

British American Tobacco (GLP) Limited

Registered Number 6238103

Directors' Report and Accounts

For the period from 4 May 2007 to 31 December 2007

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British American Tobacco (GLP) Limited

Contents

Directors' report	3
Independent auditors' report to the member of British American Tobacco (GLP) Limited	6
Profit and Loss Account for the period ended 31 December 2007	7
Balance sheet as at 31 December 2007	8
Notes to the accounts – 31 December 2007	9

British American Tobacco (GLP) Limited

Directors' report

The Directors present their report and the audited financial statements of the Company from the date of incorporation, 4 May 2007 to 31 December 2007

Principal activities

The Company's principal activities include procurement and trading in tobacco leaf and semi-finished tobacco products

Review of business and future developments

The loss for the period attributable to the British American Tobacco (GLP) Limited shareholder after deduction of all charges and the provision of tax amounted to US Dollars ("USD") 13,342,000. The Company became active in December 2007. Sales to customers started in 2008.

Key performance indicators

The Directors of British American Tobacco plc, the ultimate parent company, manage the operations of the British American Tobacco Group (the "Group") on a regional basis. For this reason, and 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 position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed under the Operating and Finance Review section of 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 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 also be relevant to the Company are disclosed in the Annual Report of British American Tobacco plc for the year ended 31 December 2007 and do not form part of this report.

Financial risk management

The Company's operations expose it to a currency risk as part of its purchases and operating expenses are denominated in foreign currencies. The exposure is partially hedged with forward foreign exchange contracts.

The Company is also exposed to a credit risk. To minimise exposure, credit limits are set up for each customer and Management monitors the level of outstanding debts on an on-going basis.

Dividends

The Directors do not recommend the payment of a dividend for the period.

British American Tobacco (GLP) Limited

Directors' Report

Board of Directors

The names of the persons who served as Directors of the Company during the period 4 May 2007 to the date of this report are as follows

	Appointed	Resigned
Irvine, James Campbell	4 May 2007	
Cheong-Foo, Gilbert Dario	14 September 2007	
Fernandes, Marcio Eduardo	14 September 2007	
Marroco, Tadeu Luiz	14 September 2007	
Payne, Philip James	14 September 2007	
Stevens, Michael James	14 September 2007	
Ridirectors Limited	4 May 2007	14 September 2007

Statement of Directors' responsibilities

The following statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the independent auditors, as shown on page 6, sets out their responsibilities in relation to the financial statements.

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Directors are responsible for preparing the financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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 appropriate accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records that 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 1985. 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.

British American Tobacco (GLP) Limited

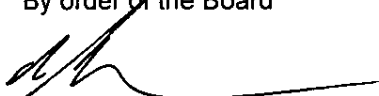
Directors' report

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

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

By order of the Board



M G C Anderson

Secretary

21 October 2008

Independent auditors' report to the member of British American Tobacco (GLP) Limited

We have audited the financial statements of British American Tobacco (GLP) Limited for the period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

Date **27** October 2008

British American Tobacco (GLP) Limited

Profit and loss account for the period ended 31 December 2007

	<i>Note</i>	2007 USD '000
Turnover		-
Operating charges	2	(12,874)
Operating results on ordinary activities		(12,874)
Interest receivable and similar income	4(a)	144
Interest payable and similar charges	4(b)	(612)
Loss on ordinary activities before taxation		(13,342)
Taxation on loss on ordinary activities	5	-
Loss for the financial period		(13,342)

There are no recognised gains and losses other than the loss for the financial period. All the activities during the period are in respect of continuing operations.

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


The notes shown on pages 9 to 16 form part of these accounts.

British American Tobacco (GLP) Limited

Balance sheet as at 31 December 2007

	<i>Note</i>	2007 USD '000
Fixed assets		
Tangible assets	6	24,471
Current assets		
Stocks	7	310,959
Debtors - amounts falling due within one year	8	46,272
Cash at bank and in hand		20,843
		378,074
Creditors - amounts falling due within one year	9	(315,887)
Net current assets		62,187
Net assets		86,658
Capital and reserves		
Called up share capital	10	100,000
Profit and loss account	11	(13,342)
Equity shareholder's funds		86,658

The financial statements on pages 7 to 16 were approved by the Directors on 21 October 2008 and signed on behalf of the Board



M J Stevens
Director

The notes shown on pages 9 to 16 form part of these accounts

British American Tobacco (GLP) Limited

Notes to the accounts – 31 December 2007

1 Accounting policies

The principal accounting policies are set out below

(a) 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 1985 and applicable accounting standards in the United Kingdom

(b) 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 is exempt under the terms of the FRS 1 (revised 1996) from preparing a cash flow statement

(c) Foreign currencies

Items included in the financial statements of the Company are reported in the currency of the primary economic environment (United States Dollar), in which the Company operates (the "functional currency")

Transactions arising in currencies other than US Dollar are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollar 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.

(d) 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, including where delays are anticipated in the receipt of monies from overseas.

(e) Taxation

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

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. However, as allowed by FRS 19, the Company has chosen not to discount deferred tax assets and liabilities.

British American Tobacco (GLP) Limited

Notes to the accounts – 31 December 2007

1 Accounting policies (continued)

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives and commences when the assets are ready for their intended use. Depreciation is charged pro-rata based on the month of acquisition and disposal.

(g) Leases

Rentals payable on assets held under operating leases are charged to the profit and loss account.

(h) Stock

Stocks are valued at the lower of cost and net realisable value. The method used in calculating cost, which includes costs incurred in bringing inventories to their present state and location, is average cost.

(i) Employee Share Schemes

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow group company, for the cost of share schemes to which its employees belong. This recharge is expensed in the year incurred. The recharge in the period ended 31 December 2007 was USD 130,000. The fellow group company which administers the share schemes on behalf of other group companies calculates and reflects the charge for the share schemes and provides the relevant disclosures required under FRS 20 '(IFRS 2) Share-based Payment'.

(j) Financial Instruments

The Company has adopted paragraphs 15 to 50 of FRS 25 "Financial Instruments: Disclosure and presentation". This has no financial impact on the accounts and the fair value of the forward foreign exchange contracts has not been recognised in the balance sheet. As required by paragraph 45B of section D schedule 4 of the Companies Act 1985, the fair value of those contracts has been disclosed in the notes to the financial statements.

British American Tobacco (GLP) Limited

Notes to the accounts – 31 December 2007

2 Operating charges

	2007 USD '000
Raw materials and consumables	310,959
Changes in stocks	(310,959)
Staff costs (see below)	6,339
Auditors' fees	58
Payment to PricewaterhouseCoopers for non-audit services	9
Exchange loss	40
Other operating expenses	6,428
	12,874
<hr/>	
Staff costs	
Staff costs recharged from other companies	6,339

The Company had no employees during the period. The above staff costs, which are borne by the Company, relate to the employees of fellow Group undertakings.

Other operating expenses include pre-operating expenses such as travel costs, charges for office facilities, consultancy fees, etc.

3 Directors' emoluments

The aggregate emoluments of the Directors in respect of their services as Directors of the Company during the period were as follows:

	2007 USD '000
Aggregate emoluments	497
Highest paid Director	
Aggregate emoluments	354
Defined benefit pension scheme accrued pension at the end of year	142
<hr/>	
	Number
Directors exercising share options during the year	None
Directors entitled to receive shares under a long term incentive scheme	2
Directors retirement benefits accruing under a defined benefit scheme	2

The highest paid Director received shares under a long term incentive scheme but did not exercise share options during the year. No Directors received emoluments (excluding shares) under long-term incentive schemes during the year.

Messrs Fernandes, Marroco, Payne and Stevens did not receive any remuneration in respect of their services during the period.

British American Tobacco (GLP) Limited
Notes to the accounts – 31 December 2007

4 (a) Interest receivable and similar income

	2007 USD '000
Interest receivable on loan to Group undertaking	144

4 (b) Interest payable and similar charges

	2007 USD '000
Interest payable on borrowings from Group undertakings	612

5 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2007 USD '000
UK corporation tax comprising	
Current tax of the period at 30%	-
Total current taxation <i>note 5(b)</i>	-

(b) Factors affecting the tax charge

The current taxation charge differs from the standard 30 per cent rate of Corporation tax in the UK. The major causes of this difference are listed below

	2007 USD '000
Loss on ordinary activities before taxation	(13,342)
Corporation Tax at 30% on loss on ordinary activities	(4,003)
Factors affecting the tax rate:	
Permanent differences	8
Timing differences	4,038
Group loss relief claimed for nil consideration	(43)
Total current taxation charge <i>note 5(a)</i>	-

British American Tobacco (GLP) Limited
Notes to the accounts – 31 December 2007

6 Tangible fixed assets

	Assets under construction USD '000
Cost	
At 4 May 2007	-
Additions	24,471
Disposals	-
31 December 2007	24,471
Net book amount	
31 December 2007	24,471

7 Stocks

	2007 USD '000
Goods for resale	310,959
Current replacement cost	364,000

8 Debtors: amounts falling due within one year

	2007 USD '000
Amounts owed by Group undertakings	144
Loan to a Group undertaking	29,970
Other debtors	16,158
	46,272

Amounts owed by Group undertakings are unsecured and interest free. The loan to a Group undertaking is interest bearing at an average rate for the year of 5.829% p.a.

British American Tobacco (GLP) Limited
Notes to the accounts – 31 December 2007

9 Creditors: amounts falling due within one year

	2007 USD '000
Trade creditors	2,507
Amounts due to Group undertakings	40,434
Interest payable to a Group undertaking	2,946
Borrowings from a Group undertaking	270,000
	315,887

Amounts due to Group undertakings are unsecured, interest free and repayable on demand
 Borrowings from a Group undertaking are unsecured and interest bearing at an average rate for the year of 5.634% p.a. These borrowings are under a committed revolving credit facility and they can be rolled over as and when the amounts come due. Total credit facility amounts to USD420million

10 Called up share capital

Ordinary shares of USD1 each	2007
Authorised - number	250,000,000
- value	USD250,000,000
Allotted, called up and fully paid	
- number	100,000,000
- value	USD100,000,000

11 Reserves

	Profit and loss account USD '000
4 May 2007	-
Loss for the financial year	(13,342)
31 December 2007	(13,342)

British American Tobacco (GLP) Limited

Notes to the accounts – 31 December 2007

12 Financial commitments

At 31 December 2007, the Company had no annual commitments under non-cancellable operating leases

13 Financial instruments

The Company's operations expose it to a currency risk as part of its purchases and operating expenses are denominated in foreign currencies. The exposure is hedged with forward foreign exchange contracts. The fair value of the instruments at 31 December 2007 was a loss of USD1,223,000.

14 Related party transactions

Transactions with related parties have been aggregated by nature of transaction and were as follows

	2007
	USD '000
Transactions with associates of the British American Tobacco p.l.c. Group	

Purchases of tobacco products and raw materials	12,024
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The associate referred to is Reynolds American Inc

The Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group

15 Parent undertakings

The Company's ultimate parent undertaking and controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is British American Tobacco International Holdings (UK) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

British American Tobacco (GLP) Limited
Notes to the accounts – 31 December 2007

16 Copies of the Report and Accounts

Copies of the Report and Accounts of British American Tobacco p l c may be obtained from

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