

**British American Tobacco QUEST Limited**  
**Registered Number 3600593**

**Directors' Report and Accounts**

**For the year ended 31 December 2004**



# British American Tobacco QUEST Limited

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# British American Tobacco QUEST Limited

## Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2004.

## Principal activities

The Company is the sole trustee of the British American Tobacco Qualifying Employee Share Ownership Trust.

## Review of the year to 31 December 2004

During the year, the Company did not trade. Consequently the Company made neither a profit nor a loss (2003: £nil).

## Dividends

The Directors do not recommend the payment of a dividend for the year (2003: £nil).

## Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2004 to the date of this report are as follows:

Colin Ellis Chamberlain  
Geoffrey Charles William Cunnington  
William David McKee  
Ann Elizabeth Griffiths (alternate to W.D. McKee)

## Directors' interests

The interests of those persons who were Directors at 31 December 2004 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 2004	31 December 2004
C.E. Chamberlain	Nil	Nil
G.C.W. Cunnington	2,527	2,921
W.D. McKee	1,254	1,243
A.E. Griffiths (alternate to W.D. McKee)	1,258	1,534

### British American Tobacco p.l.c. Share Option and Award Schemes

	1 January 2004	Granted	Lapsed	Exercised	31 December 2004
C.E. Chamberlain	-	-	-	-	-
G.C.W. Cunnington	5,333	457	-	-	5,790
W.D. McKee	551	-	-	-	551
A.E. Griffiths (alternate to W.D. McKee)	-	-	-	-	-

# British American Tobacco QUEST Limited

## Directors' report

### Directors' interests (continued)

In addition to those interests disclosed above, on 31 December 2004, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 26,728,406 ordinary shares in British American Tobacco p.l.c. (1 January 2004: 31,945,642 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.

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).

# British American Tobacco QUEST Limited

## Directors' report

### 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 'G.C.W. Cunningham', with a stylized flourish at the end.

G.C.W. Cunningham

Secretary

12 October 2005

# **Report of the independent auditors to the members of British American Tobacco QUEST Limited**

We have audited the financial statements which comprise 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.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 the Company's affairs at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

*12 October 2005*

**PricewaterhouseCoopers LLP**

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

# British American Tobacco QUEST Limited

## Balance sheet – 31 December 2004

	Note	2004 £	2003 £
<b>Current assets</b>			
Amounts due from parent undertaking		2	2
<b>Net current assets</b>		<u>2</u>	<u>2</u>
<b>Total assets less current liabilities</b>		<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	3	<u>2</u>	<u>2</u>
<b>Total equity shareholders' funds</b>		<u>2</u>	<u>2</u>

During the year, the Company did not trade. Consequently the Company made neither a profit nor a loss.

The financial statements on pages 7 to 9 were approved by the Directors on 12 October 2005 and signed on behalf of the Board.



C.E. Chamberlain

Director

Notes are shown on pages 8 and 9.

# British American Tobacco QUEST Limited

## Notes to the accounts – 31 December 2004

### 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.

### 2 Operating Charges

Auditors' fees have been borne by a fellow Group undertaking (2003: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2003: £nil).

There were no employees and no staff costs during the year (2003: £nil).

### 3 Called up share capital

Ordinary shares of £1 each	2004	2003
Authorised - value	£100	£100
- number	100	100
<hr/>		
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

### 4 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.

### 5 Parent undertakings

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



**British American Tobacco QUEST Limited**  
**Notes to the accounts – 31 December 2004**

**6 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