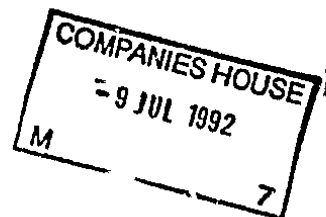


STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

(COMPANY REGISTRATION NO 262254)

REPORT AND ACCOUNTS

FOR THE PERIOD 14 FEBRUARY 1991 TO 31 DECEMBER 1991



STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Directors' report for the period 14 February 1991 to 31 December 1991

Board of directors

Chairman

M F Broughton (appointed 14.2.91)

Directors

R S Ager (resigned 14.2.91)
D P Allvey (appointed 14.2.91)
J A Bailey (resigned 14.2.91)
K Etherington (appointed 14.2.91)

Directors' interests

The interests, at 31 December 1991, of the persons, other than directors of the holding company, who at that date were directors, in the share and loan capital and share option schemes of the holding company, the Company and their subsidiaries, all of which are beneficial, are shown below.

B.A.T Industries p.l.c.

Ordinary 25p shares

	<u>14 February 1991</u>	<u>31 December 1991</u>
K Etherington	20,224	20,224

Share Options

	<u>14 February 1991</u>	<u>Granted</u>	<u>Exercised</u>	<u>31 December 1991</u>
K Etherington	13,972	3,417	—	17,389

Results for the year

	<u>£000's</u>
Net profit after taxation	238,147
Dividends paid	(178,683)
Dividends proposed	(859)
Net increase in reserves	<u>58,605</u>

Principal activities

The principal activity of the Company during the period was that of a holding company.

On 15 February 1991 the Company acquired from the holding company the entire issued ordinary share capital of British-American Tobacco Company Limited. British-American Tobacco Company Limited, a company incorporated in Great Britain, is a holding company whose subsidiaries are principally engaged in the manufacture of tobacco products.

Change of accounting date

The Company has changed its accounting reference date to 31 December to which date these accounts have been prepared.

STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Directors' report for the period 14 February 1991 to 31 December 1991

Change of name

On the 15 February 1991 the Company changed its name to Staines Investments Limited.

Ultimate holding company

On 14 February 1991, the whole of the Company's share capital was acquired from Tesco PLC by B.A.T Industries p.l.c. which became the Company's ultimate holding company at that date.

Auditor

Coopers & Lybrand Deloitte have indicated their willingness to continue in office, and a resolution proposing their re-appointment as auditor of the Company will be submitted to the annual general meeting.

On behalf of the board


Assistant Secretary

D R WOODWARD
31st January 1992

STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Profit and loss account

	For the period	
	14 February 1991 to 31 December 1991	1 January 1991 to 13 February 1991
	<u>£000's</u>	<u>£000's</u>
Income from shares in subsidiary	239,224	-
Interest received (note 2)	56	1
Net operating (expenses)/income (note 3)	(1)	1
Exceptional item (note 5)	-	1,548
	<hr/>	<hr/>
Profit on ordinary activities before taxation	239,279	1,550
Taxation on ordinary activities (note 6)	(1,132)	-
	<hr/>	<hr/>
Profit on ordinary activities after taxation	238,147	1,550
Dividends - paid	(178,683)	(2,889)
- proposed	<u>(859)</u>	<u>-</u>
	(179,542)	(2,889)
Retained profit/(loss) (note 10)	<u>58,605</u>	<u>(1,339)</u>

Notes are shown on pages 5 and 6.

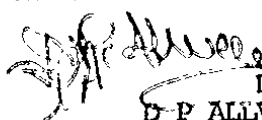
STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Balance sheet

	31 December 1991 <u>£000's</u>	13 February 1991 <u>£000's</u>
<u>ASSETS</u>		
<u>Fixed assets</u>		
Investment in subsidiary (note 7)	85,373	--
<u>Current assets</u>		
Debtors - due within 1 year		
Owed by subsidiary	59,469	-
Owed by fellow subsidiary	60	-
Taxation recoverable	<u>58,610</u>	<u>118,139</u>
Short term deposits	-	46
Total assets	<u>203,512</u>	<u>46</u>
<u>LIABILITIES</u>		
<u>Capital and reserves</u>		
Share capital (note 8)	84,630	1
Share premium (note 9)	744	-
Profit and loss account (note 10)	58,650	45
Interest of ordinary shareholders	<u>144,024</u>	<u>46</u>
<u>Creditors - due within 1 year</u>		
Owed to holding company	859	-
Taxation	4	-
ACT payable	58,624	-
Other creditors	<u>1</u>	<u>59,488</u>
Total funds employed	<u>203,512</u>	<u>46</u>

Notes are shown on pages 5 and 6.

On behalf of the board


Director
D-P ALLVEY
31st January 1992

STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Notes to the accounts

1. Accounting policies

The accounts have been prepared on an historical cost basis in accordance with applicable accounting standards.

2. Interest received

	14 February 1991 to 31 December 1991 £000's	1 January 1991 to 13 February 1991 £000's
Short term deposits	-	1
Fellow subsidiary	56	-
	<u>56</u>	<u>1</u>

3. Net operating (expenses)/income

Includes auditor's fees £625 (44 days ended 13 February 1991 £nil)

4. Directors' remuneration

None of the directors received any remuneration in respect of their services to the Company during the period. (44 days to 13 February 1991 £nil).

5. Exceptional item

Relates to the profit arising on the transfer of subsidiaries to the holding company - Tesco PLC.

6. Taxation on ordinary activities

	14 February 1991 to 31 December 1991 £000's	1 January 1991 to 13 February 1991 £000's
UK Corporation tax on taxable profits at 33.1%	18	-
Tax on franked investment income	1,114	-
	<u>1,132</u>	<u>-</u>

7. Investment in subsidiary

	£000's
14 February 1991	-
Acquired during the period	85,373
31 December 1991	<u>85,373</u>

On 15 February 1991 the Company allotted 84,628,697 ordinary shares of £1 each, fully paid, to the holding company B.A.T Industries p.l.c. in consideration for the entire issued ordinary share capital of British-American Tobacco Company Limited comprising 496,989,062 ordinary shares of 25p each. The amount shown above also includes the minimum premium value of £744,000 required to be set up under Sections 132 and 133 of Companies Act 1985 so as to state the investment at the book value at which it was carried by B.A.T Industries p.l.c.

British-American Tobacco Company Limited, a company incorporated in Great Britain, is a holding company whose subsidiaries are principally engaged in the manufacture of tobacco products.

No group accounts are submitted as the Company being a wholly-owned subsidiary, is exempt under Section 228 of the Companies Act 1985. 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.

STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Notes to the accounts

8. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>31 December 1991</u>	<u>13 February 1991</u>	<u>31 December 1991</u>	<u>13 February 1991</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Ordinary shares of £1 each	<u>84,631</u>	<u>2</u>	<u>84,630</u>	<u>1</u>

On 15 February 1991 the Company allotted 84,628,697 ordinary shares of £1 each, fully paid to the holding company B.A.T Industries p.l.c. in consideration for the entire issued ordinary share capital of British-American Tobacco Company Limited comprising 496,989,062 ordinary shares of 25p each.

9. Share premium

	<u>£000's</u>
14 February 1991	-
Acquisition of subsidiary	<u>744</u>
31 December 1991	<u>744</u>

As permitted under Section 132 of the Companies Act 1985 the share premium represents the minimum premium value which is the amount by which the carrying value of the shares in British-American Tobacco Company Limited, (as shown in the ultimate holding company's accounts immediately prior to the transfer to the Company) of £85,373,000, exceeds the nominal value of the shares issued in consideration of that transfer of £84,629,000.

10. Profit and loss account

	<u>£000's</u>
14 February 1991	<u>45</u>
Retentions	<u>58,605</u>
31 December 1991	<u>58,650</u>

11. Cash flow statement

No statement is submitted as the Company being a wholly-owned subsidiary, is funded by the holding company.

12. Ultimate holding company

On 14 February 1991, B.A.T Industries p.l.c. acquired the whole of the Company's then issued share capital and upon such acquisition became the Company's ultimate holding company. B.A.T Industries p.l.c is incorporated in Great Britain and registered in England, and its consolidated financial statements can be obtained from The Secretary, Windsor House, 50 Victoria street, London, SW1H 0NL.

STAINES INVESTMENTS LIMITED
(formerly Tesco Holdings Limited)

Report of the auditor to the members of Staines Investments Limited

We have audited the financial statements on pages 3 to 6 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1991 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above we draw attention to note 11 which states that the financial statements do not include a cash flow statement.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte
Chartered Accountants and Registered Auditor
London

31 January 1992