

Company Number : 05319159

TABACALERA DE GARCIA UK LIMITED

Financial Statements For the year ended 30 September 2017



TABACALERA DE GARCIA UK LIMITED

Company Information

Directors	D I Resnekov R Wilkey T M Williams
Company Secretary	R L G Fennell
Registered Number	05319159
Registered Office	121 Winterstoke Road Bristol BS3 2LL
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

TABACALERA DE GARCIA UK LIMITED

Strategic Report

The Directors present their Strategic Report together with the Directors' Report and audited financial statements of Tabacalera de Garcia UK Limited (the Company) for the year ended 30 September 2017.

Review of the business

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

The Company is a wholly owned indirect subsidiary of Imperial Brands PLC, which is the ultimate parent company within the Imperial Brands group (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 for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group's UK operations, which include the Company, are discussed in the Group's Annual Report which does not form part of this report, but is available at www.imperialbrandspc.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.

In the normal course of business, the Group is exposed to market, liquidity and credit risk. The financial risk management policy is discussed in the Financial Risk Factors section of the Group's Annual Report, which does not form part of this report.

The subsidiary of the Company is shown at the end of this report.

Financial results

The results for the Company show profit for the financial year of \$3,310 (2016: \$3,303), and total equity at 30 September 2017 of \$121,401,393 (2016: \$121,398,083).

The Directors do not recommend the payment of a final dividend (2016: \$nil).

Future Developments

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.

Employees

The Company does not have any employees.

On behalf of the Board



D I Resnekov

Director

19 February 2018

TABACALERA DE GARCIA UK LIMITED

Directors' Report

The Directors submit their report together with the Strategic Report and audited financial statements of the Company for the year to 30 September 2017.

Future developments and going concern

Future Developments are set out in the Strategic Report.

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management policy

Financial risk management policies are detailed in the Strategic Report.

Share capital

Details of the Company's share capital are shown in note 9 to the financial statements.

Dividends

As set out in the Strategic Report, the Directors do not recommend the payment a final dividend (2016: \$nil), nor have any interim dividends been paid during the year (2016: \$nil).

Qualifying third party indemnity provisions

Imperial Brands 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.

Directors

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

D I Resnekov
R Wilkey
T M Williams

Employees

The Company does not have any employees.

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

TABACALERA DE GARCIA UK LIMITED

Directors' Report

Statement of Directors' responsibilities (continued)

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

In the absence of a notice proposing that the appointment of PricewaterhouseCoopers LLP as Auditors of the Company should be brought to an end, the Auditors will be deemed to be re-appointed for the next financial year.

On behalf of the Board



D I Resnekov
Director
19 February 2018

TABACALERA DE GARCIA UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TABACALERA DE GARCIA UK LIMITED

Report on the financial statements

Opinion

In our opinion, Tabacalera de Garcia UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2017; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

TABACALERA DE GARCIA UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TABACALERA DE GARCIA UK LIMITED

Report on the financial statements (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on pages 3-4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

TABACALERA DE GARCIA UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TABACALERA DE GARCIA UK LIMITED

Report on the financial statements (continued)

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nick Muzzlewhite (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 February 2018

TABACALERA DE GARCIA UK LIMITED

Income Statement

For the year ended 30 September

(In \$)	Note	2017	2016
Finance income	5	3,310	3,303
Net finance income		3,310	3,303
Profit before taxation		3,310	3,303
Income tax expense	6	-	-
Profit for the financial year		3,310	3,303

The Company has no comprehensive income or expense other than that included above and, therefore, no separate Statement of Comprehensive Income has been prepared.

TABACALERA DE GARCIA UK LIMITED

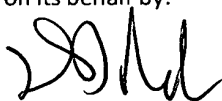
Balance Sheet

At 30 September

(In \$)	Note	2017	2016
Fixed assets			
Investments	7	120,506,000	120,506,000
Current assets			
Debtors: amounts falling due within one year	8	895,393	892,083
Net current assets		895,393	892,083
Net assets		121,401,393	121,398,083
Equity			
Called up share capital	9	2	2
Share premium account		110,255,000	110,255,000
Retained earnings		11,146,391	11,143,081
Total equity		121,401,393	121,398,083

The notes on pages 11 to 16 are an integral part of these financial statements.

The financial statements on pages 8 to 16 were approved by the Board of Directors on 19 February 2018 and signed on its behalf by:



D I Resnekov
Director

Company Number : 05319159

TABACALERA DE GARCIA UK LIMITED

Statement of Changes in Equity

For the year ended 30 September

(In \$)	Called up Share capital	Share premium account	Retained earnings	Total equity
At 1 October 2016	2	110,255,000	11,143,081	121,398,083
Profit for the financial year	-	-	3,310	3,310
At 30 September 2017	2	110,255,000	11,146,391	121,401,393
At 1 October 2015	2	110,255,000	11,139,778	121,394,780
Profit for the financial year	-	-	3,303	3,303
At 30 September 2016	2	110,255,000	11,143,081	121,398,083

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of the Company for the year ended 30 September 2017 were authorised for issue by the board of directors on 19 February 2018, and the balance sheet was signed on the board's behalf by D I Resnekov. The Company is a private company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with the Companies Act 2006, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable accounting standards.

The Company's financial statements are presented in US dollars except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Imperial Brands PLC, registered in the United Kingdom. The results of the Company are included in the consolidated financial statements of Imperial Brands PLC which are available from 121 Winterstoke Road, Bristol, BS3 2LL or on its website www.imperialbrandspc.com.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), as issued by the Financial Reporting Council, and on a going concern basis.

The financial statements have been prepared on the historical cost basis, except as described in the accounting policies on financial instruments below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the period and of assets and liabilities at the balance sheet date.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

2. Accounting policies (continued)

Basis of preparation of financial statements (continued)

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in the preparation of the financial statements, as detailed below:

- Paragraph 38 of IAS 1 'Presentation of financial statements' - comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 118(e) of IAS 38 'Intangible assets' - reconciliations between the carrying amount at the beginning and end of the period;
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - (i) 10(d) - statement of cash flows;
 - (ii) 10(f) - a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;
 - (iii) 16 - statement of compliance with all IFRS;
 - (iv) 38A - requirement for minimum of two primary statements, including cash flow statements;
 - (v) 38B-D - additional comparative information;
 - (vi) 40A-D - requirements for a third statement of financial position;
 - (vii) 111 - cash flow information; and
 - (viii) 134-136 - capital management disclosures;
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors' - requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- Paragraph 17 of IAS 24 'Related party disclosures' - key management compensation;
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- IFRS 7 'Financial Instruments: Disclosures'.

New accounting standards and interpretations

No new accounting standards, or amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 30 September 2017, have had a material impact on the Company.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into US dollar at the rates of exchange ruling at the balance sheet date.

Transactions in currencies other than US dollar are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement with exchange differences arising on trading transactions being reported in operating profit, and those arising on financing transactions being reported in net finance costs.

Interest

Interest payable and receivable is recognised in the income statement on an accruals basis.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

2. Accounting policies (continued)

Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in the shareholders' funds, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base.

A net deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is determined using 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 the deferred tax liability is settled. Deferred tax is measured on a non-discounted basis.

Investments

Investments held as fixed assets comprise the Company's investment in subsidiaries and are predominantly shown at historic purchase cost less any provision for impairment. The exception is when a fair value hedge is in place whereby the investment is revalued at the rate prevailing at the period end, with any foreign exchange movement taken to the net finance income / costs. Investments are tested for impairment annually to ensure that the carrying value of the investment is supported by their underlying net assets.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. Financial assets are de-recognised when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is extinguished.

Non-derivative financial assets are classified as loans and receivables. Receivables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, subject to reduction for allowances for estimated irrecoverable amounts. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of those receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement. For interest-bearing assets, the carrying value includes accrued interest receivable.

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. There were no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year for the Company.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

3. Operating profit

Expenses of the Company, including auditors' fees of £2,300 (2016: £2,200) were met by Imperial Tobacco Limited, a wholly owned subsidiary of Imperial Brands PLC, the ultimate parent company.

4. Directors and employees

The Company has no employees other than the Directors (2016: none), who did not received any remuneration (2016: \$nil).

The emoluments of the Directors are paid by Imperial Tobacco Limited, a wholly owned indirect subsidiary of Imperial Brands 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 and retirement benefits are deemed to be wholly attributable to their services to Imperial Tobacco Limited and the ultimate parent company. Accordingly, no emoluments or retirement benefits are disclosed in these financial statements.

5. Finance Income

(In \$)	2017	2016
Interest receivable from group undertakings	3,310	3,303

6. Income tax expense

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.5 per cent (2016: 20.0 per cent). The differences are explained as follows:

(In \$)	2017	2016
Profit before taxation	3,310	3,303
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.5 per cent (2016: 20.0 per cent).	645	661
Tax effects of:		
Group relief surrendered	4,063	4,573
UK-UK transfer pricing adjustment	(4,708)	(5,234)
Total tax charged to the income statement	-	-

The corporation tax credit for the year has been adjusted by \$4,063 (2016: \$4,573) due to the surrender of group relief for nil consideration to (2016: to) other Imperial Brands PLC companies.

Factors affecting future tax charges

There is no guarantee that the surrender of group tax losses by other Group undertakings will occur in the future.

The current year tax rate of 19.5 per cent arises from profits being taxed at 20.0 per cent until 31 March 2017 and 19.0 per cent there after.

The rate of corporation tax was reduced by 1.0 per cent from 20.0 per cent to 19.0 per cent from 1 April 2017. A further reduction to 17.0 per cent on 1 April 2020 was enacted as at the balance sheet date.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

7. Investments

(In \$)	Investment in subsidiary undertakings
At 1 October 2016 and 30 September 2017	120,506,000

Investments represent 6.5 per cent of the ordinary share capital of Altadis Holdings USA Inc, a company registered in the USA.

The Directors believe that the carrying value of the investment is supported by their underlying assets.

8. Debtors: amounts falling due within one year

(In \$)	2017	2016
Amounts owed by group undertakings	895,393	892,083

Amounts owed by group undertakings are interest bearing, have no fixed date for repayment and are repayable on demand.

9. Called up share capital

(In \$)	2017	2016
Authorised, allotted, called up and fully paid		
1 (2016: 1) Ordinary shares of £1 each	2	2

10. Related party transactions

The Company has taken advantage of the Group exemption under the terms of IAS 24 from disclosing related party transactions with entities that are part of the Group since the Company is a wholly owned subsidiary of Imperial Brands PLC and is included in the consolidated financial statements of the Group, which are publicly available.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

11. Related undertakings

The ultimate parent undertaking and controlling party of the Company at 30 September 2017 was Imperial Brands 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 Brands PLC, whose consolidated financial statements may be obtained from the Company Secretary, 121 Winterstoke Road, Bristol, BS3 2LL.

The immediate parent undertaking of Tabacalera de Garcia UK Limited at 30 September 2017 was Tabacalera de Garcia Limited, a company incorporated in and registered in Bermuda

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the country of incorporation and the effective percentage of equity owned, as at 30 September 2017 are disclosed below.

Name	Country of incorporation	Principal activity and registered address	% owned
Altadis Holdings USA Inc	United States of America	Holding investments in subsidiary companies 5900 North Andrews Avenue, Ste. 1100, Fort Lauderdale, FL, 33309, USA	6.5%

The investment is directly held, unlisted, has 1 type of ordinary share capital and a reporting period ending in September each year. The shareholding has been held throughout the year.