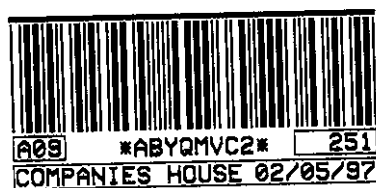


WESTMINSTER TOBACCO COMPANY LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

Registered no. 106879



Westminster Tobacco Company Limited

Report of the directors for the year ended 31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The Company has investments in subsidiaries operating in the tobacco industry, and owns various brands of tobacco products.

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.

During the year the company acquired British American Tobacco Magyarország Dohány Kereskedelmi.

Dividends

The directors recommend the payment of a dividend of £40,000,000. The resulting loss for the year of £6,712,000 will be transferred to reserves.

Directors

B D Bramley	(Resigned 30 April 1996)
P N Adams	
N Davis	(Resigned 31 March 1996)
K S Dunt	
A C Johnston	
R H Pilbeam	(Resigned 31 March 1996)
J Rembiszewski	

Directors' interests in the shares of the company

The interests of those persons, who were directors at 31 December 1996, 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 (Holdings) 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.

Westminster Tobacco Company Limited**Report of the directors
for the year ended 31 December 1996****Directors' responsibilities**

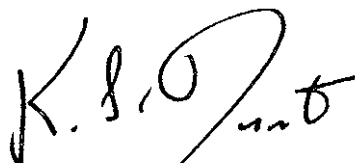
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- 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

K S Dunt
Director:



Dated:

26 MAR 1997

Auditors' Report to the Shareholders of Westminster Tobacco Company Limited

We have audited the financial statements on pages 5 to 11 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "Price Waterhouse".

26. MAR 1997

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

Westminster Tobacco Company Limited
**Profit and loss account
for the year ended 31 December 1996**

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Administration expenses	2	3	2
Operating charges	3	198	-
Operating income	4	-	443
Operating (loss)/profit - continuing operations		(201)	441
Income from shares in group undertakings	5	33,489	13,357
Profit on ordinary activities before taxation		33,288	13,798
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		33,288	13,798
Dividend proposed		40,000	13,700
Retained (loss)/profit for the year		(6,712)	98
Statement of retained profits			
Retained profits at 1 January		6,960	6,862
Retained (loss)/profit for the year		(6,712)	98
Retained profits at 31 December		248	6,960

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

The notes on pages 7 to 11 form part of these financial statements.

Westminster Tobacco Company Limited

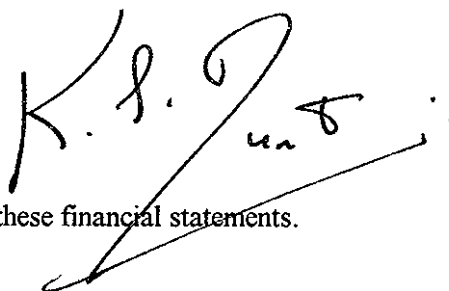
Balance Sheet - 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Fixed assets					
Investments	7		2,321		2,230
Current assets					
Debtors	8	37,937		18,440	
Creditors: amounts falling due within one year	9	<u>40,000</u>		<u>13,700</u>	
Net current (liabilities)/assets			(2,063)		4,740
Total assets less current liabilities			<u>258</u>		<u>6,970</u>
Capital and reserves					
Called up share capital	10		10		10
Profit and loss account			248		6,960
Total shareholders' funds	11		<u>258</u>		<u>6,970</u>
Equity interests			258		6,970
Total shareholders' funds	11		<u>258</u>		<u>6,970</u>

The financial statements on pages 5 to 11 were approved by the Directors on and are signed on their behalf by:

26 MAR 1997

K S Dunt
Director:



The notes on pages 7 to 11 form part of these financial statements.

Westminster Tobacco Company Limited

Notes to the financial statements for the year ended 31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding 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 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.

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 undertakings.

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.

Westminster Tobacco Company Limited

Notes to the financial statements for the year ended 31 December 1996

2 Administration expenses

None of the directors received any remuneration in respect of their services to the Company during the year (1995 - Nil).

There were no employees, and no staff costs during the year (1995 - Nil).

Audit fees are paid by the parent undertaking.

3 Operating charges

Operating charges include losses on exchange amounting to £198,318 (1995 - Nil).

4 Operating income

Operating income represents gains on exchange and no gains was made during the year (1995 - £443,121).

5 Income from unlisted investments

	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Dividend received from B.A.T. Nederland B.V.	33,489	13,357
	<u>33,489</u>	<u>13,357</u>

6 Taxation

	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 33.00% (1995: 33.00%)	10,685	7,059
Less: Double taxation relief	10,685	7,059
	<u>-</u>	<u>-</u>

Westminster Tobacco Company Limited

Notes to the financial statements for the year ended 31 December 1996

7	Investments Investments in subsidiaries	% Nominal Value Held Directly	% Nominal Value Held by Subsidiaries	% Nominal Value Attributable to Westminster
7.1.1	Unlisted - The Netherlands			
		Shares of 50 Florins each		
	B.A.T Nederland B.V., tobacco (Incorporated in the Netherlands)	100	-	100
		Shares of 1,000 Florins each		
	Louis Dobbeldmann B.V.	-	100	100
		Shares of 500 Florins each		
	J. de Wijs B.V.	-	100	100
		Shares of 100 Florins each		
	'Victoria' Cigaretten Verkoop Maatschappij B.V.	-	100	100
		Shares of 100 Florins each		
	British-American Tobacco Co. (Nederland) B.V.	-	100	100
		% Nominal Value Held Directly	% Nominal Value Held by Subsidiaries	% Nominal Value Attributable to Westminster
7.1.2	Unlisted - Belgium			
		Shares of No Par Value		
	BAT Benelux S.A., tobacco (Incorporated in Belgium)	-	72	72
		Shares of No Par Value		
	BAT Co-ordination Centre N.V.	-	100	72
7.1.3	Unlisted - Hungary			
		Shares of 10,000 Huf each		
	B.A.T. Magyarorszag Dohany Kereskedelmi	100	-	100
7.1.4	Unlisted - United Kingdom			
		Shares of £1 each		
	British-American Tobacco (Mauritius) p.l.c., tobacco (Incorporated in the U.K.)	100	-	100
7.2	Investment in a fellow subsidiary			
		Shares of 1,000 Pesetas each		
	Unlisted - Spain B.A.T. Espana S.A., tobacco (Incorporated in Spain)	0.06	-	0.06

BAT Espana is considered to be a fellow subsidiary on the basis that control, as defined in Financial Reporting Standard 2, is exercised over its operations via Westminster Tobacco Company's parent undertaking.

Westminster Tobacco Company Limited

Notes to the financial statements
for the year ended 31 December 1996

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
7.3 Shareholding at cost:		
B.A.T Nederland B.V.	2,210	2,210
British-American Tobacco (Mauritius) p.l.c.	15	15
B.A.T. Espana S.A.	12	12
B.A.T. Magyarorszag Dohany Kereskedelmi	91	-
	<u>2,328</u>	<u>2,237</u>
 Provision in respect of a permanent diminution in value:		
B.A.T. Espana S.A.	7	7
	<u>2,321</u>	<u>2,230</u>

7.4 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.

8 Debtors	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Amounts falling due within one year		
Amounts owed by parent undertaking	30,415	13,128
Dividends receivable from subsidiary undertakings	7,522	5,312
Corporation Tax recoverable	-	-
	<u>37,937</u>	<u>18,440</u>

9 Creditors: amounts falling due within one year	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Dividend proposed	40,000	13,700

10 Share capital	Ordinary Shares of £1 each	
	<u>1996</u>	<u>1995</u>
Authorised - value	<u>£10,000</u>	<u>£10,000</u>
number	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid value	<u>£10,000</u>	<u>£10,000</u>
number	<u>10,000</u>	<u>10,000</u>

Westminster Tobacco Company Limited

Notes to the financial statements for the year ended 31 December 1996

11 Reconciliation of movements in shareholders' funds	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Opening shareholders' funds	6,970	6,872
Profit attributable to shareholders for the year	33,288	13,798
Dividend proposed	(40,000)	(13,700)
	<u>-----</u>	<u>-----</u>
Closing shareholders' funds	<u>258</u>	<u>6,970</u>

12 Parent undertaking

The Company's ultimate parent undertaking is B.A.T Industries p.l.c., being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared by B.A.T Industries p.l.c.

13 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