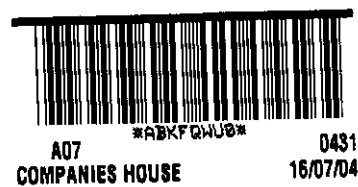


Precis (1814) Limited
Registered Number 3835524

Directors' Report and Accounts

For the year ended 31 December 2003



Precis (1814) Limited

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Precis (1814) Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2003.

Principal activities

The Company acts as a holding company for part of the British American Tobacco Group's investments in British American Tobacco International (Holdings) B.V. and British American Tobacco International Holdings (UK) Limited.

Review of the year to 31 December 2003

The profit for the year attributable to Precis (1814) Limited shareholders after deduction of all charges and the provision of tax amounted to £464,614,000 (2002: £401,141,000).

Dividends

The Directors paid a dividend of £47,841,000 (2002: £nil) and recommend the payment of a further dividend for the year of £416,770,000 (2002: £401,140,000). The profit for the financial year after dividends of £3,000 will be transferred to reserves (2002: £1,000).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2003 to the date of this report are as follows:

Paul Nicholas Adams	Chairman
Robert James Casey	
Kenneth John Hardman	
David Cameron Potter	
Paul Ashley Rayner	
David Andrew Swann	
Neil Robert Withington	

Directors' interests

The interests of those persons who were Directors at 31 December 2003 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 disclosed in the Report and Accounts of Weston Investment Company Limited with the exception of Messrs P.N. Adams and P.A. Rayner which are disclosed in the Report and Accounts of British American Tobacco p.l.c.

Precis (1814) Limited

Directors report

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 5, 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

On behalf of the Board



Secretary

12th July 2004

Report of the independent auditors to the members of Precis (1814) Limited

We have audited the financial statements which comprise the profit and loss account, 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.

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 affairs of the Company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

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

2004

Precis (1814) Limited

Profit and loss account for the year ended 31 December 2003

	<i>Note</i>	2003 £'000	2002 £'000
Operating charges	2	(23)	(22)
Operating loss		(23)	(22)
Income from shares in subsidiary undertakings		464,637	401,163
Profit on ordinary activities before taxation		464,614	401,141
Taxation on ordinary activities	3	-	-
Profit for the financial year		464,614	401,141
Dividends - interim proposed on equity shares		(416,770)	(401,140)
Dividends - interim paid on equity shares		(47,841)	-
Increase in reserves		3	1

All the activities during the year are in respect of continuing operations.

There are no recognised gains and losses other than the profit for the year.

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.

Precis (1814) Limited

Balance sheet – 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Investments in subsidiary undertakings	4	1,279,704	1,279,704
Current assets			
Debtors - amounts falling due within one year	5	416,796	401,163
Creditors - amounts falling due within one year	6	(1,679,495)	(1,663,865)
Net current liabilities		(1,262,699)	(1,262,702)
Total assets less current liabilities		17,005	17,002
Capital and reserves			
Called up share capital	7	59	59
Share premium account	8	16,061	16,061
Profit and loss account	8	885	882
Total equity shareholders' funds	9	17,005	17,002

The financial statements on pages 6 to 11 were approved by the Directors on 12th July 2004 and signed on behalf of the Board.



Director D. A. SWANN

Notes are shown on pages 8 to 11.

Precis (1814) Limited

Notes to the accounts – 31 December 2003

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.

(3) Accounting for income

Income is accounted for on a receivable basis and provision is made where delays are anticipated in the receipt of monies from overseas.

(4) Taxation

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

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. However, in adopting FRS19, the Group has chosen not to discount deferred tax assets and liabilities.

(5) Fixed asset investments

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

2 Operating charges

	2003 £'000	2002 £'000
Other operating charges	23	22

Auditors' fees have been borne by a fellow group undertaking (2002: £nil).

There were no employees and no staff costs during the year (2002: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2002: £nil).

Precis (1814) Limited

Notes to the accounts – 31 December 2003

3 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2003 £'000	2002 £'000
UK Corporation Tax	-	-
Comprising		
- current tax at 30.00% (2002: 30.00%)	-	-
Total current taxation note 3(b)	-	-

(b) Factors affecting the tax charge

The current taxation charge differs from the standard 30.00 per cent rate of Corporation Tax in the UK. The major causes of this difference are listed below:

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	464,614	401,141
Corporation Tax at 30.00% (2002: 30.00%) on profit on ordinary activities	139,384	120,342
Factors affecting the tax rate:		
Group loss relief surrendered at nil consideration	7	6
Corporate income tax relief on intra-group dividends	(139,391)	(120,348)
Total current taxation charge note 3(a)	-	-

4 Investments in subsidiary undertakings

(1) Shares in subsidiaries

% equity shares held

Unlisted – registered in England

British American Tobacco International (Holdings) B.V.	21.374
Ordinary shares of €450.00 each	
British American Tobacco International Holdings (UK) Limited	33.333
Ordinary shares of £1.00 each	

The total holding by the British American Tobacco Group in British American Tobacco International (Holdings) B.V is 100% and the total holding in British American Tobacco International Holdings (UK) Limited is 100% and, therefore, the Company's interests are included in investments in subsidiary undertakings.

(2) Shareholdings at cost less provisions

	£'000
At 1 January and 31 December 2003	1,279,704

- (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.

Precis (1814) Limited

Notes to the accounts – 31 December 2003

5 Debtors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts due from group undertakings	416,796	401,163

6 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts due to group undertakings	1,262,725	1,262,725
Dividend - interim payable	416,770	401,140
	1,679,495	1,663,865

7 Called up share capital

Ordinary shares of £1 each	2003	2002
Authorised - value	£150,000	£150,000
- number	150,000	150,000
Allotted, called up and fully paid		
- value	£58,958	£58,958
- number	58,958	58,958

8 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2003	16,061	882	16,943
Profit for the financial year	-	464,614	464,614
Dividends - interim proposed	-	(416,770)	(416,770)
Dividends - interim paid	-	(47,841)	(47,841)
31 December 2003	16,061	885	16,946

Precis (1814) Limited

Notes to the accounts – 31 December 2003

9 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit attributable to shareholders for the year	464,614	401,141
Dividends - interim proposed	(416,770)	(401,140)
Dividends - interim paid	(47,841)	-
Net transfer to shareholders' funds	3	1
Opening shareholders' funds	17,002	17,001
Closing shareholders' funds	17,005	17,002

10 Related parties

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

11 Parent undertakings

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

12 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