

**British American Tobacco (Serbia) Limited**  
**Registered number 2725113**

**Directors' report and financial statements**

**For the year ended 31 December 2010**

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

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

## **Directors' report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2010

### **Principal activities**

The Company's principal activity is the holding of an investment in a company operating in the tobacco industry as a member of the British American Tobacco p l c Group (the "Group")

### **Review of the year to 31 December 2010**

The results for the financial year attributable to British American Tobacco (Serbia) Limited shareholders after deduction of all charges and the provision of tax amounted to £nil (2009 £nil). There were no other recognised gains and losses for the current financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

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

### **Key performance indicators**

The Directors of British American Tobacco p l c, the ultimate parent company, manage the operations of 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 Business Review section 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.

### **Dividends**

The Directors do not recommend the payment of a dividend for the year (2009 £nil).

### **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 2010 to the date of this report are as follows:

Robert James Casey  
Kenneth John Hardman  
John Victor Richardson  
Ridirectors Limited

Resigned 31 December 2010

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

## **Directors' report**

### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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.

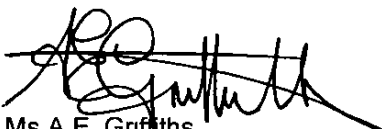
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors' 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 knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all steps that a director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



Ms A E Griffiths  
Assistant Secretary

20th July 2011

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

## **Independent auditors' report to the members of British American Tobacco (Serbia) Limited**

We have audited the financial statements of British American Tobacco (Serbia) Limited for the year ended 31 December 2010 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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.

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.

### **Scope of the audit of the financial statements**

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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its result 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

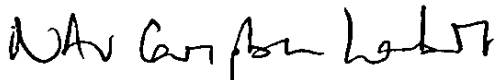
## **British American Tobacco (Serbia) Limited**

### **Independent auditors' report to the members of British American Tobacco (Serbia) 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



Nicholas Campbell-Lambert

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

21 JULY 2011

# British American Tobacco (Serbia) Limited

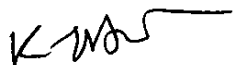
## Balance sheet

At 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Investments	3	60,268	60,268
<b>Creditors: amounts falling due within one year</b>	4	(899)	(899)
<b>Total assets less current liabilities</b>		<b>59,369</b>	<b>59,369</b>
<b>Capital and reserves</b>			
Called up share capital	5	-	-
Other reserves	6	59,368	59,368
Profit and loss account	6	1	1
<b>Total shareholders' funds</b>		<b>59,369</b>	<b>59,369</b>

The financial statements on page 7 to 10 were approved on the Directors on 20th July 2011 and signed on behalf of the Board

During the financial year the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit nor loss. There were also no other recognised gains and losses for the current or preceding financial year.



K J Hardman  
Director

Registered number 2725113

The accompanying notes are an integral part of the financial statements

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

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Accounting policies**

#### **(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 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

#### **(2) 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 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. 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

#### **(4) Accounting for income**

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 where there is an expectation that all or a portion of the amount due will not be recovered

#### **(5) Taxation**

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

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

#### **(6) Fixed asset investments**

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



# British American Tobacco (Serbia) Limited

## Notes to the financial statements for the year ended 31 December 2010

### 2 Operating charges

Auditors' fees of £696 were borne by a fellow Group undertaking (2009 £696)

There were no employees and no staff costs during the year (2009 £nil)

None of the Directors received any remuneration in respect of their services to the Company during the year (2009 £nil)

### 3 Investments

#### (1) Shares in Group undertakings

##### Unlisted - registered in Serbia

British American Tobacco Vranje a d

787,095 Ordinary shares of RSD 1,000 each

**% equity shares held**  
88 10%

#### (2) Investment at cost less provisions

	£'000
1 January 2010	60,268
<b>31 December 2010</b>	<b>60,628</b>

- (3) The Directors are of the opinion that the investment in the subsidiary undertaking has a value not less than the amount at which it is shown in the balance sheet

### 4 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due to Group undertakings	899	894
Other creditors	-	5
	<b>899</b>	<b>899</b>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand

### 5 Called up share capital

Ordinary shares of £1 each	2010	2009
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

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

### **Notes to the financial statements for the year ended 31 December 2010**

#### **6 Reserves**

	<b>Other reserves £'000</b>	<b>Profit and loss account £'000</b>
1 January 2010	<b>59,368</b>	<b>1</b>
<b>31 December 2010</b>	<b>59,368</b>	<b>1</b>

Other reserves consist of capital contributions received from British American Tobacco (Hamburg International) GmbH, the parent company

#### **7 Related party disclosures**

As a wholly owned subsidiary, 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

#### **8 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 (Hamburg International) GmbH. 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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4 Temple Place  
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