

Rothmans International Enterprises Limited

Registered Number 02694154

Annual report and financial statements

For the year ended 31 December 2015



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Strategic report

The Directors present their strategic report on Rothmans International Enterprises Limited (the "Company") for the year ended 31 December 2015.

Principal activities

The Company acts as an investment holding company in subsidiary and 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 2015

The profit for the financial year attributable to Rothmans International Enterprises Limited shareholders after deduction of all charges and the provision of taxation amounted to £7,112,000 (2014: £6,661,000).

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.

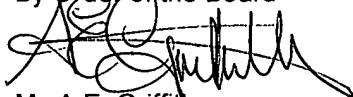
Principal risks and uncertainties

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.

Auditor

PricewaterhouseCoopers LLP resigned as auditor on 10 June 2015 pursuant to section 516 Companies Act 2006. On 15 October 2015 the directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006.

By Order of the Board



Ms A.E. Griffiths
Secretary

28 September 2016

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2015.

Dividends

The Directors do not recommend the payment of a dividend for the year (2014: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2015 to the date of this report are as follows:

	Assigned	Resigned
David Patrick Ian Booth	04 February 2015	
Robert Fergus Heaton	04 February 2015	
Robert James Casey		
Steven Glyn Dale		06 February 2015
Charl Erasmus Steyn		30 April 2015

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.

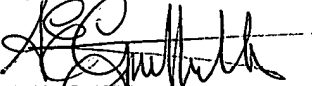
Directors' report (continued)

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 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
Secretary

28 September 2016

Independent auditor's report to the members of Rothmans International Enterprises Limited

We have audited the financial statements of Rothmans International Enterprises Limited for the year ended 31 December 2015 set out on pages 7 to 14. 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 for 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

In our opinion, Rothmans International Enterprises Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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

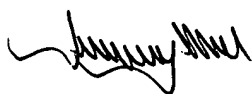
In our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Independent auditor's report to the members of Rothmans International Enterprises 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
29 September 2016

Profit and loss account for the year ended 31 December

		2015	<i>Restated</i> 2014
	Note	£'000	£'000
Continuing operations			
Other operating expenses	2	-	-
Profit from operations		-	-
Income from shares in Group undertakings		-	44
Income from other investments at fair value	3	6,584	6,129
Interest receivable and similar income	4	538	492
Profit on ordinary activities before taxation		7,122	6,665
Tax on profit on ordinary activities	5	(10)	(4)
Profit for the financial year		7,112	6,661

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.

Statement of other comprehensive income for the year ended 31 December

		2015	<i>Restated</i> 2014
	Note	£'000	£'000
Profit for the financial year		7,112	6,661
Net fair value (loss)/gain on other investments at fair value	6	(38,595)	65,681
Total other comprehensive income for the year		(31,483)	72,342

Statement of changes in equity for the year ended 31 December

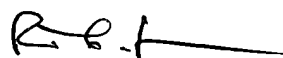
	Called up share capital £'000	Share premium account	Profit and loss account £'000	Fair Value Reserve £'000	Total Equity £'000
1 January 2014	1,000	293,858	(34,950)	-	259,908
Effect of changes in accounting policy(note 9)	-	-	-	317,541	317,541
1 January 2014 Restated	1,000	293,858	(34,950)	317,541	577,449
Profit for the financial year	-	-	6,661	-	6,661
	1,000	293,858	(28,289)	317,541	584,110
Other comprehensive income					
Net fair value gain on other investments at fair value (note 6)	-	-	-	65,681	65,681
31 December 2014 Restated	1,000	293,858	(28,289)	383,222	649,791
Profit for the financial year	-	-	7,112	-	7,112
	1,000	293,858	(21,177)	383,222	656,903
Other comprehensive income					
Net fair value loss on other investments at fair value (note 6)	-	-	-	(38,595)	(38,595)
31 December 2015	1,000	293,858	(21,177)	344,627	618,308

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

Balance sheet at 31 December 2015

		31 December 2015 £'000	Restated 31 December 2014 £'000	Restated 1 January 2014 £'000
	Note			
Fixed assets				
Other investments at fair value	6	355,105	393,700	328,019
		355,105	393,700	328,019
Current assets				
Debtors: amounts falling due within one year	7	263,203	256,091	250,114
Creditors: amounts falling due within one year		-	-	(684)
Net current assets		263,203	256,091	249,430
Net assets		618,308	649,791	577,449
Capital and reserves				
Called up share capital	8	1,000	1,000	1,000
Share premium account		293,858	293,858	293,858
Profit and loss account		(21,177)	(28,289)	(34,950)
Fair value reserve		344,627	383,222	317,541
Total shareholders' funds		618,308	649,791	577,449

The financial statements on pages 7 to 14 were approved by the Directors on 28 September 2016 and signed on behalf of the Board.



R.F. Heaton
Director

Registered number
02694154

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

Notes to the financial statements for the year ended 31 December 2015

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 Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101 have been taken.

In the transition to FRS 101, the company has applied IFRS 1, whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance, including recognition and measurement exemptions under IFRS 1, is provided in note 9.

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 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 judgement 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 of 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.

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.

Notes to the financial statements for the year ended 31 December 2015

Accounting policies(continued)

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.

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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

Financial assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Non-derivative financial assets are classified on initial recognition as other investments at fair value, loans and receivables or cash and cash equivalents as follows:

Loans and receivables: Amounts owed by Group undertakings and Other debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Other investments at fair value: Other investments at fair value are accounted for as available-for-sale investments in accordance with IAS 39 with changes in fair value being recognised directly in other comprehensive income. When such investments are derecognised (e.g. through disposal) or become impaired, the accumulated gains and losses, previously recognised in other comprehensive income, are reclassified to the profit and loss statement within 'income from other investments at fair value'. Dividend and interest income on these investments are included within 'income from other investments at fair value' when the Company's right to receive payments is established.

Fair values for quoted investments are based on observable market prices where available. If there is no active market for an investment, the fair value is established by using the discounted cash flows of estimated future dividends.

Notes to the financial statements for the year ended 31 December 2015

Accounting policies(continued)

2 Other operating charges

Auditor's fees of £2,500 (2014: £2,500) were borne by a fellow Group undertaking.

There were no employees (2014: none) and no staff costs during the year (2014: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2014: £nil).

3 Income from other investments at fair value

	2015 £'000	Restated 2014 £'000
Income from other investments at fair value	6,584	6,129

Income from other investments at fair value represents dividends received from ITC Limited, VST Industries and Pakistan Tobacco Company Limited.

4 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable from Group undertakings	538	492

5 Taxation

(a) Recognised in the profit and loss account

	2015 £'000	£'000	Restated 2014 £'000	Restated £'000
Current tax on income for the period	10		4	
Total current tax		10		4
Total income tax expense (note 5b)		10		4

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 21.0% to 20.0% with effect from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 20.25%.

The current taxation charge differs from the standard 20.25% (2014: 21.5%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

Notes to the financial statements for the year ended 31 December 2015

Taxation (continued)

(b) Factors affecting the taxation charge (continued)

	2015 £'000	Restated 2014 £'000
Profit for the year	7,112	6,661
Total tax expense	10	4
Profit excluding taxation	7,122	6,665
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	1,442	1,433
Income not taxable	(1,333)	(1,327)
Effects of overseas tax rates	10	4
Effects of group relief/other reliefs	(109)	(106)
Total tax charge for the period (note 5a)	10	4

6 Investments

(1) Shares in Group Undertakings

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
United Kingdom Rothmans Trading Limited	Ordinary	99.00	0.00	99.00

(2) Other Investments at fair value

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
India ITC Limited	Ordinary	1.29	0.00	1.29
VST Industries Limited	Ordinary	0.43	0.00	0.43
Pakistan Pakistan Tobacco Company Limited	Ordinary	0.31	0.00	0.31

(3) Changes in other investments at fair value

	Other investments at fair value £'000	Total £'000
Cost		
1 January 2015	393,700	393,700
Change in fair value	(38,595)	(38,595)
31 December 2015	355,105	355,105

7 Debtors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed by Group undertakings	263,203	256,091

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

Notes to the financial statements for the year ended 31 December 2015

8 Called up share capital

Ordinary shares of £1 each	2015	2014
Allotted, called up and fully paid		
- value	£1,000,000	£1,000,000
- number	1,000,000	1,000,000
Special shares of £1 each		
Allotted, called up and fully paid		
- value	£1	£1
- number	1	1

As at 31 December 2009 the Special Share bestowed voting rights equivalent to 70.1 per cent of the Company's share capital, but carried no entitlement to dividends except where these exceeded £1,000,000 per ordinary share. However, the holder of the Special Share was entitled, *pari passu*, with the holders of the ordinary shares to receive repayment of the amount paid up or credited as paid up on the Special Share. The rights attached to the Special Share were abrogated by the adoption of new Articles of Association on 12 February 2010.

9 Transition to Financial Reporting Standards FRS 101

The Financial Reporting Council has issued FRS 100 *Application of Financial Reporting Requirements*, FRS 101 *Reduced Disclosure Framework* and FRS 102 *The Financial Reporting Standard applicable in the UK and Ireland*. These standards are applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under IFRS, for accounting periods beginning on or after 1 January 2015.

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 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 Company has adopted the accounting requirements of the reduced disclosure framework under FRS 101 in these financial statements, with a transition date of 1 January 2014. The Company's financial statements still meet the requirements of the Companies Act 2006 including giving a true and fair view of the Company's assets, liabilities, financial position and profit or loss.

The Company has informed its shareholders and received no objections to the use of FRS 101.

The effect of the adoption of FRS 101 has affected the company's position as of 1 January 2014 and a reconciliation of the effect of change in accounting policy is presented on page 14:

Notes to the financial statements for the year ended 31 December 2015

Statement of balance sheet before and after conversion

	Note	UKGAAP 31 December 2014 £'000	Effect of change in accounting policy £'000	FRS 101 31 December 2014 £'000	UKGAAP 1 January 2014 £'000	Effect of change in accounting policy £'000	FRS 101 1 January 2014 £'000
Non-current assets							
Other investments at fair value	a	10,478	383,222	393,700	10,478	317,541	328,019
		10,478	383,222	393,700	10,478	317,541	328,019
Current assets							
Debtors: amounts falling due within one year		256,091	-	256,091	250,114	-	250,114
Creditors: amounts falling due within one year		-	-	-	(684)	-	(684)
Net current assets		256,091		256,091	249,430		249,430
Net assets				649,791			577,449
Capital and reserves							
Called up share capital		1,000	-	1,000	1,000	-	1,000
Share premium account		293,858	-	293,858	293,858	-	293,858
Profit and loss account		(28,289)	-	(28,289)	(34,950)	-	(34,950)
Fair value reserve	a	-	383,222	383,222	-	317,541	317,541
Total shareholders' funds		266,569	383,222	649,791	259,908	317,541	577,449

Explanation of reconciling items above

Note a

Other investments at fair value have been recognised in the financial statements (31 December 2014: £393,700,000 and 1 January 2014: £328,019,000) at fair value according to IAS 39. The impact of this fair value reserve amounted to £383,222,000 as at 31 December 2014.

10 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.

11 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 Rothmans International Limited. 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