

Precis (1814) Limited

Registered Number 03835524

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 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 2013

The profit for the financial year attributable to Precis (1814) Limited shareholders after deduction of all charges and the provision of taxation amounted to £482,000 (2012 £530,000)

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

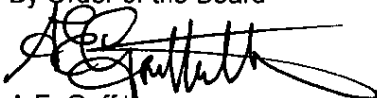
Key performance indicators

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
Assistant 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)

Post Balance Sheet events

In April 2014, the Company purchased American-Cigarette Company Overseas Limited from a fellow Group undertaking for a consideration of EUR 89,989,247. The purchase was funded through a borrowing from a fellow Group undertaking. The impact on the net assets of the company was £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
Tadeu Luiz Marroco
Kenneth John Hardman
Nicola Snook

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.

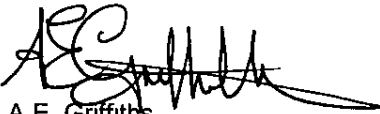
Directors' report

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
Assistant Secretary

08 May 2014

Independent auditors' report to the members of Precis (1814) 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 (1814) 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 (1814) 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 £'000	2012 £'000
Other operating charges	2	-	-
Operating results		-	-
Interest receivable and preference share dividend	3	22,889	25,114
Interest payable and similar charges	4	(22,407)	(24,584)
Profit on ordinary activities before taxation		482	530
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	10	482	530

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

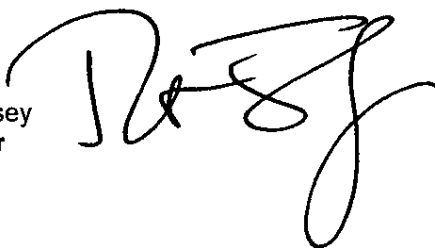
The accompanying notes are an integral part of the financial statements

Balance sheet at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	6	75,936	35,341
		75,936	35,341
Current assets			
Debtors amounts falling due within one year	7a	7,910	33,858
Debtors amounts falling due after one year	7b	1,164,241	1,164,241
Creditors amounts falling due within one year	8a	(42,879)	(28,714)
Net current assets		1,129,272	1,169,385
Total assets less current liabilities		1,205,208	1,204,726
Creditors: amounts falling due after more than one year	8b	(1,164,241)	(1,164,241)
Net assets		40,967	40,485
Capital and reserves			
Called up share capital	9	59	59
Share premium account	10	16,061	16,061
Profit and loss account	10	24,847	24,365
Total shareholders' funds	11	40,967	40,485

The financial statements on pages 7 to 15 were approved by the Directors on 08 May 2014 and signed on behalf of the Board

R J Casey
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 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 Company is included in the consolidated financial statements of British American Tobacco plc 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 plc. The cash flows of the Company are included in the consolidated cash flow statement of British American Tobacco plc 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.

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.

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.

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 Other operating charges

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).

3 Interest receivable and preference share dividend

	2013 £'000	2012 £'000
Interest receivable from Group undertakings	38	102
Preference share dividend received	22,851	25,012
Interest receivable and preference share dividend	22,889	25,114

4 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to Group undertakings	22,407	24,584

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

5 Tax on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2013 £'000	2012 £'000
Current taxation		
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	482	530
Corporation taxation at 23.25% (2012 24.5%) on profit on ordinary activities	112	130
Factors affecting the taxation rate:		
Permanent differences	(2,115)	2,948
Group loss relief (claimed)/surrendered at less than full consideration	(3,263)	6,214
Utilisation of brought forward tax losses	-	(9,292)
Current year losses for which no deferred tax asset has been recognised	5,266	-
Total current taxation charge note 5(a)	-	-

An amount of £278,000 (2012 £880,000) (taxation amount of £65,000 (2012 £216,000)) 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 £183,835,000 (2012 £161,188,000) which have no expiry date. No recognition has been made for deferred taxation in respect of these items as their future recoverability remains uncertain.

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

6 Investments

(1) Shares in Group undertakings

<u>Unlisted – registered in England and Wales</u>	<u>% equity shares held</u>
Pathway 2 (Jersey) Limited	100
10,000 ordinary shares of £1 00 each	
1,700 preference shares of £1 00 each	
<u>Unlisted – registered in Guernsey</u>	
Belaire Insurance Company Limited	100
10,000,000 ordinary shares of £1 00 each	
<u>Unlisted - registered in Switzerland</u>	
Rothmans of Pall Mall Limited	100
1,000 ordinary shares of CHF1,000 each	
AD Tabacs International S A	100
738 ordinary shares of CHF1,000 each	

The subsidiary undertakings that principally affect the Company's financial position are Belaire Insurance Company Limited and Rothmans of Pall Mall Limited. The principal activity of Belaire Insurance Company Limited is insurance. The principal activity of Rothmans of Pall Mall Limited is as a trademark owning company.

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions
	£'000
Cost	
1 January 2013	35,341
Additions	40,595
31 December 2013	75,936
Impairment provisions	
1 January 2013	-
31 December 2013	-
Net book value	
1 January 2013	35,341
31 December 2013	75,936

The additions during the year relate to the acquisition of a 100% interest in Rothmans of Pall Mall Limited and AD Tabacs International S A from a fellow Group undertaking.

- (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.

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

7 Debtors

(a) Amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	7,910	33,858

Included in amounts owed by Group undertakings, is an amount of £nil (2012 £24,444,000) 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.

(b) Amounts falling due after one year

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	1,164,241	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 20 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 20 February 2015.

8 Creditors

(a) Amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to Group undertakings	42,879	28,714

Included in amounts owed to Group undertakings is an amount of £35,120,000 (2012 £nil) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. All other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

(b) Amounts falling due after more than one year

	2013 £'000	2012 £'000
Amount owed to Group undertakings	1,164,241	1,164,241

Amounts owed to Group undertakings are unsecured, interest bearing and repayable on 20 February 2015. The interest rate is based on LIBOR.

Maturity of financial liabilities

	2013 £'000	2012 £'000
Within one year	42,879	28,714
Between 1 and 2 years	1,164,241	-
Between 2 and 5 years	-	1,164,241
	1,207,120	1,192,955

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

9 Called up share capital

Ordinary shares of £1 each	2013	2012
Allotted, called up and fully paid		
- value	£58,958	£58,958
- number	58,958	58,958

10 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2013	16,061	24,365
Profit for the financial year	-	482
31 December 2013	16,061	24,847

11 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	482	530
Net movement in shareholders' funds	482	530
Opening shareholders' funds	40,485	39,955
Closing shareholders' funds	40,967	40,485

12 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

13 Post Balance Sheet events

In April 2014, the Company purchased American-Cigarette Company Overseas Limited from a fellow Group undertaking for a consideration of EUR 89,989,247. The purchase was funded through a borrowing from a fellow Group undertaking. The impact on the net assets of the company was £nil.

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

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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