

**L.C.F.B.**  
**17 FEB 1981**

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Imperial Tobacco Limited/Limitée



February 12, 1981

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*Lionel*  
 (1) *most encouraging letter.*  
 (2) *Could we pl. know a little more about his comment on "lot of central fund Research"*  
*Noel*  
*you may be interested in see this*  
*heard*  
*20/2/80*  
*24/2*

Dear Alan:

I found last week's sessions in GR&DC to be most rewarding not only in the context of an "approval" review of the programs but also for the many discussions with groups and individuals in Southampton.

Concerning the programs I think Lionel Blackman's paragraph is worth quoting here:

"The CAC Companies look primarily for a 'Group R&D Programme' to provide basic knowledge to underpin their own technical resources. Each company differs considerably, however, in the way it interacts with Southampton and in its attitude to certain key technical subjects - such as biological studies, nicotine and smoker behaviour."

With this in mind, even though I, undoubtedly like other CAC heads of R&D, may have conveyed greater or lesser enthusiasm for certain specific projects I think the differences are a matter of emphasis rather than of approval or disapproval. Certainly the detailed explanations I received for items where our group here had doubts, based on the wording of the "1981 Programme," were entirely satisfactory. So I must congratulate GR&DC for the way in which the programs have been changed, instituted, or abandoned to meet the changing demands.

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Rightly or wrongly I got the impression that the system of accounting has not been intended to develop a "Cost of Central Group Research" figure for insertion into the payment formula of our research contract. True, your people managed to estimate this hurriedly at my request, but I wonder if a somewhat more formal system may be needed in future, especially if other CAC companies have the same sort of contract. In this context I thought it might be useful for you to have a copy of my letter of April 16, 1980, to Lionel Blackman (attached) that set forth our thinking.

Having said this, I can say that Bob Bégin was favourably impressed during his session with your Accounts Group by the accounting and control systems in vogue. He intends to write you to confirm an arrangement to get certain information which, together with what he learned at GR&DC will put him in a good position to cope with the tax auditors the next time they appear.

I shall be in touch with you to follow up a number of topics arising from last week's visit as soon as I can, but in the meantime please thank everyone for a well arranged and most enjoyable week.

With kind regards.

Yours sincerely,



R. M. Gibb

cc L. C. F. Blackman  
R. Bégin  
J. L. Mercier  
S. M. Candlish

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