

**B.A.T Hubei Limited**  
**Registered Number 3258181**

**Directors' Report and Accounts**

**For the year ended 31 December 1998**



# **B.A.T Hubei Limited**

## **Directors' report**

### **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 1998 to the date of this report are as follows:

Paul Nicholas Adams	Chairman
Brian Christopher Barrow	
Peter Lampard Clarke	Resigned 7 January 1998
Nigel Timothy Gourlay	
Richard Malcolm Hugo Duncan	
Wei Ming Ooi	
Rodger Francis Allford	
Philip Michael Cook	Appointed 7 January 1998
Nicandro Durante	Appointed 17 March 1998

### **Directors' interests**

*The interests of those persons who were Directors at 31 December 1998 in the share capital and share option schemes of British American Tobacco p.l.c. and its subsidiaries, are disclosed in the Directors' Report of B.A.T Far East Holding Limited.*

### **Review of the year to 31 December 1998**

On 22 December 1997, B.A.T Industries p.l.c., the ultimate holding company, entered into a merger agreement for its principal financial services subsidiaries to be merged with those of Zurich Insurance Company. The remaining businesses were to be retained within a new parent company, British American Tobacco p.l.c. On 7 September 1998, B.A.T Industries p.l.c. completed this transaction as described in the financial statements of British American Tobacco p.l.c.

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 or a loss.

# **B.A.T Hubei Limited**

## **Directors' report** (continued)

### **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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

### **Auditors**

The Company's previous auditors Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 following which they resigned and the Directors appointed the new firm PricewaterhouseCoopers as auditors.

Resolutions will be proposed at the annual general meeting for their reappointment and to authorise the Directors to determine their remuneration.

On behalf of the Board



Secretary

Dated **15 JUL 1999**

## **Auditors' report to the members of B.A.T Hubei Limited**

*We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.*

### **Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

*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. 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.

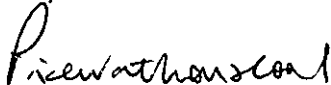
### **Basis of opinion**

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 1998 and have been properly prepared in accordance with the Companies Act 1985.



15 July 1999

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

## B.A.T Hubei Limited

### Balance sheet – 31 December 1998

	Note	1998 £	1997 £
<b>Current assets</b>			
Cash and short term deposits		100	100
		100	100
<b>Capital and reserves</b>			
Called up share capital	2	100	100
		100	100

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 or a loss.

The financial statements on pages 5 to 7 were approved by the Directors on \_\_\_\_\_ and are signed on their behalf by:

15 JUL 1999

Director



The notes on pages 6 and 7 form part of these accounts

# **B.A.T Hubei Limited**

## **Notes to the accounts – 31 December 1998**

### **1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently are 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 from publishing a cash flow statement.

### **2 Share capital**

<b>Ordinary shares of £1 each</b>	<b>1998</b>	<b>1997</b>
Authorised - value	£100	£100
- number	100	100
Allotted, called up and fully paid		
- value	£100	£100
- number	100	100

### **3 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.

### **4 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 Far East Holding Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

## **B.A.T Hubei Limited**

### **Notes to the accounts – 31 December 1998**

#### **5 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