

Company Registration Number 05319159 (England and Wales)

**TABACALERA DE GARCIA UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

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# **TABACALERA DE GARCIA UK LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	D I Resnekov R Wilkey T M Williams	(Appointed 1 October 2011) (Appointed 1 October 2012)
<b>Company secretary</b>	R L G Fennell	
<b>Company number</b>	05319159	
<b>Registered office</b>	PO Box 244 Upton Road Bristol BS99 7UJ	
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 31 Great George Street Bristol BS1 5QD	

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# **TABACALERA DE GARCIA UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2012**

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The Directors present their report and audited financial statements of the Company for the year ended 30 September 2012

#### **Principal activities and review of the business**

The principal activity of the Company continued to be that of holding investments

The year end financial position was considered satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future

The Company is a wholly owned indirect subsidiary of Imperial Tobacco Group PLC (the Group) and the Directors of the Group manage operations at a Group level. For this reason, the Company's Directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The financial risk management policies of the Group, which includes those of the Company, are discussed on page 118 of the Group's Annual Report which does not form part of this report, but is available at [www.imperial-tobacco.com](http://www.imperial-tobacco.com)

In addition, the Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the business of the Company. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's Annual Report (which does not form part of this report), specifically in the sections commencing on pages 52 and 58

#### **Results and dividends**

The results for the year are set out on page 5

The Directors do not recommend payment of an ordinary dividend (2011 \$ nil)

#### **Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were

J M Parnofiello  
D I Resnekov  
R Wilkey  
T M Williams

(Resigned 30 September 2012)  
(Appointed 1 October 2011)  
(Appointed 1 October 2012)

# TABACALERA DE GARCIA UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

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### 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 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.

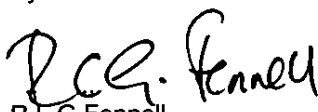
### Statement of disclosure to auditors

Each of the persons who is a Director at the date of approval of this report confirms that, so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

### Qualifying third party indemnity provisions

Imperial Tobacco Group PLC has purchased Directors' and Officers' liability insurance that has been in force during the financial year and is currently in force. The Directors of the Company have the benefit of this insurance, which is a qualifying third party indemnity provision as defined by the Companies Act 2006.

By order of the Board

  
R L G Fennell  
Company Secretary  
20 June 2013

# **TABACALERA DE GARCIA UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF TABACALERA DE GARCIA UK LIMITED**

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We have audited the financial statements of Tabacalera de Garcia UK Limited for the year ended 30 September 2012 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 2, 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 and financial statements 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 30 September 2012 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.

# **TABACALERA DE GARCIA UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

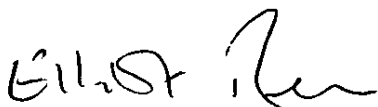
### **TO THE MEMBERS OF TABACALERA DE GARCIA UK LIMITED**

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#### **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



**Elliot Rees (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Bristol**  
21 June 2013

**TABACALERA DE GARCIA UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

	Notes	2012 \$	2011 \$
Administrative expenses		(434)	(139)
<b>Operating loss</b>	<b>2</b>	(434)	(139)
Interest receivable and similar income	<b>3</b>	1,657	188
<b>Profit on ordinary activities before taxation</b>		1,223	49
Tax on profit on ordinary activities	<b>4</b>	-	-
<b>Profit for the financial year</b>	<b>8</b>	1,223	49

The figures above are directly related to continuing operations in both the current and prior year

There is no material difference between the results shown above and that calculated on an historical cost basis in both the current and prior year

There are no recognised gains and losses other than those passing through the profit and loss account in both the current and prior year

# TABACALERA DE GARCIA UK LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2012

	Notes	2012 \$	\$	2011 \$	\$
<b>Fixed assets</b>					
Investments	5	120,506,000		120,506,000	
<b>Current assets</b>					
Debtors	6	878,151		618,206	
Cash at bank and in hand		-		258,722	
<b>Net current assets</b>		878,151		876,928	
<b>Total assets less current liabilities</b>		121,384,151		121,382,928	
<b>Capital and reserves</b>					
Called up share capital	7		2		2
Share premium account	8	110,255,000		110,255,000	
Profit and loss account	8	11,129,149		11,127,926	
<b>Total shareholders' funds</b>	9	121,384,151		121,382,928	

The financial statements on pages 5 to 10 were approved by the Board of Directors on ~~20<sup>th</sup> June 2013~~ and signed on its behalf by

  
D I Resnekov  
Director

  
T M Williams  
Director

Company Registration Number 05319159



# TABACALERA DE GARCIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

### 1 Accounting policies

#### 1.1 Accounting convention

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006

The Company is not required to prepare consolidated financial statements in accordance with Section 400, Companies Act 2006

The reporting currency of the Company is US\$ The exchange rate at 30 September 2012 was £1 = \$1 620

The Company has taken advantage of the exemption in FRS 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of Imperial Tobacco Group PLC and is included in the consolidated financial statements of the Group, which are publicly available

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which are applied consistently (except as otherwise stated)

#### 1.3 Fixed Asset Investments

Investments held as fixed assets comprise the Company's investment in subsidiaries and are shown at historic purchase cost less any provision for impairment

#### 1.4 Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value (less costs to sell) and value in use Value in use is based on the present value of future cash flows relating to the asset For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (income generating units)

Impairment losses are reversed where the recoverable amount increases because of a change in economic conditions or in the expected use of the asset

### 2 Operating loss

The auditors' fees of the Company of \$7,500 (2011 \$7,000), were met by Imperial Tobacco Limited, a wholly owned subsidiary of Imperial Tobacco Group PLC, the ultimate parent company

### 3 Interest receivable and similar income

	2012 \$	2011 \$
On amounts receivable from group undertakings	1,597	-
Bank interest	60	188
	<u>1,657</u>	<u>188</u>

# TABACALERA DE GARCIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2012

4	Taxation on Profit on Ordinary Activities	2012 \$	2011 \$
	Total current tax	-	-
	<b>Factors affecting the tax charge for the year</b>		
	The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK (25.00%) (2011 27.00%). The differences are explained below		
	Profit on ordinary activities before taxation	1,223	49
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.00% (2011 27.00%)	306	13
	Effects of		
	UK - UK transfer pricing adjustment	(6,714)	(7,197)
	Group relief surrendered	6,408	7,184
		(306)	(13)
	Current tax credit for the year	-	-

The corporation tax credit has been reduced by \$6,408 (2011 \$7,184) due to the surrender of group relief for nil consideration to other Imperial Tobacco group companies

#### Factors affecting future tax charge

The current tax credit has been reduced by the surrender of group relief. There is no guarantee that the surrender of group tax losses will occur in the future.

The current year tax rate of 25 per cent arises from profits being taxed at 26 per cent until 31 March 2012 and 24 per cent thereafter.

The rate of corporation tax was reduced by 2 per cent from 26 per cent to 24 per cent from 1 April 2012 and a further reduction to 23 per cent from 1 April 2013 was enacted at the balance sheet date. Further reductions of 2 per cent and 1 per cent are expected to be enacted resulting in a reduction of the corporation tax rate to 21 per cent by 1 April 2014 and 20 per cent by 1 April 2015 respectively.

**TABACALERA DE GARCIA UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**5 Fixed asset investments**

	Shares in subsidiary undertakings \$
<b>Cost</b>	
At 1 October 2011 and at 30 September 2012	120,506,000
<b>Net book value</b>	
At 30 September 2012	120,506,000
At 30 September 2011	120,506,000

In the opinion of the Directors, the value of the Company's shareholdings are not less than the amount stated in the balance sheet

The investment relates to 6 54% of the ordinary share capital of Altadis USA Holdings Inc , a company registered in the USA

The Company is not required to prepare consolidated financial statements in accordance with Section 400, Companies Act 2006

<b>6 Debtors</b>	<b>2012</b> \$	<b>2011</b> \$
Amounts owed by group undertakings	878,151	618,206

Amounts owed by group undertakings are repayable on demand and the weighted average receivable interest rate is 0 4% (2011 non-interest bearing)

<b>7 Called up share capital</b>	<b>2012</b> \$	<b>2011</b> \$
<b>Allotted, called up and fully paid</b>		
1 (2011 1) ordinary share of \$2 each	2	2

<b>8 Reserves</b>	Share premium account \$	Profit and loss account \$
Balance at 1 October 2011	110,255,000	11,127,926
Profit for the year	-	1,223
Balance at 30 September 2012	110,255,000	11,129,149

# TABACALERA DE GARCIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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9	Reconciliation of movements in shareholders' funds	2012 \$	2011 \$
	Profit for the financial year	1,223	49
	Opening shareholders' funds	121,382,928	121,382,879
		<hr/>	<hr/>
	Closing shareholders' funds	121,384,151	121,382,928
		<hr/>	<hr/>

### 10 Directors' remuneration

None of the Directors received any emoluments from the Company in respect of the year under review (2011 \$nil)

The emoluments of the Directors are paid by Imperial Tobacco Limited or Altadis USA Inc, both wholly owned subsidiaries of Imperial Tobacco Group PLC, the ultimate parent company. The Directors' services to the Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Imperial Tobacco Limited, Altadis USA Inc and the ultimate parent company. Accordingly, no emoluments are disclosed in these financial statements.

Retirement benefits are accruing under various defined benefit and defined contribution schemes, in respect of qualifying services of all the Company's Directors. The Directors' services to the Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Imperial Tobacco Limited, Altadis USA Inc and the ultimate parent company. Accordingly, no retirement benefits are disclosed in these financial statements.

### 11 Employees

The Company had no employees during the year other than the Directors (2011 none)

### 12 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party of Tabacalera de Garcia UK Limited at 30 September 2012 was Imperial Tobacco Group PLC, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which the results of the company are consolidated is that headed by Imperial Tobacco Group PLC, whose consolidated financial statements may be obtained from The Company Secretary, PO Box 244, Upton Road, Bristol, BS99 7UJ.

The immediate parent undertaking of Tabacalera de Garcia UK Limited at 30 September 2012 was Tabacalera de Garcia Limited, a Bermuda corporation.

### 13 Related party transactions

The Company has taken advantage of the group exemption under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Group since the Company is a wholly owned subsidiary of Imperial Tobacco Group PLC and is included in the consolidated financial statements of the Group, which are publicly available.