

**Westanley Trading & Investment Company Limited**

**Registered Number 00090337**

**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 Westanley Trading & Investment Company Limited (the "Company") for the year ended 31 December 2018.

### Principal activities

The Company has historically acted as an investment holding company of subsidiary undertakings of the British American Tobacco p.l.c. Group (the "Group") which is active in the tobacco industry. As explained in note 7 to the financial statements, the Company is a party to the Franked Investment Income Global Litigation Order.

### Review of the year ended 31 December 2018

The loss for the financial year attributable to Westanley Trading & Investment Company Limited shareholders after deduction of all charges and the provision of taxation amounted to £44,000 (2017: £49,000).

### Going concern

Notwithstanding net liabilities of £159,000, the financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons. The Company is dependent on a letter of support provided by British American Tobacco (Investments) Limited to cover its working capital requirements. British American Tobacco (Investments) Limited had indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available funds as are needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In addition, as explained in note 7 to the financial statements, the Company is a party to the Franked Investment Income Global Litigation Order.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue indefinitely. At the date of approval of these financial statements, the Directors have no reason to believe that such financial support will be withdrawn in the foreseeable future.

Based on these indicators, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of the preparation being inappropriate.

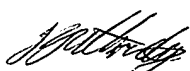
### Key performance indicators

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.

On behalf of the Board



Mr J. M. Guttridge  
Company Secretary

19 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 this report are as follows:

Robert James Casey	(resigned 11 March 2019)
David Patrick Ian Booth	
Anthony Michael Hardy Cohn	
Noelle Colfer	(appointed 21 June 2018)

### 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).

### Employees

The average number of employees employed by the Company during the year was nil (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.

### 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)

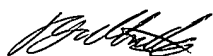
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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



Mr J.M. Guttridge  
Company Secretary

19 July 2019

## **Independent auditor's report to the members of Westanley Trading & Investment Company Limited**

### **Opinion**

We have audited the financial statements of Westanley Trading & Investment Company Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account, Statement of other comprehensive income, 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 Westanley Trading & Investment Company 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 page 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.

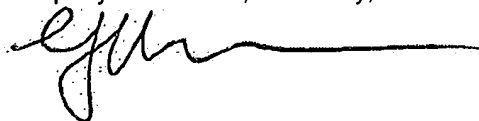
### **Auditor's responsibilities**

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](http://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.



**Christopher Hearn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London, E14 5GL  
19 July 2019

**Profit and Loss Account for the year ended 31 December**

	Note	2018 £'000	2017 £'000
<b>Continuing operations</b>			
Other operating expense	2	-	-
<b>Operating result</b>		-	-
Interest receivable and similar income	3	6	1
Interest payable and similar expense	4	(50)	(50)
<b>Loss before taxation</b>		<b>(44)</b>	<b>(49)</b>
Taxation	5	-	-
<b>Loss for the financial year</b>		<b>(44)</b>	<b>(49)</b>

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

There are no recognised gains or losses other than the loss for the financial year and therefore no Statement of other comprehensive income has been presented.

**Statement of Changes in Equity for the year ended 31 December**

	Called up share capital £'000	Profit and loss account £'000	Total Equity/ (deficit) £'000
1 January 2017	1	(67)	(66)
Loss for the financial year	-	(49)	(49)
<b>31 December 2017</b>	<b>1</b>	<b>(116)</b>	<b>(115)</b>
Loss for the financial year	-	(44)	(44)
<b>31 December 2018</b>	<b>1</b>	<b>(160)</b>	<b>(159)</b>

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



## Balance Sheet at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	2,030	2,024
<b>Total assets less current liabilities</b>		<b>2,030</b>	<b>2,024</b>
Creditors : amounts falling after one year	7	(2,017)	(2,017)
Provisions for liabilities and other charges	8	(172)	(122)
<b>Net liabilities</b>		<b>(159)</b>	<b>(115)</b>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account		(160)	(116)
<b>Total shareholders' deficit</b>		<b>(159)</b>	<b>(115)</b>

The financial statements on pages 7 to 13 were approved by the Directors on 19 July 2019 and signed on behalf of the Board.



Mr D.P.I. Booth  
Director

Registered number  
00090337

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 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.

Notwithstanding net liabilities of £159,000 as at 31 December 2018 and a loss for the year then ended of £44,000, the financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons.

The Company is dependent on a letter of support provided by British American Tobacco (Investments) Limited providing additional financial support during that period. British American Tobacco (Investments) Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue indefinitely, although at the date of approval of these financial statements, the Directors have no reason to believe that it will not do so. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In addition, as explained in note 7 to the financial statements, the Company is a party to the Franked Investment Income Global Litigation Order.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statement on a going concern basis.

Based on these indicators, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of the preparation being inappropriate.

With effect from 1 January 2018, the Company has adopted IFRS 9 *Financial Instruments*. The adoption of IFRS 9 had no material effect on the Company's accounts.

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; and
- the estimation of amounts to be recognised in respect of taxation and legal matters.

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 judgement 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.

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

### 1 Accounting policies (continued)

#### 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.

#### Operating expenses

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

#### 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.

Any liabilities or assets recognised for exposures in respect of the payment or recovery of a number of taxes are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

#### 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 debtors).

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, with subsequent measurement as set out below. The Company's financial assets (amounts owed by Group undertakings) are subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method.

#### Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

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

### 1 Accounting policies (continued)

#### Impairment of financial assets held at amortised cost

With effect from 1 January 2018, loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on the initial recognition of the underlying asset, where applicable. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses, where material. Where the credit risk on the receivables has increased significantly since initial recognition, allowances are measured at an amount equal to the lifetime expected credit loss. Prior to 1 January 2018, financial assets were reviewed for impairment at each balance sheet date, or whenever events indicated that the carrying amount might not be recoverable.

### 2 Other operating expense

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2017: £2,500).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2017: £nil). The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

There were no employees (2017: none) and no staff costs during the year (2017: £nil).

### 3 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from Group undertakings	6	1

During the year the Company has received interest income of £6,000 (2017: £1,000) generated from amounts on deposit with a fellow Group undertaking.

### 4 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest payable and similar expense	50	50

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

## 5 Taxation

## 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
Loss for the year	(44)	(49)
Total tax expense	-	-
Loss excluding taxation	(44)	(49)
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	(8)	(10)
Non-deductible expenses	-	(1)
Group relief surrendered for nil consideration	8	11
<b>Total tax charge for the period</b>	-	-

## 6 Debtors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed by Group undertakings	2,030	2,024

The amount owed by Group undertakings of £2,030,000 (2017: £2,024,000) is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR.

## 7 Creditors: amounts falling due after one year

	2018 £'000	2017 £'000
Deferred income	2,017	2,017

Deferred income represents the portion of the receipt related to the Franked Investment Income Global Litigation Order ("FIIGLO") allocated to B.A.T Industries p.l.c.. The total gross amount received from HM Revenue and Customs ("HMRC") by the Group was £1,224,000,000 in two separate payments. HMRC held back £261,000,000 on the second payment received by the Group, contending that it represents a new 45% tax on the interest component of restitution claims against HMRC. The total cash allocated from the initial payment to the Company was £2,017,000. No cash was allocated to the Company from the second payment.

Due to the uncertainty of the amount and eventual outcome the Company has not recognised this receipt in the profit and loss account in the current or prior period.

**Notes to the financial statements for the year ended 31 December 2018****8 Provisions for liabilities and other charges**

	2018 £'000	2017 £'000
Provisions for liabilities and other charges	172	122

An additional provision of £50,000 was raised in the year in respect of interest accrued on the amount received from the HM Revenue and Customs related to FIGLO as described in note 7. This is not expected to be settled within one year. The expense is disclosed in note 4.

**9 Called up share capital**

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

**10 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.

**11 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 (Investments) 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