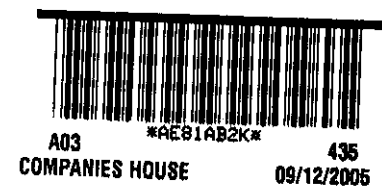


**B.A.T. (Westminster House) Limited**  
**Registered Number 2432316**

**Directors' Report and Accounts**

**For the year ended 31 December 2004**



# **B.A.T. (Westminster House) Limited**

## **Contents**

Directors' report.....	3
Report of the independent auditors to the members of B.A.T. (Westminster House) Limited.....	5
Profit and loss account for the year ended 31 December 2004 .....	6
Balance sheet – 31 December 2004.....	7
Notes to the accounts – 31 December 2004 .....	8

# **B.A.T. (Westminster House) Limited**

## **Directors' report**

The Directors present their report together with the audited accounts for the year ended 31 December 2004.

## **Principal activities**

During the year, the Company was the holding company of British American Racing (Holdings) Limited, the principal activity of which was to run the BAR Formula One racing team.

## **Review of the year to 31 December 2004**

The loss for the year attributable to B.A.T. (Westminster House) Limited shareholders after deduction of all charges and the provision of tax amounted to £3,648,000 (2003: £6,264,000).

## **Dividends**

The Directors do not recommend the payment of a dividend for the year (2003: £nil). The loss for the financial year of £3,648,000 will be offset against reserves (2003: £6,264,000).

## **Post Balance Sheet Events**

On 8 December 2004, British American Racing (Holdings) Limited went into administration. On 7 January 2005 a joint venture between the Company and Honda Motor Co. Ltd. (BARH Limited) acquired the BAR Formula One racing team from the administrators. On 4 October 2005 it was announced that Honda Motor Co. Ltd. would purchase the Company's shareholding in BARH Limited, with completion expected to take effect by 31 December 2005.

## **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 2004 to the date of this report are as follows:

Paul Nicholas Adams	Resigned 5 April 2004
Antonio Monteiro de Castro	Appointed 20 October 2004
Gary Andrew Alexander Carey	Appointed 10 August 2005
Robert James Casey	Resigned 10 August 2005
Kenneth John Hardman	Resigned 10 August 2005
David Cameron Potter	Resigned 10 August 2005
Paul Ashley Rayner	Resigned 10 August 2005
Jimmi Rembiszewski	Appointed 10 August 2005
Nicola Snook	Appointed 10 August 2005
David Geoffrey Steer	Appointed 10 August 2005
David Andrew Swann	Resigned 10 August 2005
Neil Robert Withington	Resigned 10 August 2005

## **Directors' interests**

The interests of those persons who were Directors at 31 December 2004 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 disclosed in the Report and Accounts of Weston Investment Company Limited with the exception of Messrs A Monteiro de Castro and P.A. Rayner whose interests are disclosed in the Report and Accounts of British American Tobacco p.l.c.

# **B.A.T. (Westminster House) Limited**

## **Directors' report**

### **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 appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures being disclosed and explained; and
- 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.

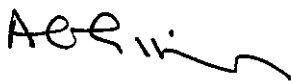
The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

### **Auditors**

An elective resolution was passed on 22nd October 2004, 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 LLP has indicated their willingness to continue as auditors.

On behalf of the Board



A.C. Girling

Assistant Secretary

6 December 2005

## **B.A.T. (Westminster House) Limited**

### **Report of the independent auditors to the members of B.A.T. (Westminster House) 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. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' remuneration and transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit 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 at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

*6 December*

2005

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

## B.A.T. (Westminster House) Limited

### Profit and loss account for the year ended 31 December 2004

	<i>Note</i>	2004 £'000	2003 £'000
Operating charges	2	(7,902)	(13,776)
<b>Operating loss</b>		<b>(7,902)</b>	<b>(13,776)</b>
Interest receivable from British American Racing (Holdings) Limited		4,254	7,512
<b>Loss on ordinary activities before taxation</b>		<b>(3,648)</b>	<b>(6,264)</b>
Taxation on ordinary activities	3	-	-
<b>Loss for the financial year</b>		<b>(3,648)</b>	<b>(6,264)</b>
<b>Decrease in reserves</b>		<b>(3,648)</b>	<b>(6,264)</b>

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

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

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

# B.A.T. (Westminster House) Limited

## Balance sheet – 31 December 2004

	<b>Note</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
<b>Fixed assets</b>			
Investment in British American Racing (Holdings) Limited	4	183,186	174,641
<b>Current assets</b>			
Debtors - amounts falling due within one year	5	14,583	14,596
<b>Creditors - amounts falling due within one year</b>	6	(197,969)	(185,789)
<b>Net current liabilities</b>		(183,386)	(171,193)
<b>Total assets less current liabilities</b>		(200)	3,448
<b>Capital and reserves</b>			
Called up share capital	7	1,876	1,876
Profit and loss account	8	(2,076)	1,572
<b>Total equity shareholders' funds</b>	9	(200)	3,448

The financial statements on pages 6 to 12 were approved by the Directors on 6 December 2005 and signed on behalf of the Board.



J Rembiszewski  
Director

# B.A.T. (Westminster House) Limited

## Notes to the accounts – 31 December 2004

### 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

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than sterling are *translated at rates of exchange ruling at the end of the financial year*. All exchange differences are taken to the profit and loss account in the year.

#### (4) Accounting for income

Income is included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Provisions are made for bad and doubtful debts, including where delays are anticipated in the receipt of monies from overseas.

#### (5) Taxation

Taxation provided is that chargeable on the profits of the period, together with deferred taxation.

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. However, as allowed in FRS19, the Group has chosen not to discount deferred tax assets and liabilities.

#### (6) Fixed asset investments

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

### 2 Operating charges

	2004 £'000	2003 £'000
Foreign exchange loss	7,460	12,890
Other operating charges	442	886
	<hr/> 7,902	<hr/> 13,776

Auditors' fees were £3,313 (2003: Fees were borne by a fellow Group undertaking).

There were no employees and no staff costs during the year (2003: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2003: £nil).



# B.A.T. (Westminster House) Limited

## Notes to the accounts – 31 December 2004

### 3 Taxation on ordinary activities

#### (a) Summary of tax on ordinary activities

	2004 £'000	2003 £'000
UK Corporation Tax	-	-
Comprising		
- current tax at 30.00% (2003: 30.00%)	-	-
Total current taxation <i>note 3(b)</i>	-	-

#### (b) Factors affecting the tax charge

The current taxation charge differs from the standard 30.00 per cent rate of Corporation Tax in the UK. The major causes of this difference are listed below:

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation	(3,648)	(6,264)
Corporation Tax at 30.00% (2003: 30.00%) on profit on ordinary activities	(1,094)	(1,879)
<b>Factors affecting the tax rate:</b>		
Group loss relief surrendered at nil consideration	3,306	1,782
Permanent differences	(2,212)	97
Total current taxation charge <i>note 3(a)</i>	-	-

An amount of £10,674,416 (tax amount of £3,202,325) included in permanent differences above represents tax adjustments following the introduction of UK to UK transfer pricing from 1st April 2004.

### 4 Investment in British American Racing (Holdings) Limited

#### Shares

##### Unlisted - Registered in England

"A" ordinary shares of \$1.75 each

British American Racing (Holdings) Limited (in Administration)

##### % equity held

100

	Shares £'000	Convertible loan stock £'000	Non convertible loan stock £'000	Total £'000
1 January 2004	100,344	10,614	63,683	174,641
Advanced during the year	-	16,172	-	16,172
Revaluation	-	(3,322)	(4,305)	(7,627)
31 December 2004	100,344	23,464	59,378	183,186

The Company does not own any of the "B" or "C" ordinary shares that British American Racing (Holdings) Limited (in Administration) has in issue and therefore its effective shareholding is 89%.

## B.A.T. (Westminster House) Limited

Notes to the accounts – 31 December 2004

### Investment in British American Racing Holdings (Limited) - continued

On 8 December 2004, British American Racing (Holdings) Limited went into administration. On 7 January 2005 a joint venture between the Company and Honda Motor Co. Ltd. (BARH Limited) acquired the BAR Formula One racing team from the administrators. On 4 October 2005 it was announced that Honda Motor Co. Ltd. would purchase the Company's shareholding in BARH Limited, with completion expected to take effect by 31 December 2005.

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

	2004 £'000	2003 £'000
Amounts due from subsidiary undertakings	12,927	14,596
Other debtors	1,656	-
	<b>14,583</b>	<b>14,596</b>

#### 6 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due to group undertakings	197,939	185,789
Other creditors	30	-
	<b>197,969</b>	<b>185,789</b>

#### 7 Called up share capital

Ordinary shares of £1 each	2004	2003
Authorised - value	<b>£2,000,000</b>	<b>£2,000,000</b>
- number	<b>2,000,000</b>	<b>2,000,000</b>
Allotted, called up and fully paid		
- value	<b>£1,876,000</b>	<b>£1,876,000</b>
- number	<b>1,876,000</b>	<b>1,876,000</b>

## B.A.T. (Westminster House) Limited

### Notes to the accounts – 31 December 2004

#### 8 Reserves

	Profit and loss account £'000
1 January 2004	1,572
Loss for the financial year	(3,648)
31 December 2004	(2,076)

#### 9 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Loss for the year	(3,648)	(6,264)
Net transfer to shareholders' funds	(3,648)	(6,264)
Opening shareholders' funds	3,448	9,712
Closing shareholders' funds	(200)	3,448

#### 10 Related parties

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

Transactions with related parties have been aggregated by nature of transaction.

	2004 £'000	2003 £'000
Transactions with British American Racing (Holdings) Limited (in administration):		
Purchase of loan stock	22,735	28,658
Interest on loan stock	4,254	7,512

#### 11 Parent support

The Company's immediate parent undertaking has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future.

#### 12 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 Weston Investment Company Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

**B.A.T. (Westminster House) Limited**

**Notes to the accounts – 31 December 2004**

**13 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