

Allen & Ginter (UK) Limited

Registered Number 02207091

Annual report and financial statements

For the year ended 31 December 2016

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Strategic Report

The Directors present their strategic report on Allen & Ginter (UK) Limited (the "Company") for the year ended 31 December 2016.

Principal activities

The Company acts as an investment holding company in associated undertakings of the British American Tobacco p.l.c. Group (the "Group") which are active in the tobacco industry.

Review of the year ended 31 December 2016

The profit for the financial year attributable to Allen & Ginter (UK) Limited shareholders after deduction of all charges and the provision of taxation amounted to £226,297,000 (2015: £245,632,000).

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

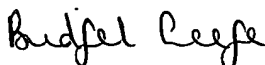
Key performance indicators

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



Ms B.M. Creegan
Assistant Secretary

3rd August 2017

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2016.

Dividends

During the year the Company paid dividends amounting to £230,000,000 (2015: £254,392,000).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2016 to the date of this report are as follows:

Noelle Colfer
Carola Wiegand
David Patrick Ian Booth
Ridirectors Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 (continued)

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this report confirms that:

- (a) to the best of his or her knowledge and belief, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

By Order of the Board



Ms B.M. Creegan
Assistant Secretary

3rd August 2017

Independent auditor's report to the members of Allen & Ginter (UK) Limited

We have audited the financial statements of Allen & Ginter (UK) Limited for the year ended 31 December 2016 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Our opinion on the financial statements

In our opinion, Allen & Ginter (UK) Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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 Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Allen & Ginter (UK) Limited (continued)

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.



Jeremy Hall, (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
4 August 2017

Profit and loss account for the year ended 31 December

	Note	2016 £'000	2015 £'000
Continuing operations			
Other operating charges	2	-	-
Operating profit		-	-
Income from shares in Group undertakings	3	226,200	245,524
Profit on ordinary activities before interest and taxation		226,200	245,524
Interest receivable and similar income	4	97	108
Profit on ordinary activities before taxation		226,297	245,632
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		226,297	245,632

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 other comprehensive income has been presented.

Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Equity £'000
1 January 2015	2	1,071,572	30,466	1,102,040
Profit for the financial year	-	-	245,632	245,632
Dividends paid	-	-	(254,392)	(254,392)
31 December 2015	2	1,071,572	21,706	1,093,280
Profit for the financial year	-	-	226,297	226,297
Dividends paid	-	-	(230,000)	(230,000)
31 December 2016	2	1,071,572	18,003	1,089,577

The accompanying notes are an integral part of the financial statements.

Balance sheet as at 31 December

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments in Group undertakings	6	1,071,574	1,071,574
		1,071,574	1,071,574
Current assets			
Debtors: amounts falling due within one year	7	18,003	21,706
Net current assets		18,003	21,706
Total assets less current liabilities		1,089,577	1,093,280
Capital and reserves			
Called up share capital	8	2	2
Share premium account		1,071,572	1,071,572
Profit and loss account		18,003	21,706
Total shareholders' funds		1,089,577	1,093,280

The financial statements on pages 7 to 15 were approved by the Directors on 3 August 2017 and signed on behalf of the Board.



D.P.I. Booth
Director

Registered number
02207091

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2016

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 Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101 have been taken.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The most significant items include:

- the review of asset values and impairment testing of non-financial assets;
- the estimation of amounts to be recognised in respect of taxation and
- the exemptions taken under IFRS 1 on the first time adoption of FRS 101 at 1 January 2014.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing the opening balance sheet at 1 January 2014 for the purpose of the transition to FRS 101.

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 FRS 101.

Foreign currencies

The functional currency of the Company is sterling. 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.

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Income

Income is recognised 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.

Investments in Group undertakings

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Taxation

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

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under IAS 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

The Company has exposures in respect of the payment or recovery of a number of taxes. Liabilities or assets for these payments or recoveries are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

2 Other operating charges

Auditor's fees of £2,500 were borne by a fellow Group undertaking (2015: £2,500).

There were no employees (2015: none) and no staff costs during the year (2015: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2015: £nil). Directors' remuneration was borne by a fellow Group undertaking.

Notes to the financial statements for the year ended 31 December 2016**3 Income from shares in Group undertakings**

	2016 £'000	2015 £'000
Income from shares in Group undertakings	226,200	245,524

Income from shares in Group undertakings represent the dividends received from Chelwood Trading & Investment Company Limited (£80,000,000) (2015: £123,722,000) and British American Tobacco Holdings (Australia) B.V. (£146,200,000) (2015: £121,802,000).

4 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest receivable from Group undertakings	97	108

5 Taxation**Factors affecting the taxation charge**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The current taxation charge differs from the standard 20.00% (2015: 20.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2016 £'000	2015 £'000
Profit for the year	226,297	245,632
Total tax expense	-	-
Profit excluding taxation	226,297	245,632
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	45,259	49,741
Tax exempt revenues	(45,240)	(49,719)
Group relief claimed	(19)	(22)
Total tax charge for the period	-	-

Notes to the financial statements for the year ended 31 December 2016

6 Investments

(1) Shares in Group undertakings

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
Australia				
<i>166 William Street, Woolloomooloo, NSW 2011, Australia</i>				
American Cigarette Company (Overseas) Pty. Limited	Ordinary	0.00	100.00	100.00
British American Tobacco (Australasia Holdings) Pty Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australasia Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australia Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australia Overseas Pty Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australia Services Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australia Superannuation Pty Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Australia Vending Pty Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Manufacturing Australia Pty Ltd.	Ordinary	0.00	100.00	100.00
British American Tobacco South Pacific Exports Pty Limited	Ordinary	0.00	100.00	100.00
Carreras Proprietary Limited	Ordinary	0.00	100.00	100.00
Granville Tobacco Processors Pty. Limited	Ordinary	0.00	100.00	100.00
Martins of Piccadilly Pty Ltd	Ordinary	0.00	100.00	100.00
Rothmans Asia Pacific Limited	Ordinary	0.00	50.00	100.00
Rothmans Asia Pacific Limited	Redeemable preference A\$ 1.00 each	0.00	50.00	100.00
T.A. Field Pty Limited	Ordinary	0.00	100.00	100.00
The Benson & Hedges Company Pty. Limited	Ordinary	0.00	100.00	100.00
The Nelson Tobacco Manufacturing Corporation Pty. Ltd	Ordinary	0.00	100.00	100.00
W.D. & H.O. Wills Holdings Limited	Ordinary	0.00	100	100
Wills (Pagewood) Pty Limited	Ordinary	0.00	100.00	100.00
Brunei Darussalam				
<i>6th Floor, Bang Hj Ahmad Laksamana Othman, 38-39, Jalan Sultan, Bandar Seri Begawan BS8811, Brunei Darussalam</i>				
Commercial Marketers and Distributors Sdn. Bhd. (BRN)	Ordinary	0.00	100.00	50.00
Fiji				
<i>Lady Maria Road, Nabua, Suva, Fiji</i>				
British American Tobacco (Fiji) Marketing Limited	Ordinary	0.00	100.00	100.00
Central Manufacturing Company Limited	Ordinary	0.00	85.00	100.00
Rothmans of Pall Mall (Fiji) Limited	Ordinary	0.00	100.00	100.00
Malaysia				
<i>Virginia Park, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia</i>				
British American Tobacco (Malaysia) Berhad	Ordinary	0.00	50.00	50
Commercial Marketers and Distributors Sdn. Bhd.	Ordinary	0.00	100.00	50
Rothmans Brands Sdn. Bhd.	Ordinary	0.00	100.00	50
The Leaf Tobacco Dev. Corp. of Malaya Sdn. Bhd.	Ordinary	0.00	100.00	50
Tobacco Blenders and Manufacturers Sdn. Bhd.	Ordinary	0.00	100.00	50
Tobacco Importers and Manufacturers Sdn. Bhd.	Ordinary	0.00	100.00	50

Notes to the financial statements for the year ended 31 December 2016

6 Investments (continued)

(1) Shares in Group undertakings (continued)

Company	Share Class	Direct Interest	Subsidiary Interest	Attributable Interest
Netherlands				
<i>Handelsweg 53 A, 1181 ZA, Amstelveen, Netherlands</i>				
British American Tobacco Holdings (Australia) B.V.	Ordinary	100.00	0.00	100.00
New Zealand				
<i>2 Watt Street, Parnell, Auckland, 1052, New Zealand</i>				
British American Tobacco (New Zealand) Limited	Ordinary	0.00	100.00	100.00
British American Tobacco Holdings (New Zealand) Limited	Ordinary NZ\$	0.00	100.00	100.00
Papua New Guinea				
<i>Level 10 Deloitte Tower, Douglas Street, Port Moresby, NCD, Papua New Guinea</i>				
British American Tobacco (PNG) Limited	Ordinary	0.00	100.00	100.00
Papua New Guinea Tobacco Company Limited	Ordinary	0.00	100.00	100.00
Paradise Tobacco Company Pty. Limited	A' Ordinary	0.00	50.00	100.00
Paradise Tobacco Company Pty. Limited	B' Ordinary	0.00	50.00	100.00
Rothmans of Pall Mall (P.N.G.) Limited	A' Ordinary	0.00	50.00	100.00
Rothmans of Pall Mall (P.N.G.) Limited	B' Ordinary	0.00	50.00	100.00
Philippines				
<i>6th Floor Tuscan Building, Herrera Street, Legaspi Village, City of Makati, Philippines</i>				
Alhambra Industries Inc.	Common PHP 1,300 PAR	0.00	50.00	100.00
Alhambra Industries Inc.	Preference PHP 1,300 PAR	0.00	50.00	100.00
Samoa				
<i>Vaitele, Apia, Samoa. P.O.Box 1304.</i>				
British American Tobacco (Samoa) Limited	Ordinary	0.00	100.00	100.00
Singapore				
<i>18 Ah Hood Road #12-51, Hiap Hoe Bldg at Zhongshan Park, Singapore, 329983</i>				
RHL Investments Pte Limited	Ordinary	0.00	50.00	100.00
RHL Investments Pte Limited	Redeemable preference	0.00	50.00	100.00
Solomon Islands				
<i>Kukum Highway, Ranadi, Honiara, Honiara, Solomon Islands</i>				
Solomon Islands Tobacco Company Limited	Ordinary	0.00	50.00	50.00
Netherlands				
<i>Handelsweg 53 A, 1181 ZA, Amstelveen, Netherlands</i>				
British American Tobacco Holdings (Malaysia) B.V.	Ordinary	0.00	35.03	35.03
United Kingdom				
<i>Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom</i>				
Chelwood Trading & Investment Company Limited	Ordinary	100.00	100.00	100.00

Notes to the financial statements for the year ended 31 December 2016

6 Investments (continued)

(2) Investments in Group undertakings

	Investments in Group undertakings
	£'000
Cost	
1 January 2016	1,071,574
31 December 2016	1,071,574
Impairment provisions	
1 January 2016	-
31 December 2016	-
Net book value	
1 January 2016	1,071,574
31 December 2016	1,071,574

- (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: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed by Group undertakings	18,003	21,706

Amounts owed by Group undertakings are unsecured, interest bearing and are repayable on demand. The interest rate is based on LIBOR.

8 Called up share capital

Ordinary shares of £1 each	2016	2015
Allotted, called up and fully paid		
- value	£1,618	£1,618
- number	1,618	1,618

Notes to the financial statements for the year ended 31 December 2016

9 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

10 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 British American Tobacco Holdings (The Netherlands) B.V.. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG