

Weston Investment Company Limited

Registered Number 00179244

Directors' report and financial statements

For the year ended 31 December 2014

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Strategic report

The Directors present their strategic report on the Company for the year ended 31 December 2014.

Principal activities

The Company's principal activity is the holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p.l.c. Group (the "Group").

Review of the year ended 31 December 2014

The profit for the financial year attributable to Weston Investment Company Limited shareholders after deduction of all charges and the provision of tax amounted to £2,924,734,000 (2013: £2,236,169,000).

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 Ellis
Secretary

12 June 2015

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2014.

Dividends

During the year the Company paid dividends amounting to £2,500,000,000 (2013: £nil).

Financial risk management

The Company's operations expose it to a currency risk as income from shares in Group undertakings are denominated in foreign currencies other than sterling. The exposure is hedged with forward foreign exchange contracts.

Post balance sheet events

In February 2015, the Company issued 4,200,000,000 ordinary shares of £1.00 each to its parent undertaking, Weston (2009) Limited. Proceeds of £4,200,000,000 were used to repay amounts owed to Group undertakings. The Company also issued loans to another Group undertaking to the amount of £2,100,000,000.

Also in February 2015, the Company allotted and issued 10,600,000 redeemable preference shares of BRL 1,000 each to its parent undertaking, Weston (2009) Limited. The Company then purchased BRL call option with a transaction value of BRL 10,600,000,000 with Deutsche Bank.

In March 2015, the Company injected equity into a subsidiary undertaking of £1,728,000,000. The Company then disposed of BAT (CI) Holdings Limited to the same subsidiary undertaking for its book value. This was the same as the amount of equity injected.

Also in March 2015, the Company injected equity into another subsidiary undertaking of £62,202,000. As part of the same refinancing project, the Company also subscribed for 73,580,515 ordinary shares of £1.00 each in a newly incorporated wholly owned subsidiary, BAT Finance COP Limited.

Finally, in May 2015, the Company approved entry into an agreement to acquire TDR d.o.o. and other tobacco and retail assets ("TDR") from Adris Grupa d.d. ("Adris") for a total enterprise value of €550,000,000. TDR is the leading independent cigarette manufacturer in Central Europe. The proposed acquisition is subject to a number of anti-trust approvals and Adris shareholder consent. The transaction is expected to complete in October 2015.

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2014 to the date of this report are as follows:

	Appointed	Resigned
Robert James Casey		
Kenneth John Hardman		19 December 2014
John Benedict Stevens		
Neil Robert Withington		30 April 2015
John Patrick Daly		06 April 2014
Steven Glyn Dale	17 December 2014	
Neil Arthur Wadey	09 June 2014	

Directors' report

Directors' indemnities

Throughout the period 1 January 2014 to the date of this report, a qualifying third party indemnity has been in force under which Messrs J.B. Stevens and J.P. Daly, as Directors of the Company, are, to the extent permitted by law, indemnified by British American Tobacco p.l.c., the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which they may have incurred in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company.

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 year. 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.

Directors' declaration in relation to relevant audit information

Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that:

- (a) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

By Order of the Board



S Ellis
Secretary

12 June 2015

Independent auditors' report to the members of Weston Investment Company Limited

Report on the financial statements

Our opinion

In our opinion, Weston Investment Company Limited's financial statements (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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Weston Investment Company Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Weston Investment Company Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

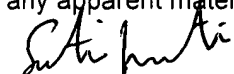
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sotiris Kroustis (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

15 JUNE 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Other operating income	2	7,567	2,873
Other operating charges	3	(69,362)	65,868
Operating (loss)/profit		(61,795)	68,741
Income from shares in Group undertakings		2,896,003	2,498,581
Gain on disposal of investments	7	102,523	-
Interest receivable and similar income	4	48,525	22,197
Interest payable and similar charges	5	(53,033)	(13,769)
Amounts written off investments	7	(7,194)	(339,569)
Profit on ordinary activities before taxation		2,925,029	2,236,181
Tax on profit on ordinary activities	6	(295)	(12)
Profit for the financial year	11	2,924,734	2,236,169

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

Statement of total recognised gains and losses for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Profit for the financial year		2,924,734	2,236,169
Exchange (loss)/gain on revaluation of Euro investment	11	(24,522)	9,162
Exchange gain/(loss) on revaluation of Euro borrowing	11	24,522	(9,162)
Total recognised gains relating to the financial year		2,924,734	2,236,169

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

Balance sheet at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed Assets			
Investments	7	10,632,948	10,716,773
		10,632,948	10,716,773
Current Assets			
Debtors: amounts falling due within one year	8a	4,215,635	3,982,639
Debtors: amounts falling due after one year	8b	438,635	187,873
Cash at bank and in hand		202	489
Creditors: amounts falling due within one year	9a	(3,547,379)	(3,572,467)
Net current assets		1,107,093	598,534
Total assets less current liabilities		11,740,041	11,315,307
Creditors: amounts falling due after more than one year	9b	(1,000,000)	(1,000,000)
Net assets		10,740,041	10,315,307
Capital and reserves			
Called up share capital	10	1,733,574	1,733,574
Share premium account	11	1,549,032	1,549,032
Profit and loss account	11	7,457,435	7,032,701
Total shareholders' funds	12	10,740,041	10,315,307

The financial statements on pages 7 to 18 were approved by the Directors on 12 June 2015 and signed on behalf of the Board.



J B Stevens
Director

Registered number
00179244

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

Notes to the financial statements for the year ended 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 year and a summary is set out below.

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.

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 year. Exchange differences arising on the revaluation of the Euro investment in British American Tobacco International (Holdings) B.V. and the Euro borrowing used to finance the investment, are taken directly to reserves. All other exchange differences are taken to the profit and loss account in the year.

Accounting for income

Income is included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Provisions are made for bad and doubtful debts where there is an expectation that all or a portion of the amount due will not be recovered.

Notes to the financial statements for the year ended 31 December 2014

Accounting policies (continued)

Taxation

Taxation provided is that chargeable on the profits of the year, 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.

Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly, dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

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.

Notes to the financial statements for the year ended 31 December 2014**2 Other operating income**

Other operating income primarily comprises guarantee fees.

3 Other operating charges

	2014	2013
	£'000	£'000
Other operating charges comprise:		
Release of provision	-	(91,310)
Exchange losses	66,267	22,776
Other expenses	3,095	2,666
	69,362	(65,868)

The release of provision in 2013 related to a provision taken against a long term loan provided to a fellow Group undertaking where there was an expectation that all or a portion of the amount due would not have been recovered. The loan was repaid in full during the 2013 financial year.

Exchange losses are in relation to ZAR and RUB denominated loans provided to other Group undertakings. Refer to note 8.

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2013: £2,500).

There were no employees (2013: none) and no staff costs during the year (2013: £nil).

None of the Directors received any remuneration in respect of their services during the year (2013: £nil).

4 Interest receivable and similar income

	2014	2013
	£'000	£'000
Interest receivable from Group undertakings	48,525	22,197

5 Interest payable and similar charges

	2014	2013
	£'000	£'000
Interest payable to Group undertakings	53,033	13,769

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

	2014	2013
	£'000	£'000
Current taxation:		
UK corporation taxation on profit of the year		
Comprising:		
- current taxation at 21.5% (2013: 23.25%)	-	-
- double taxation relief	-	-
	-	-
Overseas taxation	295	12
Total current taxation note 6(b)	295	12

Notes to the financial statements for the year ended 31 December 2014

Tax on profit on ordinary activities (continued)

(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 21.5%.

The current taxation charge differs from the standard 21.5% (2013: 23.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	2,925,029	2,236,181
Corporation taxation at 21.5% (2013: 23.25%) on profit on ordinary activities	628,881	519,912
Factors affecting the taxation rate:		
Permanent differences	(7,607)	50,954
Current year losses for which no deferred taxation asset has been recognised	8,585	16,048
Group loss relief surrendered at less than full consideration	(7,214)	(5,994)
Overseas taxation	295	12
Corporate income taxation relief on intra-group dividends	(622,645)	(580,920)
Total current taxation charge note 6(a)	295	12

An amount of £1,219,000 (2013: £64,882,000) (taxation amount of £262,000 (2013: £15,085,000)) included in permanent differences above represents taxation adjustments in respect of UK to UK transfer pricing.

At the balance sheet date the company has unused taxation losses of £243,835,000 (2013: £221,216,000) which have no expiry date. No recognition has been made for deferred taxation in respect of these items as their future recoverability remains uncertain.

Notes to the financial statements for the year ended 31 December 2014

7 Investments

(1) Shares in Group undertakings

Unlisted – registered in England and Wales**% equity shares held**

British American Tobacco Korea (Investments) Limited	100
2 ordinary shares of £1.00 each	
British American Tobacco China Holdings Limited	100
194,264,938 ordinary shares of £1.00 each	
British American Tobacco Peru Holdings Limited	100
56,000,002 ordinary shares of £1.00 each	
B.A.T. (Westminster House) Limited	100
1,875,999 ordinary shares of £1.00 each	
Precis (1789) Limited	100
140,804 ordinary shares of £1.00 each	
Precis (1790) Limited	100
1 ordinary share of £1.00 each	
Precis (1814) Limited	100
58,958 ordinary shares of £1.00 each	
British American Tobacco UK Limited	100
1,000,001 ordinary shares of £1.00 each	
Rothmans (UK) Trading Limited	100
2 ordinary shares of £1.00 each	
British American Ventures Limited	100
2 ordinary shares of £1.00 each	
Lord Extra Limited	100
25,000,002 ordinary shares of £1.00 each	
British American Tobacco Investments (Central & Eastern Europe) Limited	100
312,652,185 ordinary shares of £1.00 each	
British American Tobacco International Holdings (UK) Limited	100
370,007,500 ordinary shares of £1.00 each	
British American Tobacco (Serbia) Limited	100
2 ordinary shares of £1.00 each	
British American Tobacco (Corby) Limited	100
10,000,001 ordinary shares of £1.00 each	
British American Tobacco Russia (Investments) Limited	100
1 ordinary share of £1.00 each	

Unlisted - registered in Netherlands**% equity shares held**

British American Tobacco International (Holdings) B.V.	100
392,939 ordinary shares of €450.00 each	
British American Tobacco Group Investments B.V.	100
250 ordinary shares of €450.00 each	
British American Tobacco Holdings (Caricom) B.V.	100
40 ordinary shares of €450.00 each	
British American Tobacco Holdings (Hong Kong) B.V.	100
102 ordinary shares of €450.00 each	
Rothmans Tobacco Enterprises B.V.	100
135 ordinary shares of €450.00 each	
Rothmans UK Holdings B.V.	100
1,000 ordinary shares of €450.00 each	
British American Tobacco (Hungaria) B.V.	100
42 ordinary shares of €450.00 each	

Notes to the financial statements for the year ended 31 December 2014

Investments (continued)

Unlisted - registered in St. Lucia

Carisma Marketing Services Limited	100
100 ordinary shares of US\$1.00	

Unlisted - registered in Austria

British American Tobacco (Austria) GmbH	100
1 trade share of €100,000.00	

Unlisted - registered in Belgium

British American Tobacco Belgium S.A.	100
4,114,690 shares of no par value	
British American Tobacco Co-ordination Centre	0.1
1,349,349 ordinary shares of €1.00 each	

Unlisted - registered in the Democratic Republic of the Congo

BAT Services Congo Sarl	99
99 ordinary shares of \$50.00 each	

Unlisted - registered in Luxembourg

British American Tobacco Brands (Switzerland) Limited	100
187 ordinary shares of CHF 1,000 each registered	

Unlisted - registered in Jersey

BAT (CI) Holdings Limited	100
98,221,850 ordinary shares of £1.00 each	

Unlisted - registered in Hungary

BAT Pcsi Dohnygyr Kft. ◊	0.003
1 business share of HUF100,000	

Unlisted - registered in Peru

British American Tobacco Del Peru, S.A.C.	0.004
4 ordinary shares of PEI1.00 each	

Unlisted - registered in Romania

British-American Tobacco (Romania) Investments SRL	100
230,338 social parts of ROL380.50 each	

Unlisted - registered in Serbia

British American Tobacco South-East Europe d.o.o	100
1 trade share of RSD1,381,638,845.32	

Unlisted - registered in Slovakia

British American Tobacco (Slovakia) Spol. s.r.o	100
1 trade share of €670,600	

Unlisted - registered in Slovenia

British American Tobacco d.o.o.	100
1 business share of €48,614.59	

Unlisted - registered in Tanzania

BAT Distribution Tanzania Limited	100
249,999 ordinary shares of TZS100.00 each	

Notes to the financial statements for the year ended 31 December 2014

Investments (continued)

◊ The total holdings by the British American Tobacco Group in British American Tobacco China Holdings Limited and BAT Pcsi Dohnygyr Kft. is 100%.

The subsidiary undertakings that principally affect the Company's financial position are British American Tobacco International (Holdings) B.V. and BAT (CI) Holdings Limited. The principal activities of these undertakings are investment holding companies.

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2014	11,228,734
Additions	129,690
Disposal	(133,305)
Return of investment	(109,580)
Exchange gain on revaluation of Euro investment (note 12)	(24,522)
31 December 2014	11,091,017
Impairment provisions	
1 January 2014	(511,961)
Charge in the year	(7,194)
Reversal in the year	61,086
31 December 2014	(458,069)
Net book value	
1 January 2014	10,716,773
31 December 2014	10,632,948

During the year the Company subscribed for 10,000,001 ordinary £1 shares in British American Tobacco (Corby) Limited and 52,543,847 ordinary £1 shares in British American Tobacco Investments (Central & Eastern Europe) Limited.

The Company injected £37,382,000 into subsidiary undertaking British American Tobacco (Romania) Investments S.R.L., and £23,230,000 into British American Tobacco International (Holdings) B.V..

The balance of additions during the year relate to other smaller acquisitions from fellow Group undertakings.

The Company sold its investment in British American Tobacco Holdings (Malaysia) B.V. to a fellow Group undertaking for a consideration of £235,828,000, recognising a gain on disposal of £102,523,000.

Return of investment relates to investments returned resulting from liquidation of subsidiary undertakings.

The charge in the year resulted from an impairment exercise assessing the carrying value of investments against their recoverable amount.

- (3) The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value not less than the amount at which they are shown in the balance sheet.

Notes to the financial statements for the year ended 31 December 2014**8 a) Debtors: amounts falling due within one year**

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	4,205,229	3,972,273
Other debtors	10,406	10,366
	4,215,635	3,982,639

Included within amounts owed by Group undertakings is an amount of £4,166,564,000 (2013: £3,958,801,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. Another amount of £17,957,000 (USD 28,000,000) (2013: £17,509,000 (USD 29,000,000)) is unsecured, interest bearing and repayable in 2015. The interest rate is based on USD LIBOR. Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

b) Debtors: amounts falling due after one year

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	438,635	187,873

Included within amounts owed by Group undertakings is an amount of £99,107,000 (RUB 9,271,974,000) (2013: £170,364,000 (RUB 9,271,974,000)) which is unsecured, interest free and payable in 2018. The interest rate is based on MOSPRIME.

In addition, there is an amount of £339,528,000 (ZAR 6,124,600,000) (2013: £nil (ZAR nil)) which is unsecured, interest bearing and repayable in 2019. The interest rate is based on JIBAR.

9 a) Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	3,547,379	3,572,363
Taxation and social security	-	104
	3,547,379	3,572,467

Included in amounts owed to Group undertakings is an amount of £340,288,000 (EUR 438,489,000) (2013: £364,809,000 (EUR 438,489,000)) which is unsecured, interest bearing and repayable in 2015. The interest rate is based on EUR LIBOR. In addition, there is an amount of £3,200,000,000 which is unsecured, interest bearing and repayable in 2015. The interest rate is based on GBP LIBOR. All other amounts are unsecured, interest free and repayable on demand.

b) Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	1,000,000	1,000,000

Amounts owed to Group undertakings of £1,000,000,000 (2013: £1,000,000,000) are unsecured, interest bearing and repayable in 2016. The interest rate is based on GBP LIBOR.

Notes to the financial statements for the year ended 31 December 2014

10 Called up share capital

Ordinary shares of £1 each	2014	2013
Allotted, called up and fully paid		
- value	£1,733,574,183	£1,733,574,183
- number	1,733,574,183	1,733,574,183

11 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2014	1,549,032	7,032,701
Profit for the financial year	-	2,924,734
Exchange loss on revaluation of Euro investment (note 7)		(24,522)
Exchange gain on revaluation of Euro borrowing		24,522
Dividends paid	-	(2,500,000)
31 December 2014	1,549,032	7,457,435

12 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	2,924,734	2,236,169
Exchange (loss)/gain on revaluation of Euro investment (note 7)	(24,522)	9,162
Exchange gain/(loss) on revaluation of Euro borrowing	24,522	(9,162)
Dividends paid	(2,500,000)	-
Net movement in shareholders' funds	424,734	2,236,169
Opening shareholders' funds	10,315,307	8,079,138
Closing shareholders' funds	10,740,041	10,315,307

13 Financial instruments

The Company's operations expose it to currency risk as income from shares in Group undertakings are denominated in foreign currencies other than sterling. The exposure is hedged with forward foreign exchange contracts. The fair value of the instruments at 31 December 2014 was £nil (2013: liability of £879,268). Subsequent to the year end, the Company's financial position was not materially affected by the instruments reaching their maturity dates.

14 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.

Notes to the financial statements for the year ended 31 December 2014

15 Post balance sheet events

In February 2015, the Company issued 4,200,000,000 ordinary shares of £1.00 each to its parent undertaking, Weston (2009) Limited. Proceeds of £4,200,000,000 were used to repay amounts owed to Group undertakings. The Company also issued loans to another Group undertaking to the amount of £2,100,000,000.

Also in February 2015, the Company allotted and issued 10,600,000 redeemable preference shares of BRL 1,000 each to its parent undertaking, Weston (2009) Limited. The Company then purchased a BRL call option with a transaction value of BRL 10,600,000,000 with Deutsche Bank.

In March 2015, the Company injected equity into a subsidiary undertaking of £1,728,000,000. The Company then disposed of BAT (CI) Holdings Limited to the same subsidiary undertaking for its book value. This was the same as the amount of equity injected.

Also in March 2015, the Company injected equity into another subsidiary undertaking of £62,202,000. As part of the same refinancing project, the Company also subscribed for 73,580,515 ordinary shares of £1.00 each in a newly incorporated wholly owned subsidiary, BAT Finance COP Limited.

Finally, in May 2015, the Company approved entry into an agreement to acquire TDR d.o.o. and other tobacco and retail assets ("TDR") from Adris Grupa d.d. ("Adris") for a total enterprise value of €550,000,000. TDR is the leading independent cigarette manufacturer in Central Europe. The proposed acquisition is subject to a number of anti-trust approvals and Adris shareholder consent. The transaction is expected to complete in October 2015.

16 Contingent liabilities

The Company provides guarantees to third parties in the normal course of business and at 31 December 2014 had guaranteed borrowing facilities, including short term credit facilities relating to export and excise commitments, by Group undertakings and certain key suppliers of up to £1,399,540,000 (2013: £1,222,106,000). The fair value of the guarantees at 31 December 2014 was £6,275,000. As the Company adopts FRS 101 for 2015 this fair value, and its 2014 comparative, will become part of the Balance sheet. The Company does not expect these guarantees to materially affect its financial position.

17 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 (2009) 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