

British American Tobacco Brands (Luxembourg) Limited

Registered Number 04246970

Directors' report and financial statements

For the year ended 31 December 2011

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British American Tobacco Brands (Luxembourg) 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

Until September 2010, the Company was inactive having, in 2005, disposed of its investment in a subsidiary company operating in the tobacco industry on behalf of British American Tobacco p l c (the "Group") However, as a result of a restructuring of the Group in September 2010, the Company's principal activity is now the provision of interest-bearing deposits to other Group companies

Review of the year ended 31 December 2011

The profit for the financial year attributable to British American Tobacco Brands (Luxembourg) Limited shareholders after deduction of all charges and the provision of taxation amounted to £81,000 (2010 £34,000)

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

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

During the year the Company paid dividends amounting to £17,888,000 (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	Dates resigned
Robert James Casey		
Alan Jude King	17 August 2011	
Nikolaus Mohr	17 August 2011	
Nicola Snook	17 August 2011	
Kenneth John Hardman		17 August 2011
John Benedict Stevens		17 August 2011

British American Tobacco Brands (Luxembourg) Limited

Directors' report (continued)

Directors' indemnities

Throughout the period 1 January 2011 to the date of his resignation, an indemnity has been in force under which Mr J B Stevens, as director of the Company, is, to the extent permitted by law, indemnified by British American Tobacco p l c , the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which he may incur in or about the execution of his duties to the Company or as a result of things done by him as director on behalf of the Company

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 have prepared 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) 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


Alan King
Director

19 April 2012

British American Tobacco Brands (Luxembourg) Limited

Independent auditors' report to the members of British American Tobacco Brands (Luxembourg) Limited

We have audited the financial statements of British American Tobacco Brands (Luxembourg) Limited for the year ended 31 December 2011 which comprise the profit and loss account, 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 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.

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.

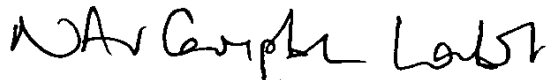
British American Tobacco Brands (Luxembourg) Limited

Independent auditors' report to the member of British American Tobacco Brands (Luxembourg) 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

20 April 2012

British American Tobacco Brands (Luxembourg) Limited

Profit and loss account for the year ended 31 December 2011

Continuing operations	Note	2011	2010
		£'000	£'000
Interest receivable and similar income	3	81	34
Profit on ordinary activities before taxation		81	34
Taxation on profit on ordinary activities	4	-	-
Profit for the financial year	7	81	34

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

There are no recognised gains or losses other than the profit for the financial year

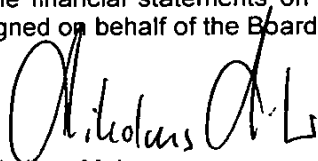
The accompanying notes are an integral part of the financial statements

British American Tobacco Brands (Luxembourg) Limited

Balance sheet at 31 December 2011

	Note	2011 £'000	2010 £'000
Current assets			
Debtors amounts falling due within one year	5	112	17,919
Current assets		112	17,919
Capital and reserves			
Called up share capital	6	104	104
Profit and loss account	7	8	17,815
Total shareholders funds	8	112	17,919

The financial statements on pages 6 to 11 were approved by the Directors on 19 April 2012 and signed on behalf of the Board



Nikolaus Mohr
Director

Registered number
004246970

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 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

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.

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.

Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly, dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

British American Tobacco Brands (Luxembourg) Limited

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

2 Operating charges

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2010 £300)

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 as a director of the Company during the year (2010 £nil)

3 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from Group undertakings	81	34

4 Taxation on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current taxation:		
UK corporation taxation on profit of the year		
Comprising		
- current taxation at 26.5% (2010 28.0%)	-	-
Total current taxation note 4(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 profit 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
Profit on ordinary activities before taxation	81	34
Corporation taxation at 26.5% (2010 28.0%) on profit on ordinary activities	21	10
Factors affecting the taxation rate:		
Permanent differences	1	-
Group loss relief claimed at less than full consideration	(22)	(10)
Total current taxation charge note 4(a)	-	-

An amount of £3,000 (2010 £nil) (taxation amount of £1,000 (2010 £nil)) included in permanent differences above represents taxation adjustments in respect of UK to UK transfer pricing.

British American Tobacco Brands (Luxembourg) Limited

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

5 Debtors: amounts falling due within one year

	2011	2010
	£'000	£'000
Amounts due from Group undertakings	112	17,919

Included within amounts due from Group undertakings is an amount of £112,000 (2010 £17,817,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. Other amounts due from Group undertakings are unsecured, interest free and repayable on demand.

6 Called up share capital

Ordinary shares of £1 each	2011	2010
Allotted, called up and fully paid		
- value	£103,946	£103,946
- number	103,946	103,946

7 Reserves

	Profit and loss account
	£'000
1 January 2011	17,815
Profit for the financial year	81
Dividends - interim paid	(17,888)
31 December 2011	8

8 Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	81	34
Dividends - interim paid	(17,888)	-
Net movement in shareholders' funds	(17,807)	34
Opening shareholders' funds	17,919	17,885
Closing shareholders' funds	112	17,919

9 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 plc Group.

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

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 was changed on 16 September 2010 from British American Tobacco International (Holdings) B V to Weston Investment Company Limited. 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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