

**Weston Investment Company Limited**  
**Registered Number 179244**

**Directors' Report and Accounts**

**For the year ended 31 December 2000**



# Weston Investment Company Limited

## Directors' report

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2000 to the date of this report are as follows:

Ulrich Georg Volker Herter	Chairman
Paul Nicholas Adams	
Stuart Philip Chalfen	Resigned 31 July 2000
Keith Silvester Dunt	
Charles Richard Green	
John Nolan Jewell	
Anthony Cameron Johnston	Resigned 17 August 2000
Michael Charles Terrell Prideaux	
Tessa Rae Raeburn	Appointed 1 January 2001
Jimmi Rembiszewski	Appointed 1 January 2001
David George Stevens	Resigned 30 December 2000
Neil Robert Withington	Appointed 31 July 2000

### Directors' interests

The interests of those persons who were Directors at 31 December 2000 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, apart from Messrs UGV Herter and KS Dunt which are disclosed in the Directors' Report and Accounts of British American Tobacco p.l.c.

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

	1 January 2000*	31 December 2000
P.N.Adams	18,147	16,935
C.R.Green	20,516	1,656
J.N.Jewell	66,285	33,742
M.C.T.Prideaux	19,183	20,920
N.R.Withington	14,222	14,242

\*Or date of appointment, if later.

# Weston Investment Company Limited

## Directors' report

### Directors' interests (continued)

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 2000:

	Ordinary shares of 25p
P.N.Adams	47,305
C.R.Green	32,840
J.N.Jewell	34,831
M.C.T.Prideaux	36,267
N.R.Withington	28,682

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

	1 January 2000*	Granted	Exercised	31 December 2000
P.N.Adams	246,335	118,263	-	364,598
C.R.Green	121,623	82,101	-	203,724
J.N.Jewell	135,242	87,077	-	222,319
M.C.T.Prideaux	176,679	90,668	-	267,347
N.R.Withington	184,113	-	-	184,113

\*Or date of appointment, if later.

In addition, on 31 December 2000, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 30,647,059 ordinary shares in British American Tobacco p.l.c. (1 January 2000: 15,581,616 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 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.

# **Weston Investment Company Limited**

## **Directors' report**

### **Review of the year to 31 December 2000**

Following completion of the merger on 7 June 1999 between the ultimate holding company, British American Tobacco p.l.c., and Rothmans International BV, the Company has been central to a restructuring of the new combined Group's investments in the UK and the Netherlands. Details of the impact on the Company of this restructuring can be found in notes 4 and 7 to the accounts on pages 10 to 12.

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 £923,973,000 (1999: £92,747,000).

### **Dividends**

The Directors recommend the payment of a dividend of £920,000,000 (1999: £95,000,000). The profit for the financial year after dividends of £3,973,000 will be transferred to reserves (1999: £2,253,000 loss offset against reserves).

### **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.

### **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 Group's European companies including those in the UK have been capable of transacting business in the euro following its introduction in eleven European countries on 1 January 1999. The ability of the Group to conduct business in national currencies will be retained as long as necessary. The decision as to when to adopt the euro as a subsidiary's functional currency will be a local decision for each subsidiary in the European Union, having regard to the speed of transition to the euro in the individual economy.

Each operating subsidiary has prepared a business impact plan assessing the risks and uncertainties associated with the euro, with all end-market activity in the euro being coordinated through a European Regional Support Team.

# Weston Investment Company Limited

## Directors' report

### 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 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



Secretary

23 October 2001

## **Auditors' report 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 which have been prepared under the historical cost convention and the accounting policies set out in the note of accounting policies.

### **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.

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. The other information comprises only the Directors' report including the statement of Directors' responsibilities.

### **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 2000 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

23rd October 2001

# Weston Investment Company Limited

## Profit and loss account

For the year ended 31 December 2000

	<b>Note</b>	<b>2000 £'000</b>	<b>1999 £'000</b>
<b>Turnover</b>		-	-
Other operating income		<b>1,614</b>	-
Operating charges	<b>2</b>	<b>(2)</b>	<b>(774)</b>
<b>Operating profit/(loss)</b>		<b>1,612</b>	<b>(774)</b>
Income from shares in group undertakings		<b>922,251</b>	93,631
Interest receivable/(payable) from/to group undertakings		<b>110</b>	<b>(110)</b>
<b>Profit on ordinary activities before taxation</b>		<b>923,973</b>	<b>92,747</b>
Taxation on ordinary activities	<b>3</b>	-	-
<b>Profit for the financial year</b>		<b>923,973</b>	<b>92,747</b>
Dividends proposed on equity shares		<b>(920,000)</b>	<b>(95,000)</b>
<b>Increase/(decrease) in reserves</b>		<b>3,973</b>	<b>(2,253)</b>

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.

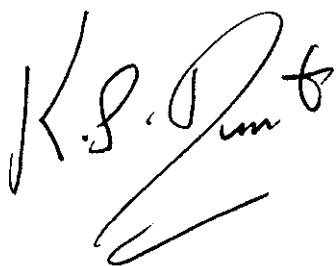
The notes on pages 9 to 13 form part of these financial statements.

# Weston Investment Company Limited

## Balance sheet – 31 December 2000

	Note	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	4	3,367,684	1,510,351
<b>Current assets</b>			
Debtors			
- amounts falling due within one year	5	1,782,743	150,751
Creditors – amounts falling due within one year	6	(3,590,880)	(121,636)
<b>Net current (liabilities)/assets</b>		<b>(1,808,137)</b>	<b>29,115</b>
<b>Total assets less current liabilities</b>		<b>1,559,547</b>	<b>1,539,466</b>
<b>Capital and reserves</b>			
Share capital	7	5,659	5,546
Share premium	8	1,549,032	1,533,037
Profit and loss account	8	4,856	883
<b>Total equity shareholders' funds</b>	9	<b>1,559,547</b>	<b>1,539,466</b>

The financial statements on pages 7 to 13 were approved by the Directors on 23 October 2001 and signed on behalf of the Board.



KS Dunt  
Director

The notes on pages 9 to 13 form part of these financial statements.



# **Weston Investment Company Limited**

## **Notes to the accounts – 31 December 2000**

### **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. Deferred taxation is provided for on timing differences using the liability method to the extent that it is probable that the liability will crystallise. Timing differences arise on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account. 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. Where delays are anticipated in the receipt of monies from overseas, provision is made in accordance with the concept of prudence.

#### **(6) Fixed asset investments**

Fixed asset investments are stated at cost less provisions for any impairment in value consistent with the concept of prudence.

# Weston Investment Company Limited

## Notes to the accounts – 31 December 2000

### 2 Operating charges

	2000 £'000	1999 £'000
Loss on exchange	-	(774)
Other operating charges	(2)	-
	(2)	(774)

The audit fee is borne by another group undertaking.

None of the Directors received any remuneration in respect of their services to the Company during the year (1999: £nil).

There were no employees and no staff costs during the year (1999: £nil).

### 3 Taxation on ordinary activities

	2000 £'000	1999 £'000
United Kingdom Corporation Tax at 30.0% (1999: 30.25%)	168,910	5,556
Less: Double taxation relief	(168,910)	(5,556)
	-	-

The current tax charge has been reduced to £nil (199: £nil) as a result of the surrender of Group loss relief of £371,008 (1999: £16,921,000) for less than full consideration.

### 4 Investment in subsidiary undertakings

#### (1) Shares in group undertakings

	% equity shares held
<b>Unlisted – Registered in England</b>	
Precis (1789) Ltd	100
Precis (1790) Ltd	100
Precis (1814) Ltd	100
<b>Unlisted – Registered in the Netherlands</b>	
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.

# Weston Investment Company Limited

## Notes to the accounts – 31 December 2000

### 4 Investment in subsidiary undertakings (continued)

(2) Shareholdings at cost less provisions	£'000
1 January 2000	1,510,351
Acquisitions	3,316,132
Disposals	(1,458,799)
31 December 2000	3,367,684

Following completion of the merger on 7 June 1999 between the ultimate holding company, British American Tobacco p.l.c., and Rothmans International BV (now British American Tobacco International (Holdings) BV), the Company has been central to a restructuring of the new combined Group's investments in the UK and the Netherlands.

On 29 March 2000, the Company sold, at cost, 34,734 and 30,410 shares of NLG 1,000 each in British American Tobacco International (Holdings) BV (BATIHBV) to Precis (1790) Ltd and Precis (1789) Ltd for £104,169,000 and £91,201,000 respectively.

On 31 March 2000, the Company acquired, from its immediate parent undertaking, a further 63,918 shares of NLG 1,000 each in BATIHBV at cost being £3,300,012,000 the consideration to remain outstanding as an interest free loan. These shares had been issued as consideration for the transfer by British American Tobacco (1998) Ltd of the entire issued share capital of Dyckenburch BV, a company incorporated in the Netherlands whose principal activity is the holding company for the Group's Canadian subsidiary Imperial Tobacco Canada Ltd.

On 14 February 2000 the Company acquired entire initial share capital of Precis (1814) Ltd of 2 ordinary shares for £2.

On 26 June 2000, the company acquired, from Precis (1814) Ltd its debt to BATIHBV re the acquisition of Precis (1814) BV, in consideration for 1 ordinary share in Precis (1814) Ltd for £12,000.

On 3 July 2000, the Company acquired from various Group companies the remaining 58,955 ordinary £1 shares in Precis (1814) Ltd that it did not already own, the consideration being the issue by the Company of 112,597 ordinary £1 shares for a premium of £15,995,000, after taking into account Group reconstruction relief as set out in Section 132 of the Companies Act 1985.

On 26 July 2000, the Company sold, at cost, 56,304 shares of NLG 1,000 each in BATIHBV to Precis (1814) Ltd for £1,263,429,000.

Following these transactions, Precis (1789) Ltd, Precis (1790) Ltd and Precis (1814) Ltd remain wholly-owned. BATIHBV becomes directly owned by the Company as to 35.89% but remains indirectly wholly-owned through the Company, Precis (1789) Ltd, Precis (1790) Ltd and Precis (1814) Ltd.

- (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.

# Weston Investment Company Limited

## Notes to the accounts – 31 December 2000

### 5 Debtors: amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed by parent undertaking	-	67,080
Amounts owed by subsidiary undertakings	1,120,502	59,508
Amounts owed by group undertakings	135,241	-
Prepayments and accrued income	-	163
Dividends receivable from subsidiary undertakings	527,000	24,000
	<b>1,782,743</b>	<b>150,751</b>

### 6 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed to parent undertaking	2,537,952	-
Amounts owed to subsidiary undertakings	106,400	-
Amounts owed to group undertakings	26,528	26,636
Dividends payable	920,000	95,000
	<b>3,590,880</b>	<b>121,636</b>

### 7 Share capital

Ordinary shares of £1 each	2000	1999
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	£5,546,167
- number	5,658,764	5,546,167

In 2000 the authorised share capital has remained at 10,000,000 ordinary shares of £1 each. 100% of the allotted ordinary shares are owned by British American Tobacco (1998) Ltd.

On 3 July 2000, the Company issued 112,597 ordinary shares for a premium of £15,995,000, in pursuance of the continued restructuring of the enlarged British American Tobacco Group. Further details can be found in note 4 to the accounts on pages 10 and 11.

# Weston Investment Company Limited

## Notes to the accounts – 31 December 2000

### 8 Reserves

	Share premium £'000	Profit and loss account £'000	Total £'000
1 January 2000	1,533,037	883	1,533,920
Issue of shares	15,995	-	15,995
Profit for the financial year	-	923,973	923,973
Dividends proposed	-	(920,000)	(920,000)
31 December 2000	1,549,032	4,856	1,553,888

### 9 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit attributable to shareholders for the year	923,973	92,747
Issue of shares (see notes 4 and 7)	16,108	1,538,583
Dividend proposed	(920,000)	(95,000)
Net transfer to shareholders' funds	20,081	1,536,330
Opening shareholders' funds	1,539,466	3,136
Closing shareholders' funds	1,559,547	1,539,466

### 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 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.

### 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