

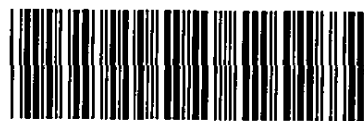
Carreras Limited

Registered Number 00384818

Directors' report and financial statements

For the year ended 31 December 2011

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Carreras Limited

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Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2011

Principal activities

The Company owns the Craven and Piccadilly tobacco trademarks, which it licenses to fellow British American Tobacco plc Group (the "Group") companies around the world

Review of the year ended 31 December 2011

The profit for the financial year attributable to Carreras Limited shareholders after deduction of all charges and the provision of tax amounted to £6,780,000 (2010 £8,091,000)

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 under the Business Review section in the Annual Report of British American Tobacco plc 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 plc and do not form part of this report

Dividends

During the year the Company paid dividends amounting to £9,000,000 (2010 £nil)

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2011 to the date of this report are as follows

	Dates appointed	Dates resigned
Robert James Casey		7 February 2011
Nikolaus Mohr	7 February 2011	
Nicola Snook	7 February 2011	
Charl Erasmus Steyn		
Ridirectors Limited		

Directors' report (continued)

Statement of Directors' responsibilities

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' declaration in relation to relevant audit information

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

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

By order of the Board



Sallie Ellis
Assistant Secretary

3 May 2012

Independent auditors' report to the members of Carreras Limited

We have audited the financial statements of Carreras Limited for the year ended 31 December 2011 which comprise the profit and loss account, 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 3, 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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.

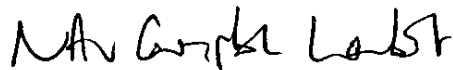
Carreras Limited

Independent auditors' report to the members of Carreras 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

4 May 2012

Carreras Limited

Profit and loss account for the year ended 31 December 2011

		2011	Restated
		£'000	2010
Continuing operations	Note		£'000
Operating income	2	7,367	8,773
Operating charges	3	(71)	(94)
Operating profit		7,296	8,679
Interest receivable and similar income	4	6	4
Profit on ordinary activities before taxation		7,302	8,683
Taxation on profit on ordinary activities	5	(522)	(592)
Profit for the financial year	10	6,780	8,091

The prior year has been restated to be consistent with current presentation (refer to note 1)

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

There are no recognised gains or losses other than the profit for the financial year

The accompanying notes are an integral part of the financial statements

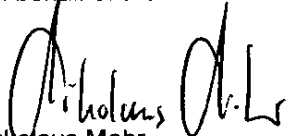
Carreras Limited

Balance sheet at 31 December 2011

	Note	2011 £'000	Restated 2010 £'000
Fixed assets			
Intangible assets	6	6,178	6,178
		6,178	6,178
Current assets			
Debtors amounts falling due within one year	7	8,321	10,583
Creditors amounts falling due within one year	8	-	(42)
Net current assets		8,321	10,542
Total assets less current liabilities		14,499	16,719
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	14,499	16,719
Total shareholders funds	11	14,499	16,719

The prior year has been restated to be consistent with current year presentation (refer to note 1)

The financial statements on pages 6 to 12 were approved by the Directors on 3 May 2012 and signed on behalf of the Board


Nikolaus Mohr
Director

Registered number
00384818

The accompanying notes are an integral part of the financial statements

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

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

Restatement

The prior year has been restated to be consistent with the current year presentation in respect of recognition of operating income. The impact of this on the financial statements has been to reduce previously reported profit for the financial year in 2010 by £6,062,000 to £8,091,000. The impact on net assets for the financial year 2010 has been to reduce debtors by £6,062,000.

Cash flow statement

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

Foreign currencies

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year.

Accounting for income

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

Taxation

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

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date.

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

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies (continued)

Taxation (continued)

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.

Intangible assets

Patents and licences are stated at cost, less any amounts provided for impairment in value. No annual amortisation is charged in respect of these assets except where the end of the useful economic lives of the assets can be foreseen. The useful economic lives and the carrying value are reviewed annually and any amortisation or provision for impairment in value charged in the profit and loss account.

Dividends

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

2 Operating income

Operating income comprises royalties receivable from fellow Group companies.

3 Operating charges

	2011 £'000	2010 £'000
Other operating charges	71	94

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2010: £3,957).

There were no employees (2010: none) and no staff costs during the year (2010: £nil).

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2010: £nil).

4 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from Group undertakings	6	4

Notes to the financial statements for the year ended 31 December 2011

5 Taxation on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2011 £'000	Restated 2010 £'000
Current taxation:		
UK corporation taxation on profit of the year		
Comprising		
- current taxation at 26.5% (2010 28.0%)	522	592
- double taxation relief	(522)	(592)
Overseas taxation	522	592
Total current taxation note 5(b)	522	592

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 28.0% to 26.0% with effect from 1 April 2011. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 26.5%.

The current taxation charge differs from the standard 26.5% (2010 28.0%) rate of corporation taxation in the UK. The major causes of this difference are listed below.

	2011 £'000	Restated 2010 £'000
Profit on ordinary activities before taxation	7,302	8,683
Corporation taxation at 26.5% (2010 28.0%) on profit on ordinary activities	1,935	2,431
Factors affecting the taxation rate.		
Permanent differences	104	(16)
Group loss relief claimed at less than full consideration	(1,517)	(1,823)
Overseas taxation	522	592
Double taxation relief	(522)	(592)
Total current taxation charge note 5(a)	522	592

An amount of £392,000 (2010 £58,000) (taxation amount of £104,000 (2010 £16,000)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

For details of the restatement, refer to note 1.

Notes to the financial statements for the year ended 31 December 2011

6 Intangible assets

	£'000
Cost	
1 January 2011	6,178
31 December 2011	6,178
Accumulated amortisation	
1 January 2011	-
31 December 2011	-
Net book value	
1 January 2011	6,178
31 December 2011	6,178

Intangible assets represent Craven and Piccadilly tobacco trademarks and licenses

7 Debtors: amounts falling due within one year

	2011 £'000	Restated 2010 £'000
Amounts due from Group undertakings	8,321	10,583

Included within amounts due from Group undertakings is an amount of £2,656,000 (2010 £1,066,000) which is unsecured, interest bearing and are repayable on demand. The interest rate is based on LIBOR. Other amounts due from Group undertakings are unsecured, interest free and repayable on demand.

For details of the restatement, refer to note 1

8 Creditors: amounts falling due within one year

	2011 £'000	Restated 2010 £'000
Amounts due to Group undertakings	-	42

For details of the restatement, refer to note 1

9 Called up share capital

Ordinary shares of £1 each	2011	2010
Allotted, called up and fully paid		
- value	£40	£40
- number	40	40

Notes to the financial statements for the year ended 31 December 2011

10 Reserves

	Note	Profit and loss account £'000
1 January 2011 (as previously stated)		22,781
Prior year adjustment	1	6,062
1 January 2011 (restated)		16,719
Profit for the financial year		6,780
Dividends – interim paid		(9,000)
31 December 2011		14,499

11 Reconciliation of movements in shareholders' funds

	Note	2011 £'000	2010 £'000
Profit for the financial year as previously stated			14,153
Prior year adjustment	1		6,062
Profit for the financial year		6,780	8,091
Dividends – interim paid		(9,000)	-
Net movement in shareholders' funds		(2,220)	8,091
Opening shareholders' funds		16,719	8,628
Closing shareholders' funds		14,499	16,719

12 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

13 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p l c being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British American Tobacco (Brands) Limited. Group financial statements are prepared only at the British American Tobacco p l c level and may be obtained from

The Company Secretary
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