

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

Directors' Report and Accounts

For the Year ended 31 December 2001



B.A.T. (Westminster House) Limited

Directors' report

Principal activities

The Company is a holding company of British American Racing (Holdings) Limited, a joint venture, the principal activity of which is to run the BAR Formula 1 motor racing team.

Review of the year to 31 December 2001

The profit for the year attributable to B.A.T. (Westminster House) Limited shareholders after deduction of all charges and the provision of tax amounted to £751,000 (2000: £4,758,000).

Accounting policies

During 2001 the Company adopted a new accounting standard FRS19 on Deferred Tax. The adoption of this standard, which represents a change in accounting policy, had no impact on these financial statements for either the current or previous year.

Dividends

The Directors do not recommend the payment of a dividend for the year (2000:£nil). The profit for the financial year of £751,000 (2000: £4,758,000) 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:

Ulrich Georg Volker Herter		Resigned 31 December 2001
Paul Nicholas Adams	Chairman	
Nicholas George Brookes	Appointed 8 February 2002	
Robert James Casey	Appointed 8 February 2002	
Keith Silvester Dunt		Resigned 31 December 2001
Charles Richard Green		Resigned 8 February 2002
Kenneth John Hardman	Appointed 8 February 2002	
Dr. John Nolan Jewell		Resigned 8 February 2002
David Cameron Potter	Appointed 8 February 2002	
Michael Charles Terrell Prideaux		Resigned 8 February 2002
Tessa Rae Raeburn	Appointed 1 January 2001	Resigned 8 February 2002
Paul Ashley Rayner	Appointed 8 February 2002	
Jimmi Rembiszewski		Resigned 8 February 2002
David Andrew Swann	Appointed 8 February 2002	
Neil Robert Withington		

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 section 325 of the Companies Act 1985, are disclosed in the Directors' report and accounts of British-American Tobacco (Holdings) Limited, with the exception of Messrs U.G.V. Herter, K.S. Dunt and P.N.Adams whose interests are disclosed in the Directors Report and Accounts of British American Tobacco p.l.c.

B.A.T. (Westminster House) Limited

Directors' report

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 4, 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 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.

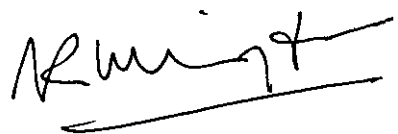
The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

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

Director



24th October 2002

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.

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.

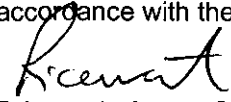
Basis of opinion

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

B.A.T. (Westminster House) Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Operating charges	2	(759)	-
Operating profit		(759)	-
Interest receivable from participating interests		1,510	4,758
Profit on ordinary activities before taxation		751	4,758
Taxation on ordinary activities	4	-	-
Increase in reserves		751	4,758

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 the increase in reserves for the year stated above and their historical cost equivalents.

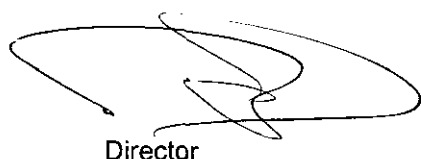
Notes are shown on pages 7 to 10.

B.A.T. (Westminster House) Limited

Balance sheet – 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investment in joint venture	5	114,674	73,501
Other investments and long term loans		100	100
		114,774	73,601
Current assets			
Debtors - amounts falling due within one year	6	3,980	4,758
Creditors – amounts falling due within one year			
Amounts owed to group undertaking		(113,283)	(73,639)
Net current liabilities		(109,303)	(68,881)
Total assets less current liabilities		5,471	4,720
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Capital and reserves			
Called up share capital	7	1,876	1,876
Profit and loss account	8	3,595	2,844
Total equity shareholders' funds	9	5,471	4,720

The financial statements on pages 5 to 10 were approved by the Directors on 26th October 2002 and are signed on their behalf by:



Director

Notes are shown on pages 7 to 10.

B.A.T. (Westminster House) 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) Fixed asset investments

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

(4) Taxation

Taxation is provided on the profits of the period together with deferred taxation. The Company has adopted Financial Reporting Standard 19 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.

2 Operating charges

Auditors' fees are borne by a fellow Group undertaking (2000: £nil).

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

3 Directors' emoluments

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

B.A.T. (Westminster House) Limited

Notes to the accounts – 31 December 2001

4 Taxation on ordinary activities

(1) Summary of tax on ordinary activities

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30.0% (2000: 30.0%)	-	467
Less: income tax suffered	-	(467)
	-	-

(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	751	4,758
Corporation Tax at 30% (2000: 30%) on profit on ordinary activities	225	1,428
Income tax suffered	-	(467)
Group loss relief	(225)	(961)
Total current taxation charge	-	-

5 Investment in joint venture

Shares in joint venture

Unlisted registered in England	% equity shares held
"A" ordinary shares of \$1.75 each	
British American Racing (Holdings) Limited	100
£10,372,000 (2000: £10,372,000)	

The Company holds none of the "B" and "C" ordinary shares giving an overall interest of 50% of the joint venture.

	Shares £'000	Convertible Loan stock £'000	Non convertible Loan stock £'000	Total £'000
1 January 2001	10,372	63,129	-	73,501
Loans notes subscribed for	-	20,172	21,001	41,173
Other movements	-	(54,444)	54,444	-
31 December 2001	10,372	28,857	75,445	114,674

During the year the Company agreed to forgo its conversion rights in respect of £54,444,000 of convertible loan stock subscribed for in previous years.

The Directors are of the opinion that the individual investments have a value of not less than the amount at which they are stated in the balance sheet.

B.A.T. (Westminster House) Limited

Notes to the accounts – 31 December 2001

6 Debtors: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts due from other Group undertakings	3,980	4,291
Tax recoverable	-	467
	3,980	4,758

7 Called up share capital

Ordinary shares of £1 each	2001	2000
Authorised - value	£2,000,000	£2,000,000
- number	2,000,000	2,000,000
Allotted, called up and fully paid		
- value	£1,876,000	£1,876,000
- number	1,876,000	1,876,000

8 Profit and loss account

	Total £'000
1 January 2001	2,844
Retained profit	751
31 December 2001	3,595

9 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit attributable to shareholders for the year	751	4,758
Net transfer to shareholders' funds	751	4,758
Opening shareholders' funds	4,720	(38)
Closing shareholders' funds	5,471	4,720

B.A.T. (Westminster House) Limited

Notes to the accounts – 31 December 2001

10 Related parties

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

	2001	2000
Transactions with joint venture	£'000	£'000
Purchase of loan stock	41,173	35,214
Interest on loan stock	1,502	4,742

The joint venture referred to is British American Racing (Holdings) Limited

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.

11 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 British American Tobacco (Investments) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

12 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