

**Precis (1789) Limited**

**Registered Number 03812495**

**Directors' report and financial statements**

**For the year ended 31 December 2013**



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## Strategic report

The Directors present their strategic report on the Company for the year ended 31 December 2013

### Principal activities

The Company's principal activity is the holding of the freehold of land and buildings in a property in London

### Review of the year ended 31 December 2013

The profit for the financial year attributable to Precis (1789) Limited shareholders after deduction of all charges and the provision of taxation amounted to £8,918,000 (2012 £2,106,000)

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

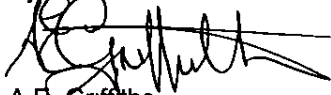
### Key performance indicators

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 in the Strategic Report 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

By Order of the Board



A E Griffiths  
Secretary

08 May 2014

## Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2013

### Dividends

The Directors do not recommend the payment of a dividend for the year (2012 £nil)

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2013 to the date of this report are as follows

Robert James Casey  
Kenneth John Hardman  
Nicola Snook  
Tadeu Luiz Marroco

### 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

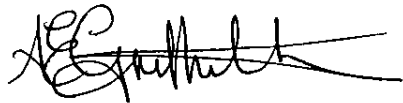
## Directors' report

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

By Order of the Board



A E Griffiths  
**Secretary**

08 May 2014

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say below

#### **What we have audited**

The financial statements for the year ended 31 December 2013, which are prepared by Precis (1789) Limited, comprise

- the Profit and loss account,
- the Balance sheet, and
- the related notes

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

### **Opinion on matter prescribed by the Companies Act 2006**

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

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility

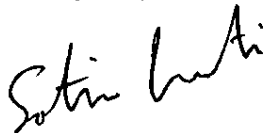
### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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 ISAs (UK & 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.



Sotiris Kroustis (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

8 May 2014

## Profit and loss account for the year ended 31 December 2013

Continuing operations	Note	2013	2012
		£'000	£'000
<b>Turnover</b>	2	<b>10,316</b>	2,579
Other operating charges	3	<b>(1,456)</b>	(631)
<b>Operating profit</b>		<b>8,860</b>	1,948
Interest receivable and similar income	4	<b>58</b>	158
<b>Profit on ordinary activities before taxation</b>		<b>8,918</b>	2,106
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	11	<b>8,918</b>	2,106

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

There are no recognised gains or losses other than the profit for the financial year and therefore no Statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of the financial statements

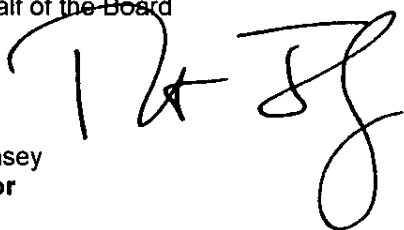


## Balance sheet at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	6	192,207	193,663
Investments	7	-	-
		<b>192,207</b>	<b>193,663</b>
<b>Current assets</b>			
Debtors amounts falling due within one year	8	35,173	19,906
Creditors amounts falling due within one year	9	(5,409)	(516)
<b>Net current assets</b>		<b>29,764</b>	<b>19,390</b>
<b>Total assets less current liabilities</b>		<b>221,971</b>	<b>213,053</b>
<b>Capital and reserves</b>			
Called up share capital	10	141	141
Share premium account	11	208,536	208,536
Profit and loss account	11	13,294	4,376
<b>Total shareholders' funds</b>	12	<b>221,971</b>	<b>213,053</b>

The financial statements on pages 7 to 13 were approved by the Directors on 08 May 2014 and signed on behalf of the Board

R J Casey  
Director



Registered number  
03812495

The accompanying notes are an integral part of the financial statements

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Accounting policies**

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

#### **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 has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) 'Cash flow statement'

#### **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 All other exchange differences are taken to the profit and loss account in the year

#### **Accounting for turnover**

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 the amount due will not be recovered

#### **Taxation**

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

The current income taxation charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date

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

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

# Notes to the financial statements for the year ended 31 December 2013

## Accounting policies (continued)

### Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value. Any impairment is recognised in the profit and loss account in the period in which it arises.

### Tangible assets

Tangible assets, representing freehold land and building let and occupied by a fellow group undertaking, are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write off the cost of tangible assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal. No depreciation is provided on freehold land. Freehold buildings are depreciated at a rate of 2.78% per annum.

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases (net of any incentives provided to the lessee) are recognised in the income statement as turnover on a straight-line basis over the period of the lease.

### Future changes to accounting policies

On 22 November 2012, the Financial Reporting Council issued FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework. These were followed on 14 March 2013 by the publication of FRS 102 The Financial Reporting Standard applicable in the UK and Ireland. These standards will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups, for accounting periods beginning on or after 1 January 2015. Early adoption is permissible.

FRS 100 sets out the overall financial reporting framework for companies in the UK and Ireland. FRS 101 applies to the individual financial statements of subsidiaries and ultimate parents, allowing them to apply the same accounting policies as in their listed group accounts, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSE. The primary statements of entities applying FRS 101 or FRS 102 would continue to follow the requirements of the Companies Act 2006.

The Directors are evaluating the impact of these requirements for the Company, and are likely to adopt the accounting requirements of the reduced disclosure framework under FRS 101 in the Company's reporting for 2015, but do not currently anticipate any material impact from doing so.

## 2 Turnover

	2013 £'000	2012 £'000
Turnover	10,316	2,579

Turnover comprises rental income from land and buildings from a fellow Group undertaking.

## Notes to the financial statements for the year ended 31 December 2013

### 3 Other operating charges

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets	1,456	631

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2012 £2,500)

There were no employees (2012 none) and no staff costs during the year (2012 £nil)

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2012 £nil)

### 4 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from Group undertakings	58	158

### 5 Tax on profit on ordinary activities

#### (a) Summary of taxation on profit ordinary activities

	2013 £'000	2012 £'000
<b>Current taxation.</b>		
UK corporation taxation on profit of the year		
Comprising		
- current taxation at 23.25% (2012 24.5%)	-	-
Total current taxation note 5(b)	-	-

#### (b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 24.0% to 23.0% with effect from 1 April 2013. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 23.25%.

The current taxation charge differs from the standard 23.25% (2012 24.5%) rate of corporation taxation in the UK. The major causes of this difference are listed below.

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	8,918	2,106
Corporation taxation at 23.25% (2012 24.5%) on profit on ordinary activities	2,073	516
<b>Factors affecting the taxation rate:</b>		
Permanent differences	320	772
Group loss relief surrendered at less than full consideration	(2,393)	(1,288)
Total current taxation charge note 5(a)	-	-

An amount of £83,000 (2012 £2,522,000) (taxation amount of £19,000 (2012 (£618,000))) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

## Notes to the financial statements for the year ended 31 December 2013

### 6 Tangible fixed assets

	Land and buildings £'000
<b>Cost</b>	
At 1 January 2013	194,294
<b>At 31 December 2013</b>	<b>194,294</b>
<b>Accumulated depreciation</b>	
At 1 January 2013	631
Charge for the year	1,456
<b>At 31 December 2013</b>	<b>2,087</b>
<b>Net book value</b>	
<b>At 31 December 2012</b>	<b>193,663</b>
<b>At 31 December 2013</b>	<b>192,207</b>

The Company had no capital commitments at 31 December 2013 (2012 £nil)

### 7 Investments

During 2012, the Company sold its investment in British American Tobacco International Holdings (UK) Limited to a fellow group undertaking at book value

### 8 Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	35,173	19,906

Included within amounts owed by Group undertakings is an amount of £35,172,000 (2012 £16,041,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

### 9 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to Group undertakings	5,409	-
Taxation and social security	-	516
	<b>5,409</b>	<b>516</b>

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

# Notes to the financial statements for the year ended 31 December 2013

## 10 Called up share capital

Ordinary shares of £1 each	2013	2012
Allotted, called up and fully paid		
- value	£140,804	£140,804
- number	140,804	140,804

## 11 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2013	208,536	4,376
Profit for the financial year	-	8,918
<b>31 December 2013</b>	<b>208,536</b>	<b>13,294</b>

## 12 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	8,918	2,106
Net movement in shareholders' funds	8,918	2,106
Opening shareholders' funds	213,053	210,947
<b>Closing shareholders' funds</b>	<b>221,971</b>	<b>213,053</b>

## 13 Related party disclosures

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

## 14 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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