

**British American Tobacco Georgia Limited**  
**Registered Number 4067494**

**Directors' Report and Accounts**

**For the period from incorporation, 4 September 2000, to 31 December 2001**



# British American Tobacco Georgia Limited

## Directors' report

### Principal activities

The principal activity of the Company is the manufacture and sale of tobacco products by the branch in Georgia.

### Review of the period to 31 December 2001

The Company was incorporated as British American Tobacco Georgia Limited on 4 September 2000 with an issued share capital of 2 ordinary shares of £1 each. These shares were acquired by British American Tobacco (Investments) Limited, the immediate parent undertaking, on 5 September 2000. The loss for the period attributable to British American Tobacco Georgia Limited shareholders after deduction of all charges and the provision of tax amounted to £182,000.

### Dividends

The Directors do not recommend the payment of a dividend for the period. The loss for the financial period of £182,000 will be offset against reserves.

### Board of Directors

The names of the persons who served as Directors of the Company during the period from incorporation on 4 September 2000 to the date of this report are as follows:

		Appointed	Resigned
Charles Richard Green	Chairman	4 September 2000	29 March 2002
Philip Michael Cook		4 September 2000	30 December 2000
David John Etchells		4 September 2000	30 December 2000
Michael Lee Hendershot		4 September 2000	29 March 2002
John Nolan Jewell	Chairman*	4 September 2000	
Aileen Elizabeth McDonald		1 January 2001	27 August 2002
Mark Anthony Oliver		1 January 2001	31 July 2002
Donald Neil Fred Salter		4 September 2000	16 April 2002
Robert James Casey		16 April 2002	
Christopher David Powell		16 April 2002	
Alan Fraser Porter		29 August 2002	
Charl Erasmus Steyn		16 April 2002	
Combined Nominees Limited		4 September 2000	4 September 2000
Combined Secretarial Services Limited		4 September 2000	4 September 2000

\* appointed as Chairman on 24 May 2002

### 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 maintained under Section 325 of the Companies Act 1985 are shown below with the exception of Messrs J N Jewell and C R Green whose interests are disclosed in the Directors' report and accounts of British-American Tobacco (Holdings) Limited.

# British American Tobacco Georgia Limited

## Directors' report

### Directors' interests (continued)

#### British American Tobacco p.l.c. Ordinary 25p Shares

	4 September 2000 *	31 December 2001
M L Hendershot	983	1,657
A E McDonald	6,765	11,071
M A Oliver	1,737	2,893
D N F Salter	4,086	3,416

\* or date of appointment if later.

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 2001:

	4 September 2000 *	31 December 2001
M L Hendershot	26,272	35,143
A E McDonald	15,952	21,267
M A Oliver	13,087	16,983

\* or date of appointment if later.

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 Option and Award Schemes

	4 September 2000 *	Granted	Exercised	31 December 2001
M L Hendershot	81,047	49,261	-	130,308
A E McDonald	52,695	15,943	21,091	47,547
M A Oliver	27,720	7,793	-	35,513
D N F Salter	4,664	1,769	2,068	4,365

\* or date of appointment if later.

In addition, on 31 December 2001, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 32,171,834 shares in British American Tobacco p.l.c. (1 January 2001: 30,647,059 shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares which are held by these trusts 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.

# **British American Tobacco Georgia 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 6, 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 period and of the profit or loss for that period. 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.

# **British American Tobacco Georgia Limited**

## **Directors' report**

### **Auditors**

The Directors appointed PricewaterhouseCoopers to fill the casual vacancy created upon incorporation. Accordingly, the Directors will recommend a resolution to reappoint PricewaterhouseCoopers as auditors at the next General Meeting at which accounts are laid before the Company.

On behalf of the Board

  
Assistant Secretary

3/10/ 2002

## **Independent auditors' report to the members of British American Tobacco Georgia Limited**

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, 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.

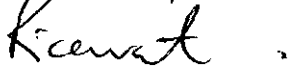
### **Basis of opinion**

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 loss for the period 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

3<sup>rd</sup> October 2002

# British American Tobacco Georgia Limited

## Profit and loss account

for the period from incorporation, 4 September 2000, to 31 December 2001

	<i>Note</i>	£'000
<b>Turnover</b>		<b>2,321</b>
Operating income	2	2,324
Operating charges	3	(2,151)
<b>Operating profit</b>		<b>173</b>
Interest receivable and similar income	5	13
Interest payable and similar charges	6	(105)
<b>Profit on ordinary activities before taxation</b>		<b>81</b>
Taxation on ordinary activities	7	(263)
<b>Decrease in reserves</b>		<b>(182)</b>

## Statement of total recognised gains and losses

for the period from incorporation, 4 September 2000 to 31 December 2001

	£'000
Loss for the period	(182)
Difference arising on the retranslation of the retained losses from average to closing rates of exchange	(1)
<b>Total recognised losses relating to the period</b>	<b>(183)</b>

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

There is no difference between the loss on ordinary activities before taxation and the decrease in realised reserves for the period stated above and their historical cost equivalents.

Notes are shown on pages 9 to 14.

# British American Tobacco Georgia Limited

## Balance sheet – 31 December 2001

	Note	£'000
<b>Fixed assets</b>		
Tangible assets	8	3,629
<b>Current Assets</b>		
Stocks	9	3,449
Debtors - amounts falling due within one year	10	814
Cash at bank and in hand		499
		<b>4,762</b>
<b>Creditors – amounts falling due within one year</b>	11	<b>(8,311)</b>
<b>Net current liabilities</b>		<b>(3,549)</b>
<b>Provisions for liabilities and charges</b>	12	<b>(263)</b>
<b>Net liabilities</b>		<b>(183)</b>
<hr/>		
<b>Capital and reserves</b>		
Called up share capital	13	-
Profit and loss account	14	(183)
<b>Total equity shareholders' funds</b>	15	<b>(183)</b>

The financial statements on pages 7 to 14 were approved by the Directors on  
and signed on their behalf by:

31/10/

2002



Director

Notes are shown on pages 9 to 14.



# **British American Tobacco Georgia 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 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**

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained profit of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net assets at the beginning of the year. Other exchange differences, including those on remittances, 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 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.

#### **(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) Turnover**

Turnover, which excludes value added and excise taxes, represents the invoiced value of goods and services supplied.

# British American Tobacco Georgia Limited

## Notes to the accounts – 31 December 2001

### 1 Accounting policies (continued)

#### (7) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives.

The rates of depreciation used are:

	%
Plant, machinery and equipment	10 – 30

Leasehold lands and buildings are depreciated over the term of the lease.

#### (8) Leased assets

Operating leases are charged to the profit and loss account.

#### (9) Stocks

Stocks represent goods purchased for resale and are stated at the lower of cost and net realisable value.

### 2 Operating income

	£'000
Gross turnover	3,115
Duty and excise taxes	(794)
Exchange gain	3
Gross income	2,324

### 3 Operating charges

	£'000
Raw materials and consumables	1,615
Other operating leases	32
Depreciation	62
Staff costs	143
Auditors' fees	18
Other operating charges	281
	2,151
Staff costs:	
Wages and salaries	113
Social security costs	30
	143

# British American Tobacco Georgia Limited

## Notes to the accounts – 31 December 2001

### 3 Operating charges (continued)

The Company has annual commitments in respect of operating leases as follows:

	Building £'000
Expiring within one year	-
2 – 5 years	32
	32

The average weekly number of persons employed by the Company during the period was:

	Number
Administration	5
Marketing	15
	20

### 4 Directors' emoluments

None of the Directors received any remuneration in respect of their services as a Director of the Company during the period.

### 5 Interest receivable and similar income

	£'000
Other investment income	13

### 6 Interest payable and similar charges

	£'000
Interest payable on group borrowings	105

Interest is being paid on loans wholly repayable within 5 years.

# British American Tobacco Georgia Limited

## Notes to the accounts – 31 December 2001

### 7 Taxation on ordinary activities

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

	£'000
United Kingdom Corporation Tax at 30.0%	-
Comprising	
Current taxation UK	-
Total current taxation	-
Deferred tax	263
	263

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.

#### (2) Factors affecting the tax charge for the period

	£'000
Profit on ordinary activities before tax	81
Corporation tax at 30% on profit on ordinary activities	24
Group loss relief surrendered at less than full consideration	(24)
Total current taxation charge	-

### 8 Tangible fixed assets

	Short leasehold buildings £'000	Plant machinery and equipment £'000	Total £'000
<b>Cost</b>			
Expenditure	45	3,646	3,691
At 31 December 2001	45	3,646	3,691
<b>Depreciation</b>			
Charge for the year	-	62	62
At 31 December 2001	-	62	62
<b>Net book value</b>			
At 31 December 2001	45	3,584	3,629

### 9 Stocks

	£'000
Leaf stocks	1,560
Finished goods held for resale	566
Consumable stores	1,323
	3,449

# British American Tobacco Georgia Limited

## Notes to the accounts – 31 December 2001

### 10 Debtors – amounts falling due within one year

	£'000
Trade debtors	775
Prepayments and accrued income	39
	814

### 11 Creditors - amounts falling due within one year

	£'000
Trade creditors	65
Loans due from Group undertakings	8,246
	8,311

### 12 Provisions for liabilities and charges

	Deferred taxation £'000
Provided in respect of the period	263
31 December 2001	263

### 13 Called up share capital

#### Ordinary shares of £1 each

Authorised - value	£100
- number	100

#### Allotted, called up and fully paid

- value	£2
- number	2

The Company was incorporated on 4 September 2000 with an authorised share capital of 100 ordinary shares of £1 each of which 2 were issued.

# British American Tobacco Georgia Limited

## Notes to the accounts – 31 December 2001

### 14 Reserves

	Profit and loss account £'000
Loss for the period	(182)
Exchange differences	(1)
31 December 2001	(183)

### 15 Reconciliation of movements in shareholders' funds

	£'000
Loss attributable to shareholders for the period	(182)
Exchange differences	(1)
Issue of shares	-
Net transfer to shareholders' funds	(183)
Closing shareholders' funds	(183)

### 16 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.

### 17 Parent support

The parent company 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.

### 18 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.

### 19 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