

**British American Shared Services Limited**

**Registered Number 04048887**

**Annual report and financial statements**

**For the year ended 31 December 2016**

WEDNESDAY



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COMPANIES HOUSE

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## Strategic report

The Directors present their strategic report on British American Shared Services Limited (the "Company") for the year ended 31 December 2016.

### Principal activities

The Company acts as an investment holding company in subsidiary undertakings of the British American Tobacco p.l.c. Group (the "Group") which provide financial shared services to the Group.

### Review of the year ended 31 December 2016

The profit for the financial year attributable to British American Shared Services Limited shareholders after deduction of all charges and the provision of taxation amounted to £nil (2015: £380,000).

The Company declared in 2015 a dividend payable of £379,000 to its immediate parent, British American Global Shared Services Limited. At the date of this report, this has not yet been paid,

### 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



S.L. Kerr  
**Assistant Secretary**  
15 September 2017

## Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2016.

### Dividends

During the year the Company has declared a dividend amounting to £nil (2015: £379,000).

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2016 to the date of this report are as follows:

	Appointed	Resigned
Robert Fergus Heaton		
Philip John Colman		
Richard Remon Bakker	19 December 2016	
Robert James Casey	19 December 2016	
Terrence Donald McConnell		5 September 2016

### 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 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

A handwritten signature in black ink, appearing to read 'S.L. Kerr', written in a cursive style.

S.L. Kerr  
**Assistant Secretary**  
15 September 2017

## **Independent auditor's report to the members of British American Shared Services Limited**

We have audited the financial statements of British American Shared Services Limited for the year ended 31 December 2016 set out on pages 7 to 13. 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](http://www.frc.org.uk/auditscopeukprivate).

### **Our opinion**

In our opinion, British American Shared Services Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its results 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of British American Shared Services 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 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  
18 September 2017

## Profit and loss account for the year ended 31 December

	Note	2016 £'000	2015 £'000
<b>Continuing operations</b>			
Other operating expenses	2	-	-
<b>Operating profit</b>		-	-
Income from shares in Group undertakings	3	-	380
<b>Profit on ordinary activities before taxation</b>		-	380
Tax on profit on ordinary activities	4	-	-
<b>Profit for the financial year</b>		-	380

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 equivalent.

There are no recognised gains or losses other than the profit for the financial year and therefore no Statement of other comprehensive income has been prepared.

## Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
1 January 2015	-	11	11
Profit for the financial year	-	380	380
Dividends payable	-	(379)	(379)
<b>31 December 2015</b>	-	<b>12</b>	<b>12</b>
Profit for the financial year	-	-	-
<b>31 December 2016</b>	-	<b>12</b>	<b>12</b>

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



## Balance sheet as at 31 December

		2016	2015
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments in Group companies	5	-	-
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	391	391
<b>Net current assets</b>		<b>391</b>	<b>391</b>
Creditors: amounts falling due within one year	7	(379)	(379)
<b>Net assets</b>		<b>12</b>	<b>12</b>
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account		12	12
<b>Total shareholders' funds</b>		<b>12</b>	<b>12</b>

The financial statements on pages 7 to 13 were approved by the Directors on 15 September 2017 and signed on behalf of the Board.

R.J. Casey  
Director



Registered number  
04048887

## Notes to the financial statements for the year ended 31 December 2016

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

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 101 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 judgment 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 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.

#### 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.

## Notes to the financial statements for the year ended 31 December 2016

### 1 Accounting policies (continued)

#### 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.

#### Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

#### 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.

### 2 Other operating expenses

Auditor's fees of £2,500 were borne by a fellow Group undertaking (2015: £2,500).

There were no employees (2015: none) and no staff costs during the year (2015: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2015: £nil).

## Notes to the financial statements for the year ended 31 December 2016

### 3 Income from shares in Group undertakings

	2016 £'000	2015 £'000
Income from shares in Group undertakings	-	380

Income from shares in Group undertakings from 2015 represents dividends received from British American Shared Services (Europe) S.R.L related to 2014 results.

### 4 Taxation

#### 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 substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge.

The current taxation charge differs from the standard 20.00% (2015: 20.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2016 £'000	2015 £'000
Profit/(loss) for the year	-	380
Total tax expense	-	-
Profit excluding taxation	-	380
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	-	77
Tax exempt revenues	-	(77)
<b>Total tax charge for the period</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2016

## 5 Investments

## (1) Shares in Group undertakings

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
<b>South Africa</b>				
Waterway House South No 3 Dock Road V & A Waterfront Cape Town 8000 South Africa				
British American Shared Services Africa Middle East (Pty) Limited	Ordinary	100.00	0.00	100.00

The subsidiary undertaking that principally affect the Company's financial position is British American Shared Services Africa Middle East (Pty) Limited. The subsidiary undertakings' principal activities are the provision of financial shared services.

In October 2015, the Company entered into an agreement to dispose of the investment in British American Global Shared Services (Europe) Limited to British American Global Shared Services Limited, a fellow Group subsidiary. This sale was completed in accordance with local regulations in May 2016. The investment was sold at book value with no gain or loss.

## (2) Investments in Group undertakings

## Investments in Group undertakings

	£'000
<b>Cost</b>	
1 January 2016	-
<b>31 December 2016</b>	-
<b>Impairment provisions</b>	
1 January 2016	-
<b>31 December 2016</b>	-
<b>Net book value</b>	
1 January 2016	-
<b>31 December 2016</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.

## Notes to the financial statements for the year ended 31 December 2016

### 6 Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Debtors: amounts falling due within one year	391	391

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

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

	2016 £'000	2015 £'000
Creditors: amounts falling due within one year	379	379

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

### 8 Called up share capital

Ordinary shares of £1 each	2016	2015
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

### 9 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.

### 10 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 Global Shared Services 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