

**B.A.T Vietnam Limited**  
**Registered Number 341981**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2010**

FRIDAY



\*L318TXZ3\*

L51

30/09/2011

197

COMPANIES HOUSE

---

## **B.A.T Vietnam Limited**

### **Contents**

Directors' report	3
Independent auditors' report to the members of B A T Vietnam Limited	6
Profit and loss account for the year ended 31 December 2010	8
Statement of total recognised gains and losses for the year ended 31 December 2010	8
Balance sheet at 31 December 2010	9
Notes to the financial statements for the year ended 31 December 2010	10

## **B.A.T Vietnam Limited**

### **Directors' report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2010

#### **Principal activities**

The principal activity of the Company was the sale and marketing of tobacco products by its branch in Vietnam. On 31 December 2010, the Company ceased operations in Vietnam.

#### **Review of the year to 31 December 2010**

The loss for the financial year attributable to B A T Vietnam Limited shareholders after deduction of all charges and the provision of tax amounted to £22,514,000 (2009 £24,146,000)

The Company's Trading Branch business licence expired on 31 December 2010. Upon expiry of the licence, the management of the Branch decided to initiate proceedings to dissolve and liquidate the Branch. The Representative Office of British-American Tobacco Marketing (Singapore) Private Limited is now extended to support the British American Tobacco Group's business in Vietnam.

#### **Going concern**

The Directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the immediate parent company, British American Tobacco (Investments) Limited. This support is expected to continue for 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 British American Tobacco Group (the "Group"), and which may be relevant to the Company, are disclosed under the Business Review section 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.

#### **Dividends**

The Directors do not recommend the payment of a dividend for the year (2009 £nil)

# **B.A.T Vietnam Limited**

## **Directors' report**

### **Board of Directors**

The names of the persons who served as directors of the Company during the period 1 January 2010 to the date of this report are as follows

	Appointed	Resigned
Robert James Casey		29 September 2010
Richard Cordeschi	29 September 2010	
Steven Glyn Dale	29 September 2010	
John Patrick Daly		29 September 2010
Emma Catherine Franklin	29 September 2010	
Andrew O'Regan		
Nicola Snook		
Charl Erasmus Steyn		

### **Directors' indemnities**

Throughout the period 1 January 2010 to the date of his resignation, an indemnity was in force under which Mr J P Daly, as a director of the Company, was, 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 he may have incurred in or about the execution of his duties to the Company or as a result of things done by him as a director on behalf of the Company

### **Employees**

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

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

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

### **Creditor payment policy**

The Company follows the Better Payment Practice Code\* and therefore for both the current and the next financial year aims to settle the terms of payment with its suppliers when agreeing the terms of each transaction, in any case within the supplier's own standard payment period, and also aims to pay all of its suppliers within a reasonable period of their invoices being received

In respect of all of its suppliers, it is the Company's policy to

- agree the terms of payment with those suppliers when agreeing the terms of each transaction,
- ensure that those suppliers are made aware of the terms of payment,
- abide by the terms of payment, and
- avoid any delays when legitimately questioning invoices

Payment of UK creditors is carried out by a fellow Group undertaking

\* Details of the Better Payment Practice Code are available on the website <http://www.payontime.co.uk>

## **B.A.T Vietnam Limited**

### **Directors' report**

#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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.

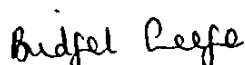
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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 or her knowledge and belief, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

By order of the Board



B M Creegan  
Secretary

27 September 2011

## **B.A.T Vietnam Limited**

### **Independent auditors' report to the members of B.A.T Vietnam Limited**

We have audited the financial statements of B A T Vietnam Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### **Scope of the audit of the financial statements**

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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

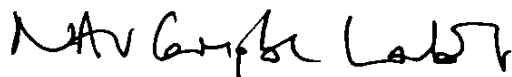
## **B.A.T Vietnam Limited**

### **Independent auditors' report to the members of B.A.T Vietnam Limited (continued)**

#### **Matters on which we are required to report by exception**

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

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



Nicholas Campbell-Lambert

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

29 SEPTEMBER 2011

## B.A.T Vietnam Limited

### Profit and loss account for the year ended 31 December 2010

		2010 £'000	Restated 2009 £'000
	Note		
<b>Discontinued operations</b>			
<b>Turnover</b>	2	<b>30,514</b>	24,159
Other operating income	2	54	74
Operating charges	3	(53,136)	(48,054)
<b>Operating loss</b>		<b>(22,568)</b>	(23,821)
Interest receivable and similar income	4	54	25
<b>Loss on ordinary activities before taxation</b>		<b>(22,514)</b>	(23,796)
Taxation on loss on ordinary activities	5	-	(350)
<b>Loss for the financial year</b>	11	<b>(22,514)</b>	(24,146)

The 2009 comparative has been restated to be consistent with the current year presentation

The branch ceased trading on 31 December 2010 accordingly all the activities are in respect of discontinued operations

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

### Statement of total recognised gains and losses for the year ended 31 December 2010

		2010 £'000	Restated 2009 £'000
	Note		
<b>Loss for the financial year</b>		<b>(22,514)</b>	(24,146)
Differences on exchange arising on the retranslation to sterling of the loss for the financial year from average to closing rates of exchange	12	554	1,307
Differences on exchange arising on the retranslation to sterling (using closing rates of exchange) of net liabilities at the beginning of the year	12	2,104	13,810
<b>Total recognised losses relating to the financial year</b>		<b>(19,856)</b>	(9,029)

The 2009 comparative has been restated to be consistent with the current year presentation This has resulted in an amount of £2,982,000 having been reallocated from the Statement of Total Recognised Gains and Losses to the Profit and Loss Account operating charges under foreign exchange losses

The accompanying notes are an integral part of the financial statements

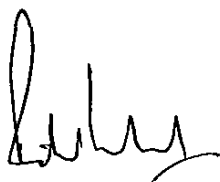


## B.A.T Vietnam Limited

### Balance sheet At 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	6	-	5,345
<b>Current assets</b>			
Assets held for disposal	7	265	-
Debtors amounts falling due within one year	8	5,996	2,138
Cash at bank and in hand		2,064	1,365
		<b>8,325</b>	<b>3,503</b>
<b>Creditors' amounts falling due within one year</b>	9	<b>(141,091)</b>	<b>(121,758)</b>
<b>Net current liabilities</b>		<b>(132,766)</b>	<b>(118,255)</b>
<b>Total assets less current liabilities</b>		<b>(132,766)</b>	<b>(112,910)</b>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(132,766)	(112,910)
<b>Total shareholders' deficit</b>	12	<b>(132,766)</b>	<b>(112,910)</b>

The financial statements on pages 8 to 18 were approved by the Directors on 27 September 2011 and signed on behalf of the Board



R Cordeschi  
Director

**Registered number 341981**

The accompanying notes are an integral part of the financial statements

# **B.A.T Vietnam Limited**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Accounting policies**

#### **(1) 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 prior year comparatives in the Profit and Loss Account, The Statement of Total Recognised Gains and Losses and in a number of the notes to the financial statements have been restated to be consistent with current year disclosure.

#### **(2) 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 is exempt under the terms of FRS 1 (Revised) from publishing a cash flow statement.

#### **(3) Foreign currencies**

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained profit of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net liabilities at the beginning of the year. Exchange differences arising on the retranslation of monetary assets and liabilities between the Company and its branch, which are translated at the exchange rate ruling at the end of the year, are also taken to reserves. Other exchange differences, including those on remittances, are reflected in the profit and loss account.

#### **(4) Accounting for turnover and income**

Turnover comprises sales at invoiced value and 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.

#### **(5) Taxation**

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

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 tax 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.

# **B.A.T Vietnam Limited**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Accounting policies (continued)**

#### **(6) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The rates of depreciation used are

	%
Plant, machinery and equipment	7.5-20
Leasehold assets - short leases	Over the period of the lease

Assets in the course of construction are not depreciated until brought into operational use.

Assets held for disposal are those which have been transferred from fixed assets to current assets. The assets are valued at the net book value less any impairment.

#### **(7) Operating leases**

The annual payments under operating leases are charged to the profit and loss account over the length of the lease.

#### **(8) Retirement benefits**

The Company participates in several pension schemes, the largest of which, the British American Tobacco UK Pension Fund, is a multi-employer pension scheme. Under FRS 17, where more than one employer participates in a defined benefit scheme the individual participating employers should account for the scheme as a defined contribution scheme if they are unable to identify their individual shares of the underlying assets and liabilities in the scheme.

The Company is unable to identify its share of the underlying assets and liabilities of the multi-employer British American Tobacco group funded defined benefit scheme and therefore, does not recognise any share of any surplus or deficit in respect of these.

The Company also operates a defined contribution scheme. Payments in respect of defined contribution schemes are charged as an expense as they fall due.

## B.A.T Vietnam Limited

### Notes to the financial statements for the year ended 31 December 2010

#### 2 Turnover and other operating income

	2010 £'000	2009 £'000
Turnover including duty, excise and other taxes	33,600	26,585
Duty and excise and other taxes	(3,086)	(2,426)
Turnover excluding duty, excise and other taxes	30,514	24,159
Other operating income	54	74
	<b>30,568</b>	<b>24,233</b>

Turnover comprises the sale of tobacco products by the Company's branch in Vietnam

#### 3 Operating charges

	2010 £'000	Restated 2009 £'000
<b>Operating profit is stated after charging:</b>		
Purchase of goods for resale	23,149	18,006
Change in stocks of goods for resale	-	38
Staff costs	8,660	9,071
Exchange losses	7,769	6,913
Depreciation of tangible fixed assets	1,040	1,002
Profit on disposal of tangible fixed assets	(84)	(27)
Impairment of assets held for disposal (note 7)	841	-
Operating lease charges		
- land and buildings	1,371	1,546
- plant and machinery	649	729
Auditor's remuneration		
- Audit services	132	72
- Consulting services	75	85
Other operating charges	9,534	10,619
	<b>53,136</b>	<b>48,054</b>

<b>Staff costs:</b>		Restated
	2010 £'000	2009 £'000
Wages and salaries	7,930	8,061
Social security costs	234	244
Defined benefit pension scheme costs (note 13)	70	158
Defined contribution pension scheme costs (note 13)	68	123
Share-based payments	358	485
	<b>8,660</b>	<b>9,071</b>

The 2009 comparative has been restated to be consistent with the current year presentation. This has resulted in an amount of £2,982,000 having been reallocated from the Statement of Total Recognised Gains and Losses to the Profit and Loss Account operating charges under foreign exchange losses.

## B.A.T Vietnam Limited

### Notes to the financial statements for the year ended 31 December 2010

#### 3 Operating charges (continued)

The average monthly number of persons employed by the Company during the year was

	2010 Number	2009 Number
Administration	91	92
IT	4	5
Marketing	161	168
	<b>256</b>	<b>265</b>

#### Directors' emoluments

The aggregate emoluments of the Directors payable by the Company or its subsidiary undertakings in respect of their services to those companies while directors of the Company were

	2010 £'000	2009 £'000
Aggregate emoluments	<b>498</b>	407

	2010 Number	2009 Number
Directors exercising share options during the year	1	-
Directors entitled to receive shares under a long term incentive scheme	2	1
Directors retirement benefits accruing under a defined benefit scheme	2	1

	2010 £'000	2009 £'000
<b>Highest paid Director</b>		
Aggregate emoluments	<b>433</b>	407
Defined benefit pension scheme		
Accrued pension at end of year	<b>49</b>	47

The highest paid Director received shares under a long term incentive scheme and exercised share options during the year. No Directors received emoluments (excluding shares) under long-term incentive schemes during the year (2009: none).

# B.A.T Vietnam Limited

## Notes to the financial statements for the year ended 31 December 2010

### 3 Operating charges (continued)

#### Operating lease commitments

At 31 December, the Company had annual commitments in respect of non-cancellable operating leases expiring as follows

	Plant and machinery		Land and buildings	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Expiring within one year	51	67	399	912
1 – 5 years	-	34	-	280
	51	101	399	1,192

### 4 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest	54	25

### 5 Taxation on loss on ordinary activities

#### (a) Summary of taxation on loss on ordinary activities

	2010 £'000	2009 £'000
<b>Current taxation.</b>		
UK corporation taxation on loss of the year		
Comprising		
- current taxation at 28 0% (2009 28 0%)	-	-
Overseas taxation	-	350
Total current taxation note 5(b)	-	350

#### (b) Factors affecting the taxation charge

The current taxation charge differs from the standard 28 0% (2009 28 0%) rate of corporation taxation in the UK. The major causes of this difference are listed below

	2010 £'000	Restated 2009 £'000
<b>Loss on ordinary activities before taxation</b>	<b>(22,514)</b>	<b>(23,796)</b>
Corporation taxation at 28 0% (2009 28 0%) on loss on ordinary activities	(6,304)	(6,663)
<b>Factors affecting the taxation rate:</b>		
Permanent differences	(1,588)	(1,881)
Other timing differences	511	294
Group loss relief surrendered at less than full consideration	7,381	8,250
Overseas taxation	-	350
Total current taxation charge note 5(a)	-	350

## B.A.T Vietnam Limited

### Notes to the financial statements for the year ended 31 December 2010

#### 5 Taxation on loss on ordinary activities (continued)

##### (b) Factors affecting the taxation charge (continued)

An amount of £5,811,294 (2009 £7,413,580) (taxation amount of £1,627,162 (2009 £2,075,802)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing

At the balance sheet date, the Company has not recognised a deferred taxation asset in respect of deductible temporary differences of £6,784,900 (2009 £4,987,000) and unused taxation credits of £2,996,000 (2009 £2,996,000). These unrecognised deductible temporary differences and unused taxation credits have no expiry date. No recognition has been made for deferred taxation in respect of these items as their future recoverability remains uncertain.

The 2009 comparative has been restated to be consistent with the current year presentation.

#### 6 Tangible fixed assets

	Leasehold assets £'000	Plant, machinery and equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2010	638	9,668	585	10,891
Additions	-	-	829	829
Reallocations	30	484	(514)	-
Difference on exchange	(15)	(75)	(11)	(101)
Disposals	(653)	(8,971)	(335)	(9,959)
Transfer to assets held for disposal	-	(1,106)	(554)	(1,660)
<b>At 31 December 2010</b>	-	-	-	-
<b>Accumulated depreciation</b>				
At 1 January 2010	267	5,279	-	5,546
Charge for the year	130	910	-	1,040
Difference on exchange	(11)	(64)	-	(75)
Disposals	(386)	(5,571)	-	(5,957)
Transfer to assets held for disposal	-	(554)	-	(554)
<b>At 31 December 2010</b>	-	-	-	-
<b>Net book value</b>				
<b>At 31 December 2010</b>	-	-	-	-
At 31 December 2009	371	4,389	585	5,345

## B.A.T Vietnam Limited

### Notes to the financial statements for the year ended 31 December 2010

#### 7 Assets held for disposal

	2010 £'000	2009 £'000
At carrying value	1,106	-
Impairment loss	(841)	-
	265	-

Assets held for sale relate to computer equipment software that was sold in April 2011. The impairment loss reflects the asset sale value.

#### 8 Debtors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade debtors	115	132
Amounts due from Group undertakings	4,334	337
Other debtors	1,493	1,487
Prepayments and accrued income	54	182
	5,996	2,138

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

#### 9 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	2,079	1,309
Amounts due to Group undertakings	133,426	114,165
Taxation and social security	263	227
Accruals and deferred income	5,323	6,057
	141,091	121,758

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

#### 10 Called up share capital

Ordinary shares of £1 each	2010	2009
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2



## B.A.T Vietnam Limited

### Notes to the financial statements for the year ended 31 December 2010

#### 11 Reserves

Profit and loss account	£'000
1 January 2010	(112,910)
Loss for the financial year	(22,514)
Unrealised exchange differences on translation of branch activities	2,658
<b>31 December 2010</b>	<b>(132,766)</b>

#### 12 Reconciliation of movements in shareholders' deficit

	2010 £'000	Restated 2009 £'000
Loss for the financial year	(22,514)	(24,146)
Unrealised exchange differences on translation of branch activities	2,658	15,117
Net movement in shareholders' deficit	(19,856)	(9,029)
Opening shareholders' deficit	(112,910)	(103,881)
<b>Closing shareholders' deficit</b>	<b>(132,766)</b>	<b>(112,910)</b>

The prior year has been restated for consistency with current year presentation

#### 13 Pensions

The Company participates in the British American Tobacco UK Pension Fund, a multi employer scheme, in respect of certain employees. Employees are not required to contribute. Details of the latest actuarial valuation for this defined benefit scheme are contained in the financial statements of British-American Tobacco (Holdings) Limited. The last full tri-annual actuarial valuation of the British American Tobacco UK Pension Fund was carried out as at 31 March 2008 by a qualified independent actuary. The valuation showed that the fund had a deficit of £537,000,000. As at 31 December 2010 the Group valuation of the deficit on an IAS 19 basis was £221,000,000 (2009 £604,000,000). The valuation is not completed on an FRS 17 basis therefore the IAS 19 value is disclosed in accordance with requirements of FRS 17.

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

## **B.A.T Vietnam Limited**

### **Notes to the financial statements for the year ended 31 December 2010**

#### **13 Pensions (continued)**

The defined benefit pension scheme cost for the Company was £70,000 (2009 restated £158,000) for the year

The Company also participates in a defined contribution scheme. Payments in respect of defined contribution schemes are charged as an expense as they fall due. The pension cost for the Company was £68,000 (2009 restated £123,000).

#### **14 Related party disclosures**

As a wholly owned subsidiary, the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary undertakings of the Group.

#### **15 Parent company support**

The immediate parent undertaking, British American Tobacco (Investments) Limited, has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future.

#### **16 Parent undertakings**

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco plc, 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 plc level and may be obtained from:

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