

Company Number : 05319159

TABACALERA DE GARCIA UK LIMITED

Financial Statements

For the year ended 30 September 2019

THURSDAY



A9BTN016

A12 20/08/2020 #286
COMPANIES HOUSE

A99HTCBU

A14 17/07/2020 #22
COMPANIES HOUSE

A97IQTG9

A17 19/06/2020 #308
COMPANIES HOUSE

TABACALERA DE GARCIA UK LIMITED

Company Information

Directors

T R W Tildesley

R Wilkey

T M Williams

Company Secretary

G P Bonnar

Registered Number

05319159

Registered Office

121 Winterstoke Road

Bristol

BS3 2LL

TABACALERA DE GARCIA UK LIMITED

Strategic Report

The Directors present their Strategic Report together with the Directors' Report and unaudited financial statements of Tabacalera de Garcia UK Limited (the Company) for the year ended 30 September 2019.

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.imperialbrandsplc.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 \$26,229 (2018: \$3,317), and total equity at 30 September 2019 of \$121,430,939 (2018: \$121,404,710).

The Directors do not recommend the payment of a final dividend (2018: \$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.

Brexit

The UK formally exited from the European Union on 31 January 2020, and entered into a transition trading arrangement until 31 December 2020. The Company has looked into the potential impacts of different trading arrangements that may exist after the transition arrangements expire. The key risks that have been identified include potential increase in import duties and impact on UK customers; additional risk of tobacco smuggling, inventory requirements to ensure supply and impact on consumer confidence.

TABACALERA DE GARCIA UK LIMITED

Strategic Report

COVID-19

In March 2020 the Imperial Brands Group was impacted by the global Coronavirus (Covid-19) pandemic, which resulted in unprecedented government restrictions on the normal operations of the Group across many countries. The restrictions put in place initially resulted in a number of office and factory closures. The Group has responded by adapting working practices through activities such as strengthening our IT infrastructure and accelerating the roll-out of software to facilitate remote team-working, as well as encouraging a more flexible approach. There have been modifications to working practices including changing shift patterns to ensure appropriate infection controls and social distancing for employees in manufacturing facilities. As a result of this, manufacturing plants have continued to operate and the Group is able to both produce and distribute product to customers to meet demand, while complying with all necessary safety precautions to protect staff and business partners from the risks arising from the pandemic.

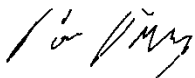
As the pandemic commenced in 2020 this represents a non adjusting post balance sheet event with regards to the financial statements of the Company for the year ending 30 September 2019.

As the Company's principal activity is that of holding investments in other group companies, the Company's operations themselves have not been significantly impacted by the Covid 19 pandemic. The Company is not aware of any post year end impairments to its investments specifically associated with the impact of the pandemic.

Employees

The Company does not have any employees.

On behalf of the Board



T R W Tildesley
Director
10 June 2020

TABACALERA DE GARCIA UK LIMITED

Directors' Report

The Directors submit their report together with the Strategic Report and unaudited financial statements of the Company for the year to 30 September 2019.

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 (2018: \$nil), nor have any interim dividends been paid during the year (2018: \$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 at the date of approval of these financial statements. 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:

T R W Tildesley

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

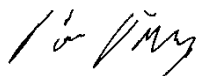
Statement of Directors' responsibilities (continued)

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.

On behalf of the Board



T R W Tildesley
Director
10 June 2020

TABACALERA DE GARCIA UK LIMITED

Income Statement

For the year ended 30 September

(In \$)	Note	2019	2018
Finance income	5	26,229	3,317
Net finance income		26,229	3,317
Profit before tax		26,229	3,317
Tax on profit	6	-	-
Profit for the financial year		26,229	3,317

The Company has no other 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	2019	2018
Fixed assets			
Investments	7	120,506,000	120,506,000
Current assets			
Debtors: amounts falling due within one year	8	924,939	898,710
Net current assets		924,939	898,710
Net assets		121,430,939	121,404,710
Equity			
Called up share capital	9	2	2
Share premium account		110,255,000	110,255,000
Retained earnings		11,175,937	11,149,708
Total equity		121,430,939	121,404,710

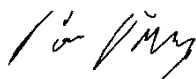
The notes on pages 9 to 14 are an integral part of these financial statements.

For the year ending 30 September 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the Directors have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 14 were approved by the Board of Directors on 10 June 2020 and signed on its behalf by:



T R W Tildesley
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 2018	2	110,255,000	11,149,708	121,404,710
Profit for the financial year	-	-	26,229	26,229
At 30 September 2019	2	110,255,000	11,175,937	121,430,939
At 1 October 2017	2	110,255,000	11,146,391	121,401,393
Profit for the financial year	-	-	3,317	3,317
At 30 September 2018	2	110,255,000	11,149,708	121,404,710

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 2019 were authorised for issue by the board of directors on 10 June 2020, and the balance sheet was signed on the board's behalf by T R W Tildesley. The Company is a private company limited by shares incorporated and domiciled in the United Kingdom, and registered 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.imperialbrandsplc.com.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and FRS 101 as issued by the Financial Reporting Council, on a going concern basis. The financial statements have been prepared consistently during the current and preceding year, except for newly applicable standards.

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

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' with effect from 1 October 2018, however the adoption of these standards does not have a material effect on the Company. There have been no other new standards or amendments which became effective for the current reporting period that have had a material effect on the Company.

IFRIC 23 'Uncertainty over income tax treatments' will be effective, subject to EU endorsement, for the period beginning 1 October 2019. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. The adoption of this interpretation is not expected to have a material effect on the Company's net assets or results.

IFRS 16 'Leases' will be effective for the period beginning 1 October 2019. As the Company does not currently have any leases there will be no impact on adoption of the standard.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

2. Accounting policies (continued)

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars 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.

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 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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.

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

2. Accounting policies (continued)

Financial Instruments (continued)

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.

3. Operating profit

Expenses of the Company, including audit fees of nil (2018: £nil) 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 (2018: none), who did not receive any remuneration (2018: \$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 below the ultimate parent company 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 \$)	2019	2018
Interest receivable from group undertakings	26,229	3,317

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

6. Tax on profit

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.0 per cent (2018: 19.0 per cent). The differences are explained as follows:

(In \$)	2019	2018
Profit before taxation	26,229	3,317
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.0 per cent (2018: 19.0 per cent).	4,984	630
Tax effects of:		
Group relief (claimed)/surrendered	(94)	4,404
UK-UK transfer pricing adjustment	(4,890)	(5,034)
Total tax charged to the income statement	-	-

The corporation tax credit for the year has been adjusted by \$94 (2018: \$4,404) due to the claim of group relief for nil consideration from (2018: surrender to) other Imperial Brands PLC companies.

Factors affecting future tax charges

The current year and prior year tax rate of 19.0 per cent arises from profits being taxed at 19.0 per cent which has been the UK corporation tax rate since April 2017.

7. Investments

(In \$)	Investment in subsidiary undertakings
At 30 September 2018 and 30 September 2019	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 \$)	2019	2018
Amounts owed by group undertakings	924,939	898,710

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 \$)	2019	2018
Authorised, allotted, called up and fully paid		
1 (2018: 1) Ordinary share of £1 each	2	2

TABACALERA DE GARCIA UK LIMITED

Notes to the Financial Statements

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.

11. COVID-19

In March 2020 the Imperial Brands Group was impacted by the global Coronavirus (Covid-19) pandemic, which resulted in unprecedented government restrictions on the normal operations of the Group across many countries. The restrictions put in place initially resulted in a number of office and factory closures. The Group has responded by adapting working practices through activities such as strengthening our IT infrastructure and accelerating the roll-out of software to facilitate remote team-working, as well as encouraging a more flexible approach. There have been modifications to working practices including changing shift patterns to ensure appropriate infection controls and social distancing for employees in manufacturing facilities. As a result of this, manufacturing plants have continued to operate and the Group is able to both produce and distribute product to customers to meet demand, while complying with all necessary safety precautions to protect staff and business partners from the risks arising from the pandemic.

As the pandemic commenced in 2020 this represents a non adjusting post balance sheet event with regards to the financial statements of the Company for the year ending 30 September 2019.

As the Company's principal activity is that of holding investments in other group companies, the Company's operations themselves have not been significantly impacted by the Covid 19 pandemic. The Company is not aware of any post year end impairments to its investments specifically associated with the impact of the pandemic.

12. Related undertakings

The ultimate parent undertaking and controlling party of the Company at 30 September 2019 was Imperial Brands PLC, a company incorporated in the United Kingdom, 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 2019 was Tabacalera de Garcia Limited, a company incorporated and registered in Honduras.

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 2019 are disclosed below.

Name	Country of incorporation	Principal activity and registered address	Percentage 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	6.50%

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.