

B.A.T Russia Limited

Registered Number 2906395

Directors' Report and Accounts

For the year ended 31 December 2005

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B.A.T Russia Limited

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B.A.T Russia Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2005

Principal activities

The Principal activity of the Company is the provision of professional and training services to the Group companies in Russia

Business review of the year to 31 December 2005

The profit for the year attributable to B A T Russia Limited shareholders after deduction of all charges and the provision of tax amounted to £144,000 (2004 Nil) All the income and expense of the Company for the previous year were accounted for by a fellow group undertaking

Dividends

The Directors do not recommend the payment of a dividend for the year (2004 Nil) The profit for the financial year of £144,000 (2004 Nil) will be transferred to reserves

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2005 to the date of this report are as follows

Robert James Casey

Alan Fraser Porter

Nicola Snook

Charl Erasmus Steyn

Resigned 1 November 2006

Appointed 1 November 2006

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

B.A.T Russia Limited

Directors' report

Statement of Directors' responsibilities (continued)

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

On behalf of the Board



G C W Cunningham
Assistant Secretary

13 December 2007

Report of the independent auditors to the members of B.A.T Russia Limited

We have audited the financial statements of B A T Russia Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 2005 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

13 December 2007

B.A.T Russia Limited

Profit and loss account for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Turnover	2	6,944	-
Operating income		16	-
Operating charges	3	(6,771)	-
Profit on ordinary activities before taxation		189	-
Taxation on ordinary activities	4	(45)	-
Profit for the financial year		144	-

Statement of total recognised gains and losses for the year ended 31 December 2005

		2005 £'000	2004 £'000
Profit for the financial year		144	-
Difference arising on the retranslation to sterling of the retained profit from the average to closing rates of exchange	9	6	-
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year	9	-	-
Total recognised gains relating to the year		150	-

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

B.A.T Russia Limited

Balance sheet – 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Current assets			
Debtors – amounts falling due within one year	5	7	-
Cash at bank		466	-
		473	-
Creditors - amounts falling due within one year	6	(324)	(1)
Total assets less current liabilities		149	(1)
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	149	(1)
Total equity shareholders' funds	9	149	(1)

The financial statements on pages 6 to 11 were approved by the Directors on 13 December 2007 and signed on behalf of the Board



C E Steyn
Director

B.A.T Russia Limited

Notes to the accounts – 31 December 2005

1 Accounting policies

A summary of the principal accounting policies is set out below

(1) Basis of presentation

Previously all the income and expenses of the Company were accounted for by a fellow Group undertaking. This practice was changed for the current and future financial years

(2) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles

(3) 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

(4) Foreign currencies

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained profit of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net assets at the beginning of the year. Exchange differences arising on the retranslation of monetary assets and liabilities between the Company and its branch, which are translated at the exchange rate ruling at the end of the year, are also taken to reserves. Other exchange differences, including those on remittances, are reflected in the profit and loss account

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

(6) 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 Group has chosen not to discount deferred tax assets and liabilities

B.A.T Russia Limited

Notes to the accounts – 31 December 2005

2 Turnover

Turnover comprises the provision of services at the invoice value, to other Group companies

3 Operating charges

	2005 £'000	2004 £'000
Staff costs recharged by fellow Group undertakings	378	-
Operating leases	18	-
Other operating charges	6,375	-
	6,771	-

Auditors' fees of £560 were borne by a fellow group undertaking

None of the Directors received any remuneration in respect of their services to the Company during the year

All income and expenses of the Company for the previous year were accounted for by a fellow Group undertaking

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2005 £'000	2004 £'000
UK Corporation Tax		
Comprising		
- current tax at 30 00% (2004 30 00%)	45	-
- double tax relief	(45)	-
Overseas tax	45	-
Total current taxation charge <i>note 4(b)</i>	45	-

(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

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	189	-
Corporation Tax at 30 00% (2004 30 00%) on profit on ordinary activities	57	-
Factors affecting the tax rate.		
Permanent differences	(5)	-
Overseas taxation	45	-
Double tax relief	(45)	-
Group loss relief claimed at less than full consideration	(7)	-
Total current taxation charge <i>note 4(a)</i>	45	-

An amount of £12,342 (tax amount £3,703) included in permanent differences above represents tax adjustments following in respect of UK to UK transfer pricing

B.A.T Russia Limited

Notes to the accounts – 31 December 2005

5 Debtors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due from group undertakings	7	-
Amounts due from Group undertakings are unsecured, interest free and repayable on demand		

6 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due to group undertakings	277	1
Overseas tax	47	-
	324	1
Amounts due to Group undertakings are unsecured, interest free and repayable on demand		

7 Called up share capital

Ordinary shares of £1 each	2005	2004
Authorised - value	£1,000	£1,000
- number	1,000	1,000
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

8 Reserves

Profit & Loss Account	2005 £'000
1 January	(1)
Differences on exchange	6
Retained profit for the financial year	144
31 December	149

B.A.T Russia Limited

Notes to the accounts – 31 December 2005

9 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the year	144	-
Exchange differences	6	-
Net transfer to shareholders' funds	150	-
Opening shareholders' funds	(1)	(1)
Closing shareholders' funds	149	(1)

10 Related parties

The Company has taken advantage of the exemption under paragraph 3(c) of the 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 British American Tobacco (Investments) 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