

Registered no: 2346316

Rothmans Trading Limited
Annual report
for the year ended 31 December 2002



**Annual report
for the year ended 31 December 2002**

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Rothmans Trading Limited

Directors and advisers

Directors

Mr A G Cripps
Mr I A Muir
Mr S C Webb
Mrs S R H Gernert

Secretary
Risecretaries Limited

Registered Office
Oxford House
Oxford Road
Aylesbury
Bucks
HP21 8SZ

Auditors
PricewaterhouseCoopers LLP
Harman House
1 George Street
Uxbridge
UB8 1QQ

Rothmans Trading Limited

Directors' report for the year ended 31 December 2002

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2002.

Principal Activities

The principal activity of the Company up until 30 September 2002 was to act as the managing partner for its subsidiary undertaking, the Rothmans (UK) Partnership. This Partnership, acting through its agent, Rothmans (UK) Limited, was responsible for the marketing, selling and distribution of cigarettes and smoking tobacco products for British American Tobacco p.l.c.

The Directors agreed to the sale of the Partnership's business and assets to its agent, Rothmans (UK) Limited, for their net book value on 30 September 2002. The consideration of £3,582,000 was the net book value of the assets at 30th September 2002. All future activities in the UK domestic market will be undertaken by Rothmans (UK) Limited.

Review of business and future developments

The sale of the Partnership's business to Rothmans (UK) Limited means the Partnership will be dissolved. Rothmans Trading Limited's main activity was to act as managing partner therefore it may cease to trade once this dissolution occurs.

Results and dividends

The Company's loss for the year was £14,624,000 (2001 profit: £12,426,000). An interim dividend was not paid. The Directors propose a final dividend of £379,000 (£3,790 per share) (2001: £4,658,000 (£46,580 per share)). This dividend has been paid by Rothmans (UK) Limited.

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2002 to the date of this report are as follows :

P C Davison	(resigned 31 March 2003)
A G Cripps	
N H Ellison	(resigned 5 April 2002)
I A Muir	
S C Webb	(appointed 1 May 2002)
S R H Gernert	(appointed 31 March 2003)

Directors' interests

The interests of those persons who were Directors at 31 December 2002 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 235 of the Companies Act 1985, are shown below:

British American Tobacco p.l.c.		
Ordinary 25p shares		
	1 January 2002*	31 December 2002
I A Muir	1,590	2,330
S C Webb	2,405	2,405
P C Davison	5,174	6,538

*Or date of appointment, if later

Rothmans Trading Limited

Directors' report for the year ended 31 December 2002 (continued)

Directors' interests (continued)

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. 1 January 2002	31 December 2002
I A Muir	20,906	25,565

Details of the Deferred Share Bonus Scheme are included in the Report and Accounts of British American Tobacco p.l.c.

	British American Tobacco plc Share Option and Award Schemes			
	1 January 2002	Granted	Exercised	31 December 2002
P C Davison	3,060	7,838	(463)	10,435
I A Muir	62,484	17,010	-	79,494

In addition, on 31 December 2002, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 37,696,678 ordinary shares in British American Tobacco p.l.c. (1 January 2002: 32,171,834 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.

Rothmans Trading Limited

Directors' report for the year ended 31 December 2002 (continued)

Statement of 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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

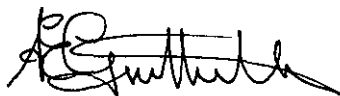
The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 21 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



for and on behalf of
Risecretaries Limited
Secretary
19th December 2003

Rothmans Trading Limited

Independent Auditors' report to the members of Rothmans Trading 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 judgments 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 at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rie waterhouse Coopers CP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

Date *23 December 2003*

Rothmans Trading Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Operating expenses	5	(7,774)	(3)
(Loss)/Income from subsidiary undertaking	2	(6,838)	24,843
Operating(loss)/profit		(14,612)	24,840
(Loss)/Profit on ordinary activities before interest and taxation		(14,612)	24,840
Interest receivable and similar income	3	439	256
(Loss)/Profit on ordinary activities before taxation		(14,173)	25,096
Tax credit/(charge) on profit on ordinary activities		302	(8,012)
(Loss)/Profit on ordinary activities after taxation		(13,871)	17,084
Dividend	8	(379)	(4,658)
(Loss)/retained profit for the financial year		(14,250)	12,426

All activities relate to discontinued activities since the business of the subsidiary undertaking has been transferred to Rothmans (UK) Limited.

There are no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities after taxation and the retained profit for the year stated above and their historical cost equivalents.

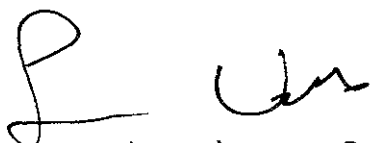
Rothmans Trading Limited**Balance sheet as at 31 December 2002**

	Note	2002 £'000	2001 £'000
Fixed assets			
Investment	9	-	650
Current assets			
Debtors	11	-	27,494
Creditors – Amounts falling due within one year	12	-	(13,894)
Net current assets		-	13,600
Net assets		-	14,250
Capital and reserves			
Share capital	13	-	-
Profit and loss account	14	-	14,250
Equity shareholders' funds	15	-	14,250

The financial statements on pages 7 to 14 were approved by the Board of Directors on
and were signed on its behalf by:

19th Dec 2003

Director
Date


19/12/2003

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002

1 Accounting policies

These financial statements have been prepared on a going concern basis, on historical cost accounting principles and in accordance with applicable Accounting Standards in the United Kingdom, and the Companies Act 1985. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(a) Basis of preparation of financial statements

The Company is a wholly owned subsidiary of British American Tobacco p.l.c., a company incorporated in the United Kingdom and registered in England and Wales. Consequently the Company has taken advantage of the exemption available under section 228 of the Companies Act not to prepare consolidated accounts.

(b) Current taxation

Provision is made in each accounting period for all taxation expected to be payable in respect of profits earned to the end of the period.

(c) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

(d) Cash flow statement and related party disclosures

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 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 1996) from preparing a cash flow statement. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the B.A.T. group or investees in the B.A.T. group (see note 15)

2 (Loss)/Income from subsidiary undertaking

The income represents the Company's 65% share of the results of its subsidiary undertaking, the Rothmans (UK) Partnership, for the nine month period to 30 September 2002.

3 Interest Receivable and other income

	2002	2001
	£'000	£'000
Interest received from Inland Revenue relating to repayment of taxation on account payments	439	256

4 Employees

The Company had no employees during the year (2001: no employees).

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002(continued)

5 Operating (loss)/profit

The operating profit is stated after charging:

	2002	2001
	£'000	£'000
Write-off of Golden American debtor	7,774	3

Auditors' remuneration

The remuneration of the auditors was borne by the subsidiary undertaking for the current year and preceding period.

6 Directors' emoluments

(a) Remuneration of directors of the Company for services to the Company and its subsidiary:

	2002	2001
	£'000	£'000
Aggregate emoluments	711	416
Amounts (excluding shares) receivable under long term incentive schemes	-	161
	711	577

At 31 December 2002 benefits are accruing to four of the directors (2001: four directors) under defined benefit schemes, in respect of qualifying services. One director exercised share options during the year (2001: nil).

(b) Highest paid director:

	2002	2001
	£'000	£'000
Aggregate emoluments and benefits under long-term incentive schemes	151	228
Defined benefit pension schemes:		
Accrued pension at end of year	42	34

The directors' emoluments were borne by the subsidiary undertaking, the Rothmans (UK) Partnership.

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002(continued)

7 Tax credit/(charge) on ordinary activities

	2002	2001
	£'000	£'000
(a) Summary of tax on ordinary activities		
UK corporation tax comprising:		
Current tax of the period at 30% (2001 30%)	-	6,942
Total current taxation	-	6,942
Deferred taxation (credit)/charge	(302)	1,070
	(302)	8,012
(b) Factors affecting the tax charge for the period		
The current taxation charge for the period differs from the standard 30 per cent of Corporation Tax in the UK (2001: 30%). The major causes of this difference are listed below:		
Loss on ordinary activities before tax	(14,173)	25,096
Corporation Tax at 30% (2001 30%) on loss on ordinary activities	(4,252)	7,529
<i>Factors affecting the tax rate:</i>		
Permanent differences	2,453	79
Timing differences	-	(472)
Other timing differences	18	(157)
Adjustments in respect of previous periods	-	(37)
Group loss relief surrendered for nil consideration	1,781	-
Total current taxation charge	-	6,942

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002(continued)

8 Dividends

	2002 £'000	2001 £'000
Final proposed		
The final dividend is £3,790 per £1 share (2001: £46,580 per £1 share).	379	4,658

The final dividend was paid by Rothmans (UK) Limited and the transfer of assets included the funds to make the payment.

9 Investment

	2002 £'000	2001 £'000
The investment represents the Company's 65% interest in the Partnership capital of its subsidiary undertaking, the Rothmans (UK) Partnership, Oxford House, Oxford Road, Aylesbury, Bucks. This interest was disposed as at 30 September 2002 for the original investment cost of £650,000.	-	650

10 Deferred taxation

The deferred tax asset refers to:

	2002 £'000	2001 £'000
Short term timing differences	-	(66)
Accelerated capital allowances	-	770
	-	704
	2002 £'000	
Deferred tax asset at 1 January	704	
Deferred tax credit in the year (note 7)	302	
Transfer out to Group Company	(1,006)	
Deferred tax asset at 31 December	-	

The deferred tax asset has been transferred to Rothmans (UK) Limited as that is where the assets to which it relates are now located.

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002(continued)

11 Debtors

	2002	2001
	£'000	£'000
Deferred tax asset (note 10)	-	704
Amounts owed by related companies	-	8,703
Amounts owed by the Rothmans (UK) Partnership	-	18,087
	-	27,494

12 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Corporation tax	-	13,894
Proposed dividend payable	-	-
	-	13,894

The final dividend payment of £379,000 was made from Rothmans (UK) Limited and the necessary funds were part of the business transfer.

13 Called up share capital

	Authorised	Allotted and
	£	fully paid
		£
At 1 January and 31 December 2002		
1,000 ordinary shares (2001: 1,000) of £1 each	1,000	100

14 Reserves

	Profit and
	loss account
	£'000
1 January 2002	14,250
Loss for the year	(14,250)
As at 31 December 2002	-

Rothmans Trading Limited

Notes to the financial statements for the year ended 31 December 2002(continued)

15 Reconciliation of movements in shareholders' funds

	2002	2001
	£'000	£'000
<i>Profit for the year / period</i>	(13,871)	17,084
<i>Final dividend</i>	(379)	(4,658)
<i>(Decrease)/Increase in shareholders' funds</i>	(14,250)	12,426
<i>Shareholders' funds at the beginning of the year</i>	14,250	1,824
<i>Shareholders' funds at the end of the year</i>	-	14,250

The dividend payment in 2001 was an interim payment.

16 Ultimate Parent undertakings

The Company's ultimate parent company and controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is Rothmans Investment Enterprises. Group accounts are prepared only at the British American Tobacco p.l.c. level.

17 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