

South Western Nominees Limited
Registered Number 341500

Directors' Report and Accounts

For the year ended 31 December 2000



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South Western Nominees Limited

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2000 to the date of this report are as follows:

| | | |
|---------------------------|----------|---------------------------|
| Philip Michael Cook | Chairman | Resigned 30 November 2000 |
| Kenneth John Hardman | | |
| Aileen Elizabeth McDonald | | Appointed 1 January 2001 |
| David Cameron Potter | | |

Directors' interests

The interests of those persons who were Directors at 31 December 2000 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 section 325 of the Companies Act 1985, are shown below.

British American Tobacco p.l.c. Ordinary 25p shares

| | 1 January 2000 | 31 December 2000 |
|------------|----------------|------------------|
| KJ Hardman | 5,851 | 9,165 |
| DC Potter | 21,264 | 23,001 |

In addition to the shares shown above, during the year the Directors were granted the following interests in the ordinary shares of British American Tobacco p.l.c. which are held in trust pursuant to the British American Tobacco Deferred Share Bonus Scheme as at 31 December 2000:

Ordinary shares of 25p

| | |
|------------|--------|
| KJ Hardman | 22,777 |
| DC Potter | 32,356 |

Details of the Deferred Share Bonus Scheme are included in the Report and Accounts of British American Tobacco p.l.c.

British American Tobacco p.l.c. Share options

| | 1 January 2000 | Granted | Exercised | 31 December 2000 |
|------------|----------------|---------|-----------|------------------|
| KJ Hardman | 88,954 | 43,581 | 1,577 | 130,958 |
| DC Potter | 151,182 | 60,669 | - | 211,851 |

South Western Nominees Limited

Directors' report

Directors' interests (continued)

In addition, on 31 December 2000, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 30,647,059 ordinary shares in British American Tobacco p.l.c. (1 January 2000: 15,581,616 ordinary shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares that are held in trust for the purpose of satisfying options granted between 1994 and 1998 under the B.A.T Industries Employee Share "E" Option Scheme and from 1998 onwards for options granted under the British American Tobacco Share Option Scheme or awards of ordinary shares made under the British American Tobacco Long Term Incentive Plan and the British American Tobacco Deferred Share Bonus Plan.

Details of the trusts and the share option and award schemes are included in the Report and Accounts of British American Tobacco p.l.c.

Review of the year to 31 December 2000

During the financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss.

Dividends

The Directors do not recommend the payment of a dividend for the year (1999: £nil).

Principal activities

The Company's sole asset is a non-interest bearing account with its parent undertaking.

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 Group's European companies including those in the UK have been capable of transacting business in the euro following its introduction in eleven European countries on 1 January 1999. The ability of the Group to conduct business in national currencies will be retained as long as necessary. The decision as to when to adopt the euro as a subsidiary's functional currency will be a local decision for each subsidiary in the European Union, having regard to the speed of transition to the euro in the individual economy.

Each operating subsidiary has prepared a business impact plan assessing the risks and uncertainties associated with the euro, with all end-market activity in the euro being coordinated through a European Regional Support Team.

South Western Nominees Limited

Directors' report

Directors' responsibilities

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 and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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.

Auditors

An elective resolution has been passed, in accordance with section 379A of the Companies Act 1985 (as amended), to dispense with the appointment of auditors annually (pursuant to section 386 of the Act). Accordingly, PricewaterhouseCoopers will continue as auditors.

On behalf of the Board



GCW Cunningham
Secretary

23rd October 2001

Auditors' report to the members of South Western Nominees Limited

We have audited the financial statements which comprise the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the note of accounting policies.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report including the statement of Directors' responsibilities.

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 as at 31 December 2000 and of the result 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

23rd October 2001


South Western Nominees Limited

Balance sheet – 31 December 2000

| | <i>Note</i> | 2000 £'000 | 1999 £'000 |
|---|-------------|----------------|----------------|
| Current assets | | | |
| Debtors - amounts falling due within one year | 3 | 612,532 | 567,724 |
| Net current assets | | 612,532 | 567,724 |
| Total assets less current liabilities | | 612,532 | 567,724 |
| <hr/> | | | |
| Capital and reserves | | | |
| Share capital | 4 | 612,532 | 567,724 |
| Profit and loss account | | - | - |
| Total equity shareholders' funds | 5 | 612,532 | 567,724 |

During the financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss.

The financial statements on pages 6 to 9 were approved by the Directors on 23rd October 2001 and are signed on behalf of the board by:


Director D C POTTER

The notes on pages 7 to 9 form part of these financial statements.

South Western Nominees Limited

Notes to the accounts – 31 December 2000

1 Accounting policies

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

(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.

(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

Assets and liabilities denominated in foreign currency are translated at rates of exchange ruling at the end of the financial year.

(4) Taxation

Taxation is provided on the profits of the period together with 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. 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.

2 Operating charges

The audit fee was borne by a fellow Group subsidiary.

None of the Directors received any remuneration in respect of their services to the Company during the year (1999: £nil).

There were no employees and no staff costs during the year (1999: £nil).

3 Debtors: amounts falling due within one year

| | 2000 £'000 | 1999 £'000 |
|-----------------------------------|---------------|---------------|
| Amount owed by parent undertaking | 612,532 | 567,724 |

The above balance, which is non-interest bearing and repayable on demand, is denominated in US dollars. The balance is revalued each year with the exchange difference matching that arising on the US dollar share capital (see note 4).

South Western Nominees Limited

Notes to the accounts – 31 December 2000

4 Share capital

| | | |
|----------------------------|------|------|
| Ordinary shares of £1 each | 2000 | 1999 |
| Authorised - value | £100 | £100 |
| - number | 100 | 100 |

Allotted, called up and fully paid

| | | |
|----------|----|----|
| - value | £2 | £2 |
| - number | 2 | 2 |

| Ordinary shares of US\$1 each | Number of shares | US\$'000 | £'000 |
|-------------------------------------|------------------|-----------|-------|
| Authorised | | | |
| 1 January 2000 and 31 December 2000 | 1,000,000,000 | 1,000,000 | |

Allotted, called up and fully paid

| | | | |
|------------------|-------------|---------|---------|
| 1 January 2000 | 915,000,000 | 915,000 | 567,724 |
| Revaluation | - | - | 44,808 |
| 31 December 2000 | 915,000,000 | 915,000 | 612,532 |

5 Reconciliation of movements in shareholders' funds

| | 2000 £'000 | 1999 £'000 |
|-------------------------------------|---------------|---------------|
| Revaluation of US\$ Ordinary shares | 44,808 | 17,778 |
| Net transfer to shareholders' funds | 44,808 | 17,778 |
| Opening shareholders' funds | 567,724 | 549,946 |
| Closing shareholders' funds | 612,532 | 567,724 |

6 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.

South Western Nominees Limited

Notes to the accounts – 31 December 2000

7 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is B.A.T Industries p.l.c. Group accounts are prepared only at the British American Tobacco p.l.c. level.

8 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