

Weston Investment Company Limited
Registered Number 179244

Directors' Report and Accounts

For the year ended 31 December 2003



Weston Investment Company Limited

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Weston Investment Company Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2003.

Principal activities

The Company is a holding company of a group of companies, which includes a number of UK and overseas subsidiaries.

Review of the year to 31 December 2003

The profit for the year attributable to Weston Investment Company Limited shareholders after deduction of all charges and the provision of tax amounted to £1,953,680,000 (2002: £1,862,806,000).

Post Balance Sheet event

On 21 June 2004 the company bought Lord Extra Limited from another group Company.

Dividends

The Directors recommend the payment of a dividend for the year of £1,940,000,000 (2002: £1,862,000,000). The profit for the financial year after dividends of £13,680,000 will be transferred to reserves (2002: £806,000).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2003 to the date of this report are as follows:

	Resigned	Appointed
Paul Nicholas Adams	28 July 2004	
Antonio Monterio de Castro		28 July 2004
Robert James Casey		
Kenneth John Hardman		
David Cameron Potter		
Paul Ashley Rayner		
David Andrew Swann		
Neil Robert Withington		

Directors' interests

The interests of those persons who were Directors at 31 December 2003 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 shown below with the exception of Messrs P.N. Adams and P.A. Rayner which are disclosed 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. Ordinary 25p shares

	1 January 2003	31 December 2003
R.J. Casey	10,667	10,985
K.J. Hardman	17,187	17,889
D.C. Potter	74,020	74,338
D.A. Swann	1,981	2,568
N.R. Withington	32,766	50,756

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:

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

	1 January 2003	31 December 2003
R.J. Casey	39,560	23,408
K.J. Hardman	36,244	20,891
D.C. Potter	49,859	26,573
D.A. Swann	8,513	15,504
N.R. Withington	57,323	44,192

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 options and awards

	1 January 2003	Granted	Lapsed	Exercised	31 December 2003
R.J. Casey	119,054	23,717	6,945	-	135,826
K.J. Hardman	147,618	23,202	6,663	36,045	128,112
D.C. Potter	117,424	28,344	9,465	51,204	85,099
D.A. Swann	41,480	22,117	-	-	63,597
N.R. Withington	206,699	51,839	8,390	-	250,148

In addition to those interests disclosed above, on 31 December 2003, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 31,945,642 ordinary shares in British American Tobacco p.l.c. (1 January 2003: 37,696,678 ordinary shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares that are 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.

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 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.

General meeting

Elective resolutions have been passed in accordance with Section 379A of the Companies Act 1985 (as amended) to dispense with the laying of accounts before the Company in General Meeting (pursuant to Section 252 of the Act) and to dispense with the holding of the Annual General Meeting (pursuant to Section 366A of the Act).

Auditors

An elective resolution has been passed, 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 will continue as auditors.

On behalf of the Board



Secretary

3rd September 2004

Report of the independent auditors to the members 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. 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.

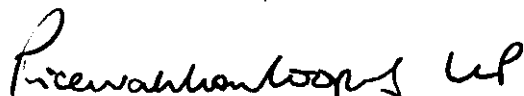
Basis of audit opinion

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



3 September 2004

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

Weston Investment Company Limited

Profit and loss account for the year ended 31 December 2003

	<i>Note</i>	2003 £'000	2002 £'000
Operating income	2	298	124
Operating charges	3	(218,522)	(22)
Operating (loss)/profit		(218,224)	102
After write down of intercompany debt		(218,084)	-
Income from shares in subsidiary undertakings		2,173,758	1,862,704
Interest receivable from group undertaking		22	-
Write down of investment in subsidiary		(1,876)	-
Profit on ordinary activities before taxation		1,953,680	1,862,806
Taxation on ordinary activities	4	-	-
Profit for the financial year		1,953,680	1,862,806
Dividends - interim proposed on equity shares		(1,940,000)	(1,862,000)
Increase in reserves		13,680	806

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.

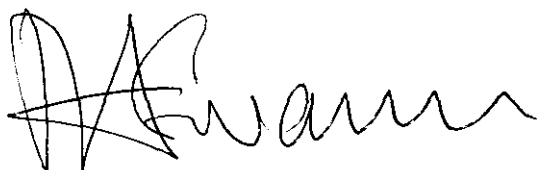
Notes are shown on pages 9 to 13.

Weston Investment Company Limited

Balance sheet – 31 December 2003

	<i>Note</i>	2003 £'000	2002 £'000
Fixed assets			
Investments in subsidiary undertakings	5	3,368,705	3,368,684
Current assets			
Debtors - amounts falling due within one year	6	3,528,679	3,379,483
Creditors – amounts falling due within one year	7	(5,327,658)	(5,192,121)
Net current liabilities		(1,798,979)	(1,812,638)
Total assets less current liabilities		1,569,726	1,556,046
Capital and reserves			
Called up share capital	8	5,659	5,659
Share premium	9	1,549,032	1,549,032
Profit and loss account	9	15,035	1,355
Total equity shareholders' funds	10	1,569,726	1,556,046

The financial statements on pages 7 to 13 were approved by the Directors on 3rd September 2004 and signed on behalf of the Board.



D.A. Swann
Director

Notes are shown on pages 9 to 13.

Weston Investment Company Limited

Notes to the accounts – 31 December 2003

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 accounted for on a receivable basis and provision is made 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, in adopting 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 income

Operating income comprises guarantee fees.

Weston Investment Company Limited

Notes to the accounts – 31 December 2003

3 Operating charges

	2003 £'000	2002 £'000
Other operating charges	218,107	22
Foreign exchange loss	415	-
	218,522	22

Auditors' fees have been borne by a fellow Group undertaking (2002: £nil).

There were no employees and no staff costs during the year (2002: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2002: £nil).

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2003 £'000	2002 £'000
UK Corporation Tax comprising	-	-
- current tax at 30.00% (2002: 30.00%)	-	-
Total current taxation note 4(b)	-	-

(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:

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	1,953,680	1,862,806
Corporation Tax at 30.00% (2002: 30.00%) on profit on ordinary activities	586,104	558,842
Factors affecting the tax rate:		
Permanent differences	(586,140)	(558,811)
Group loss relief surrendered/(claimed) at less than full consideration	36	(31)
Total current taxation charge note 4(a)	-	-

Weston Investment Company Limited

Notes to the accounts – 31 December 2003

5 Investments in subsidiary undertakings

(1) Shares in subsidiaries

% equity shares held

Unlisted – registered in England and Wales

British American Tobacco International (Holdings) B.V. ¹	35.878
British American Tobacco Korea (Investments) Limited ¹	100
British American Tobacco China Holdings Limited ¹	100
British American Tobacco Peru Holdings Limited ¹	100
British American Tobacco Turkey Limited	100
B.A.T. (Westminster House) Limited ¹	100
Precis (1789) Limited ¹	100
Precis (1790) Limited ¹	100
Precis (1814) Limited ¹	100
British American Tobacco UK Limited	100
Rothmans (UK) Trading Limited	100

Unlisted – Germany

British American Tobacco Morocco Holdings GmbH	100
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¹ – These are individual holding companies.

(2) Shareholdings at cost less provisions

	£'000
1 January 2003	3,368,684
Additions	1,897
Provision	(1,876)
31 December 2003	3,368,705

During the year the Company purchased from another group company B.A.T. (Westminster House) Limited for cash. It also incorporated two new entities, British American Tobacco Morocco Holdings GmbH and Rothmans (UK) Trading Limited.

- (3) The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value not less than the amount at which they are shown in the balance sheet.

Weston Investment Company Limited

Notes to the accounts – 31 December 2003

6 Debtors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts due from other group undertakings	1,251	1,251
Amounts due from fellow subsidiary undertakings	1,577,201	1,515,528
Dividends receivable	1,949,929	1,862,704
Prepayments and accrued income	298	-
	3,528,679	3,379,483

7 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts due to parent undertakings	3,271,999	3,301,343
Amounts due to fellow subsidiary undertakings	30,624	-
Amounts due to other group undertakings	85,035	28,778
Dividends payable	1,940,000	1,862,000
	5,327,658	5,192,121

8 Called up share capital

Ordinary shares of £1 each	2003	2002
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

9 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2003	1,549,032	1,355	1,550,387
Profit for the financial year	-	1,953,680	1,953,680
Dividends - interim proposed	-	(1,940,000)	(1,940,000)
31 December 2003	1,549,032	15,035	1,564,067

Weston Investment Company Limited

Notes to the accounts – 31 December 2003

10 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit attributable to shareholders for the year	1,953,680	1,862,806
Dividends - interim proposed	(1,940,000)	(1,862,000)
Net transfer to shareholders' funds	13,680	806
Opening shareholders' funds	1,556,046	1,555,240
Closing shareholders' funds	1,569,726	1,556,046

11 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.

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