

B.A.T Far East Leaf Limited

Registered Number 03490486

Directors' report and financial statements

For the year ended 31 December 2014

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Contents

Strategic report	2
Directors' report	3
Independent auditors' report to the members of B.A.T Far East Leaf Limited	5
Profit and loss account for the year ended 31 December 2014	7
Statement of total recognised gains and losses for the year ended 31 December 2014.....	7
Balance sheet at 31 December 2014	8
Notes to the financial statements for the year ended 31 December 2014	9

Strategic report

The Directors present their strategic report on the Company for the year ended 31 December 2014.

Principal activities

The Company engages in tobacco leaf trading and projects relating to the tobacco industry in China.

Review of the year ended 31 December 2014

The profit for the financial year attributable to B.A.T Far East Leaf Limited shareholders after deduction of all charges and the provision of taxation amounted to £1,474,000 (2013: £1,142,000).

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.

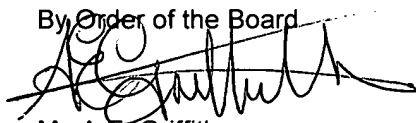
Key performance indicators

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 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 A.E. Griffiths
Secretary

18 August 2015

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2014.

Dividends

The Directors do not recommend the payment of a dividend for the year (2013: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2014 to the date of this report are as follows:

	Appointed	Resigned
Brendan James Brady		
Robert James Casey		
Charl Erasmus Steyn		30 April 2015
Jerome Bruce Abelman		03 June 2014
Geoffrey Charles William Cunningham		
Hardeep Khangura		
Belinda Joy Ross	03 June 2014	
David Patrick Ian Booth	13 May 2015	

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' report

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 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



Ms A.E. Griffiths
Secretary

18 August 2015

Independent auditors' report to the members of B.A.T Far East Leaf Limited

Report on the financial statements

Our opinion

In our opinion, B.A.T Far East Leaf Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

What we have audited

B.A.T Far East Leaf Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of B.A.T Far East Leaf Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sotiris Kroustis (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

18 August 2015

Profit and loss account for the year ended 31 December 2014

		2014 £'000	2013 £'000
Continuing operations	Note		
Turnover	2	14,766	16,817
Other operating charges	3	(13,224)	(15,615)
Operating profit		1,542	1,202
Interest payable and similar charges	4	(16)	(7)
Profit on ordinary activities before taxation		1,526	1,195
Taxation on profit on ordinary activities	5	(52)	(53)
Profit for the financial year	10	1,474	1,142

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 total recognised gains and losses for the year ended 31 December 2014

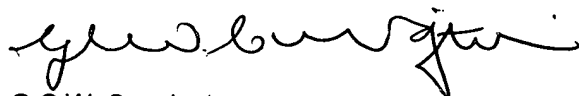
	Note	2014 £'000	2013 £'000
Profit for the financial year		1,474	1,142
Difference on exchange arising on the retranslation to sterling of the profit for the financial year from average to closing rates of exchange	11	84	(63)
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net liabilities at the beginning of the year	11	(224)	91
Total recognised gains relating to the financial year		1,334	1,170

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

Balance sheet at 31 December 2014

		2014	2013
	Note	£'000	£'000
Fixed assets			
Tangible assets	6	55	80
Current assets			
Debtors: amounts falling due within one year	7	6,874	5,615
Cash at bank and in hand		325	318
Creditors: amounts falling due within one year	8	(9,573)	(9,666)
Net current liabilities		(2,374)	(3,733)
Total assets less current liabilities		(2,319)	(3,653)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(2,319)	(3,653)
Total shareholders' deficit	11	(2,319)	(3,653)

The financial statements on pages 7 to 14 were approved by the Directors on 18 August 2015 and signed on behalf of the Board.



G.C.W. Cunnington
Director

Registered number
03490486

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

Notes to the financial statements for the year ended 31 December 2014

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 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 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.

Accounting for turnover and income

Turnover comprises sales at invoiced value (excluding duty, excise and other taxes) and is after deducting rebates, returns and similar discounts, and 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 when there is an expectation that all or a portion of the amount due will not be recovered.

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.

Notes to the financial statements for the year ended 31 December 2014

Accounting policies (continued)

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write off the cost of tangible assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The rates of depreciation used are:

	%
Furniture and fixtures	20
Office equipment	20
Motor vehicles	25
Computer equipment	20

Operating leases

The annual payments under operating leases are charged to the profit and loss account on a straight line basis over the length of the lease term.

Future changes to accounting policies

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 will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under EU-adopted International Financial Reporting Standards (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 financial statements, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted 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 will adopt the accounting requirements of the reduced disclosure framework under FRS 101 in the Company's reporting for 2015. The adoption of FRS 101 from 1 January 2015 will have no material impact on profit or equity.

2 Turnover

Turnover represents income from tobacco leaf trading after deducting excise, duty and other taxes.

In the opinion of the Directors a geographical analysis of turnover would be prejudicial to the commercial interests of the Company.

Notes to the financial statements for the year ended 31 December 2014

3 Other operating charges

	2014 £'000	2013 £'000
Other operating charges comprise:		
Raw materials and consumables	12,121	14,664
Staff costs	844	730
Depreciation of tangible fixed assets	29	62
Impairment of tangible fixed assets	-	(3)
Profit on disposal of fixed assets	-	(1)
Operating lease charges:	-	-
- land and buildings	45	34
Auditors' remuneration:	-	-
- For the audit of the financial statements	37	14
Exchange (gains)/losses	(1)	5
Other	149	110
	13,224	15,615
Staff costs:		
Wages and salaries	619	557
Social security costs	225	173
	844	730

The average monthly number of persons employed by the Company during the year was:

	2014 Number	2013 Number
By activity		
Administration	1	1
Other	21	19
	22	20

None of the Directors received any remuneration in respect of their services to the Company during the year (2013: £nil).

At 31 December, the Company had annual commitments in respect of non-cancellable operating leases expiring as follows:

	Land and buildings	
	2014 £'000	2013 £'000
Within one year	45	85

4 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable to Group undertakings	1	2
Exchange loss on cash	15	5
	16	7

Notes to the financial statements for the year ended 31 December 2014

5 Tax on profit on ordinary activities

(a) Summary of tax on ordinary activities

	2014 £'000	2013 £'000
Current taxation:		
Comprising:		
- current taxation at 21.5% (2013: 23.25%)	-	-
- double taxation relief	-	-
Overseas taxation	52	53
Total current taxation note 5(b)	52	53

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 23.0% to 21.0% with effect from 1 April 2014. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 21.5%.

The current taxation charge differs from the standard 21.5% (2013: 23.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	1,526	1,195
Corporation taxation at 21.5% (2013: 23.25%) on profit on ordinary activities	328	278
Factors affecting the taxation rate:		
Permanent differences	(89)	(93)
Group loss relief surrendered at less than full consideration	101	110
Overseas taxation	52	53
Overseas branch profit exemption	(340)	(295)
Total current taxation charge note 5(a)	52	53

An amount of £455,000 (2013: £471,000) (taxation amount of £98,000 (2013: £110,000)) 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 2014

6 Tangible assets

	Furniture and fixtures £'000	Office equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
1 January 2014	23	24	180	63	290
Difference on exchange	2	2	12	3	19
31 December 2014	25	26	192	66	309
Accumulated depreciation					
1 January 2014	23	12	127	48	210
Charge for the year	-	4	19	6	29
Difference on exchange	2	1	8	4	15
31 December 2014	25	17	154	58	254
Net book value					
31 December 2013	-	12	53	15	80
31 December 2014	-	9	38	8	55

7 Debtors: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	6,868	5,600
Other debtors	6	16
Prepayments and accrued income	-	(1)
	6,874	5,615

Included within amounts owed by Group undertakings is an amount of £6,866,000 (2013: £5,569,000) which is unsecured, interest bearing and repayable on demand. The interest is based on LIBOR. All other amounts due from Group undertakings are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	-	2
Amounts owed to Group undertakings	8,959	9,220
Taxation and social security	28	17
Accruals and deferred income	586	427
	9,573	9,666

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

9 Called up share capital

Ordinary shares of £1 each	2014	2013
Allotted, called up and fully paid		
- value	£100	£100
- number	100	100

Notes to the financial statements for the year ended 31 December 2014

10 Reserves

	Profit and loss account
	£'000
1 January 2014	(3,653)
Profit for the financial year	1,474
Unrealised exchange differences on translation of branch activities	(140)
31 December 2014	(2,319)

11 Reconciliation of movements in shareholders' deficit

	2014 £'000	2013 £'000
Profit for the financial year	1,474	1,142
Unrealised exchange differences on translation of branch activities	(140)	28
Net movement in shareholders' deficit	1,334	1,170
Opening shareholders' deficit	(3,653)	(4,823)
Closing shareholders' deficit	(2,319)	(3,653)

12 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 'Related party disclosures' from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

13 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.

14 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 B.A.T Far East Holding 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