

Advanced Technologies (Cambridge) Limited
Registered Number 98062

Directors' Report and Accounts

For the year ended 31 December 2006

TUESDAY



"AEO68T2L"

A31

18/09/2007

477

COMPANIES HOUSE

Advanced Technologies (Cambridge) Limited

Contents

Directors' report	3
Report of the independent auditors to the members of Advanced Technologies (Cambridge) Limited	6
Profit and loss account for the year ended 31 December 2006	7
Statement of total recognised gains and losses for the year ended 31 December 2006	7
Balance sheet – 31 December 2006	8
Notes to the accounts – 31 December 2006	9

Advanced Technologies (Cambridge) Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2006

Principal activities

The Company's primary role is the creation of novel genetic materials by molecular biological means

Business review of the year to 31 December 2006

The loss for the year attributable to Advanced Technologies (Cambridge) Limited shareholders after deduction of all charges and the provision of tax amounted to £560,000 (2005 £2,018,000 profit)

Key performance indicators

The Directors of British American Tobacco plc, the ultimate parent company, manage the operations of the British American Tobacco Group (the "Group") on a regional basis. For this reason, and given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed under the Operating and Financial Review section in the Annual Review of British American Tobacco plc and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Group and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key group risk factors that may be relevant to the Company are disclosed in the Annual Review of British American Tobacco plc, and do not form part of this report.

Dividends

The Directors do not recommend the payment of a dividend for the year (2005 £nil). The retained loss for the financial year of £560,000 will be offset against reserves (2005 £2,018,000 profit transferred to reserves).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2006 to the date of this report are as follows:

Ian Campbell Brown (Chairman)

Michael John Kingsley

Gary Nicholson

Graham Albert Read

Dudley Christo Saayman (Resigned 13 March 2007)

John David Selby (Appointed 13 March 2007)

Advanced Technologies (Cambridge) Limited

Directors' report

Employees

The Company utilises a range of initiatives to actively encourage employee involvement in the Group's business including individual discussions, team briefings, employee surveys, publications and regular meetings with employee representatives. The Company has Employment Policies which are committed to providing a work environment that is free from harassment, bullying and discrimination – these policies are available to all staff on the Company's intranet. There is no discrimination against people with disabilities who apply to join the Company and anyone within the Company with a disability is awarded the same opportunities for promotion, training and career development as other staff. We aim to establish and maintain a safe working environment for all staff, including those with disabilities.

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.

Advanced Technologies (Cambridge) Limited

Directors' report

Directors' declaration in relation to relevant audit information

Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that

- (1) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) he has taken all steps that a Director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditors are aware of that information

General meetings

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

A handwritten signature in black ink, appearing to read 'I C Brown', with a horizontal line underneath it.

I C Brown
Chairman

6 September 2007

Report of the independent auditors to the members of Advanced Technologies (Cambridge) Limited

We have audited the financial statements of Advanced Technologies (Cambridge) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

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

6 September 2007

Advanced Technologies (Cambridge) Limited

Profit and loss account for the year ended 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Turnover	2	3,350	5,043
Other operating income	2	174	224
Operating charges	3	(3,902)	(3,174)
Operating (loss)/profit		(378)	2,093
Interest payable to group undertakings		(168)	(45)
Other financing costs	10	(14)	(30)
(Loss)/profit on ordinary activities before taxation		(560)	2,018
Taxation on ordinary activities	4	-	-
(Loss)/profit for the year		(560)	2,018

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 result for the financial year stated above and their historical cost equivalents

Statement of total recognised gains and losses for the year ended 31 December 2006

		2006 £'000	2005 £'000
(Loss)/profit for the year		(560)	2,018
Actuarial gain/(loss) on pension scheme	10	560	(406)
Total recognised gains relating to the year		-	1,612

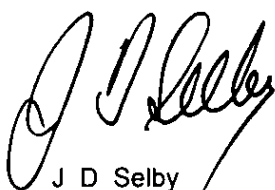
Notes are shown on pages 9 to 16

Advanced Technologies (Cambridge) Limited

Balance sheet – 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Current assets			
Debtors - amounts falling due within one year	5	7,869	5,155
Creditors - amounts falling due within one year	6	(6,352)	(3,030)
Net assets excluding pension deficit		1,517	2,125
Pension deficit	10	(1,437)	(2,045)
Net assets including pension deficit		80	80
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	80	80
Total equity shareholders' funds	9	80	80

The financial statements on pages 7 to 16 were approved by the Directors on 6 September 2007 and signed on behalf of the Board



J D Selby

Director

Notes are shown on pages 9 to 16

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

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 UK Generally Accepted Accounting Principles

(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 included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Provisions are made for bad and doubtful debts, including 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, as allowed by FRS19, the Group has chosen not to discount deferred tax assets and liabilities.

(6) Retirement benefits

For defined benefit schemes, pension net surpluses or deficits as of the balance sheet date are recognised in full as an asset or liability respectively. The net deficit or surplus is based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. Actuarial gains and losses are recognised as they are incurred in the Statement of Total Recognised Gains and Losses.

The actuarial cost charged to operating profit consists of current service cost, past service costs and gains or losses on settlements and curtailments. The interest cost and expected return on plan assets are recognised in other financing costs.

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

2 Turnover and other operating income

Turnover comprises sales, net of VAT, to external customers and other group companies. Operating income comprises rental on buildings.

3 Operating charges

	2006 £'000	2005 £'000
Staff costs	1,467	1,121
Operating lease charges- land and buildings	527	501
Other operating charges	1,908	1,552
	3,902	3,174

Staff costs		
Wages and salaries	1,057	813
Social security costs	101	71
Other pension costs (see note 10)	272	189
Share scheme costs	37	48
	1,467	1,121

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow group company, for the cost of share schemes in which its employees participate. This recharge is expensed in the year incurred. British-American Tobacco (Holdings) Limited administers the share schemes on behalf of group companies and calculates and includes in its Report and Accounts the charge for the share schemes together with the relevant disclosures required under FRS 20 'Share-based Payments'.

The average weekly number of persons employed by the Company during the year was

	2006 Number	2005 Number
Administration	1	5
Scientific research	38	27
	39	32

Auditors' fees of £11,557 were borne by a fellow Group undertaking (2005 £10,908 borne by a fellow Group undertaking).

None of the Directors received any remuneration in respect of their services to the Company during the year (2005 £nil).

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2006 £'000	2005 £'000
UK Corporation Taxation comprising		
- current tax at 30.00% (2005 30.00%)	-	-
Overseas tax	-	-
Total taxation charge <i>note 4(b)</i>	-	-

(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.

	2006 £'000	2005 £'000
(Loss)/profit on ordinary activities before taxation	(560)	2,018
Corporation Tax at 30.00% (2005 30.00%) on (loss)/profit on ordinary activities	(168)	605
Factors affecting the tax rate.		
Permanent differences	(33)	(52)
Group loss relief surrendered/(claimed) at nil consideration	201	(553)
Total current taxation charge <i>note 4(a)</i>	-	-

An amount of £65,000 (2005 £177,000) (tax amount of £20,000 (2005 £53,000)) included in permanent differences above represents tax adjustments following in respect of UK to UK transfer pricing.

5 Debtors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed by Group undertakings	7,639	4,890
Other debtors	170	152
Prepayments and accrued income	60	113
	7,869	5,155

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

6 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	138	97
Amounts owed to Group undertakings	6,124	2,419
Accrued charges and deferred income	90	514
	6,352	3,030

Included in amounts owed to Group undertakings is an unsecured interest bearing balance, repayable on demand, of £5,327,000 (2005 £1,856,000) The average interest rate for the year was 5.0%. Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand

7 Called up share capital

Ordinary shares of £1 each	2006	2005
Authorised - value	£100	£100
- number	100	100
Allotted, called up and fully paid		
- value	£100	£100
- number	100	100

8 Reserves

	Profit and loss account £'000
1 January 2006	80
Loss for the financial year	(560)
Actuarial gain on pension scheme	560
31 December 2006	80

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

9 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
(Loss)/profit attributable to shareholders for the year	(560)	2,018
Actuarial gain/(loss) on pension scheme (<i>note 10</i>)	560	(406)
Net transfer to shareholders' funds	-	1,612
Opening shareholders' funds	80	(1,532)
Closing shareholders' funds	80	80

10 Pensions

The Company operates a funded defined benefit pension scheme, 'The Advanced Technologies (Cambridge) Limited Pension Scheme', the assets of which are held separately from those of the Company. Contributions are determined by reference to advice from Barnett Waddingham, an independent qualified actuary, on the basis of annual valuations. As at 31 December 2006, the market value of the pension scheme's assets was £3,877,000 and the actuarial deficit of the pension scheme was £1,437,000 which represents a funding ratio of 73% (2005 61%, 2004 61%).

The major assumptions used by the actuary were

	2006 %	2005 %	2004 %
Rate of increase in pensionable salaries	5.1	5.0	4.8
Rate of increase in pensions in payment	3.1	3.0	2.8
Discount rate	5.1	4.7	5.3
General inflation	3.1	3.0	2.8

The assets and liabilities of the scheme were

	2006 £'000	2005 £'000	2004 £'000
Equities	3,378	2,805	2,121
Bonds	222	251	237
Property	44	41	34
Other assets	233	94	82
Total fair value of scheme assets	3,877	3,191	2,474
Present value of scheme liabilities	(5,314)	(5,236)	(4,073)
Net deficit in scheme	(1,437)	(2,045)	(1,599)
Related deferred tax asset	-	-	-
Net pension liability	(1,437)	(2,045)	(1,599)

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

10 Pensions (continued)

The long term rate of returns expected were as follows

	2006	2005	2004
	%	%	%
Equities	7.5	7.1	7.5
Bonds	4.8	4.3	4.9
Property	7.5	7.1	7.5
Other assets	5.1	4.5	4.8

The movement in the net recognisable deficit was as follows

	2006	2005
	£'000	£'000
Net recognisable deficit 1 January	(2,045)	(1,599)
Current service cost	(272)	(189)
Expected return on scheme assets	228	184
Interest on scheme liabilities	(242)	(214)
Company contributions	334	179
Actuarial gains/(losses)	560	(406)
Net recognisable deficit 31 December	(1,437)	(2,045)

Analysis of the amount charged to the profit and loss account in respect of defined benefit schemes

	2006	2005
	£'000	£'000
Operating profit		
– current service cost	272	189
– Total operating charge	272	189
Other finance income/(expense)		
– expected return on scheme assets	228	184
– interest on scheme liabilities	(242)	(214)
– Net finance return	(14)	(30)

Analysis of amount recognised in statement of total recognised gains and losses

	2006	2005
	£'000	£'000
Difference between actual and expected return on scheme assets	166	344
Experience (loss)/gain on scheme liabilities	(21)	48
Changes in assumptions underlying present value of scheme liabilities	415	(798)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	560	(406)

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

10 Pensions (continued)

Details of experience gains and losses for the year to 31 December

	2006		2005		2004		2003		2002	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between expected and actual return on scheme assets	166		344		12		264		(439)	
– percentage of scheme assets		4		11		1		12		27
Experience (losses)/gains on scheme	(21)		48		169		-		(29)	
– percentage of present value of scheme liabilities		-		1		4		-		1
Net actuarial gain/(loss)	560		(406)		81		(318)		(528)	
– percentage of present value of scheme liabilities		11		8		2		9		19

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 Financial commitment

At 31 December 2006, the company had annual commitments under non-cancellable leases expiring as follows

	2006 Land and buildings £'000	2005 Land and buildings £'000
Over 5 years	421	421

13 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.

Advanced Technologies (Cambridge) Limited

Notes to the accounts – 31 December 2006

14 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