

Registered Number 352280

INSPECTING ENGINEERS LIMITED  
REPORT AND ACCOUNTS  
31ST DECEMBER 1997



## INSPECTING ENGINEERS LIMITED

(a wholly owned subsidiary undertaking of Eagle Star Insurance Company Limited)

### REPORT OF THE DIRECTORS

The Directors submit their report and the accounts for the year ended 31st December 1997.

### PRINCIPAL ACTIVITY

The Company did not trade during the year and accordingly no profit and loss account is submitted.

### DIRECTORS

The following Directors held office throughout the year unless otherwise shown:

P B K Hitchings  
I H James  
J A Wiltshire, FCII, ACIS

### DIRECTORS' INTERESTS

The Directors had no interest in the share and loan capital of group companies except as shown below.

B.A.T Industries p.l.c.				Employee Savings Related Options
	Ordinary Shares	'D' Options	'E' Options	
<b>1st January 1997</b>				
P B K Hitchings	7,711	2,000	18,320	4,725
I H James	4,276	3,030	21,630	6,318
J A Wiltshire	7,503	-	8,400	7,314
<b>Share options granted during the year</b>				
P B K Hitchings		-	7,920	-
I H James		-	7,400	854
J A Wiltshire		-	5,080	-
<b>Share options exercised during the year</b>				
I H James		-	-	3,692
J A Wiltshire		-	-	2,814
<b>31st December 1997</b>				
P B K Hitchings	8,133	2,000	26,240	4,725
I H James	7,487	3,030	29,030	3,480
J A Wiltshire	10,958	-	13,480	4,500

In addition, on 31st December 1997, all employees, including the executive directors, had a beneficial interest in 7,246,691 shares in B.A.T Industries p.l.c. (1st January 1997: 4,445,808 shares) held by the B.A.T Industries Employee Share Ownership Trust, established for the purpose of satisfying the exercise of options granted from 1994 onwards under the B.A.T Industries 'E' Option Scheme.

## **INSPECTING ENGINEERS LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the Auditors, shown on page 3, sets out their responsibilities in relation to the financial statements.

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 as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the Directors are required to:

- select appropriate accounting policies and 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 ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy 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 taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.


The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

#### **AUDITORS**

The Company has elected by a resolution passed in accordance with s.386 Companies Act 1985 and dated 14th December 1990, to dispense with the obligation to appoint auditors annually.

#### **BY ORDER OF THE BOARD**



J A WILTSHIRE  
Secretary

Eagle Star Centre  
Montpellier Drive  
Cheltenham  
Gloucestershire GL53 7LQ

27th February 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**INSPECTING ENGINEERS LIMITED**

We have audited the financial statements on page 4.

**Respective responsibilities of Directors and Auditors**

As described on page 2 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 state of the company's affairs at 31st December 1997 and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

27th February 1998

## INSPECTING ENGINEERS LIMITED

### BALANCE SHEET

*As at 31st December*

Amounts in £s	1997	1996
<b>Debtors</b>		
Amount due from immediate holding company	<u>5,958</u>	<u>5,958</u>
<b>Capital and Reserves</b>		
<i>Shareholders' funds - equity interest</i>		
Share capital: allotted and fully paid ordinary shares of £1 each	5,400	5,400
Other reserves	<u>558</u>	<u>558</u>
	<u>5,958</u>	<u>5,958</u>

These accounts were approved by the Board on 27th February 1998 and signed on its behalf by

J A WILTSHIRE

  
DIRECTOR

### NOTES TO THE ACCOUNTS

- 1 The accounts have been prepared in compliance with schedule 4 of the Companies Act 1985 and applicable accounting standards in the United Kingdom.
- 2 All expenses of management including auditors' remuneration have been borne by the immediate holding company.
- 3 The emoluments of the Directors were Nil (1996: Nil).
- 4 The company did not trade during the year and accordingly no profit and loss account is submitted.
- 5 The authorised share capital is 5,500 ordinary shares of £1 each.
- 6 The immediate holding company is Eagle Star Insurance Company Limited which is incorporated and registered in England and Wales. The ultimate holding company is B.A.T Industries p.l.c. which is incorporated and registered in England and Wales.
- 7 The Directors had no material transactions with any related parties of the B.A.T Industries p.l.c. group. The term 'Director' includes Directors and members of their households.