

Weston Investment Company Limited
Registered Number 179244

Directors' Report and Accounts

For the year ended 31 December 2001



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COMPANIES HOUSE 25/10/02

Weston Investment Company Limited

Directors' report

Principal activities

The Company is a holding company of a group of companies which includes a number of subsidiaries, the principal business activities of which are the marketing and manufacture of tobacco brands.

Review of the year to 31 December 2001

The profit for the year attributable to the shareholders of Weston Investment Company Limited after deduction of all charges and the provision of tax amounted to £570,693,000 (2000: £923,973,000).

Accounting policies

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

Dividends

The Directors recommend the payment of a dividend of £575,000,000 (2000: £920,000,000). The loss for the financial year after dividends of £4,307,000 will be offset against the reserves (2000: £3,973,000 profit 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:

		Appointed	Resigned
Paul Nicholas Adams	Chairman		
Robert James Casey		10 January 2002	
Keith Silvester Dunt			31 December 2001
Charles Richard Green			10 January 2002
Kenneth John Hardman	Chairman	10 January 2002	
Ulrich Georg Volker Herter			31 December 2001
John Nolan Jewell			10 January 2002
David Cameron Potter		10 January 2002	
Michael Charles Terrell Prideaux			10 January 2002
Tessa Rae Raeburn		1 January 2001	10 January 2002
Paul Ashley Rayner		30 December 2001	
Jimmi Rembiszewski		1 January 2001	10 January 2002
David Andrew Swann		10 January 2002	
Neil Robert Withington			

Weston Investment Company Limited

Directors' report

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 as shown below with the exception of Messrs P N Adams, U G V Herter and K S Dunt which are disclosed in the Report and Accounts of British American Tobacco p.l.c.

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

	1 January 2001	31 December 2001
C R Green	1,656	2,155
J N Jewell	33,742	2,055
M C T Prideaux	20,920	37,004
T R Raeburn	-	1,000
P A Rayner	-	-
J Rembiszewski	7,036	8,470
N R Withington	14,242	31,652

In addition to the shares shown above, during the year the Directors held 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:

Ordinary shares of 25p

	1 January 2001*	31 December 2001
C R Green	32,840	49,613
J N Jewell	34,831	51,816
M C T Prideaux	36,267	52,389
T R Raeburn	-	3,875
P A Rayner	29,434	29,434
J Rembiszewski	53,612	76,245
N R Withington	28,682	44,184

*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.

Weston Investment Company Limited

Directors' report

Directors' interests (continued)

British American Tobacco p.l.c. Share Options and Award Schemes

	1 January 2001*	Granted	Exercised	31 December 2001
C R Green	203,724	47,921	61,337	190,308
J N Jewell	222,319	48,528	52,596	218,251
M C T Prideaux	267,347	49,509	78,942	237,914
T R Raeburn	54,266	44,291	-	98,557
P A Rayner	88,700	-	-	88,700
J Rembiszewski	366,183	64,666	56,278	374,571
N R Withington	184,113	44,291	41,286	187,118

*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 ordinary shares in British American Tobacco p.l.c. (1 January 2001: 30,647,059 ordinary shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares held by the 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 Scheme.

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.

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.

Weston Investment Company 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 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 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 the 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


Assistant
Secretary

16/10/2002

Report of the independent auditors to the shareholders of Weston Investment Company 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 Directors' remuneration and transactions is not disclosed.

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 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

16th October 2002

Weston Investment Company Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Other operating income		-	1,614
Operating charges	2	(17)	(2)
Operating (loss)/profit		(17)	1,612
Income from shares in group undertakings		570,710	922,251
Interest receivable from group undertakings		-	110
Profit on ordinary activities before taxation		570,693	923,973
Taxation on ordinary activities	3	-	-
Profit for the financial year		570,693	923,973
Dividends- interim proposed on equity shares		(575,000)	(920,000)
(Decrease)/increase in reserves		(4,307)	3,973

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 year.


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

Notes are shown on pages 9 to 13.

Weston Investment Company Limited
Balance sheet – 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investment in subsidiary undertakings	4	3,367,684	3,367,684
Current assets			
Debtors - amounts falling due within one year	5	1,684,322	1,782,743
Creditors – amounts falling due within one year	6	(3,496,766)	(3,590,880)
Net current liabilities		(1,812,444)	(1,808,137)
Total assets less current liabilities		1,555,240	1,559,547
Capital and reserves			
Called up share capital	7	5,659	5,659
Share premium account	8	1,549,032	1,549,032
Profit and loss account	8	549	4,856
Total equity shareholders' funds	9	1,555,240	1,559,547

The financial statements on pages 7 to 13 were approved by the Directors on 16/10/2002 and signed on behalf of the Board.



Director

Notes are shown on pages 9 to 13.

Weston Investment Company 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

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) 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 and provision is made where delays are anticipated in the receipt of monies from overseas.

(6) Fixed asset investments

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

Weston Investment Company Limited

Notes to the accounts – 31 December 2001

2 Operating charges

	2001 £'000	2000 £'000
Other operating charges	(17)	(2)
	(17)	(2)

The audit fee is borne by another group undertaking (2000: £nil).

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

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

3 Taxation on ordinary activities

(1) Summary of tax on ordinary activities

	2001 £'000	2000 £'000
UK corporation tax	-	-
comprising		
current tax of the period at 30.0% (2000: 30.0%)	72,675	168,910
double taxation relief	(72,675)	(168,910)
	-	-

The current taxation for the year 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 taxation charge for the year

	2001 £'000	2000 £'000
Profit on ordinary activities before tax	570,693	923,973
Corporation tax at 30% (2000: 30%) on profit on ordinary activities	171,208	277,192
Corporation tax on grossing up of foreign dividends	21,802	50,673
Permanent differences	(109,800)	(158,584)
Double taxation relief	(72,675)	(168,910)
Group loss relief surrendered at less than full consideration	(10,535)	(371)
Total current taxation	-	-

Weston Investment Company Limited

Notes to the accounts – 31 December 2001

4 Investment in subsidiary undertakings

(1) Shares in subsidiary undertakings

	% equity shares held
Unlisted – Registered in England	
British American Tobacco Korea (Investments) Limited	100
Precis (1789) Ltd	100
Precis (1790) Ltd	100
Precis (1814) Ltd	100
Unlisted – Registered in The Netherlands	
British American Tobacco International (Holdings) B.V.	35.89

The entire issued share capital of British American Tobacco International (Holdings) B.V. is owned by the Company, Precis (1789) Ltd, Precis (1790) Ltd and Precis (1814) Ltd.

(2) Shareholdings at cost less provisions

	£'000
1 January and 31 December 2001	3,367,684

- (3) The Directors are of the opinion that the individual investments have a value of not less than the amount stated in the balance sheet.

5 Debtors - amounts falling due within one year

	2001 £'000	2000 £'000
Amounts due from subsidiary undertakings	1,181,992	1,120,502
Amounts due from Group undertakings	136,330	135,241
Dividends receivable from subsidiary undertakings	366,000	527,000
	1,684,322	1,782,743

Weston Investment Company Limited

Notes to the accounts – 31 December 2001

6 Creditors - amounts falling due within one year

	2001 £'000	2000 £'000
Amounts due to parent undertaking	2,888,483	2,537,952
Amounts due to subsidiary undertakings	6,755	106,400
Amounts due to Group undertakings	26,528	26,528
Dividends payable	575,000	920,000
	3,496,766	3,590,880

7 Called up share capital

Ordinary shares of £1 each	2001	2000
Authorised - value	£10,000,000	£10,000,000
- number	10,000,000	10,000,000
Allotted, called up and fully paid		
- value	£5,658,764	£5,658,764
- number	5,658,764	5,658,764

8 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2001	1,549,032	4,856	1,553,888
Loss for the financial year	-	(4,307)	(4,307)
31 December 2001	1,549,032	549	1,549,581

9 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit attributable to shareholders for the year	570,693	923,973
Issue of shares	-	16,108
Dividend proposed	(575,000)	(920,000)
Net transfer (from)/to shareholders' funds	(4,307)	20,081
Opening shareholders' funds	1,559,547	1,539,466
Closing shareholders' funds	1,555,240	1,559,547

Weston Investment Company Limited

Notes to the accounts – 31 December 2001

10 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.

11 Contingent liabilities and financial commitments

The Company has given indemnities to third parties in respect of customs' guarantees given to other British American Tobacco Group companies of £93.8 million (2000: £nil).

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 British American Tobacco (1998) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

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