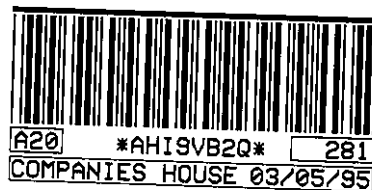


CHELWOOD TRADING & INVESTMENT COMPANY LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994

Registered no. 113873



Chelwood Trading & Investment Company Limited

Report of the directors for the year ended 31 December 1994

The directors present their report and the audited financial statements for the year ended 31 December 1994.

Principal activities

The Company has an investment in a subsidiary 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 £5,500,000. The profit for the financial year of £154,000 will be transferred to reserves.

Directors

B D Bramley	(Chairman)
P N Adams	
N Davis	
K S Dunt	
R S Hartley	(Resigned 16 May 1994)
A C Johnston	(Appointed 16 May 1994)
R H Pilbeam	
J Rembiszewski	
D S Watterton	

Directors' interests in the shares of the company

The interests of those persons, who were directors at 31 December 1994, 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 Company Limited, of which this company is a wholly owned subsidiary. Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

Chelwood Trading & Investment Company Limited

Report of the directors for the year ended 31 December 1994

Directors' responsibilities

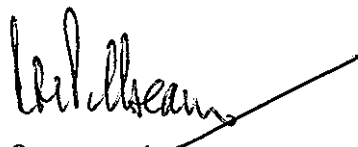
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- 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

Director:



R. H. PILBEAM

Dated:

29 MAR 1995

Auditors' Report to the Shareholders of Chelwood Trading & Investment Company 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

29 March 1995

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

**Profit and loss account
for the year ended 31 December 1994**

	<u>Notes</u>	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Administration expenses	2	2	58
Operating income	3	8	-
Operating profit/(loss) - continuing operations		<u>6</u>	<u>(58)</u>
Income from shares in a group undertaking		5,648	13,298
Profit on ordinary activities before taxation		<u>5,654</u>	<u>13,240</u>
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		<u>5,654</u>	<u>13,240</u>
Dividend proposed		5,500	13,000
Retained profit for the year		<u>154</u>	<u>240</u>
Statement of retained profits			
Retained profits at 1 January		5,934	5,694
Retained profit for the year		154	240
Retained profits at 31 December		<u>6,088</u>	<u>5,934</u>

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

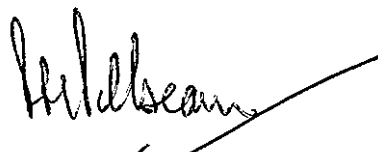
The notes on pages 7 to 10 form part of these financial statements.

Balance Sheet - 31 December 1994

	<u>Notes</u>	<u>1994</u> <u>£000</u>	<u>1994</u> <u>£000</u>	<u>1993</u> <u>£000</u>	<u>1993</u> <u>£000</u>
Fixed assets					
Investments	5		1,170		1,170
Current assets					
Debtors	6	10,448		17,794	
Creditors: amounts falling due within one year	7	<u>5,500</u>		<u>13,000</u>	
Net current assets			4,948		4,794
Total assets less current liabilities			<u>6,118</u>		<u>5,964</u>
Capital and reserves					
Called up share capital	8		30		30
Profit and loss account			6,088		5,934
Total shareholders' funds	9		<u>6,118</u>		<u>5,964</u>
Equity interests			6,118		5,964
Total shareholders' funds			<u>6,118</u>		<u>5,964</u>

The financial statements on pages 5 to 10 were approved by the Directors on **29 MAR 1995** and are signed on their behalf by:

Director:


R. H. PILBEAM

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

Chelwood Trading & Investment Company Limited

Notes to the financial statements for the year ended 31 December 1994

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the previous 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 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 provisions consistent with the concept of prudence.

1.5 Listed investments

The Stock Exchange value of listed investments at the year end is computed at middle market prices.

1.6 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 undertaking.

1.7 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.

1.8 Accounting for income

Income is accounted for on a receivable basis. Where delays are anticipated in the receipt of monies from overseas companies provision is made in accordance with the concept of prudence.

Chelwood Trading & Investment Company Limited

Notes to the financial statements
for the year ended 31 December 1994

2 Administration expenses

None of the directors received any remuneration in respect of their services to the Company during the period (1993 - Nil).

There were no employees, and no staff costs during the period (1993 - Nil).

Audit fees are paid by the parent undertaking.

3 Operating income

Income represents gains on exchange amounting to £8 thousand (1993 - loss £56 thousand).

4 Taxation	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 33.00% (1993: 33.00%)	2,241	7,047
Less: Double taxation relief	2,241	7,047
	<u>-----</u>	<u>-----</u>
	-	-
	<u>=====</u>	<u>=====</u>

In 1994 the tax charge was reduced by £365 thousand as a result of the surrender of Advance Corporation Tax for no consideration from the ultimate parent undertaking. (1993: nil).

5 Tangible fixed assets Investments

% Nominal
Value Held
Directly
Ordinary Shares of 78 Cents each

5.1 Investments in subsidiaries

5.1.1 Listed overseas - Malaysia

Malaysian Tobacco Co Bhd; tobacco (Incorporated in Malaysia) 1994 Stock Exchange Valuation £110,906 thousand (1993 £152,007 thousand)	54
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5.1.2 Shareholding at cost

	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
Malaysian Tobacco Co Bhd	1,170	1,170
	<u>=====</u>	<u>=====</u>

5.1.3 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.

Chelwood Trading & Investment Company Limited

Notes to the financial statements for the year ended 31 December 1994

6 Debtors	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year		
Amounts owed by parent undertaking	8,505	15,525
Dividend receivable from subsidiary undertaking	1,941	2,267
Other debtors	2	2
	<u>10,448</u>	<u>17,794</u>
	<u><u>10,448</u></u>	<u><u>17,794</u></u>
 7 Creditors: amounts falling due within one year	 <u>1994</u>	 <u>1993</u>
	<u>£000</u>	<u>£000</u>
Dividend proposed	5,500	13,000
	<u>5,500</u>	<u>13,000</u>
	<u><u>5,500</u></u>	<u><u>13,000</u></u>
 8 Share capital	 Ordinary Shares of £1 each	
	<u>1994</u>	<u>1993</u>
Authorised - value	£30,000	£30,000
number	30,000	30,000
Allotted, called up and fully paid		
value	£30,000	£30,000
number	30,000	30,000
	<u>30,000</u>	<u>30,000</u>
	<u><u>30,000</u></u>	<u><u>30,000</u></u>
 9 Reconciliation of movements in shareholders' funds	 <u>1994</u>	 <u>1993</u>
	<u>£000</u>	<u>£000</u>
Opening shareholders' funds	5,964	5,724
Profit attributable to shareholders for the year	5,654	13,240
Dividend proposed	(5,500)	(13,000)
	<u>6,118</u>	<u>5,964</u>
Closing shareholders' funds	<u>6,118</u>	<u>5,964</u>
	<u><u>6,118</u></u>	<u><u>5,964</u></u>

10 Parent undertaking

The Company's parent undertaking is British-American Tobacco Company Limited and its ultimate parent undertaking is B.A.T Industries Plc, both being incorporated in the United Kingdom and registered in England and Wales. These are respectively the smallest and largest groups for which group accounts are prepared and of which this Company is a member.

Chelwood Trading & Investment Company Limited

**Notes to the financial statements
for the year ended 31 December 1994**

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

Copies of the report and accounts of British-American Tobacco Company Limited may be obtained from:

The Company Secretary
Millbank
Knowle Green
Staines TW18 1DY