<u>9.94</u>	<u>9.89</u>
<i>Comprising:</i>					
Unquoted — equity at Directors' valuation		11.95	10.73		
b Unquoted — equity not valued by Directors		30.37	30.10	6.66	6.58
Unquoted — other		38.03	27.34	1.55	1.58
		<u>80.35</u>	<u>68.17</u>	<u>8.21</u>	<u>8.16</u>
Quoted in the UK		28.95	31.11	1.31	1.31
Quoted abroad		132.06	120.70	.42	.42
		<u>161.01</u>	<u>151.81</u>	<u>1.73</u>	<u>1.73</u>
Market Value of Quoted Investments		<u>215.94</u>	<u>235.83</u>	<u>9.09</u>	<u>10.73</u>
<p>The market value of quoted investments is computed at middle market prices and includes the full investment currency premium of 47% 1973 232% where appropriate amounting to £33.75 1973 £25.01. No allowance has been made for any surrender of investment currency premium on realisation of investments.</p>					
<p>a The basis of Valuation of Associated Companies is stated in note 2 on page 15.</p>					
<p>b Information given in accordance with paragraph 5A of Schedule 2 of the Companies Act 1967:</p>					
Income received during year		2.42	1.73	.77	.31
Share of latest year's profits less losses before taxation		6.23	5.06	2.99	1.04
Share of latest year's profits less losses after taxation		3.50	2.93	1.77	.63
Accumulated share of undistributed profits less losses since acquisition		11.89	9.65	8.37	6.31

7 Current Liabilities

	Group		Company	
	1974	1973	1974	1973
	£ millions			
Taxation Provisions comprise:				
UK Taxation	16.11	13.04		7.07
Overseas Taxation	43.75	54.52	1.96	1.50
	<u>59.86</u>	<u>67.56</u>	<u>1.96</u>	<u>8.64</u>
Dividends comprise:				
Proposed Ordinary Dividend	9.97	9.62	9.97	9.62
Interim Dividend paid 1 October 1974	8.90	8.90	8.90	8.90
	<u>18.87</u>	<u>18.52</u>	<u>18.87</u>	<u>18.52</u>
Secured Current Liabilities	<u>6.75</u>	<u>4.13</u>	<u>—</u>	<u>—</u>

8 Contingent Liabilities

There are uncalled liabilities on Trade Investments and contingent liabilities in respect of litigation, overseas taxes, guarantees and social benefits in various countries.

BAT has guaranteed borrowings by Subsidiaries of £187 millions.

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PRINCIPAL SUBSIDIARIES

TOBACCO

	Percentage shares				Percentage shares		
	held by BAT	held by Subsidiaries	attributable to BAT		held by BAT	held by Subsidiaries	attributable to BAT
United Kingdom				Latin America & Caribbean			
Arcadian Investment Co Ltd	100	—	100	Argentina			
Ardath Tobacco Co Ltd	—	100	100	Cia Nobleza de Tabacos SAICyF	85	—	85
Benson & Hedges (Overseas) Ltd	—	100	100	Brazil			
Brown & Williamson Tobacco Corporation (Export) Ltd	100	—	100	Cia Souza Cruz Indústria e Comércio	—	75	60
Cia Continental de Cigarros Ltd	—	80	80	Costa Rica			
East African Tobacco Co (UK) Ltd	—	99	94	Republic Tobacco Co	80	—	80
Peter Jackson (Overseas) Ltd	—	100	100	El Salvador			
The Raleigh Investment Co Ltd (incorporated in the Isle of Man)	—	72	72	Cigarrería Morazán SA	75	—	75
Senior Service (Overseas) Ltd	100	—	100	Honduras			
				Tabacalera Hondureña SA	80	—	80
Europe				Nicaragua			
Belgium				Tabacalera Nicaraguense SA	60	—	60
BAT Benelux-Ets Odon Warland SA	32	68	100	Panama			
Velasques Sigarenfabrieken NV	94	6	100	Tabacalera Istmeña SA	100	—	100
Channel Islands				Venezuela			
The Jersey Tobacco Distributors Ltd	100	—	100	CA Cigarrera Bigott Sucs	85	—	85
Cyprus				Barbados			
Dianellos & Vergopoulos Ltd	—	89	89	British-American Tobacco Co (Barbados) Ltd	100	—	100
Finland				Guyana			
Suomen Tupakka OY	—	100	100	Demerara Tobacco Co Ltd	68	2	70
Germany				Jamaica			
Interserva GmbH	—	100	100	B & J B Machado Tobacco Co Ltd	69	—	69
BAT Cigaretten-Fabriken GmbH	—	100	100	Trinidad & Tobago			
Garbáty Berlin	—	100	100	The West Indian Tobacco Co Ltd	29	31	60
Cigarettenfabrik GmbH	—	100	100				
Holland				Asia			
British-American Tobacco Co (Nederland) BV	—	100	100	Hong Kong			
Henri Wintermans' Sigarenfabrieken BV	—	100	100	British-American Tobacco Co (Hong Kong) Ltd	85	—	85
Malta				India			
Malta Tobacco Co Ltd	100	—	100	Indian Leaf Tobacco Development Co Ltd	—	100	72
Switzerland				(incorporated in the Isle of Man)			
BAT (Suisse) SA	77	22	99	Indonesia			
				PT British-American Tobacco Manufacturers (Indonesia) Ltd	80	—	80
United States of America				Malaysia			
Brown & Williamson Tobacco Corp	—	100	100	Malayan Tobacco Co Berhad	—	61	61
Export Leaf Tobacco Co	100	—	100	Pakistan			
				Pakistan Tobacco Co Ltd	63	—	63
				Singapore			
				Singapore Tobacco Co (Private) Ltd	—	100	61
				Sri Lanka			
				Ceylon Tobacco Co Ltd	75	11	84

PRINCIPAL SUBSIDIARIES

TOBACCO

	Equity shares		
	held by BAT	held by Subsidiaries	attributable to BAT
Africa			
Ghana			
Pioneer Tobacco Co Ltd	100	—	100
Kenya			
BAT Kenya Ltd	—	60	56
Malawi			
BAT (Malawi) Ltd	—	80	80
Mauritius			
British-American Tobacco Co (Mauritius) Ltd (incorporated in the UK)	—	100	100
Nigeria			
Nigerian Tobacco Co Ltd	90	—	90
Rhodesia			
BAT Central Africa Ltd	—	85	49
BAT Rhodesia Ltd	—	100	49
Carlton Cigarette Co (Pvt) Ltd	—	100	58
Export Leaf Tobacco Co of Africa (Pvt) Ltd	100	—	100
Sierra Leone			
Aureol Tobacco Co Ltd	90	—	90
South Africa			
Utico Holdings Ltd	—	58	58
Zaire			
BAT Zaire SARL	100	—	100
Zambia			
BAT Zambia Ltd	—	81	81
New Zealand			
WD & H O Wills (New Zealand) Ltd	—	100	86

RETAILING

	Equity shares		
	held by BAT	held by Subsidiaries	attributable to BAT
United Kingdom			
Homefare Ltd	—	100	100
International Stores Ltd	100	—	100
Kearley & Tonge Ltd	—	100	100
George J Mason Ltd	—	100	100
Pricerite Ltd	—	100	100
Ridgways Ltd	—	100	100
United States of America			
Gimbel Brothers Inc	—	100	100
Kohl Corporation	—	85	85
Saks Fifth Avenue	—	100	100
Brazil			
Supermercados Peg-Pao SA	—	61	26

PAPER

COSMETICS

Holding Company
British-American Tobacco
Investments Ltd
 which is a 100% Subsidiary
 of BAT

% equity shares
 held by BAT Investments held by Subsidiaries attributable to BAT

United Kingdom

Jointine Products Co Ltd	—	100	100
Samuel Jones & Co Ltd	—	100	100
Wiggins Teape Ltd	100	—	100
Wiggins Teape (Mill Sales) Ltd	—	100	100
Wiggins Teape Paper Ltd	—	100	100
Wiggins Teape Overseas Ltd	—	100	100
Wiggins Teape Overseas Sales Ltd	—	100	100
Wiggins Teape (Stationery) Ltd	—	100	100

Europe
Belgium

SA des Papeteries de Virginal	—	100	100
Wiggins Teape (Belgium) SA	—	100	100

Eire

Wiggins Teape (Ireland) Ltd	—	100	100
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Finland

Aarne Laaksonen Oy	—	63	63
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France

Papeteries de Montévrain SA	—	65	65
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Brazil

Cia Industrial de Papel Pirahy	—	100	100
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Asia

Hong Kong

Wiggins Teape (Hong Kong) Ltd	—	100	100
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Japan

Wiggins Teape (Japan) Ltd	—	100	100
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Malaysia

Wiggins Teape Malaya Sdn Berhad	—	100	100
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Singapore

Wiggins Teape Singapore (Private) Ltd	—	100	100
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Africa

Nigeria

Wiggins Teape (West Africa) Ltd	—	59	59
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South Africa

Alex Pirie & Sons Africa (Pty) Ltd	—	100	100
Pirie Appleton & Co Africa (Pty) Ltd	—	100	100
Wiggins Teape Converters (Pty) Ltd	—	100	100
Wiggins Teape (Pty) Ltd	—	100	100

Zambia

Wiggins Teape (Zambia) Ltd	—	100	100
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Held by other Subsidiaries of BAT

Argentina

Alejandro Bianchi & Cia Ltda	—	100	85
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United Kingdom

British-American Cosmetics Ltd	100	—	100
Cyclax Ltd	—	100	100
Germaine Monteil (UK) Ltd	—	100	100
Lenthéric Ltd	—	100	100
Morny Ltd	—	100	100
Yardley and Company Ltd	100	—	100

Europe

Austria

Germaine Monteil GmbH	—	100	100
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France

Germaine Monteil SA	—	100	100
Yardley et Cie SA	—	100	100

Germany

Germaine Monteil Cosmétiques GmbH	—	100	100
Lenthéric GmbH	—	100	100
Yardley of London (Deutschland) GmbH	—	100	100

Switzerland

Germaine Monteil SA	—	100	100
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North America

Canada

Germaine Monteil Canada Ltd	—	100	100
Yardley of London (Canada) Ltd	—	100	100

United States of America

Germaine Monteil Cosmétiques Corp	—	100	100
Scandia Cosmetics Corp	—	100	100
Tuvache Inc	—	100	100
Yardley of London Inc	—	92	92

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PRINCIPAL SUBSIDIARIES

COSMETICS

	% equity shares		
	held by BAT	held by Subsidiaries	attributable to BAT
Latin America			
Brazil			
Yardley of London Brasileira SAIC	—	100	100
Colombia			
Yardley of London Colombiana SA	—	69	69
Mexico			
Yardley of London (Mexico) SAdeCV	—	100	100
Venezuela			
Yardley of London Venezolana CA	—	100	100
Asia			
Malaysia			
Yardley Jardine (Malaysia) Sdn Bhd	—	75	75
Singapore			
Yardley of London (Singapore) Private Ltd	—	100	100
South Africa			
Lenthéric (SA) Ltd	—	100	100
Yardley of London (Africa) (Pty) Ltd	—	100	100
Australia			
Cyclax (Australia) Proprietary Ltd	—	100	100
Lenthéric Morny (Sales) Pty Ltd	—	100	100
Yardley of London (Australia) Pty Ltd	—	100	100
New Zealand			
Cyclax (NZ) Ltd	—	100	100

OTHER ACTIVITIES

	% equity shares		
	held by BAT	held by Subsidiaries	attributable to BAT
United Kingdom			
Finance			
BAT International Finance Ltd	100	—	100
Holding Company			
Powhattan Investment Co Ltd	100	—	100
Insurance			
Tobacco Insurance Co Ltd	—	95	95
United States of America			
Foods			
Vita Food Products Inc	—	100	100
Argentina			
Foods			
SA Productora Avicola (SAPRA) ICAYG	—	100	85
Africa			
Nigeria			
Investment Company			
Marina Investments Ltd	—	100	90
South Africa			
Foods			
Willards Foods (Pty) Ltd	—	100	58

ASSOCIATED COMPANIES

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United Kingdom

Held by BAT

		Total Issued Capital £ millions	Total Reserves	BAT Interest %
Abbey Investment Co Ltd (Incorporated in the Isle of Man)	Ordinary	1.50	4.85	50
a Tobacco Securities Trust Co Ltd	Ordinary Shares	1.00	56.11	85
b	Ordinary Stock	3.00		9
a	Deferred Shares	.01		48
b	Deferred Stock	.86		2

TST and Abbey have interests in various Subsidiaries of BAT.
 BAT's holdings in TST carry 50% of the total voting rights.

Held by Subsidiaries

Associated Tissues (Holdings) Ltd	Ordinary	2.05	3.87	50
	Shareholders' Loans	.25		50
Mardon Packaging International Ltd	Ordinary	35.00	6.36	50
	Shareholders' Loans	8.08		50

a Treated in note 6 page 22 as quoted and valued by
 reference to their quoted equivalent.

b Quoted in the United Kingdom.

BAT's percentage interest in share and loan capital is stated
 as at 30 September 1974. Capital, reserves and shareholders'
 loans are those shown in the latest accounts published in
 respect of periods ended between June and October 1974.

PRINCIPAL TRADE INVESTMENTS

		Total Issued Capital £ millions	Total Reserves	BAT Interest
United Kingdom				
a Chambon Ltd <i>engineering</i>	Ordinary	40	92	35
a Molins Ltd <i>engineering</i>	Preference	90		25
	Voting Ordinary	05	14.46	25
	Non-voting Ordinary	2.76		29
	Shareholders' Loans	2.30		50
Argentina				
Witcel SACIFIA <i>paper</i>	Ordinary	\$a millions 34.20	42.22	49
Australia				
b Allied Manufacturing and	Preference	A\$ millions 3.42		2
b Trading Industries Ltd <i>tobacco</i>	Ordinary	62.28	134.59	36
c	'B' Ordinary	1.24		25
c Associated Pulp and Paper Mills Ltd <i>paper</i>	Ordinary	40.42	23.06	15
	Shareholders' Loans	26.74		
Canada				
b Imasco Ltd <i>tobacco</i>	Preference	Can \$ millions 5.80		23
b	Ordinary	48.35	94.90	44
Chile				
ac Cia Chilena de Tabacos SA <i>tobacco</i>	Ordinary	Eo millions 180.00	5,469.51	50
Denmark				
a Skandinavisk Tobakskompagni AS <i>tobacco</i>	'A' Ordinary	Krone millions 127.50	173.34	31
	'B' Ordinary	14.50		33
Germany				
c Herten AG <i>department stores</i>	Ordinary	D Marks millions 250.00	253.05	25
India				
c ITC Ltd <i>tobacco</i>	Ordinary	Rs millions 189.50	199.41	44
Mexico				
c Empresas La Moderna SA de CV <i>tobacco</i>	Ordinary	Mex \$ millions 480.00	178.09	45
South Vietnam				
ac Manufactures Indochinoises de Cigarettes SA <i>tobacco</i> (Incorporated in Djibouti)	Ordinary	FDj millions 357.24	1,409.47	46

- a Held by BAT.
b Quoted in United Kingdom.
c Quoted abroad.

BAT's percentage interest in share and loan capital is stated as at 30 September 1974. Capital, reserves and shareholders' loans are those shown in the latest available published accounts.

BAT's Interest in Principal Trade Investments

	1974	1973
	£ millions	
Net Asset value	131.80	112.87
Book value	107.35	108.41
Profits after taxation	16.81	14.84
Distributions	9.80	8.43
Retentions	7.01	6.41
Retentions per BAT Stock Unit	2.8p	2.6p

Assets, profits, distributions and retentions have been taken from the last relevant published figures, in some cases unaudited half-yearly reports, made up to various dates from 31 October 1973 to 30 September 1974.

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REPORT OF THE AUDITORS

TO MEMBERS OF BRITISH-AMERICAN TOBACCO COMPANY LIMITED

In our opinion, based on our examination and on the reports of the auditors of certain subsidiaries not audited by us, the accounts set out on pages 15 to 28:

(a) give, so far as concerns the members of British-American Tobacco Company Limited, a true and fair view of the state of affairs at 30 September 1974 and of the profit for the year ended on that date, so far as is practicable having regard to the fact that the accounts of certain subsidiaries and associated companies have been made up to dates other than 30 September 1974 and

(b) comply with the Companies Acts 1948 and 1967.

Deloitte & Co
Chartered Accountants
London, 6 February 1975

BRITISH-AMERICAN TOBACCO INVESTMENTS LIMITED

Notice of Meeting

Notice is hereby given that the Fifth Annual General Meeting of British-American Tobacco Investments Limited will be held at the registered office, Westminster House, Millbank, London SW1 on Thursday 20 March 1975 at 9.15 am for the transaction of the following business:

To receive and consider the Accounts for the year ended 30 September 1974 and the Reports of the Directors and Auditors thereon.

To elect Directors.

To authorise the Directors to fix the Auditors' remuneration.

By Order of the Board

P J Ricketts, *Secretary*
20 February 1975

Note

Only the holders of Ordinary Shares are entitled to attend or be represented at the Meeting.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the Company.

Directors' Report

Board of Directors

R P Dobson, *Chairman*
T E Davies
P Macadam
R J Ogle
P D Tindley

In pursuance of the Articles of Association Messrs R J Ogle and P D Tindley retire from the Board at the Annual General Meeting and will be proposed for re-election.

Results for the year

There was no profit or loss.

Principal Activity

Holding Company of Wiggins Teape Ltd which, together with its subsidiary and associated companies, is engaged in the manufacture, conversion and sale of paper and allied products.

On behalf of the Board

Richard P Dobson, P Macadam, *Directors*

BRITISH-AMERICAN TOBACCO INVESTMENTS LIMITED

Profit and Loss Account for the year ended 30 September 1974

	1974	1973
£ millions		
Income from Subsidiary—note 1	2.00	3.31
Other Income—note 2	3.36	2.21
	<u>5.36</u>	<u>5.52</u>
Expenses (including Auditors' Fees £650 1973 £500)	.02	.01
Interest Payable on Loan Stocks	5.34	5.35
Retained in Reserves	<u>—</u>	<u>.16</u>

Notes

- 1 Dividends from Subsidiary £2 millions 1973 £3 millions are without tax deduction or credit.
- 2 Other income comprises a subvention and consideration for the Corporation Tax Loss surrendered to the Holding Company.
- 3 None of the Directors received any remuneration from the Company or its Subsidiaries during the year.

Balance Sheet 30 September 1974

Funds Employed

Ordinary Shares of £1 each authorised, issued and fully paid	1.00	1.00
Reserves	.16	.16
Interest of Shareholders	<u>1.16</u>	<u>1.16</u>
Loan Stocks—note 3 page 20	52.20	52.22
Holding Company and Fellow Subsidiaries	<u>27.06</u>	<u>29.87</u>
	<u>80.42</u>	<u>83.25</u>

Notes

- 1 A list of principal Subsidiaries (all in the paper industry) is given on page 25.
- 2 No Group Accounts are submitted as the Company, being a wholly-owned Subsidiary, is exempt under Section 150(2)(a) of the Companies Act 1948. The Directors are of the opinion that the investment in the Subsidiary has a value not less than the amount at which it is stated in the Balance Sheet.

Net Assets

Subsidiary		
Shareholding at cost	80.61	80.61
Current Account	<u>—</u>	<u>1.63</u>
	<u>80.61</u>	<u>82.24</u>
Fellow Subsidiaries	.69	1.81
	<u>81.30</u>	<u>84.05</u>
Current Liabilities—Creditors	.88	.80
	<u>80.42</u>	<u>83.25</u>

- 3 The Company is a wholly-owned Subsidiary of British-American Tobacco Co Ltd (the ultimate holding company) incorporated in the United Kingdom.

On behalf of the Board

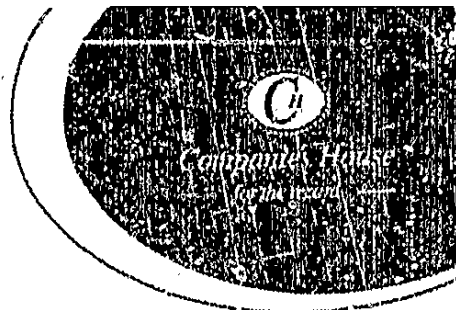
Richard P Dobson, P Macadam, *Directors*

Report of the Auditors

To Members of
British-American Tobacco Investments Limited

In our opinion the above accounts on page 31 give a true and fair view of the state of affairs at 30 September 1974 and the result for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Deloitte & Co
Chartered Accountants
London, 6 February 1975



Crown Way Cardiff CF14 3UZ
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NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

This has been noted but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

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