

**British American Tobacco (AME) Limited  
(Formerly Precis (2460) Limited)**

**Registered Number 5209455**

**Directors' Report and Accounts**

**For the year ended 31 December 2007**

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# **British American Tobacco (AME) Limited**

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# **British American Tobacco (AME) Limited**

## **Directors' report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2007

### **Principal activities**

The principle activity of the Company is the sale of tobacco products. The Company changed its name from Precis (2460) Limited on 26 June 2007 and commenced trading under its new name on 1 October 2007.

### **Business review of the year to 31 December 2007**

The profit for the year attributable to British American Tobacco (AME) Limited shareholders after deduction of all charges and the provision of tax amounted to £975,000 (2006: £nil).

### **Key performance indicators**

The Directors of British American Tobacco plc, the ultimate parent company, manage the operations of the British American Tobacco Group (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 Operating and Financial Review section in the Annual Review of British American Tobacco plc and do not form part of this report.

### **Principal risks and uncertainties**

The principal risks and uncertainties of the Company 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 Review of British American Tobacco plc and do not form part of this report.

### **Dividends**

The Directors do not recommend the payment of a dividend (2006: £nil).

# British American Tobacco (AME) Limited

## Directors' report

### Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2007 until the date of this report are as follows

	Appointed	Resigned
Terrence Donald McConnell	13 August 2007	
Christopher Charles Stoddart Longcroft	13 August 2007	
Benoit Michel Remy Marie Belhomme	13 August 2007	
Luis Andre E Silva De Barros	13 August 2007	
Paul Roche Thompson	13 August 2007	
Alan Jude King	13 August 2007	23 April 2008
Ralf Wittenberg	13 August 2007	
Anthony Emile Copt	23 April 2008	
Ridirectors Limited		14 August 2007

### 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 6, 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 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.

# **British American Tobacco (AME) Limited**

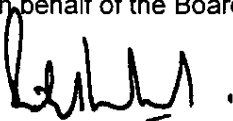
## **Directors' report**

### **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

- (1) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) he 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

On behalf of the Board



Richard Cordeschi

Assistant Secretary

22 October 2008

## **Report of the independent auditors to the members of British American Tobacco (AME) Limited**

We have audited the financial statements of British American Tobacco (AME) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers UK*

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

27 October 2008

## British American Tobacco (AME) Limited

### Profit and loss account for the year ended 31 December 2007

	<i>Note</i>	<b>2007 £'000</b>	<b>2006 £'000</b>
Turnover	2	7,702	-
Operating charges	3	(6,773)	-
<b>Operating profit</b>		<b>929</b>	-
Interest receivable from Group undertakings		58	-
Interest payable to Group undertakings		(12)	-
<b>Profit on ordinary activities before taxation</b>		<b>975</b>	-
Taxation on ordinary activities	4	-	-
<b>Profit for the financial year</b>		<b>975</b>	-

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

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 and losses other than the profit for the year

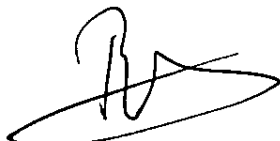
Notes are shown on pages 9 to 13

# British American Tobacco (AME) Limited

## Balance sheet – 31 December 2007

	<i>Note</i>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Fixed assets</b>	<b>5</b>	<b>1,800</b>	<b>-</b>
<b>Current assets</b>			
Debtors amounts falling due within one year	6	13,594	-
<b>Creditors: amounts falling due within one year</b>	<b>7</b>	<b>(9,419)</b>	<b>-</b>
<b>Net current assets</b>		<b>4,175</b>	<b>-</b>
<b>Net assets</b>		<b>5,975</b>	<b>-</b>
<hr/>			
<b>Capital and reserves</b>			
Called up share capital	8	5,000	-
Profit and loss account	9	975	-
<b>Total shareholders' funds</b>	<b>10</b>	<b>5,975</b>	<b>-</b>

The financial statements on pages 7 to 13 were approved by the Directors on 22 October 2008 and signed on behalf of the Board



B M R M Belhomme

Director



# **British American Tobacco (AME) Limited**

## **Notes to the accounts – 31 December 2007**

### **1 Accounting policies**

A summary of the principal accounting policies is set out below

#### **(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 1985 and applicable accounting standards in the United Kingdom

#### **(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. 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

#### **(4) Turnover**

Turnover comprises sales at the invoice value to external customers and other Group companies net of sales taxes

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, including where delays are anticipated in the receipt of monies from overseas

#### **(5) 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, as allowed by FRS 19, the Company has chosen not to discount deferred tax assets and liabilities

#### **(6) 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

#### **(7) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal

The rate of depreciation used is

Computer software	20-25%
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# British American Tobacco (AME) Limited

## Notes to the accounts – 31 December 2007

### 2 Turnover

	2007 £'000	2006 £'000
Turnover including duty, excise and other taxes	13,017	-
Duty, excise and other taxes	(5,315)	-
Turnover after duty, excise and other taxes	7,702	-

### 3 Operating charges

	2007 £'000	2006 £'000
Goods purchased for resale	2,588	-
Staff costs	1,329	-
Auditors' remuneration - audit fees	20	-
Exchange loss	96	-
Other Operating charges	2,017	-
Exceptional costs of business reorganisation	723	-
	6,773	-

Exceptional costs relate to a business reorganisation in the Africa and the Middle East region and mainly comprise salary and wages and consultancy costs

Staff costs		
Wages and salaries	1,164	-
Social security costs	69	-
Pension costs	96	-
	1,329	-

The Company had no employees during the year (2006 nil) The above staff costs, which are borne by the Company, relate to 14 employees (2006 nil) of fellow UK Group undertakings

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2006 £nil)

### 4 Taxation on ordinary activities

#### (a) Summary of tax on ordinary activities

	2007 £'000	2006 £'000
UK Corporation Tax		
Comprising		
- current tax at 30% (2006 30%)	-	-
Total current taxation charge <i>note 4(b)</i>	-	-

# British American Tobacco (AME) Limited

## Notes to the accounts – 31 December 2007

### 4 Taxation on ordinary activities (continued)

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

The current taxation charge differs from the standard 30 per cent rate of Corporation Tax in the UK. The major causes of this difference are listed below

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	975	-
Corporation Tax at 30% (2006 30%) on profit on ordinary activities	293	-
<b>Factors affecting the tax rate</b>		
Permanent differences	146	-
Group loss relief claimed at nil consideration	(439)	-
Total current taxation charge <i>note 4(a)</i>	-	-

An amount of £25,000 (2006 £nil) (tax amount of £7,000 (2006 £nil)) included in permanent differences above represents tax adjustments in respect of UK to UK transfer pricing

### 5 Fixed assets

#### Assets in the course of construction

	£'000
<b>Cost</b>	
At 1 January 2007	-
Additions	1,800
At 31 December 2007	1,800
<b>Depreciation</b>	
At 1 January and 31 December 2007	-
<b>Net book value</b>	
At 31 December 2007	1,800
At 31 December 2006	-

The Company has no capital commitments at 31 December 2007 (2006 £nil)

### 6 Debtors – amounts falling due within one year

	2007 £'000	2006 £'000
Amounts due from Group undertakings	13,594	-

Amounts due from Group undertakings include £560,000 (2006 £nil) which earns interest based on LIBOR, is unsecured and repayable on demand, other amounts are unsecured, repayable on demand and interest free

# British American Tobacco (AME) Limited

## Notes to the accounts – 31 December 2007

### 7 Creditors – amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	798	-
Accruals	433	-
Amounts due to Group undertakings	8,188	-
	<b>9,419</b>	<b>-</b>

Amounts due to Group undertakings include £1,272,000 (£nil) which earns interest based on LIBOR, is unsecured and repayable on demand, other amounts are unsecured, repayable on demand and interest free

### 8 Share capital

Ordinary shares of £1 each	2007	2006
Authorised - value	<b>£5,000,000</b>	£100
- number	<b>5,000,000</b>	100
Allotted, called up and fully paid		
- value	<b>£5,000,000</b>	£2
- number	<b>5,000,000</b>	2

On 13 August 2007 the Company issued 4,999,998 £1 ordinary shares for a consideration of £4,999,998

### 9 Reserves

	Profit and loss account £'000
1 January 2007	-
Profit for the financial year	<b>975</b>
31 December 2007	<b>975</b>

# British American Tobacco (AME) Limited

## Notes to the accounts – 31 December 2007

### 10 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the year	975	-
Issue of share capital	5,000	-
Net addition to shareholders' funds	5,975	-
Opening shareholders' funds	-	-
Closing shareholders' funds	5,975	-

### 11 Related parties

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

### 12 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. Its immediate parent undertaking is British American Tobacco International Holdings (UK) Limited. Group accounts are prepared only at the British American Tobacco p l c level.

### 13 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