

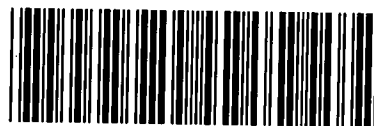
**Chelwood Trading & Investment Company Limited**

**Registered Number 00113873**

**Annual report and financial statements**

**For the year ended 31 December 2017**

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## Strategic report

The Directors present their Strategic report on Chelwood Trading & Investment Company Limited (the "Company") for the year ended 31 December 2017.

### Principal activities

The Company is a holding company of a group of companies which are active in the tobacco industry on behalf of the British American Tobacco p.l.c. Group (the "Group").

### Review of the year ended 31 December 2017

The profit for the financial year attributable to Chelwood Trading & Investment Company Limited shareholders after deduction of all charges and the provision of taxation amounted to £137,739,000 (2016: £80,388,000).

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



O.J. Martin  
Assistant Secretary

27 April 2018

## Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

### Dividends

During the year, the Company paid dividends amounting to £147,000,000 (2016: £80,000,000).

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2017 to the date of this report are as follows:

David Patrick Ian Booth  
Robert James Casey  
Robert Fergus Heaton  
Carola Wiegand

### Research and development

No research & development expenditure has been incurred during the year (2016: £nil).

### Political contributions

The Company made no political donations or incurred any political expenditure during the year (2016: £nil).

### Employees

The average number of employees employed by the Company during the year was nil (2016: 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.

### Financial Risk management

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

### 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:

## Directors' report (continued)

### Statement of Directors' responsibilities (continued)

- 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.

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 report confirms that:

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

By Order of the Board



O.J. Martin  
Assistant Secretary

27 April 2018

## **Independent Auditor's Report to the members of Chelwood Trading & Investment Company Limited**

### **Opinion**

We have audited the financial statements of Chelwood Trading & Investment Company Limited for the year ended 31 December 2017 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 2017 and of its profit 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.

### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **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.

## **Independent Auditor's Report to the members of Chelwood Trading & Investment Company Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



**Jeremy Hall (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
London. E14 5GL  
27 April 2018

**Profit and loss account for the year ended 31 December**

	Note	2017 £'000	2016 £'000
Continuing operations			
Other operating income		-	-
<b>Operating profit</b>		-	-
Income from shares in Group undertakings	2	137,652	80,282
Interest receivable and similar income	3	87	115
Interest payable and similar expenses	4	-	(9)
<b>Profit before taxation</b>		137,739	80,388
Tax on profit	5	-	-
<b>Profit for the financial year</b>		137,739	80,388

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

**Statement of other comprehensive income for the year ended 31 December**

	2017 £'000	2016 £'000
<b>Profit for the financial year</b>	137,739	80,388
Effective portion of changes in fair value of cash flow hedges	9,166	(7,548)
<b>Total comprehensive income for the year</b>	146,905	72,840

**Statement of changes in equity for the year ended 31 December**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Cash Flow Hedge Reserve £'000	Total Equity £'000
<b>1 January 2016</b>	38	227,593	167,572	(889)	394,314
Profit for the financial year	-	-	80,388	-	80,388
Dividends paid	-	-	(80,000)	-	(80,000)
	38	227,593	167,960	(889)	394,702
<b>Other comprehensive income</b>					
Effective portion of changes in fair value of cash flow hedges	-	-	-	(7,548)	(7,548)
<b>31 December 2016</b>	38	227,593	167,960	(8,437)	387,154
Profit for the financial year	-	-	137,739	-	137,739
Dividends paid	-	-	(147,000)	-	(147,000)
	38	227,593	158,699	(8,437)	377,893
<b>Other comprehensive income</b>					
Effective portion of changes in fair value of cash flow hedges	-	-	-	9,166	9,166
<b>31 December 2017</b>	38	227,593	158,699	729	387,059

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



**Balance sheet as at 31 December**

		<b>31 December 2017 £'000</b>	<b>31 December 2016 £'000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Investments in Associated undertakings	6	<b>334,441</b>	334,441
		<b>334,441</b>	334,441
<b>Current assets</b>			
Derivative financial Instruments - assets	8	<b>1,044</b>	314
Debtors: amounts falling due within one year	9	<b>51,889</b>	61,150
		<b>52,933</b>	61,464
Derivative financial Instruments - liabilities	8	<b>(315)</b>	(8,751)
<b>Net Current assets</b>		<b>52,618</b>	52,713
<b>Total assets less current liabilities</b>		<b>387,059</b>	387,154
<b>Capital and reserves</b>			
Called up share capital	7	<b>38</b>	38
Called up share premium		<b>227,593</b>	227,593
Profit and loss account		<b>158,699</b>	167,960
Cash flow hedge reserve	8	<b>729</b>	(8,437)
<b>Total shareholders' funds</b>		<b>387,059</b>	387,154

The financial statements on pages 7 to 16 were approved by the Directors on 27 April 2018 and signed on behalf of the Board.

  
C. Wiegand  
Director

**Registered number**  
**00113873**

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

## Notes to the financial statements for the year ended 31 December 2017

### 1 Accounting policies

#### Basis of accounting

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

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 non-financial assets;
- the estimation of amounts to be recognised in respect of taxation; and
- the exemptions taken under IFRS 1 on the first time adoption of FRS 101.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing the opening balance sheet at 1 January 2014 for the purpose of the transition to FRS 101.

#### 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 FRS 101.

#### 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.

## Notes to the financial statements for the year ended 31 December 2017

### 1 Accounting policies (continued)

#### Income

Income is recognised 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.

#### 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.

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

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

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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.

The Company has exposures in respect of the payment or recovery of a number of taxes. Liabilities or assets for these payments or recoveries are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

#### Investments in Associates

Associates comprise investments in undertakings, which are not subsidiary undertakings or joint arrangements, where the Group's interest in the equity capital is long term and over whose operating and financial policies the Group exercises a significant influence. They are accounted for using the equity method.

## Notes to the financial statements for the year ended 31 December 2017

### 1 Accounting policies (continued)

#### Financial instruments

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 assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Derivative financial assets and liabilities are initially recognised, and subsequently measured, at fair value, which includes accrued interest receivable and payable where relevant. Changes in their fair values are recognised as follows:

- for derivatives that are designated as cash flow hedges, the changes in their fair values are recognised directly in other comprehensive income, to the extent that they are effective, with the ineffective portion being recognised in the profit and loss account. Where the hedged item results in a non-financial asset, the accumulated gains and losses, previously recognised in other comprehensive income, are included in the initial carrying value of the asset (basis adjustment) and recognised in the profit and loss account in the same periods as the hedged item. Where the underlying transaction does not result in such an asset, the accumulated gains and losses are reclassified to the profit and loss account in the same periods as the hedged item;
- for derivatives that do not qualify for hedge accounting or are not designated as hedges, the changes in their fair values are recognised in the profit and loss account in the period in which they arise.

In order to qualify for hedge accounting, the Company is required to document prospectively the relationship between the item being hedged and the hedging instrument. The Company is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is reperformed periodically to ensure that the hedge has remained, and is expected to remain, highly effective.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting. Where the hedged item is a highly probable forecast transaction, the related gains and losses remain in equity until the transaction takes place, when they are reclassified to the profit and loss account in the same manner as for cash flow hedges as described above. When a hedged future transaction is no longer expected to occur, any related gains and losses, previously recognised in other comprehensive income, are immediately reclassified to the profit and loss account.

Derivative fair value changes recognised in the profit and loss account are either reflected in arriving at profit from operations (if the hedged item is similarly reflected) or in finance costs.

#### Future changes to accounting policies

IFRS 9 *Financial Instruments*. This new standard replaces IAS 39, with the effective implementation date being 1 January 2018. The anticipated impact from restatement of the Company's Financial Statements for 2017 and 2016 is considered immaterial.

**Notes to the financial statements for the year ended 31 December 2017****1a Other operating expenses**

Auditor's fees of £2,500 were borne by a fellow Group undertaking (2016: £2,500).  
There were no employees (2016: none) and no staff costs during the year (2016: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2016: £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.

**2 Income from investments in Associated undertakings**

	2017 £'000	2016 £'000
Income from investments in Associated undertakings	137,652	80,282

Income from shares in Associated undertakings represent dividends received from British American Tobacco (Australasia Holdings) Pty Limited, amounting to £125,720,000 (2016: £67,559,000) and British American Tobacco Holdings (Malaysia) B.V. £21,000,000 (2016: £20,730,000). The effect of financial instruments used to cover the risk of currency exposure is a loss amounting to £9,068,000 (2016: £8,007,000 loss).

**3 Interest receivable and similar income**

	2017 £'000	2016 £'000
Interest received	87	115

The interest receivable is represented by interest received on the cash balance with banks.

**4 Interest payable and similar expenses**

	2017 £'000	2016 £'000
Exchange losses	-	9

The exchange losses in 2016 are represented by the revaluation of the cash balance.

**5 Taxation****Factors affecting the taxation charge**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantially enacted on 2 July 2013. Further reductions 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 19.25% (2016: 20%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

## Notes to the financial statements for the year ended 31 December 2017

## 5 Taxation (continued)

## Factors affecting the taxation charge (continued)

	2017 £'000	2016 £'000
Profit for the year	137,739	80,388
Total tax expense	-	-
Profit excluding taxation	137,739	80,388
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	26,510	16,078
Tax exempt revenues	(28,240)	(16,056)
Non-deductible expenses	1,746	-
Group relief claimed for nil consideration	(16)	(22)
Total tax charge for the period	-	-

## 6 Investments

## (1) Shares in Group Undertakings

Company	Share Class	Direct interest (%)	Subsidiary interest (%)	Attributable interest (%)
<b>Australia</b>				
<i>166 William Street, Woolloomooloo, NSW 2011, Australia</i>				
American Cigarette Company (Overseas) Pty. Limited	Ordinary	0.00	100.00	31.94
British American Tobacco Australasia Limited	Ordinary	0.00	100.00	31.94
British American Tobacco Australia Limited	Ordinary	0.00	100.00	31.94
British American Tobacco Australia Overseas Pty Limited	Ordinary	0.00	100.00	31.94
British American Tobacco Australia Services Limited	Ordinary	0.00	100.00	31.94
Martins of Piccadilly Pty Ltd	Ordinary	0.00	100.00	31.94
Rothmans Asia Pacific Limited	Ordinary	0.00	50.00	31.94
Rothmans Asia Pacific Limited	Redeemable Preference	0.00	50.00	31.94
The Benson & Hedges Company Pty. Limited	Ordinary	0.00	100.00	31.94
The Nelson Tobacco Manufacturing Corporation Pty. Ltd	Ordinary	0.00	100.00	31.94
W.D. & H.O. Wills Holdings Limited	Ordinary	0.00	100.00	31.94
Wills (Pagewood) Pty Limited	Ordinary	0.00	100.00	31.94
<b>Brunei Darussalam</b>				
<i>6th Floor, Bang Hj Ahmad Laksamana Othman, 38-39, Jalan Sultan, Bandar Seri Begawan BS8811, Brunei Darussalam</i>				
Commercial Marketers and Distributors Sdn. Bhd. (BRN)	Ordinary	0.00	100.00	17.52
<b>Fiji</b>				
<i>Lady Maria Road, Nabua, Suva, Fiji</i>				
British American Tobacco (Fiji) Marketing Limited	Ordinary	0.00	50.00	15.97
Central Manufacturing Company Limited	Ordinary	0.00	85.00	27.15
Rothmans of Pall Mall (Fiji) Limited	Ordinary	0.00	100.00	31.94

## Notes to the financial statements for the year ended 31 December 2017

## 6 Investments (continued)

## (1) Shares in Group Undertakings (continued)

Company	Share Class	Direct interest (%)	Subsidiary interest (%)	Attributable interest (%)
<b>Malaysia</b>				
<i>Level 19, Wisma Guocoland, Damansara City, No. 6 Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia</i>				
British American Tobacco (Malaysia) Berhad	Ordinary	0.00	50.00	17.52
Commercial Marketers and Distributors Sdn. Bhd.	Ordinary	0.00	100.00	17.52
Rothmans Brands Sdn. Bhd.	Ordinary	0.00	100.00	17.52
Tobacco Importers and Manufacturers Sdn. Bhd.	Ordinary	0.00	100.00	17.52
<b>New Zealand</b>				
<i>2 Watt Street, Parnell, Auckland, 1052, New Zealand</i>				
British American Tobacco (New Zealand) Limited	Ordinary	0.00	100.00	31.94
	Ordinary			
British American Tobacco Holdings (New Zealand) Limited	NZ\$	0.00	100.00	31.94
<b>Papua New Guinea</b>				
<i>Level 10, The Tower, Douglas Street, P O Box 632, Port Moresby, NCD, Papua New Guinea</i>				
British American Tobacco (PNG) Limited	Ordinary	0.00	100.00	31.94
Papua New Guinea Tobacco Company Limited	Ordinary	0.00	100.00	31.94
Paradise Tobacco Company Pty. Limited	A' Ordinary	0.00	50.00	31.94
Paradise Tobacco Company Pty. Limited	B' Ordinary	0.00	50.00	31.94
Rothmans of Pall Mall (P.N.G.) Limited	A' Ordinary	0.00	50.00	31.94
Rothmans of Pall Mall (P.N.G.) Limited	B' Ordinary	0.00	50.00	31.94
<b>Philippines</b>				
<i>6th Floor Tuscan Building, Herrera Street, Legaspi Village, City of Makati, Philippines</i>				
Alhambra Industries Inc.	Common PHP	0.00	50.00	31.94
	Preference.			
Alhambra Industries Inc.	PHP	0.00	50.00	31.94
<b>Samoa</b>				
<i>Vaitele, Apia, Samoa. P.O.Box 1304.</i>				
British American Tobacco (Samoa) Limited	Ordinary	0.00	100.00	31.94
<b>Singapore</b>				
<i>18 Ah Hood Road #12-51, Hiap Hoe Bldg at Zhongshan Park, Singapore, 329983</i>				
RHL Investments Pte Limited	Ordinary	0.00	50.00	31.94
	Redeemable			
RHL Investments Pte Limited	Preference	0.00	50.00	31.94
<b>Solomon Islands</b>				
<i>Kukum Highway, Ranadi, Honiara, Honiara, Solomon Islands</i>				
Solomon Islands Tobacco Company Limited	Ordinary	0.00	50.00	15.97

## Notes to the financial statements for the year ended 31 December 2017

## 6 Investments (continued)

## (2) Investments in Associated Undertakings

Company	Share Class	Direct Interest (%)	Subsidiary Interest (%)	Attributable Interest (%)
<b>Australia</b>				
166 William Street, Woolloomooloo, NSW 2011, Australia				
British American Tobacco (Australasia Holdings) Pty Limited	Ordinary	31.94	0.00	31.94
<b>Netherlands</b>				
Handelsweg 53 A, 1181 ZA, Amstelveen, Netherlands				
British American Tobacco Holdings (Malaysia) B.V.	Ordinary	35.03	0.00	35.03

## (3) Shareholdings at cost less provisions

	Shareholdings at cost less provision £'000
<b>Cost</b>	
1 January 2017	334,441
<b>31 December 2017</b>	<b>334,441</b>
<b>Impairment provision</b>	
1 January 2017	-
<b>31 December 2017</b>	<b>-</b>
<b>Net Book Value</b>	
1 January 2017	334,441
<b>31 December 2017</b>	<b>334,441</b>

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

## 7 Called up share capital

Ordinary shares of £1 each	2017	2016
Allotted, called up and fully paid		
- value	£38,251	£38,251
- number	38,251	38,251



**Notes to the financial statements for the year ended 31 December 2017****8 Financial Instruments**

	2017	2017	2016	2016
<b>Derivative financial instruments</b>				
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash flow hedges				
- Forward foreign currency contracts	1,044	315	314	8,751
	<b>1,044</b>	<b>315</b>	<b>314</b>	<b>8,751</b>

The Company's operations expose it to currency risk as income from shares in Associated undertakings is 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 2017 was an asset of £1,044,000 (2016: £314,000) and a liability of £315,000 (2016: £8,751,000). Of the net asset, the effective portion of £729,000 is recognised in cash flow hedge reserve as at 31 December 2017.

**9 Debtors: amounts falling due within one year**

	2017	2016
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due from group undertakings</b>	<b>51,889</b>	<b>61,150</b>

Included within amounts due from group undertakings is an amount of £51,889,000 (2016: £61,150,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR.

**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 Allen & Ginter (UK) 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