

Company Number : 06141165


IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

Financial Statements  
For the year ended 30 September 2018

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# **IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED**

## **Company Information**

<b>Directors</b>	J M Downing
	T R W Tildesley
	M A Wall
<b>Company Secretary</b>	T M Williams
<b>Registered Number</b>	06141165
<b>Registered Office</b>	121 Winterstoke Road
	Bristol
	BS3 2LL

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Strategic Report

The Directors present their Strategic Report together with the Directors' Report and unaudited financial statements of Imperial Tobacco Overseas Holdings (3) Limited (the Company) for the year ended 30 September 2018.

### Review of the business

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

During the year Imperial Brands PLC group (the Group) undertook a structural reorganisation, resulting in some subsidiaries becoming dormant and the ownership structure of other subsidiary entities changing within the Group. As a consequence of the changes dividends have been upstreamed to the Company, and the investment in subsidiaries has been impaired accordingly. In addition, during the year the Company undertook a capital reduction, converting share premium into distributable reserves.

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](http://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 subsidiaries of the Company are shown at the end of this report.

### Financial results

The results for the Company show a profit for the financial year of £243,084 thousand (2017: £198,303 thousand), and total equity at 30 September 2018 of £1 thousand (2017: £9,399,925 thousand).

The Directors do not propose a final dividend (2017: none).

The aggregate dividends on the ordinary shares recognised as a charge to the Statement of Changes in Equity during the year amounts to £9,643,008 thousand (2017: £269,000 thousand).

### 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. Currently, there are no further Group re-organisation activities planned.

# **IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED**

## **Strategic Report**

### **Employees**

The Company does not have any employees.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'T R W Tildesley', written over a horizontal line.

T R W Tildesley  
Director  
26 April 2019

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) 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 2018.

### 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 13 to the financial statements.

### Dividends

As set out in the Strategic Report, the Directors do not propose a final dividend (2017: none). Interim dividends of £9,227,759 per ordinary share (2017: £181,818) amounting to £9,643,008 thousand (2017: £190,000 thousand) have been paid during the year.

### 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, are detailed below.

J M Downing

D I Resnekov (resigned 28 February 2018)

T R W Tildesley (appointed 28 February 2018)

M A Wall

### 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 regulation.

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).

## IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) 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  
26 April 2019

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Income Statement

For the year ended 30 September

(In £ thousand)	Note	2018	2017
Income from share in group undertakings		5,940,771	206,819
Amounts written off investments	5	(5,696,211)	-
Finance income	6	38,934	265,663
Finance costs	7	(40,410)	(276,247)
Net finance costs		(1,476)	(10,584)
<b>Profit before taxation</b>		<b>243,084</b>	<b>196,235</b>
Tax	8	-	2,068
<b>Profit for the financial year</b>		<b>243,084</b>	<b>198,303</b>

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.

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Balance Sheet

At 30 September

(In £ thousand)	Note	2018	2017
<b>Fixed assets</b>			
Investments	10	-	11,289,433
<b>Current assets</b>			
Debtors: amounts falling due within on year	11	1	-
Creditors: amounts falling due within one year	12	-	(1,889,508)
<b>Net current assets / (liabilities)</b>		<b>1</b>	<b>(1,889,508)</b>
<b>Total assets less current liabilities</b>		<b>1</b>	<b>9,399,925</b>
<b>Net assets</b>		<b>1</b>	<b>9,399,925</b>
<b>Equity</b>			
Called up share capital	13	1	1
Share premium account		-	9,391,465
Capital reserve		-	-
Retained earnings		-	8,459
<b>Total equity</b>		<b>1</b>	<b>9,399,925</b>

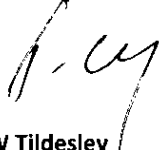
The notes on pages 9 to 15 are an integral part of these financial statements.

For the year ending 30 September 2018 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 15 were approved by the Board of Directors on 26 April 2019 and signed on its behalf by:



T R W Tildesley

Director

26 April 2019

Company Number : 06141165



# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Statement of Changes in Equity

For the year ended 30 September

(In £ thousand)	Called up share capital	Share premium account	Capital reserve	Retained earnings	Total equity
<b>At 1 October 2017</b>	<b>1</b>	<b>9,391,465</b>	<b>-</b>	<b>8,459</b>	<b>9,399,925</b>
Profit for the financial year	-	-	-	243,084	243,084
<b>Transactions with owners</b>					
Reduction of share premium	-	(9,391,465)	9,391,465	-	-
Dividends paid	-	-	(9,391,465)	(251,543)	(9,643,008)
<b>At 30 September 2018</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>At 1 October 2016</b>	<b>1</b>	<b>9,391,465</b>	<b>-</b>	<b>79,156</b>	<b>9,470,622</b>
Loss for the financial year	-	-	-	198,303	198,303
<b>Transactions with owners</b>					
Dividends paid	-	-	-	(269,000)	(269,000)
<b>At 30 September 2017</b>	<b>1</b>	<b>9,391,465</b>	<b>-</b>	<b>8,459</b>	<b>9,399,925</b>

# **IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) 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 2018 were authorised for issue by the board of directors on 26 April 2019, and the balance sheet was signed on the board's behalf by T R W Tildesley. The Company is a private company 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 Sterling and all values are rounded to the nearest thousand pounds (£000) 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.imperialbrandspkc.com](http://www.imperialbrandspkc.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' (FRS101), and FRS 101 as issued by the Financial Reporting Council, on a going concern basis.

The financial statements have been prepared on the historical cost basis, except as described in the accounting policies on foreign currency and 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.

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) 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 2018, have had a material impact on the Company.

#### Foreign currency

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

Transactions in currencies other than pound sterling 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.

#### Income from subsidiary

Dividend income from subsidiary entities is recognised in the period in which the right to receive payment is established.

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### 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.

#### Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends are recognised in the period in which the dividends are paid.

#### 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.

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Financial Instruments (continued)

Non-derivative financial liabilities are classified as loans and payables. Payables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. For borrowings, the carrying value includes accrued interest payable.

#### 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 auditors' fees of £nil (2017: £2,300) 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 (2017: none), who did not receive any remuneration (2017: £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. Impairment of investments

(In £ thousand)	2018	2017
Impairment of investments	5,696,211	-

During the year the Group undertook a structural reorganisation, resulting in some subsidiaries becoming dormant and the ownership structure of other subsidiary entities changing within the Group. As a consequence the Company has received dividends of £5,940,771 thousand from Imperial Tobacco Altadis Limited, and subsequently made a provision against the carrying value of its investment in this subsidiary by £5,696,211 thousand. No impairment losses were recognised in the year ended 30 September 2017.

## IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

### Notes to the Financial Statements

#### 6. Finance income

(In £ thousand)	2018	2017
Fair value gains associated with re-translation of investments	38,934	265,663

#### 7. Finance costs

(In £ thousand)	2018	2017
Interest payable to Group undertakings	5,228	10,584
Fair value losses associated with hedges on foreign currency movements on investments	35,182	265,663
	40,410	276,247

#### 8. Tax

##### Factors affecting the tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.0 per cent (2017: 19.5 per cent). The differences are explained as follows:

(In £ thousand)	2018	2017
Profit before taxation	243,084	196,235
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.0 per cent (2017: 19.5 per cent).	46,186	38,266
<b>Tax effects of:</b>		
Receipt for group relief	-	(2,068)
Group relief surrendered	997	2,068
UK-UK transfer pricing adjustment	(4)	(4)
Income not subject to tax	(1,129,459)	(40,330)
Expenses not deductible for tax purposes	1,082,280	-
<b>Total tax charged to the income statement</b>	-	(2,068)

The corporation tax credit for the year has been adjusted by £997 thousand (2017: £2,068 thousand) due to the surrender of group relief for nil consideration to (2017: to) other Imperial Brands PLC companies.

A charge for group relief was made for £nil (2017: £2,068 thousand) making a total tax charge adjustment of £997 thousand (2017: £nil).

##### 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 19.0 per cent arises from profits being taxed at 19.0 per cent until 30 September 2018.

The prior 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 thereafter.

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 at the balance sheet date.

# IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

## Notes to the Financial Statements

### 9. Dividends

(In £ thousand)	2018	2017
Final dividend paid 2017 of nil pence (2016: £75,598) per share	-	79,000
Interim dividend paid 2018 of £9,227,759 (2017: £181,818) per share	9,643,008	190,000
	9,643,008	269,000

The Directors do not propose a final dividend (2017: nil).

### 10. Investments

(In £ thousand)	Investment in subsidiary undertakings
Cost	
At 1 October 2017	11,289,433
Disposals	(5,632,155)
Exchange movements	38,933
At 30 September 2018	5,696,211
Impairment	
At 1 October 2017	-
Charge for the year	5,696,211
At 30 September 2018	5,696,211
Net book value	
At 30 September 2018	-
At 30 September 2017	11,289,433

During the year the Company made a provision against the carrying value of its investment in Imperial Tobacco Altadis Limited of £5,696,211 thousand, and disposed of its investment in Imperial Tobacco Espana S.L.U of £5,632,155 thousand.

### 11. Debtors: amounts falling due within one year

(In £ thousand)	2018	2017
Amounts owed by group undertakings	1	-

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

### 12. Creditors: amounts falling due within one year

(In £ thousand)	2018	2017
Amounts owed to group undertakings	-	1,889,508

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

## IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED

### Notes to the Financial Statements

#### 13. Called up share capital

(In £ thousand)	2018	2017
Authorised, allotted, called up and fully paid		
1,045 (2017: 1,045) Ordinary shares of £1 each	1	1

#### 14. 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.

#### 15. Guarantees

The Company acts as guarantor together with Imperial Brands PLC (the ultimate parent company) and various other subsidiaries of Imperial Brands PLC, for an uncommitted borrowing facility dated January 2007 for the benefit of the overall Group.

#### 16. Related undertakings

The ultimate parent undertaking and controlling party of the Company at 30 September 2018 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 Imperial Tobacco Overseas Holdings (3) Limited at 30 September 2018 was Imperial Tobacco Overseas Holdings (2) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

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 2018 are disclosed below.

##### Subsidiaries: Registered in England and Wales, wholly owned

Name	Principal activity and registered address
Imperial Tobacco Altadis Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England

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.