

Precis (1789) Limited
Registered Number 3812495

Directors' report and financial statements

For the year ended 31 December 2010

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Precis (1789) Limited

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Precis (1789) Limited

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2010

Principal activities

The Company's principal activity is the holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p l c Group (the "Group") which are active in the tobacco industry

Review of the year to 31 December 2010

The profit for the year attributable to Precis (1789) Limited shareholders after deduction of all charges and the provision of tax amounted to £215,325,000 (2009 £438,094,000)

The Company's investment in British American Tobacco International (Holdings) B V was sold to another Group undertaking for consideration of £916,982,000 There was no gain or loss on disposal

The Directors expect the Company's activities to continue on a similar basis in the foreseeable future

Key performance indicators

The Directors of British American Tobacco p l c , the ultimate parent company, manage the operations of 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 Business Review section in the Annual Report of British American Tobacco p l c and do not form part of this report

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, 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 Report of British American Tobacco p l c , and do not form part of this report

Dividends

During the year, the Company paid dividends amounting to £260,000,000 (2009 £390,000,000)

Directors' report

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2010 to the date of signing this report are as follows

	Appointed	Resigned
Robert James Casey		
Michael Scott Hayes	4 September 2010	
Kenneth John Hardman		
Nicola Snook	4 September 2010	
John Benedict Stevens		4 September 2010
Nicandro Durante		4 September 2010
Neil Robert Withington		4 September 2010

Directors' indemnities

Throughout the period 1 January 2010 until the date of their resignation, an indemnity has been in force under which Messrs N Durante and J B Stevens, as directors of the Company, were, to the extent permitted by law, indemnified by British American Tobacco plc, the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which they may have incurred in or about the execution of their duties to the Company or as a result of things done by them as directors on behalf of the Company

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 they have complied with the above requirements in preparing the financial statements

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 2006. 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

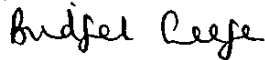
Directors' report

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

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

By order of the Board



B.M. Creegan

Assistant Secretary

16 June 2011

Independent auditors' report to the members of Precis (1789) Limited

We have audited the financial statements of Precis (1789) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Precis (1789) Limited

Independent auditors' report to the members of Precis (1789) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Campbell-Lambert

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

26 June 2011

Profit and loss account for the year ended 31 December 2010

Continuing operations	Note	2010 £'000	2009 £'000
Income from shares in Group undertakings		222,185	456,644
Profit on ordinary activities before interest and taxation		222,185	456,644
Interest receivable and similar income	3	674	112
Interest payable and similar charges	4	(7,534)	(18,662)
Profit on ordinary activities before taxation		215,325	438,094
Taxation on profit on ordinary activities	5	-	-
Profit for the financial year	10	215,325	438,094

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

Statement of total recognised gains and losses for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year		215,325	438,094
Loss on revaluation of Euro investment	10	(28,928)	(30,948)
Gain on revaluation of Euro borrowing	10	28,928	30,948
Total recognised gains relating to the financial year		215,325	438,094

The accompanying notes are an integral part of the financial statements

Precis (1789) Limited

Balance sheet

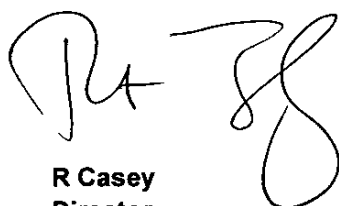
At 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	6	156	946,066
Current assets			
Debtors amounts falling due within one year	7	210,795	79,132
Creditors: amounts falling due within one year	8	(214)	(769,786)
Net current assets/(liabilities)		210,581	(690,654)
Total assets less current liabilities		210,737	255,412

Capital and reserves

Called up share capital	9	141	141
Share premium account	10	208,536	208,536
Profit and loss account	10	2,060	46,735
Total shareholders' funds	11	210,737	255,412

The financial statements on pages 8 to 15 were approved by the Directors on 16 June 2011 and signed on behalf of the Board



R Casey
Director

Registered Number 3812495

The accompanying notes are an integral part of the financial statements

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

(1) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Company is included in the consolidated financial statements of British American Tobacco p l c which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

The principal accounting policies have been applied consistently throughout the year and a summary is set out below

(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 FRS 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. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. Exchange differences arising on the revaluation of the Euro investment in British American Tobacco International (Holdings) B V and the Euro borrowing used to finance the investment, are taken directly to reserves. This investment was disposed of during this financial year. All other 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, where there is an expectation that all or a portion of an amount due will not be recovered

(5) Taxation

Taxation provided is that chargeable on the profits of the year, together with deferred taxation

Deferred taxation 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 taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date

A net deferred taxation asset is recognised 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 taxation losses and from which the future reversal of underlying timing differences can be deducted

Notes to the financial statements for the year ended 31 December 2010

(5) Taxation (continued)

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on an undiscounted basis.

(6) Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value.

(7) Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly, dividends income is recognised at the same time as the paying company recognises the liability to pay a dividend.

2 Operating charges

Auditors' fees of £696 were borne by a fellow Group undertaking (2009 £696)

There were no employees and no staff costs during the year (2009 £nil)

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2009 £nil)

3 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from Group undertakings	674	112

4 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable to Group undertakings	(7,534)	(18,662)

Notes to the financial statements for the year ended 31 December 2010

5 Taxation on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2010 £'000	2009 £'000
Current taxation:		
UK corporation taxation on profit for the year		
Comprising		
- current taxation at 28.0% (2009 28.0%)	-	-
Total current taxation note 5(b)	-	-

(b) Factors affecting the taxation charge

The current taxation charge differs from the standard 28.0% (2009 28.0%) rate of corporation taxation in the UK. The major causes of this difference are listed below

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	215,325	438,094
Corporation taxation at 28.0% (2009 28.0%) on profit on ordinary activities	60,291	122,666
Factors affecting the taxation rate:		
Permanent differences	(3,144)	(7,510)
Group loss relief surrendered at nil consideration	5,065	12,704
Corporate income taxation relief on intra-Group dividends	(62,212)	(127,860)
Total current taxation charge note 5(a)	-	-

An amount of £11,227,000 (2009 £26,822,000) (taxation amount of £3,144,000 (2009 £7,510,000)) included in permanent differences above represents taxation adjustments in respect of UK to UK transfer pricing

6 Investments

(1) Shares in Group undertakings

% equity shares held

Unlisted – registered in England and Wales

British American Tobacco International Holdings (UK) Limited	33.33
2,500 ordinary shares of £1.00 each	

The total holding by the British American Tobacco plc Group in British American Tobacco International Holdings (UK) Limited is 100 per cent

Notes to the financial statements for the year ended 31 December 2010

6 Investments (continued)

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2010	946,066
Loss on revaluation of Euro investment	(28,928)
Disposals	(916,982)
31 December 2010	156
Impairment	
1 January 2010	-
31 December 2010	-
Net book value	
31 December 2010	156
31 December 2009	946,066

The Company's investment in British American Tobacco International (Holdings) B V was sold to another Group undertaking for consideration of £916,982,000. There was no gain or loss on disposal.

- (3) The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value not less than the amount at which they are shown in the balance sheet.

7 Debtors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due from Group undertakings	210,795	79,132

Included within amounts due from Group undertakings is £41,392,000 (2009 £79,132,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on the LIBOR. Other amounts due from Group undertakings of £169,403,000 (2009 £nil), are unsecured interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2010

8 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due to Group undertakings	214	769,786

Amounts due to Group undertakings are unsecured, interest free and repayable on demand. In the year ended 31 December 2009 amounts due to Group undertakings included €427,454,000 (£379,946,000) which was unsecured and interest bearing. The interest rate was based on Euro swap rates. This interest bearing amount was repaid during the year ended 31 December 2010.

9 Called up share capital

Ordinary shares of £1 each

	2010	2009
Allotted, called up and fully paid		
- value	£140,804	£140,804
- number	140,804	140,804

10 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2010	208,536	46,735
Profit for the financial year	-	215,325
Loss on revaluation of Euro investment	-	(28,928)
Gain on revaluation of Euro borrowing	-	28,928
Dividends – interim paid	-	(260,000)
31 December 2010	208,536	2,060

11 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	215,325	438,094
Loss on revaluation of Euro investment (see note 6)	(28,928)	(30,948)
Gain on revaluation of Euro borrowing	28,928	30,948
Dividends – interim paid	(260,000)	(390,000)
Net movement in shareholders' funds	(44,675)	48,094
Opening shareholders' funds	255,412	207,318
Closing shareholders' funds	210,737	255,412

Notes to the financial statements for the year ended 31 December 2010

12 Related party disclosures

As a wholly owned subsidiary, the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p l c Group

13 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p l c being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is Weston Investment Company Limited. Group financial statements are prepared only at the British American Tobacco p l c level and may be obtained from

The Company Secretary
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