

British American Tobacco (Corby) Limited

Registered Number 08909757

Directors' report and financial statements

For the period 25 February 2014 to 31 December 2014

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Strategic report

The Directors present their strategic report on the Company for the period 25 February 2014 to 31 December 2014.

Principal activities

The Company's principal activity is the production of dry ice expanded tobacco under a toll manufacturing arrangement with a fellow subsidiary of the British American Tobacco p.l.c. Group.

Review of the period ended 31 December 2014

The Company was incorporated on 25 February 2014 and the reporting period covered by these financial statements represents the first 10 months of operations.

The profit for the financial period attributable to British American Tobacco (Corby) Limited shareholders after deduction of all charges and the provision of taxation amounted to £125,000.

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



S. Kerr
Secretary

29 September 2015

Directors' report

The Directors present their report together with the audited financial statements of the Company for the period 25 February 2014 to 31 December 2014.

Dividends

The Directors do not recommend the payment of a dividend for the period.

Board of Directors

The names of the persons who served as Directors of the Company during the period 25 February 2014 to the date of this report are as follows:

	Appointed	Resigned
Luis Andre Silva De Barros	14 August 2014	
Jeroen Abraham Johannes Dees	20 January 2015	
Andrew Ross Deane	25 February 2014	20 January 2015
Hugo James Norman	14 August 2014	
Frederic Jean Louis Tirelli	14 August 2014	
Christopher Richard York	25 February 2014	
David Ian McLaren Anderson	25 February 2014	14 August 2014
Francisco Xavier Espinosa Villaquiran	25 February 2014	14 August 2014

Employees

The Company utilises a range of initiatives to actively encourage employee involvement in the Group's business including individual discussions, team briefings, employee surveys, publications and regular meetings with employee representatives.

The Company actively encourages employee share ownership through participation in the employee share plans, such as the Share Reward Scheme.

The Company has employment policies which are committed to providing a work environment that is free from harassment, bullying and discrimination – these policies are available to all staff on the Company's intranet. There is no discrimination against people with disabilities who apply to join the Company and anyone within the Company with disability is awarded the same opportunities for promotion, training and career development as other staff. We aim to establish and maintain a safe working environment for all staff, including those with disabilities.

Directors' report

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board



S. Kerr
Secretary

29 September 2015

Registered Office: Globe House, 4 Temple Place, London, WC2R 2PG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH AMERICAN TOBACCO (CORBY) LIMITED

We have audited the financial statements of British American Tobacco (Corby) Limited for the period 25 February 2014 to 31 December 2014 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Christopher Hearn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

Date: 30 September 2015

Profit and loss account for the period 25 February 2014 to 31 December 2014

	Note	25 February 2014 to 31 December 2014 £'000
Continuing operations		
Turnover	2	1,647
Operating charges	3	(1,522)
Operating result		125
Tax on profit on ordinary activities	4	-
Profit For the Period		125

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

There are no recognised gains or losses other than the profit for the financial period and therefore no statement of total recognised gains and losses has been presented.

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

Balance sheet at 31 December 2014

	Note	2014 £'000
Fixed assets		
Tangible fixed assets	5	8,511
Current assets		
Stock	6	222
Debtors: amounts falling due within one year	7	1,590
Cash at bank and in hand		1,353
Current Liabilities		
Creditors: amounts falling due within one year	8	1,552
Net current assets		1,614
Total assets less current liabilities		10,125
Net assets		10,125
Capital and reserves		
Called up share capital	9	10,000
Profit and loss account	10	125
Total shareholders' funds	11	10,125

The financial statements on pages 6 to 14 were approved by the Directors on 29 September 2015 and signed on behalf of the Board.



F. Tirelli
Director

Registered number
08909757

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

Notes to the financial statements for the period 25 February 2014 to 31 December 2014

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 the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies have been applied consistently throughout the period and a summary is set out below.

Cash flow statement

The Company is a wholly owned subsidiary of British American Tobacco p.l.c.. The cash flows of the Company are included in the consolidated cash flow statement of British American Tobacco p.l.c. which is publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) 'Cash flow statements'.

Foreign currencies

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 period. All exchange differences are taken to the profit and loss account in the period.

Taxation

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

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

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

A net deferred taxation asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward taxation losses and from which the future reversal of underlying timing differences can be deducted.

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on an undiscounted basis.

Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value. Any impairment is recognised in the profit and loss account in the period in which it arises.

Employee share schemes

The Company is recharged by British-American Tobacco Holdings Limited, a fellow group company, for

British American Tobacco (Corby) Limited

the cost of share schemes to which its employees belong. Refer to the operating charges note for the amount recharged for employee share schemes. The fellow Group Company, which administers the share schemes on behalf of other Group companies calculates and reflects the charge for the share schemes and provides the relevant disclosures required under FRS 20.

Retirement benefits

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow group company, for the pension costs of employees whose staff costs are borne by the Company. The recharge in the period ended 31 December 2014 was £37,000 as disclosed in note 3 operating charges. The fellow group company provides the relevant disclosures required under FRS17.

Future changes to accounting policies

The Financial Reporting Council has issued FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard applicable in the UK and Ireland. These standards will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under EU-adopted International Financial Reporting Standards (IFRS), for accounting periods beginning on or after 1 January 2015.

FRS 100 sets out the overall financial reporting framework for companies in the UK and Ireland. FRS 101 applies to the individual financial statements of subsidiaries and ultimate parents, allowing them to apply the same accounting policies as in their listed group financial statements, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSE. The primary statements of entities applying FRS 101 or FRS 102 would continue to follow the requirements of the Companies Act 2006.

The Company will adopt the accounting requirements of the reduced disclosure framework under FRS 101 in the Company's reporting for 2015. The adoption of FRS 101 from 1 January 2015 will have no material impact on profit or equity.

2 Turnover and other operating income

	25
	February
	2014 to 31
	December
	2014
	£'000
Toll Fee Income	1,647

Turnover comprises toll fee income from the toll principle which is a fellow subsidiary of the British American Tobacco p.l.c. Group.

3 Operating charges

	25 February 2014 to 31 December 2014 £'000
Operating charges comprise:	
Staff Costs	462
Depreciation of Tangible Fixed Assets	218
Utilities Costs	174
Maintenance Costs	374
Facilities	68
Other Operating Charges	226
	1,522
Staff costs:	
Wages and salaries	381
Social security costs	16
Defined benefit scheme treated as defined contribution scheme	31
Defined contribution pension costs	6
Share-Based payments	28
	462

The average monthly number of persons (including directors) employed by the Company during the period was 46.

One of the Directors received remuneration in respect of their services during the period.

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

	2014 £'000
Aggregate emoluments	125
	2014 Number
Directors exercising share options during the period	1
Directors entitled to receive shares under a long term incentive scheme	1
Directors retirement benefits accruing under a defined benefit scheme	1

Highest paid director

	2014 £'000
Aggregate emoluments	125
Defined benefit pension scheme: accrued pension at end of period	50

The highest paid director was entitled to receive shares under a long term incentive scheme and exercised share options during the period. One director received emoluments (excluding shares) under long term incentive schemes during the period.

4 Tax on profit on ordinary activities**(a) Summary of taxation on profit on ordinary activities**

25
February
2014 to 31
December
2014
£'000

Current taxation:

UK corporation taxation on profit of the period

Comprising:

- Current taxation at 21.23%

-

Total current taxation note 4(b)

-

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 23.0% to 21.0% with effect from 1 April 2014. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 21.23%.

The current taxation charge differs from the standard 21.23% rate of corporation taxation in the UK. The major causes of this difference are listed below:

25
February
2014 to 31
December
2014
£'000

Profit on ordinary activities before taxation	125
Corporation taxation at 21.23% on profit on ordinary activities	26
Factors affecting the taxation rate:	
Permanent differences	22
Depreciation in excess of capital allowances	31
Group loss relief claimed for nil consideration	(79)
Total current taxation charge note 4(a)	-

A deferred tax asset of £1,186,000 has not been recognised on the basis that there is insufficient evidence that the asset will be recoverable. The asset would become recoverable should a claim for capital allowances be made in future periods.

5 Tangible fixed assets

	Land and buildings £'000	Plant, machine ry and equipme nt £'000	Computer equipment £'000	Assets in the course of constructio n £'000	Total £'000
Cost					
At 25 February 2014	-	-	-	-	-
Additions	2,350	5,623	40	716	8,729
At 31 December 2014	2,350	5,623	40	716	8,729
Accumulated depreciation					
At 25 February 2014	-	-	-	-	-
Charge for the period	25	190	3	-	218
At 31 December 2014	25	190	3	-	218
Net book value					
At 25 February 2014	-	-	-	-	-
At 31 December 2014	2,325	5,433	37	716	8,511

6 Stock

2014

£'000

Machinery Spare Parts	222
	222

7 Debtors: amounts falling due within one year

2014

£'000

Trade debtors	212
Amounts owed by Group undertakings	1,378
Total Debtors	1,590

Amounts owed by Group undertakings are unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR.

8 Creditors: amounts falling due within one year

2014

£'000

Trade creditors	462
Amounts due to Group undertakings	319
Taxation	63
Accruals and deferred income	708
	1,552

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

9 Called up share capital

Ordinary shares of £1 each	2014
	£
Opening called up share capital 25 February 2014	1
Issue of new shares	10,000,000
Closing called up share capital 31 December 2014	10,000,001
As at 31 December 2014	
Allotted, called up and fully paid	
- value	10,000,001
- number	10,000,001

10 Reserves

	£'000
25 February 2014	-
Profit for the financial period	125
31 December 2014	125

11 Reconciliation of movements in shareholders' funds

	25 February 2014 to 31 December 2014
	£'000
Profit for the financial period	125
Net proceeds of issue of ordinary share capital	10,000
Net movement in shareholders' funds	10,125
Opening shareholders' funds	-
Closing shareholders' funds	10,125

12 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 'Related party disclosures' from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

13 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 Weston Investment Company 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

14 Pensions

The Company participates in the British American Tobacco UK Pension Fund, a multi-employer scheme, in respect of certain employees. Employees are not required to contribute. Details of the latest actuarial valuation of this defined benefit scheme are contained in the financial statements of British-American Tobacco (Holdings) Limited. The last full tri-annual actuarial valuation, calculated using the projected unit basis, of the British American Tobacco UK Pension Fund was carried out as at 31 March 2014 by a qualified independent actuary. The valuation showed that the fund had a deficit of £264,000,000. As at 31 December 2014 the Group valuation of the deficit on an IAS 19 basis was £282,000 (2013: £75,169,000). The valuation is not completed on an FRS 17 basis therefore the IAS 19 value is disclosed in accordance with requirements of FRS 17.

Under FRS 17, where more than one employer participates in a defined benefit scheme the individual participating employers should account for the scheme as a defined contribution scheme if they are unable to identify their individual shares of the underlying assets and liabilities in the scheme. 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. Therefore, under FRS 17 the Company does not recognise any share of any surplus or deficit in respect of the joint pension schemes.

The defined benefit pension scheme cost was £30,684 for the period.

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 £5,647.

15 Contingent liabilities

The Company's ultimate and immediate parent British American Tobacco p.l.c has guaranteed the liabilities of the British American Tobacco Pension Fund, on behalf of the Company and the other participating employers of the scheme. The fund had a deficit according to the last formal tri-annual actuarial valuation in March 2014 of £264,000,000. As at 31 December 2014 the Group valuation of the deficit on an IAS 19 basis was £282,000 (2013: £75,169,000). The valuation is not completed on an FRS 17 basis, therefore the IAS 19 value is disclosed in accordance with requirements of FRS 17.