

BATLaw Limited

Registered Number 07233723

Annual report and financial statements

For the year ended 31 December 2018



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Strategic report

The Directors present their Strategic Report on BATLaw Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The Company provides legal services to the British American Tobacco p.l.c. Group (the "Group").

Review of the year ended 31 December 2018

The profit for the financial year attributable to BATLaw Limited shareholders after deduction of all charges and the provision of taxation amounted to £506,000 (2017: profit of £3,895,000).

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

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in the Annual Report of British American Tobacco p.l.c. and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the Annual Report of British American Tobacco p.l.c. and do not form part of this report.

By Order of the Board



J. Haynes
Assistant Secretary

22 July 2019

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2018.

Dividends

The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2018 to the date of signing this report are as follows:

Gareth Adams Cooper
Steven Glyn Dale
David Patrick Ian Booth

Research and development

No research and development expenditure has been incurred during the year (2017: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2017: £nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Employees

The average number of employees employed by the Company during the year was 14 (2017: 14).

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this Annual report confirms that:

- (a) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he has taken all steps that a Director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board



J. Haynes
Assistant Secretary

22 July 2019

Independent Auditor's Report to the members of BATLaw Limited

Opinion

We have audited the financial statements of BATLaw Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account, Statement of changes in equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the members of BATLaw Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Toby Odell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
22 July 2019

Profit and loss account for the period ended 31 December

		2018	<i>Restated</i>
		£'000	2017
Continuing operations	Note		£'000
Other operating income	2	35,698	41,729
Other operating expenses	3	(35,279)	(37,785)
Operating profit		419	3,944
Interest receivable and similar income	4	82	7
Interest payable and similar expenses	5	-	(56)
Profit before taxation		501	3,895
Tax on profit	6	5	-
Profit for the financial year		506	3,895

There is no difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

Statement of changes in equity for the year ended 31 December

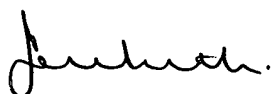
	Called up share capital	Profit and loss account	Total Equity
	£'000	£'000	£'000
1 January 2017	8,000	13,819	21,819
Profit for the financial year	-	3,895	3,895
31 December 2017	8,000	17,714	25,714
Change in accounting policy	-	(6)	(6)
	8,000	17,708	25,708
Profit for the financial year	-	506	506
31 December 2018	8,000	18,214	26,214

The accompanying notes are an integral part of the financial statements.

Balance sheet at 31 December

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	7	-	-
Current assets			
Deferred tax	6	6	-
Debtors: amounts falling due within one year	8	32,284	34,515
Creditors: amounts falling due within one year	9	(6,076)	(8,801)
Net current assets		26,214	25,714
Net assets		26,214	25,714
Capital and reserves			
Called up share capital	10	8,000	8,000
Profit and loss account		18,214	17,714
Total shareholders' funds		26,214	25,714

The financial statements on pages 7 to 16 were approved by the Directors on 22 July 2019 and signed on behalf of the Board.



D.P.I. Booth
Director

Registered number
07233723

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101, such as the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties, have been taken.

The directors have at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the signing of these accounts

With effect from 1 January 2018, the Company has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As part of the adoption of IFRS 15 an amount of £6,080,000 has been restated in 2017 in order to be presented gross as revenue and expenses. The cumulative impact of adopting IFRS 9 has been recognised as a restatement of opening reserves in 2018, and is £6,000, arising from the impairment of financial assets under the expected credit loss model.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The most significant items include the review of asset values and impairment testing of financial assets.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The accounting policies set out below have, unless otherwise state, been applied to all periods presented in the financial statements.

Income

Income represents the provision of services to fellow subsidiaries within the BAT Group. Income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

Notes to the financial statements for the year ended 31 December 2018

1

Accounting policies (continued)

Operating expenses

Operating expenses are recorded in period they relate to and are generated in the normal business operations of the company.

Foreign currencies

The functional currency of the Company is sterling. Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Taxation

Taxation is that chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under IAS 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the 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 deferred tax liability is settled.

Financial instruments

The Company's business model for managing financial assets is set out in the BAT Group Treasury Manual which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. The majority of financial assets are held in order to collect contractual cash flows (typically cash and cash equivalents and loans and other receivables) but some assets (typically investments) are held for investment potential.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current. Financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable, and is subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies (continued)

Impairment on non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognized to the extent that the carrying value exceeds the higher of the assets' fair value less costs to sell and its value in use.

Employee share schemes

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow Group undertaking, for the cost of share schemes to which its employees belong. This recharge is expensed in the year incurred. The fellow Group company, which administers the share schemes on behalf of other Group undertakings and calculates and reflects the charge for the share schemes, provides the relevant disclosures required under IFRS 2. As noted above, disclosures in regard to these costs are included in the consolidated financial statements of the Company's ultimate parent.

Retirement benefits

The Company operates and participates in both defined benefit and defined contribution schemes. The costs and liabilities of the defined benefit schemes are accounted for by the principal employer of the arrangement, and the Company recognises its contributions to the costs of these schemes as an expense when they fall due. Some benefits are provided through defined contribution schemes and payments to these are charged as an expense as they fall due.

2 Other operating income

Operating income comprises recharges of service fees to other Group companies. As part of the adoption of IFRS 15 an amount of £6,080,000 has been restated in 2017 in order to be presented gross as revenue and expenses. The amounts represent legal fees recovered from a fellow Group Company.

3 Other operating expenses

	2018 £'000	2017 £'000
Staff costs	4,427	4,107
Exchange losses/(gains)	72	(38)
Other operating expenses	30,780	33,716
	35,279	37,785
	2018 £'000	2017 £'000
Staff costs:		
Wages and salaries	2,833	2,525
Social security costs	397	345
Defined contribution scheme costs (note 11)	177	163
Defined benefit scheme treated as defined contribution scheme (note 11)	104	116
Share-based payments	916	958
	4,427	4,107

Auditors' fees of £10,000 were borne by a fellow Group undertaking (2017: £10,000).

The average monthly number of persons (including Directors) employed by the Company during the year was 14 (2017: 14) all of whom were working to provide legal services or in an administrative capacity.

Notes to the financial statements for the year ended 31 December 2018

3 Other operating expenses (continued)

The aggregate emoluments of the Directors payable by the Company in respect of their services to the Company were:

	2018 £'000	2017 £'000
Aggregate emoluments	502	671
	2018 Number	2017 Number
Directors exercising share options during the period	1	1
Directors entitled to receive shares under a long term incentive scheme	1	1
Directors retirement benefits accruing under a defined benefit scheme	1	1

Highest paid director

	2018 £'000	2017 £'000
Aggregate emoluments	502	671
Accrued pension at the end of period	77	82

4 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from Group companies	70	7
Finance exchange gain	12	-
	82	7

5 Interest payable and similar expenses

	2018 £'000	2017 £'000
Finance exchange loss	-	(56)
	-	(56)

Notes to the financial statements for the year ended 31 December 2018

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Taxation

a) Recognised in the Profit and loss account

	2018 £'000	2017 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(5)	-
Total deferred tax	(5)	-
Total income tax expense	(5)	-

(b) Factors affecting the taxation charge

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The current taxation charge differs from the standard 19% (2017: 19.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2018 £'000	2017 £'000
Profit for the year	506	3,895
Total tax expense	(5)	-
Profit excluding taxation	501	3,895
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	95	750
Non-deductible expenses	175	116
Effect of tax rate changes	1	-
Temporary difference not recognised	(6)	(1)
Group relief surrendered/(claimed) for nil consideration	(270)	(865)
Total tax charge for the period	(5)	-

The company has recognised gross temporary differences of (2018: £37,000) (taxation amount of (2018: £6,000) relating to capital allowances and credit loss. In 2017 the company had gross temporary timing differences of (2017:30,600) taxation amount of (2017:5,890) relating to capital allowances which was not recognised.

Notes to the financial statements for the year ended 31 December 2018

7 Tangible assets

	Computer equipment £'000
Cost	
1 January 2018	37
31 December 2018	37
Accumulated depreciation	
1 January 2018	37
31 December 2018	37
Net book value	
1 January 2018	-
31 December 2018	-

8 Debtors

	2018 £'000	2017 £'000
Amounts owed by Group undertakings - gross	32,296	30,686
Expected credit loss	13	-
Amounts owed by Group undertakings – net of allowances	32,283	30,686
Other debtors - gross	10	3,839
Other debtors - allowances	(9)	(10)
Other debtors – net of allowances	1	3,829
	32,284	34,515

Included within amounts owed by Group undertakings is an amount of £29,232,000 (2017: £11,232,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The movements in allowance accounts are as follows:

	IFRS 9 allowance	Other allowance	2018 £'000
1 January 2018	6	9	15
Provided in the year	7	-	7
31 December 2018	13	9	22

9 Creditors

	2018 £'000	2017 £'000
Trade creditors	91	590
Amounts owed to Group undertakings	1,017	1,855
Accruals and deferred income	4,968	6,356
	6,076	8,801

All amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2018

10 Called up share capital

Ordinary shares of £1 each	2018	2017
Allotted, called up and fully paid		
- value	£8,000,000	£8,000,000
- number	8,000,000	8,000,000

11 Retirement benefits

The Company participates in the British American Tobacco UK Pension Fund, is a multi-employer funded scheme. Under FRS 101, where more than one employer participates in a defined benefit scheme, if there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to individual group entities, then the net defined benefit cost shall be recognised in the accounts of the group entity that is legally the sponsoring of the employer. British American Tobacco (Investments) Limited is the sponsoring employer.

Details of the latest actuarial valuation of this defined benefit scheme are contained in the financial statements of British American Tobacco (Investments) Limited.

The last full triennial actuarial valuation of the British American Tobacco UK Pension Fund was carried out as at 31 March 2017 by a qualified independent actuary. The valuation showed that the fund had a deficit of £23,000,000 (2014: £264,000,000).

The Company only participates in multi-employer schemes and the Company is unable to identify its share of the underlying assets and liabilities of the schemes.

The defined benefit pension scheme cost was £104,000 (2017: £116,000) for the year.

The Company also participates in a defined contribution scheme. Payments in respect of defined contribution schemes are charged as an expense as they fall due. The defined contribution pension cost for the company was £177,000 (2017: £163,000).

12 Share-based payments

Employees of the Company participate in the British American Tobacco share schemes arrangements. The group operates a number of share-based payment arrangements of which the two principal ones are:

Long-Term Incentive plan (LTIP)

Nil-cost options exercisable after three years from date of grant with a contractual life of ten years. Payout is subject to performance conditions based on earnings per share (40% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant) and net turnover (20% of grant). Total shareholder return combines the share price and dividend performance of the Company by reference to one comparator group. Participants are not entitled to dividends prior to the exercise of the options. A cash equivalent dividend accrues through the vesting period and is paid on vesting. LTIPs were granted in March.

Deferred Share Bonus Scheme (DSBS)

Free ordinary shares released three years from date of grant and may be subject to forfeit if participant leaves employment before the end of the three year holding period. Participants receive a separate payment equivalent to a proportion of the dividend payment during the holding period. DSBS are granted in March each year.

Notes to the financial statements for the year ended 31 December 2018

13 Share-based payments (continued)

The Group also has a number of other arrangements which are not material for the Group and these are as follows:

Share Reward Scheme (SRS) and International Share Reward Scheme (ISRS)

Free shares granted in April each year (maximum £3,600 in any year) under the equity-settled scheme are subject to a three year holding period. Participants receive dividends during the holding period which are reinvested to buy further shares.

Share-based payment expense

Please refer to the Annual Report of British American Tobacco p.l.c. for full disclosures under IFRS 2.

The weighted average share price on exercise of LTIP shares in 2018 was £38.90 (2017: £51.95).

The weighted average share price on exercise of DSBS shares in 2018 was £40.00 (2017: £52.52).

The outstanding shares for the year ended 31 December 2018 had an exercise price range of £26.23 - £49.46 (2017: £48.43 - £52.52). The weighted average remaining contractual life are 8.1 years (2017: 8.1 years) for the LTIP shares and are 1.3 years (2017: 1.3 years) for the DSBS shares.

13 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

14 Contingent liabilities

The Company's ultimate parent British American Tobacco p.l.c. has guaranteed the liabilities of the British American Tobacco UK Pension Fund, on behalf of the Company and the other participating employers of the scheme. In addition all of the participating employers have cross guaranteed the contributions due to the scheme. The fund had a deficit according to the last triennial actuarial valuation in March 2017, of £23,000,000. As at 31 December 2018 the valuation of the surplus on an IAS 19 basis was £1,062,842,000 (2017: £995,473,000).

15 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British American Tobacco (1998) Limited. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG