

**Westanley Trading & Investment Company
Limited**

Registered Number 90337

Directors' Report and Accounts

For the year ended 31 December 2001



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COMPANIES HOUSE 25/10/02

Westanley Trading & Investment Company Limited

Directors' report

Principal activities

The Company is an investment holding company.

Review of the year to 31 December 2001

The profit for the year attributable to Westanley Trading & Investment Company Limited shareholders after deduction of all charges and the provision of tax amounted to £1,433,000 (2000: £9,052,000).

Accounting Policies

During 2001 the Company adopted a new accounting standard FRS19 on Deferred Tax. The impact of the adoption of this standard was to decrease shareholders funds at 1 January 2000 by £6,000.

Dividends

The Directors recommend the payment of a dividend for the year of £2,600,000 (2000: £37,000,000). The loss for the financial year after dividends of £1,167,000 (2000: £27,948,000) will be offset against 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		
Robert James Casey	26 February 2002	
Keith Silvester Dunt		31 December 2001
Charles Richard Green		26 February 2002
Kenneth John Hardman	26 February 2002	
Ulrich Georg Volker Herter		31 December 2001
Dr John Nolan Jewell		26 February 2002
Anthony Cameron Johnston		01 August 2002
Anthony Jones	01 August 2002	
David Cameron Potter	26 February 2002	
Michael Charles Terrell Prideaux		26 February 2002
Tessa Rae Raeburn	01 January 2001	26 February 2002
Paul Ashley Rayner	26 February 2002	
Jimmi Rembiszewski		26 February 2002
David Andrew Swann	26 February 2002	
Neil Robert Withington		

*Mr. P N Adams was appointed Chairman on 26 February 2002

In accordance with the Articles of Association Messrs P.N. Adams, R.J. Casey and N.R. Withington will retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

Westanley Trading & 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 disclosed in the Directors' Report and Accounts of British-American Tobacco (Holdings) Limited with the exception of Messrs UGV Herter, PN Adams and KS Dunt whose interests are disclosed in the Directors' 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.

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 5, 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 this statement.

Westanley Trading & Investment Company Limited

Directors' report

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

16th October 2002

Report of the independent auditors to the members of Westanley Trading & Investment Company Limited

We have audited the financial statements which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, 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.

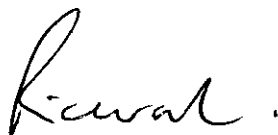
Basis of audit opinion

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's affairs 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

Westanley Trading & Investment Company Limited

Profit and loss account for the year ended 31 December 2001

	<i>Note</i>	2001 £'000	2000 restated £'000
Operating charges	2	(402)	(278)
Operating loss		(402)	(278)
Income from shares in group undertakings		1,835	9,330
Profit on ordinary activities before taxation		1,433	9,052
Taxation on ordinary activities	3	-	-
Profit for the financial year		1,433	9,052
Dividends – interim proposed on equity shares		(2,600)	(37,000)
Decrease in reserves		(1,167)	(27,948)

Reconciliation of movements in shareholders' funds for the year ended 31 December 2001

	£'000	£'000
Balance 1 January	141,667	169,615
Accounting policy change	(6)	(6)
Balance 1 January restated	141,661	169,609
Total recognised gains relating to the year above	(1,167)	(27,948)
Balance 31 December	140,494	141,661

As shown above the cumulative effect of the accounting change was £6,000 at 1 January 2001

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

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

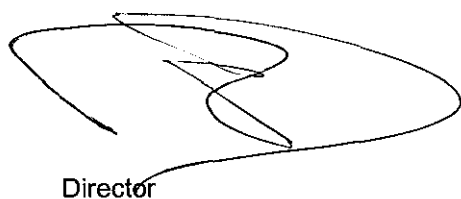
Notes are shown on pages 8 to 12

Westanley Trading & Investment Company Limited

Balance sheet – 31 December 2001

		2001	2000
	Note	£'000	restated £'000
Fixed assets			
Investments in subsidiary undertakings	4	1	1
Current assets			
Debtors – amounts falling due within one year	5	143,099	178,666
Creditors – amounts falling due within one year	6	(2,600)	(37,000)
Net current assets		140,499	141,666
Provisions for liabilities and charges	7	(6)	(6)
Total assets less current liabilities		140,494	141,661
Capital and reserves			
Called up share capital	8	1	1
Other reserves	9	140,441	140,441
Profit and loss account	9	52	1,219
Total equity shareholders' funds		140,494	141,661

The financial statements on pages 6 to 12 were approved by the Directors on 16th October 2002 and are signed on their behalf by:



Director

Notes are shown on pages 8 to 12

Westanley Trading & 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 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) 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.

Westanley Trading & Investment Company Limited

Notes to the accounts – 31 December 2001

2 Operating charges

	2001 £'000	2000 £'000
Exchange loss	385	276
Other operating charges	17	2
	402	278

Auditors' fees are borne by a fellow 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% (2000: 30%)	(109)	2,392
double taxation relief	109	(2,392)
Overseas tax	-	-
Total current taxation	-	-

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

	2001 £'000	2000 £'000
Profit on ordinary activities before tax	1,433	9,052
Corporation tax at 30% (2000: 30%) on profit on ordinary activities	430	2,716
Corporation tax on grossing up of foreign dividends	(73)	805
Double taxation relief	109	(2,392)
Group loss relief claimed at nil consideration	(466)	(1,129)
Total current taxation charge	-	-

Westanley Trading & Investment Company Limited

Notes to the accounts – 31 December 2001

4 Investments in subsidiary undertakings

(1) Shares in group undertakings	% equity held directly
Unlisted – Incorporated in Australia	Ordinary shares of A\$ 1 each
B.A.T Australia Pty. Limited	100%

B.A.T Australia Pty. Limited was established as a tobacco holding company.

(2) Shares at cost less provisions

£'000

At 1 January and 31 December 2001

1

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

5 Debtors – amounts falling due within 1 year

	2001 £'000	2000 £'000
Amounts due from parent undertaking	141,264	173,880
Dividends receivable from subsidiary undertaking	1,835	4,786
	143,099	178,666

6 Creditors – amounts falling due within 1 year

	2001 £'000	2000 £'000
Dividends payable	2,600	37,000
	2,600	37,000

7 Provisions for liabilities and charges

	Deferred taxation £'000
1 January 2001 as previously stated	-
Accounting policy change	6
1 January 2001 restated	6
Provided in respect of the year	-
31 December 2001	6

Westanley Trading & Investment Company Limited

Notes to the accounts – 31 December 2001

8 Called up share capital

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

9 Reserves

	Profit and loss account £'000	Other reserves £'000	Total £'000
1 January 2001 as previously stated	1,225	140,441	141,666
Accounting policy change	(6)	-	(6)
1 January 2001 restated	1,219	140,441	141,660
Retained loss	(1,167)	-	(1,167)
31 December 2001	52	140,441	140,493

Other reserves are capital reserves, being the profit arising on the capital reduction in B.A.T Australia Pty Limited in 1990.

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

Westanley Trading & Investment Company Limited

Notes to the accounts – 31 December 2001

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