

**Rothmans UK Holdings Limited**  
**Registered Number 2841443**

**Directors' Report and Accounts**

**For the year ended 31 December 2003**



# Rothmans UK Holdings Limited

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# Rothmans UK Holdings Limited

## Directors' report

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

### Principal activities

During 2002 the Company sold all but three of its subsidiaries to a fellow group company. The Company's remaining fixed asset investments are dormant.

### Review of the year to 31 December 2003

The loss for the year attributable to Rothmans UK Holdings Limited shareholders after deduction of all charges and the provision of tax amounted to £4,427,000 (2002: £431,720,000 profit).

### Dividends

The Directors do not recommend the payment of a dividend for the year (2002: £525,000,000). The loss for the financial year after dividends of £4,427,000 will be offset against reserves (2002: £93,280,000).

### 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:

Adrian Jeremy Simon Black  
Ian Black  
Andrew Graham Cripps  
Charl Erasmus Steyn

### 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.

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

	1 January 2003	31 December 2003
A J S Black	7,580	6,430
I Black	4,152	5,163
A G Cripps	3,087	27,093
C E Steyn	3,322	6,701

# Rothmans UK Holdings Limited

## Directors' report

### Directors' interests

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
A J S Black	21,959	13,775
I Black	36,001	23,744
A G Cripps	36,701	20,509
C E Steyn	26,935	14,805

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
A J S Black	63,457	16,304	-	1,224	78,537
I Black	99,511	28,219	6,227	35,217	86,286
A G Cripps	118,913	22,575	6,850	66,934	67,704
C E Steyn	83,291	16,052	5,051	30,384	63,908

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.

### 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.

# Rothmans UK Holdings Limited

## Directors' report

### Statement of Directors' responsibilities (continued)

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.

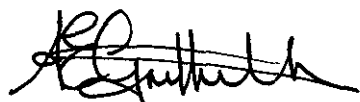
### General meeting

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



For and on behalf of  
**Risecretaries Limited**  
Secretary

12th July 2004

# **Report of the independent auditors to the members of Rothmans UK Holdings 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

2004

# Rothmans UK Holdings Limited

## Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Operating charges	2	(22)	(22)
<b>Operating loss</b>		<b>(22)</b>	<b>(22)</b>
Loss on disposal of fixed asset investment	5	-	(180,000)
Profit on disposal of fixed asset investments	5	-	421,397
Income from shares in subsidiary undertakings		-	189,329
Interest payable and other similar charges	3	(4,405)	(905)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(4,427)</b>	<b>429,799</b>
Taxation on ordinary activities	4	-	1,921
<b>(Loss)/profit for the financial year</b>		<b>(4,427)</b>	<b>431,720</b>
Dividends - interim paid on equity shares		-	(525,000)
<b>Decrease in reserves</b>		<b>(4,427)</b>	<b>(93,280)</b>

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

There are no recognised gains and losses other than the loss for the year.

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

Notes are shown on pages 9 to 12.

# Rothmans UK Holdings Limited

## Balance sheet – 31 December 2003

	<i>Note</i>	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	5	10	10
<b>Current assets</b>			
Debtors - amounts falling due within one year	6	131,183	661,518
Creditors - amounts falling due within one year	7	(59,227)	(585,135)
<b>Net current assets/(liabilities)</b>		<b>71,956</b>	<b>(76,383)</b>
<b>Total assets less current liabilities</b>		<b>71,966</b>	<b>76,393</b>
<b>Capital and reserves</b>			
Called up share capital	8	66,360	66,360
Share premium account	9	8,820	8,820
Profit and loss account	9	(3,214)	1,213
<b>Total equity shareholders' funds</b>	10	<b>71,966</b>	<b>76,393</b>

The financial statements on pages 7 to 12 were approved by the Directors on 12th July 2004 and signed on behalf of the Board.



C.E. Steyn  
Director

Notes are shown on pages 9 to 12.



# Rothmans UK Holdings 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 charges

	2003 £'000	2002 £'000
Other operating charges	22	22

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

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

The Company had no employees and no staff costs during the year (2002: £nil).

# Rothmans UK Holdings Limited

## Notes to the accounts – 31 December 2003

### 3 Interest payable and other similar charges

	2003 £'000	2002 £'000
External interest payable	653	-
Interest payable to group undertakings	3,752	905
	<b>4,405</b>	<b>905</b>

### 4 Taxation on ordinary activities

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

	2003 £'000	2002 £'000
UK Corporation Tax	-	(1,921)
Comprising		
- current tax at 30.00% (2002: 30.00%)	-	-
- adjustments in respect of prior periods	-	(1,921)
Total current taxation <i>note 4(b)</i>	-	(1,921)

#### (b) Factors affecting the tax charge

The current taxation credit 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
(Loss)/profit on ordinary activities before taxation	(4,427)	429,799
Corporation Tax at 30.00% (2002: 30.00%) on (loss)/profit on ordinary activities	(1,328)	128,939
<b>Factors affecting the tax rate:</b>		
Permanent differences	-	(72,419)
Corporate income tax relief on intra-group dividends	-	(56,798)
Group loss relief surrendered at less than the full consideration	1,328	278
Adjustments in respect of previous periods	-	(1,921)
Total current taxation credit <i>note 4(a)</i>	-	(1,921)

### 5 Investments in subsidiary undertakings

#### (1) Shares in subsidiaries

#### % equity shares held

Rothmans International Exports (Europe) Limited	Ordinary shares 100%
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#### (2) Shareholdings at cost less provisions

	£'000
1 January and 31 December 2003	10

# Rothmans UK Holdings Limited

## Notes to the accounts – 31 December 2003

### 5 Investments in subsidiary undertakings (continued)

- (3) The Directors are of the opinion that the investment has a value not less than the amount at which it is shown in the balance sheet.
- (4) During the prior year, Rothmans UK Holdings Limited transferred Rothmans International Tobacco (UK) Limited to British American Tobacco (Investments) Limited, resulting in a loss of £180,000,000. During the same year, Rothmans UK Holdings Limited also transferred American Cigarette Company (Overseas) Limited, Rothmans of Pall Mall Limited, Dunhill Tobacco of London Limited, The London Tobacco Company Limited, Carreras Limited and John Sinclair Limited to British American Tobacco (Brands) Limited resulting in a profit of £421,396,818. The net result of these transfers was a profit of £241,396,818.

The company has taken advantage of the exemption under s231(5) of the Companies Act 1985 by providing information only in relation to subsidiary undertakings whose result or financial position, in the opinion of the Directors, principally affected the figures shown in the financial statements.

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

	2003 £'000	2002 £'000
Amounts due from group undertakings	131,183	661,518
	<b>131,183</b>	<b>661,518</b>

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

	2003 £'000	2002 £'000
Amounts due to group undertakings	59,227	584,227
Other creditors	-	908
	<b>59,227</b>	<b>585,135</b>

### 8 Called up share capital

Ordinary shares of 10p each	2003	2002
Authorised - value	£80,000,000	£80,000,000
- number	800,000,000	800,000,000
Allotted, called up and fully paid		
- value	£66,360,047	£66,360,047
- number	663,600,465	663,600,465

# Rothmans UK Holdings Limited

## Notes to the accounts – 31 December 2003

### 9 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2003	8,820	1,213	10,033
Loss for the financial year	-	(4,427)	(4,427)
31 December 2003	8,820	(3,214)	5,606

### 10 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
(Loss)/profit attributable to shareholders for the year	(4,427)	431,720
Dividends – interim paid	-	(525,000)
Net transfer from shareholders' funds	(4,427)	(93,280)
Opening shareholders' funds	76,393	169,673
Closing shareholders' funds	71,966	76,393

### 11 Related parties

As a wholly-owned subsidiary, the Company has taken advantage of the exemption under paragraph 3(c) of 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 (Investments) 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