

Myddleton Investment Company Limited
Registered Number 207434

Directors' Report and Accounts

For the year ended 31 December 2001



Myddleton Investment Company Limited

Directors' report

Principal activities

The Company has an investment in an Indian conglomerate.

Review of the year to 31 December 2001

The profit for the year attributable to the shareholders of Myddleton Investment Company Limited after deduction of all charges and the provision of tax amounted to £1,581,000 (2000: £1,174,000).

Accounting policies

During 2001 the Company adopted a new accounting standard FRS 19 on Deferred Tax. The adoption of this standard had no impact on these financial statements for either the current or previous year.

Dividends

An interim dividend of £1,500,000 (2000: £851,000) was paid during the year. The retained profit for the financial year of £81,000 (2000: £323,000) will be transferred to reserves.

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2001 to the date of this report are as follows:

	Appointed	Resigned
Ulrich Georg Volker Herter		31 December 2001
Paul Nicholas Adams		
Robert James Casey	22 February 2002	
Keith Silvester Dunt		31 December 2001
Charles Richard Green		22 February 2002
Kenneth John Hardman	22 February 2002	
John Nolan Jewell		22 February 2002
Anthony Cameron Johnston	22 February 2002	1 August 2002
Anthony Jones	1 August 2002	
David Cameron Potter	22 February 2002	
Michael Charles Terrell Prideaux		22 February 2002
Tessa Rae Raeburn	1 January 2001	22 February 2002
Paul Ashley Rayner	22 February 2002	
Jimmi Rembiszewski		22 February 2002
David Andrew Swann	22 February 2002	
Neil Robert Withington		

* Mr P N Adams was appointed Chairman on 22 February 2002

Myddleton Investment Company Limited

Directors' report

Directors' interests

The interests of those persons who were Directors at 31 December 2001 in the share capital and share option and award schemes of British American Tobacco p.l.c. and its subsidiaries, according to the register maintained under a/c Section 325 of the Companies Act 1985, are disclosed in the Directors' report and accounts of British-American Tobacco (Holdings) Limited, apart from Messrs U.G.V. Herter, K.S. Dunt and P.N.Adams which are disclosed in the Directors' report and accounts of British American Tobacco p.l.c

European Monetary Union

The Company, as a matter of policy, actively supports Economic and Monetary Union as a means of delivering increased stability and prosperity. The British American tobacco Group's European companies are successfully transacting business in the euro following its introduction in twelve European countries on 1 January 2002 and those in the UK are capable of doing so.

Statement of Directors' responsibilities

The following Statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the independent auditors, shown on page 5, sets out their responsibilities in relation to the financial statements.

Company law requires the Directors to prepare financial statements for each financial year that 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 suitable 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;
- 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 the statement.

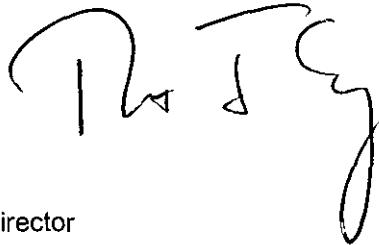
Myddleton Investment Company Limited

Directors' report

Auditors

The Directors have been advised that PricewaterhouseCoopers are willing to continue as auditors of the Company and a resolution for their reappointment and on their remuneration will be put to the Annual General Meeting.

On behalf of the Board

A large, stylized handwritten signature in black ink, appearing to be 'P. J. G.' or similar, written over the word 'Director'.

Director

 24th October 2002

Report of the independent auditors to the members of Myddleton Investment Company Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Directors' remuneration and transactions is not disclosed.

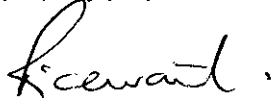
Basis of opinion

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 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
1 Embankment Place
London WC2N 6RH

24th October 2002

Myddleton Investment Company Limited

Profit and loss account for the year ended 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Operating charges	2	(17)	(2)
Operating loss		(17)	(2)
Income from participating interests		1,758	1,176
Profit on ordinary activities before taxation		1,741	1,174
Taxation on ordinary activities	3	(160)	-
Profit for the financial year		1,581	1,174
Dividends paid on equity shares		(1,500)	(851)
Increase in reserves		81	323

All the activities during the year are in respect of continuing operations.

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

There is no difference between the profit on ordinary activities before taxation and profit for the financial year stated above and the historical cost equivalents.

Notes are shown on pages 8 to 11.

Myddleton Investment Company Limited

Balance sheet – 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Fixed assets			
Investments	4	1,516	1,516
Current assets			
Debtors: amounts falling due within one year	5	1,688	1,607
Total assets		3,204	3,123
<hr/>			
Capital and reserves			
Called up share capital	6	50	50
Other reserves	7	1,466	1,466
Profit and loss account	7	1,688	1,607
Total equity shareholders' funds	8	3,204	3,123

The financial statements on pages 6 to 11 were approved by the Directors on ¹⁴24 October 2002 and are signed on their behalf by:



Director

Notes are shown on pages 8 to 11.

Myddleton Investment Company Limited

Notes to the accounts – 31 December 2001

1 Accounting policies

A summary of the principal accounting policies is set out below.

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

(2) Cash flow statement

The company is a wholly owned subsidiary of British American Tobacco p.l.c. The cash flows of the company are included in the consolidated cash flow statement of British American Tobacco p.l.c. which is publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

(3) Foreign currencies

Profits expressed in currencies other than sterling are translated to sterling at average rates of exchange.

Assets and liabilities expressed in currencies other than sterling are translated to sterling at rates of exchange ruling at the end of the financial year. Other exchange differences are reflected in the profit and loss account.

(4) Taxation

Taxation is provided on the profits of the period together with deferred taxation. The Company has adopted FRS 19 on Deferred Tax for 2001. Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. In adopting FRS 19, the Company has chosen not to discount deferred tax assets and liabilities. No account is taken of tax which may be payable on the realisation of investments or in the event of the distribution of profits retained by the subsidiary undertakings.

(5) Accounting for income

Income is accounted for on a receivable basis. Provision is made where delays are anticipated in the receipt of monies from overseas.

(6) Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value.

(7) Listed investments

The Stock Exchange value of listed investments at the year end is computed at middle market prices.

Myddleton Investment Company Limited

Notes to the accounts – 31 December 2001

2 Operating charges

	2001 £'000	2000 £'000
Other operating charges	17	2

Auditors' fees are borne by the ultimate parent undertaking.

There were no employees and no staff costs for the year (2000: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2000: £nil).

3 Taxation on ordinary activities

(1) Summary of tax on ordinary activities

	2001 £'000	2000 £'000
UK corporation tax	-	-
comprising:		
current tax of the period at 30.0% (2000: 30.0%)	-	-
double taxation	-	-
Overseas taxation	160	-
Total current taxation	160	-

(2) Factors affecting the tax charge for the period

The current tax charge for the period differs from the standard 30% rate of Corporation Tax in the UK. The major causes of this difference are listed below:

	2001 £'000	2000 £'000
Profit on ordinary activities before tax	1,741	1,174
Corporation Tax at 30% (2000: 30%) on profit on ordinary activities	522	352
Permanent adjustments	(522)	-
Double tax relief on UK profits	-	(352)
Overseas withholding tax	160	-
Total current taxation charge	160	-

Myddleton Investment Company Limited

Notes to the accounts – 31 December 2001

4 Investments

Shares in associated undertakings	% equity shares held
Listed overseas – India	
I.T.C Limited	Ordinary shares of 10 Rupees each
(Incorporated in India)	4%
Stock exchange valuation at 31 December 2001	
£98,181,000 (2000: £134,834,000)	

I.T.C Limited has interests in tobacco, paper and packaging and hotels.

In total, the British American Tobacco Group owns 33% of the issued share capital of I.T.C Limited.

Shareholdings at cost less provisions

	£'000
At 1 January and 31 December 2001	1,516

The Directors are of the opinion that the individual investment has a value of not less than the amount at which it is stated in the balance sheet.

5 Debtors: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed by group undertaking	1,688	1,607

6 Called up share capital

Ordinary shares of £1 each	2001	2000
Authorised - value	£50,000	£50,000
- number	50,000	50,000
Allotted, called up and fully paid		
- value	£50,000	£50,000
- number	50,000	50,000

Myddleton Investment Company Limited

Notes to the accounts – 31 December 2001

7 Reserves

	Profit and loss account £'000	Other reserves £'000	Total £'000
1 January 2001	1,607	1,466	3,073
Retained profit	81	-	81
31 December 2001	1,688	1,466	3,154

8 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit attributable to shareholders for the year	1,581	1,174
Dividend paid	(1,500)	(851)
Net transfer to shareholders' funds	81	323
Opening shareholders' funds	3,123	2,800
Closing shareholders' funds	3,204	3,123

9 Related parties

The Company has taken advantage of the exemption under paragraph 3(c) of the Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

10 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco plc being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is Molensteegh Invest B.V. Group accounts are prepared only at the British American Tobacco p.l.c. level.

11 Copies of the Report and Accounts

Copies of the Report and Accounts of British American Tobacco p.l.c. may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG