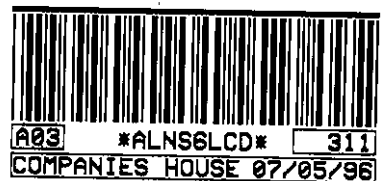


BATMARK LIMITED

**REPORT AND ACCOUNTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 1995**  
Registered no. 2967280



## BATMark Limited

### Report of the directors for the period ended 31 December 1995

The directors present their report and the audited financial statements for the period from 8 September 1994 to 31 December 1995.

### Principal activities

The company was incorporated on 8 September 1994, and operates to co-ordinate, manage and administer the trademarks owned by B.A.T. Industries p.l.c.

### 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 do not recommend the payment of a dividend.

### Directors

U G V Herter	(Chairman)	(Appointed 08/09/94)
S P Chalfen		(Appointed 08/09/94 Resigned 01/01/96)
P C Godby		(Appointed 19/9/94)
K S Dunt		(Appointed 01/01/96)
D G Stevens		(Appointed 01/01/96)

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

The interests of those persons, who were Directors at 31 December 1995, in the share capital and share option schemes of B.A.T. Industries p.l.c. and its subsidiaries are shown in the table below, with the exception of Mr. U G V Herter whose interests are disclosed in the Directors' Report of B.A.T. Industries p.l.c. Interests disclosed are those which existed on 1 January 1995, (or date of appointment where appropriate) and 31 December 1995, together with interests acquired or exercised in the said share option schemes during that period.

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

	<u>Ordinary 25p Shares</u>		<u>Opening</u>	<u>Share Options</u>		<u>Closing</u>
	<u>Opening</u>	<u>Closing</u>		<u>Acquired</u>	<u>Exercised</u>	
S P Chalfen	2,127	5,026	70,068	23,110	57,700	35,478
P C Godby	2,934	3,675	5,482	7,148	Nil	12,630

Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

**BATMark Limited****Report of the directors  
for the period ended 31 December 1995****Directors' responsibilities**

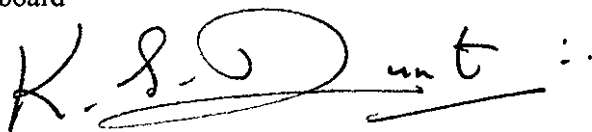
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- 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:



K.S. Durot

Dated:

24 APR 1996

## **Auditors' Report to the Shareholders of BATMark 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 state of affairs of the Company as at 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

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

24 April 1996

**BATMark Limited****Profit and loss account  
for the period ended 31 December 1995**

	<u>Notes</u>	<u>£000</u>
Operating income	2	4,195
Operating charges	3	4,195
		-----
<b>Profit on ordinary activities before taxation - continuing operations</b>		-
 Tax on profit on ordinary activities	 4	 1
		-----
<b>Retained loss for the period</b>		<b>(1)</b>
		=====
<b>Statement of retained losses</b>		
 Retained losses at 8/9/94		 -
Retained loss for the period		(1)
		-----
<b>Retained losses at 31 December 1995</b>		<b>(1)</b>
		=====

There were no recognised gains and losses other than the loss for the financial period.

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

## BATMark Limited

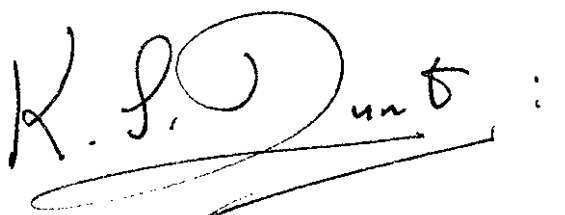
## Balance Sheet - 31 December 1995

	<u>Notes</u>	<u>£000</u>	<u>£000</u>
<b>Creditors: amounts falling due within one year</b>	5	1 -----	
<b>Net current assets</b>			(1) -----
<b>Total assets less current liabilities</b>			(1) =====
<b>Capital and reserves</b>			
Called up share capital	6		-
Profit and loss account			(1) -----
<b>Total shareholders' funds - equity interests</b>	7		(1) =====

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

24 APR 1996

Director:

  
K. S. Dunt

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

**BATMark Limited****Notes to the financial statements  
for the period ended 31 December 1995****1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceeding 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 Translation of assets and liabilities**

Turnover and profits expressed in currencies other than sterling are translated to sterling at average rates of exchange. Assets and liabilities are translated at rates of exchange ruling at the end of the financial year. Exchange differences are reflected in trading profit.

**1.3 Taxation**

Taxation provided is that chargeable on the profits of the period together with any deferred taxation, to the extent that it is probable that a liability will crystallise. Deferred taxation is provided on timing differences arising 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.

**1.4 Accounting for income**

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

**1.5 Pension costs**

These are charged against profits on a systematic basis with surpluses and deficits arising allocated over the expected remaining service lives of current employees.

**BATMark Limited****Notes to the financial statements  
for the period ended 31 December 1995****2 Operating income****£000**

Recoveries from companies within the BAT Industries group	<b>4,195</b>
	<b>=====</b>

**3 Operating charges****£000**

Staff costs	962
Consultancy	929
Patent and trademark costs	934
Other operating charges	1,370

<b>4,195</b>
<b>=====</b>

**Staff costs include:**

Wages and salaries	822
Social security costs	81
Other pension costs	59

<b>962</b>
<b>=====</b>

None of the directors received any remuneration in respect of their services to the Company during the period.

Audit fees are paid by the parent undertaking.

The average weekly number of persons employed by the company during the period was:

**1995**

Management	19
Staff	32
	<b>51</b>
	<b>=====</b>

**4 Taxation****£000**

United Kingdom corporation tax at 33% (1994:33.00%)	<b>1</b>
	<b>=====</b>



**BATMark Limited****Notes to the financial statements  
for the period ended 31 December 1995****5 Creditors: amounts falling due within one year**

	<u>£000</u>
Taxation	<u>1</u>

**6 Share capital****Ordinary Shares of £1 each**

Authorised - value	<u>£ 100</u>
number	<u>100</u>
Allotted, called up and fully paid	
value	<u>£ 2</u>
number	<u>2</u>

**7 Reconciliation of movements in shareholders' funds**

	<u>£000</u>
Opening shareholders' funds	-
Profit attributable to shareholders for the year	(1)
Closing shareholders' funds	<u>(1)</u>

**BATMark Limited****Notes to the financial statements  
for the period ended 31 December 1995****8 Pension fund**

The Company has pension commitments to a defined benefit scheme which is invested externally. The appropriate contributions are paid over to trustees of the pension scheme.

The scheme to which the Company contributes is a group pension scheme. The particulars of the actuarial valuation of the scheme are disclosed in the financial statements of B.A.T Industries p.l.c.

**9 Parent undertaking**

The Company's parent undertaking is British-American Tobacco (Holdings) Limited and its ultimate parent undertaking is B.A.T Industries p.l.c., 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.

**10 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 (Holdings) Limited may be obtained from:

The Company Secretary  
Millbank  
Knowle Green  
Staines TW18 1DY