

Lord Extra Limited
Registered Number 02805206

Directors' Report and Accounts

For the year ended 31 December 2005



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COMPANIES HOUSE 20/06/2006

Lord Extra Limited

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Lord Extra Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2005.

Principal activities

The Company acts as an investment company, holding the head lease of a property in Aylesbury.

Review of the year to 31 December 2005

The profit for the year attributable to Lord Extra Limited shareholders after deduction of all charges and the provision of tax amounted to £355,000 (2004: £354,000 loss).

Dividends

The Directors do not recommend the payment of a dividend for the year (2004: £nil). The retained profit for the financial year of £355,000 will be transferred to reserves (2004: £354,000 loss offset against reserves).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2005 to the date of this report are as follows:

Ridirectors Limited
Graham Albert Read
Charl Erasmus Steyn
Peter Henry Taylor

Directors' interests

The interests of those persons who were Directors at 31 December 2005 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 below

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

	1 January 2005	31 December 2005
G.A. Read	7,411	9,787
C.E. Steyn	5,977	14,405
P.H. Taylor	84,339	93,694

Lord Extra Limited

Directors' report

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. Ordinary 25p shares		
	1 January 2005	31 December 2005
G.A. Read	21,524	19,315
C.E. Steyn	14,365	13,114
P.H. Taylor	26,080	28,470

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 Option and Award Schemes					
	1 January 2005	Granted	Lapsed	Exercised	31 December 2005
G.A. Read	88,879	14,464	7,380	5,333	90,630
C.E. Steyn	44,667	11,111	4,862	9,438	41,478
P.H. Taylor	134,837	34,956	6,582	38,415	124,796

In addition to those interests disclosed above, on 31 December 2005, the British American Tobacco Group Employee Trust held a total of 22,751,064 ordinary shares in British American Tobacco p.l.c. (1 January 2005: 26,669,248 ordinary shares). All employees, including Directors of the Company, are deemed to have a beneficial interest in the shares that are held by the trust for the purpose of satisfying 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.

Further, during the year ended 31 December 2005, all employees, including Directors of the Company, were deemed to have had a beneficial interest in the shares that were held in trust by the B.A.T Industries Employee Share Ownership Plan ('BATESOP') for the purpose of satisfying options granted under the B.A.T Industries Employee Share 'E' Option Scheme (the 'E Option Scheme'). Following the last exercises of options under the E Option Scheme during the year, BATESOP was wound up as an employee share ownership trust on 16 December 2005. There was therefore no holding of ordinary shares in BATESOP as at 31 December 2005 (1 January 2005: 59,158).

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.

Tangible fixed assets

The movement of fixed assets is shown in note 5 to the accounts.

Lord Extra Limited

Directors' report

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.

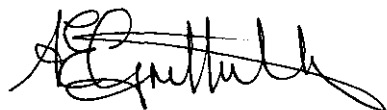
The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this Statement.

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 to the Company.

On behalf of the Board



For and on behalf of **Risecretaries Limited**

Secretary

13 June 2006

Lord Extra Limited

Independent auditor's report to the members of Lord Extra Limited

We have audited the financial statements of Lord Extra Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' responsibilities 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 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 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.

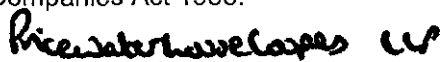
Basis of audit opinion

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 2005 and of its profit 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

13 June 2006

Lord Extra Limited

Profit and loss account for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Operating income	2	1,167	1,167
Operating charges	3	(812)	(1,521)
Operating profit/(loss)		355	(354)
Taxation on ordinary activities	4	-	-
Profit/ (Loss) for the financial year		355	(354)
Increase/(Decrease) in reserves		355	(354)

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.

Notes are shown on pages 9 to 14.

Lord Extra Limited

Balance sheet – 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	5	14,368	14,560
Investments in subsidiary undertakings	6	1	1
Current assets			
Debtors - amounts falling due within one year	7	1,550	327
Creditors - amounts falling due within one year	8	(15,333)	(14,657)
Net current liabilities		(13,783)	(14,330)
Net assets		586	231
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	586	231
Total equity shareholders' funds	11	586	231

The financial statements on pages 7 to 14 were approved by the Directors on 13 June 2006 and signed on behalf of the Board.

Ace

For and on behalf of **Ridirectors Limited**

Director

Notes are shown on pages 9 to 14.

Lord Extra Limited

Notes to the accounts – 31 December 2005

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 FRS 19, the Group has chosen not to discount deferred tax assets and liabilities.

(6) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The rates of depreciation used are:

	%
Leasehold land	Over period of the related lease
Buildings	2.5
Plant and machinery	7
Process control and computer equipment	20
Other equipment and fittings	10-20
Motor vehicles	25

The useful economic life of leasehold land has been revised to match the contractual terms of the lease, decreasing the annual depreciation charge to £123,000 from £771,000 for the remaining period of the lease.

Lord Extra Limited

Notes to the accounts – 31 December 2005

1 Accounting policies (continued)

(6) Tangible fixed assets (continued)

Fixed assets are subject to review for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. These reviews assess the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit, or disposal value if higher.

2 Operating income

	2005 £'000	2004 £'000
Other operating income	1,167	1,167

Other operating income comprises rental income receivable.

3 Operating charges

	2005 £'000	2004 £'000
Depreciation charge for the year	679	1,327
Land rental charges	133	133
Other operating charges	-	61
	812	1,521

Auditors' fees were borne by a fellow Group undertaking (2004: £5,855).

There were no employees and no staff costs during the year (2004: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2004: £nil).

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2005 £'000	2004 £'000
UK Corporation Taxation comprising		
- current tax at 30.00% (2004: 30.00%)	-	-
Total current taxation <i>note 4(b)</i>	-	-

Lord Extra Limited

Notes to the accounts – 31 December 2005

4 Taxation on ordinary activities (continued)

(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:

	2005 £'000	2004 £'000
Profit/(Loss) on ordinary activities before taxation	355	(354)
Corporation Tax at 30.00% (2004: 30.00%) on profit/(loss) on ordinary activities	106	(106)
Factors affecting the tax rate:		
Permanent differences	(307)	(1)
Timing differences	-	398
Group loss relief surrendered/(claimed) at nil consideration	201	(291)
Total current taxation charge <i>note 4(a)</i>	-	-

An amount of £1,023,465 (tax amount £307,000) (2004: £2,153 (tax amount £646)) included in permanent differences above represents tax adjustments following the introduction of UK to UK transfer pricing from 1 April 2004.

5 Tangible fixed assets

	Leasehold land £'000	Buildings £'000	Machinery, Plant and Equipment £'000	Assets in Course of Construction £'000	Total £'000
Cost					
At 1 January 2005	11,025	3,228	3,199	429	17,881
Additions	-	-	-	487	487
At 31 December 2005	11,025	3,228	3,199	916	18,368
Depreciation					
At 1 January 2005	1,993	842	486	-	3,321
Charge for the year	123	69	487	-	679
At 31 December 2005	2,116	911	973	-	4,000
Net book value					
At 31 December 2005	8,909	2,317	2,226	916	14,368
At 31 December 2004	9,032	2,386	2,713	429	14,560

Lord Extra Limited

Notes to the accounts – 31 December 2005

6 Investments in subsidiary undertakings

(1) Shares in subsidiaries

Unlisted – registered in England

% equity shares held

Precis (2396) Limited

100%

Ordinary shares of £1 each

(2) Shareholdings at cost less provisions

1 January and 31 December 2005

£'000

1

- (3) The Directors are of the opinion that the investment in the subsidiary undertaking has a value not less than the amount at which it is shown in the balance sheet.

7 Debtors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due from subsidiary undertakings	1,550	327

8 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due to group undertakings	15,333	14,657

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

9 Called up share capital

Ordinary shares of £1 each	2005	2004
Authorised - value	£100	£100
- number	100	100
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

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Notes to the accounts – 31 December 2005

10 Reserves

	Profit and loss account £'000
1 January 2005	231
Profit for the financial year	355
31 December 2005	586

11 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit/(Loss) for the year	355	(354)
Opening shareholders' funds	231	585
Closing shareholders' funds	586	231

12 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.

13 Financial commitment

At 31 December 2005, the company had annual commitments under non-cancellable leases expiring as follows:

	2005 Land and buildings £'000	2004 Land and buildings £'000
Over 5 years	133	133

14 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 Weston Investment Company Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

Lord Extra Limited

Notes to the accounts – 31 December 2005

15 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