

Precis (1814) Limited

Registered Number 03835524

Directors' report and financial statements

For the year ended 31 December 2012



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Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2012

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")

Review of the year ended 31 December 2012

The profit for the financial year attributable to Precis (1814) Limited shareholders after deduction of all charges and the provision of taxation amounted to £530,000 (2011 £116,000)

During the year, the Company acquired a 100% interest in Pathway 2 (Jersey) Limited, a fellow British American Tobacco Group subsidiary for £10,000. The company subsequently subscribed for redeemable preference shares in Pathway 2 (Jersey) Limited for consideration of £1,164,241,000. This transaction was financed by a loan from a fellow Group undertaking.

Also during the year, the Company disposed of 2,500 shares in British American Tobacco International Holdings (UK) Limited to a fellow Group undertaking for £156,000. There was no loss or gain on disposal.

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 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

The Directors do not recommend the payment of a dividend for the year (2011 £nil).

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2012 to the date of this report are as follows

	Appointed	Resigned
Robert James Casey		
Michael Scott Hayes		10 August 2012
Kenneth John Hardman		
Nicola Snook		
Luiz Tadeu Marroco	11 July 2012	

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

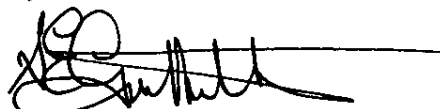
Directors' declaration in relation to relevant audit information

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 handwritten signature in black ink, appearing to read 'A E Griffiths', is written over a horizontal line.

A E Griffiths
Assistant Secretary

28 August 2013

Independent auditors' report to the members of Precis (1814) Limited

We have audited the financial statements of Precis (1814) Limited for the year ended 31 December 2012 which comprise the Profit and loss account, 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 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 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

Independent auditors' report to the members of Precis (1814) 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



James Parker

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

28 August 2013

Profit and loss account for the year ended 31 December 2012

Continuing operations	Note	2012 £'000	2011 £'000
Other operating charges	2	-	-
Operating profit		-	-
Interest receivable and preference share dividend	3	25,114	116
Interest payable and similar charges	4	(24,584)	-
Profit on ordinary activities before taxation		530	116
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	11	530	116

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 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	6	35,341	35,487
		35,341	35,487
Current assets			
Debtors amounts falling due within one year	7a	33,858	23,906
Debtors amounts falling due after one year	7b	1,164,241	-
Creditors amounts falling due within one year	8	(28,714)	(19,438)
Net current assets		1,169,385	4,468
Total assets less current liabilities		1,204,726	39,955
Creditors: amounts falling due after more than one year	9	(1,164,241)	-
Net assets		40,485	39,955
Capital and reserves			
Called up share capital	10	59	59
Share premium account	11	16,061	16,061
Profit and loss account	11	24,365	23,835
Total shareholders' funds	12	40,485	39,955

The financial statements on pages 7 to 14 were approved by the Directors on 28 August 2013 and signed on behalf of the Board



K J Hardman
Director

Registered number
03835524

The accompanying notes are an integral part of the financial statements

Notes to the financial statements for the year ended 31 December 2012

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 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

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 statements'

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 exchange differences are taken to the profit and loss account in the year.

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 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.

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies (continued)

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.

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.

Dividends

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

2 Other operating charges

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2011: £2,500).

There were no employees (2011: none) and no staff costs during the year (2011: £nil).

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2011: £nil).

3 Interest receivable and preference share dividend

	2012 £'000	2011 £'000
Interest receivable from Group undertakings	102	116
Preference share dividend received	25,012	-
Interest receivable and preference share dividend	25,114	116

4 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to Group undertakings	24,584	-

Notes to the financial statements for the year ended 31 December 2012

5 Tax on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2012 £'000	2011 £'000
Current taxation:		
UK corporation taxation on profit of the year		
Comprising		
- current taxation at 24.5% (2011: 26.5%)	-	-
Total current taxation note 5(b)	-	-

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 26.0% to 24.0% with effect from 1 April 2012. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 24.5%.

The current taxation charge differs from the standard 24.5% (2011: 26.5%) rate of corporation taxation in the UK. The major causes of this difference are listed below.

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	530	116
Corporation taxation at 24.5% (2011: 26.5%) on profit on ordinary activities	130	31
Factors affecting the taxation rate:		
Permanent differences	2,948	(36)
Group loss relief surrendered at less than full consideration	6,214	5
Utilisation of brought forward tax losses	(9,292)	-
Total current taxation charge note 5(a)	-	-

An amount of £880,000 (2011: £134,000) (taxation amount of £216,000 (2011: £36,000)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

At the balance sheet date, the Company has unused taxation losses of £161,188,000 (2011: £199,113,000) which have no expiry date. No recognition has been made for deferred taxation in respect of these items as their future recoverability remains uncertain.

6 Investments

(1) Shares in Group undertakings

Unlisted – registered in England and Wales

% equity shares held

Pathway 2 (Jersey) Limited	100
10,000 ordinary shares of £1.00 each	
1,700 preference shares of £1.00 each	
Principal activity: Holding company	

Notes to the financial statements for the year ended 31 December 2012

6 Investments (continued)

(1) Shares in Group undertakings (continued)

Unlisted – registered in Guernsey

Belaire Insurance Company Limited	100
10,000,000 ordinary shares of £1.00 each	
Principal activity Insurance company	

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2012	35,487
Additions	10
Disposals	(156)
31 December 2012	35,341
Impairment provisions	
1 January 2012	-
31 December 2012	-
Net book value	
1 January 2012	35,487
31 December 2012	35,341

The additions during the year relate to an acquisition of 100% interest in Pathway 2 (Jersey) Limited for £10,000

The Company's investment in British American Tobacco International Holdings (UK) Limited was sold to another Group undertaking for consideration of £156,000. There was no gain or loss on disposal.

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

7 Debtors

(a) Amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	33,858	23,906

Included in amounts owed by Group undertakings, is an amount of £24,444,000 (2011: £23,906,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2012

7 Debtors (continued)

(b) Amounts falling due after one year

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	1,164,241	-

Amounts owed by Group undertakings represents the Company's subscription for 1,700 mandatory redeemable preference shares of £1 00 each in Pathway 2 (Jersey) Limited, for a total consideration of £1,164,241,000 on 22 February 2012. The terms of the subscription entitle the Company to a non-contingent preference dividend income with an interest basis of LIBOR and a redemption period of three years from subscription, 22 February 2015.

8 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to Group undertakings	28,714	19,438

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

9 Creditors: amount falling due after more than one year

	2012 £'000	2011 £'000
Amount owed to Group undertakings	1,164,241	-

Amounts owed to Group undertakings are unsecured, repayable on 22 February 2015 and incurs interest based on LIBOR.

Maturity of financial liabilities	2012 £'000	2011 £'000
Within one year	28,714	19,438
Between 2 and 5 years	1,164,241	-
	1,192,955	19,438

10 Called up share capital

Ordinary shares of £1 each	2012	2011
Allotted, called up and fully paid		
- value	£58,958	£58,958
- number	58,958	58,958

Notes to the financial statements for the year ended 31 December 2012

11 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2012	16,061	23,835
Profit for the financial year	-	530
31 December 2012	16,061	24,365

12 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	530	116
Net movement in shareholders' funds	530	116
Opening shareholders' funds	39,955	39,839
Closing shareholders' funds	40,485	39,955

13 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 plc Group

14 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco plc 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 plc level and may be obtained from

The Company Secretary
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