

**B.A.T Far East Holding Limited**

**Registered number 3216047**

**Directors' report and financial statements**

**For the year ended 31 December 2011**

TUESDAY



\*A1FABQN6\*

A10

14/08/2012

#261

COMPANIES HOUSE

---

## **Contents**

Director's report	2
Independent auditors' report to the members of B A T Far East Holding Limited	4
Profit and loss account for the year ended 31 December 2011	6
Statement of total recognised gains and losses for the year ended 31 December 2011	6
Balance sheet at 31 December 2011	7
Notes to the financial statements for the year ended 31 December 2011	8

---

## **B A.T Far East Holding Limited**

### **Directors' report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2011

### **Principal activities**

The Company is a holding company of a group of companies which engage in projects relating to the tobacco industry in China

### **Review of the year ended 31 December 2011**

The loss for the financial year attributable to B A T Far East Holding Limited shareholders after deduction of all charges and the provision of taxation amounted to £5,000 (2010 £4,000)

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

### **Going concern**

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the intermediate parent company Weston Investment Company Limited. This support is expected to continue for the foreseeable future. The Directors confirm that they have complied with the above requirements in preparing the financial statements

### **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 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 (2010 £nil)

### **Board of Directors**

The names of the persons who served as directors of the Company during the period 1 January 2011 to the date of this report are as follows

	Dates appointed
Brendan James Brady	
Robert James Casey	
Charl Erasmus Steyn	
Richard Cordeschi	
Lolita Tan Edralin	
Jerome Bruce Abelman	3 August 2011

## **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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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' 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/her knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he/she has taken all steps that a director might reasonably be expected to have taken in order to make himself/herself aware of relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



S Ellis  
Secretary

1 August 2012

## **Independent auditors' report to the members of B.A.T Far East Holding Limited**

We have audited the financial statements of B A T Far East Holding Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses and 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 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.

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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its loss 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.

B.A.T Far East Holding Limited

## **Independent auditors' report to the members of B.A.T Far East Holding Limited**

### **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 or Directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we required 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

2 August 2012

**B.A.T Far East Holding Limited****Profit and loss account for the year ended 31 December 2011**

		<b>2011</b>	<b>2010</b>
		<b>£'000</b>	<b>£'000</b>
<b>Continuing operations</b>			
	Note		
Operating charges	2	(5)	(4)
<b>Loss on ordinary activities before taxation</b>		<b>(5)</b>	<b>(4)</b>
Taxation on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>	<b>8</b>	<b>(5)</b>	<b>(4)</b>

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

**Statement of total recognised gains and losses for the year ended 31 December 2011**

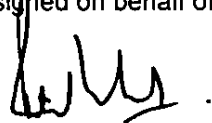
	Note	<b>2011</b>	<b>2010</b>
		<b>£'000</b>	<b>£'000</b>
<b>Loss for the financial year</b>		<b>(5)</b>	<b>(4)</b>
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net liabilities at the beginning of the year	9	(57)	(191)
<b>Total recognised losses relating to the financial year</b>		<b>(62)</b>	<b>(195)</b>

The accompanying notes are an integral part of the financial statements

**B A.T Far East Holding Limited****Balance sheet at 31 December 2011**

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Investments	4	-	-
		-	-
<b>Current assets</b>			
Debtors amounts falling due within one year	5	20	32
Cash at bank and in hand		254	244
Creditors amounts falling due within one year	6	(7,159)	(7,099)
<b>Net current liabilities</b>		<b>(6,885)</b>	<b>(6,823)</b>
<b>Total assets less total liabilities</b>		<b>(6,885)</b>	<b>(6,823)</b>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Profit and loss account	8	(6,885)	(6,823)
<b>Total shareholders deficit</b>	9	<b>(6,885)</b>	<b>(6,823)</b>

The financial statements on pages 6 to 13 were approved by the Directors on 1 August 2012 and signed on behalf of the Board



R Cordeschi  
Director

**Registered number 3216047**

The accompanying notes are an integral part of the financial statements



## **Notes to the financial statements for the year ended 31 December 2011**

### **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 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 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 principal accounting policies have been applied consistently throughout the year and a summary is set out below

#### **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 FRS1 (revised 1996) 'Cash flow statements'

#### **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 liabilities 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.

#### **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.

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies (continued)

#### Taxation

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

The current income taxation charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date

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

#### Fixed asset investments

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

### 2 Operating charges

	2011 £'000	2010 £'000
Auditor's remuneration		
- Audit services	3	3
- Non-audit services taxation advice	1	-
Other operating charges	1	1
	<b>5</b>	<b>4</b>

There were no employees (2010: none) and no staff costs during the year (2010: £nil)

None of the Directors received any remuneration in respect of their services to the Company during the year (2010: £nil)

# Notes to the financial statements for the year ended 31 December 2011

## 3 Taxation on loss on ordinary activities

### (a) Summary of taxation on loss on ordinary activities

	2011 £'000	2010 £'000
<b>Current taxation:</b>		
UK corporation taxation on loss of the year		
Comprising		
- current taxation at 26.5% (2010: 28.0%)	-	-
<b>Total current taxation note 3(b)</b>	<b>-</b>	<b>-</b>

### (b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 28.0% to 26.0% with effect from 1 April 2011. Accordingly the Company's loss for this accounting period is taxed at an effective rate of 26.5%.

The current taxation charge differs from the standard 26.5% (2010: 28.0%) rate of corporation taxation in the UK. The major causes of this difference are listed below.

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(5)	(4)
Corporation taxation at 26.5% (2010: 28.0%) on loss on ordinary activities	(1)	(1)
<b>Factors affecting the taxation rate:</b>		
Permanent differences	(48)	(49)
Group loss relief surrendered at nil consideration	49	50
<b>Total current taxation credit note 3(a)</b>	<b>-</b>	<b>-</b>

An amount of £182,000 (2010: £174,000) (taxation amount of £48,000 (2010: £49,000)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

# Notes to the financial statements for the year ended 31 December 2011

## 4 Investments

### (1) Shares in Group undertakings

#### Unlisted – registered in England and Wales

#### % equity shares held

B A T Guandong Limited	99*
99 ordinary shares of £1 00 each	
B A T Guizhou Limited	99*
99 ordinary shares of £1 00 each	
B A T Far East Development Limited	99*
99 ordinary shares of £1 00 each	
B A T Far East Leaf Limited	99*
99 ordinary shares of £1 00 each	

\*In each case the remaining 1% is held by a British American Tobacco Group Company as nominee

### (2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £
<b>Cost</b>	
1 January 2011	-
<b>31 December 2011</b>	-
<b>Impairment provisions</b>	
1 January 2011	-
<b>31 December 2011</b>	-
<b>Net book value</b>	
1 January 2011	-
<b>31 December 2011</b>	-

- (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

## 5 Debtors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due from Group undertakings	20	32

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

# Notes to the financial statements for the year ended 31 December 2011

## 6 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to Group undertakings	7,155	7,096
Accruals and deferred income	4	3
	<b>7,159</b>	<b>7,099</b>

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

## 7 Called up share capital

Ordinary shares of £1 each	2011	2010
Allotted, called up and fully paid		
- value	£100	£100
- number	100	100

## 8 Reserves

	Profit and loss account £'000
1 January 2011	(6,823)
Loss for the financial year	(5)
Unrealised exchange differences on translation of branch activities	(57)
<b>31 December 2011</b>	<b>(6,885)</b>

## 9 Reconciliation of movements in shareholders' deficit

	2011 £'000	2010 £'000
Loss for the financial year	(5)	(4)
Unrealised exchange differences on translation of branch activities	(57)	(191)
Net movement in shareholders' deficit	(62)	(195)
Opening shareholders' deficit	(6,823)	(6,628)
<b>Closing shareholders' deficit</b>	<b>(6,885)</b>	<b>(6,823)</b>

**Notes to the financial statements for the year ended 31 December 2011**

**10 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

**11 Parent company support**

The intermediate parent undertaking Weston Investment Company Limited has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future

**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. The Company's immediate parent undertaking is British American Tobacco China Holdings 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