

British American Tobacco (GLP) Limited

Registered Number 06238103

Annual report and financial statements

For the year ended 31 December 2016

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Strategic report

The Directors present their strategic report on British American Tobacco (GLP) Limited (the "Company") for the year ended 31 December 2016.

Principal activities

The Company's principal activities include the procurement and trading in tobacco leaf and semi-finished tobacco products as a member of the British American Tobacco p.l.c. Group (the "Group").

Review of the year ended 31 December 2016

The profit for the financial year attributable to British American Tobacco (GLP) Limited shareholders after deduction of all charges and the provision of tax amounted to US\$223,678,000 (2015: US\$166,640,000).

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



S. Kerr
Secretary

14 September 2017

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2016.

Dividends

During the year the Company paid dividends amounting to US\$205,000,000 (2015: US\$140,000,000).

Board of Directors

The names of the persons who served as directors of the Company during the period from 1 January 2016 to the date of this report are as follows:

	Dates appointed	Dates Resigned
Paul Ogborn		
John Stuart Alphin	24 May 2016	
Timothy James Bartle	26 July 2016	
Benjamin Daniel Guest	24 August 2017	
Douglas James Lafferty		26 July 2016
Michael James Stevens		31 January 2016
H Palliye Gurunnselage Sandeep Nishan Drupath De Alwis		30 September 2016

Financial risk management

The Company's operations expose it to a currency risk as parts of sales, purchases and operating expenses are denominated in foreign currencies other than US dollars. The exposure is partially hedged with forward foreign exchange contracts.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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' report

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this Annual report confirms that:

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

By Order of the Board

A handwritten signature in black ink, appearing to read 'S. Kerr', is written over a horizontal line.

S. Kerr
Secretary

14 September 2017

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

We have audited the financial statements of British American Tobacco (GLP) Limited for the year ended 31 December 2016 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of British American Tobacco (GLP) 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
-



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

Chartered Accountants

15 Canada Square

London, E14 5GL

14 September 2017

Profit and Loss account for the year ended 31 December 2016

		2016 US\$'000	2015 US\$'000
Continuing operations			
	Note		
Turnover	2	1,582,169	1,618,800
Raw materials and consumables		(1,374,202)	(1,272,958)
Changes in stock		40,080	(93,185)
Operating charges	3	(48,240)	(68,186)
Other operating income	4	39,186	-
Operating profit		238,993	184,471
Income from fixed asset investment		-	24,405
Other interest receivable and similar income	5	4	4
Interest payable and similar charges	6	(15,319)	(18,020)
Amounts written-off investments		-	(24,220)
Profit before tax		223,678	166,640
Tax on profit	7	-	-
Profit for the financial year	14	223,678	166,640

There is no material 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 2016

Other comprehensive income:		2016 US\$'000	2015 US\$'000
Items that can be classified to profit or loss			
Cash flow hedges:	14		
Net fair value gains/(losses)		51,300	(45,782)
Reclassified and reported in profit for the financial year		23,275	24,894
Dedesignated and reported in profit for the financial year		(39,186)	-
Reclassified and reported in net assets		(1,132)	6,337
Other comprehensive income for the year, net of tax		34,257	(14,551)
Tax on items relating to components of other comprehensive income		-	-
Total comprehensive income for the year		257,935	152,089

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

Statement of changes in equity for year ended 31 December

	Called up share capital	Cash flow hedge reserve	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
1 January 2015	100,000	(16,738)	82,925	166,187
Profit for the financial year	-	-	166,640	166,640
Other comprehensive income for the year	-	(14,551)	-	(14,551)
Total comprehensive income for the year	-	(14,551)	166,640	152,089
Dividends Paid	-	-	(140,000)	(140,000)
31 December 2015	100,000	(31,289)	109,565	178,276
Profit for the financial year	-	-	223,678	223,678
Other Comprehensive income for the year	-	34,257	-	34,257
Total comprehensive income for the year	-	34,257	223,678	257,935
Dividends Paid	-	-	(205,000)	(205,000)
31 December 2016	100,000	2,968	128,243	231,211

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

Balance sheet as at 31 December 2016

	Note	31 December 2016 US\$'000	31 December 2015 US\$'000
Fixed assets			
Intangible assets	8	-	-
Investments	9	-	-
Current assets			
Stocks	10	482,904	442,824
Debtors: amounts falling due within one year	11	223,255	210,513
Financial assets	16	7,119	1,136
Cash at bank and in hand		12,540	8,477
Total current assets		725,818	662,950
Creditors: amounts falling due within one year	12a	(238,753)	(484,533)
Net current assets		487,065	178,417
Total assets less current liabilities		487,065	178,417
Creditors: amounts falling due after more than one year	12b	(255,854)	(141)
Net assets		231,211	178,276
Capital and reserves			
Called up share capital	13	100,000	100,000
Retained Earnings	14	128,243	109,565
Cash Flow Hedge Reserve	14	2,968	(31,289)
Total Equity	15	231,211	178,276

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

The financial statements on pages 7 to 23 were approved by the Directors on 14 September 2017 and signed on behalf of the Board.

P. Ogborn
Director



Registered number
06238103

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

Notes to the financial statements for the year ended 31 December 2016

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 Company has taken advantage of the exemption from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group, and from certain disclosures in relation to financial instruments and share schemes where equivalent disclosures are included in the consolidated financial statements of the Company's ultimate parent.

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.

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.

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.

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Foreign currencies

Items included in the financial statements of the Company are reported in US\$, being the primary currency of the economic environment in which the Company operates.

Transactions arising in currencies other than US\$ are translated at the rate of exchange ruling on the date of the transaction, or at the forward rate if fully hedged by a forward exchange contract. Monetary assets and liabilities expressed in currencies other than US\$ are translated at rates of exchange ruling at the end of the financial year, or the forward rate if fully hedged by a forward exchange contract. All exchange differences are taken to the Profit and loss account in the year.

Forward contracts are used to manage exposure to foreign exchange risks. The Company does not hold derivative financial instruments for trading or speculative purposes.

Accounting for turnover and income

Turnover comprises sales at invoiced value (excluding duty, excise and other taxes) and is after deducting rebates, returns and similar discounts, 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.

Tax

Tax provided is that chargeable on the profits of the year, together with deferred tax.

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

Deferred tax 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax 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 tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Intangible assets

The intangible assets shown on the Company balance sheet consist of computer software. Intangibles are carried at cost less accumulated amortisation and impairment.

Computer software is carried at cost less accumulated amortisation and impairment, is amortised on a straight-line basis over a period of five years.

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value. Any impairment is recognised in the Profit and loss account in the period in which it arises.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate. Net realisable value is the estimated selling price less cost to completion and sale.

Financial Instruments

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. All of the Company's derivatives are designated as cash flow hedges.

In order to qualify for hedge accounting, the Company is required to document in advance the relationship between the item being hedged and the hedging instrument. The Company is also required to document and 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 on-going basis. This effectiveness testing is re-performed at each period end to ensure the hedge remains highly effective.

Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in equity are transferred to the Profit and loss account in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are recognised in profit or loss.

For the portion of hedges deemed ineffective or transactions that do not qualify for hedge accounting, where the forecasted or committed transaction is no longer expected to occur, the cumulative gain or loss that has been recorded in equity is transferred to the Profit and loss account.

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Employee share schemes

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow Group undertaking, for the cost of share schemes to which its employees belong. This recharge is expensed in the year incurred. The fellow Group company, which administers the share schemes on behalf of other Group undertakings and calculates and reflects the charge for the share schemes, provides the relevant disclosures required under IFRS 2. As noted previously, disclosures in regard to these costs are included in the consolidated financial statements of the Company's ultimate parent.

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 Turnover

Turnover comprises the sale of tobacco leaf and semi-finished tobacco products primarily to fellow Group companies.

Sales have been made to the following regions, in line with the ultimate Group operating segments:

	2016 US\$'000	2015 US\$'000
Location of customers:		
Western Europe	611,281	693,194
EEMEA (Eastern Europe, Middle East and Africa)	594,896	548,390
Asia-Pacific	280,944	305,076
Americas	95,048	72,140
	1,582,169	1,618,800

In 2016, the Company made over-recoveries of US\$35,700,000 on sales to intra-group subsidiaries outside of the range permissible per the contracts in place. The intra-group subsidiaries will be compensated via an adjustment to sales prices to be charged by the Company in Financial year 2018. The cost of the adjustment has been recognised within the 2016 financial performance of the Company, and has been deducted from the turnover analysis presented above, with a resulting payable recognised in note 12b, creditors falling due after one year.

Notes to the financial statements for the year ended 31 December 2016

3 Other operating charges

	2016 US\$'000	2015 US\$'000
Other operating charges comprise:		
Outsourced services	25,116	25,727
Storage & Warehousing	6,344	13,110
Staff costs	8,897	17,127
Amortisation of intangible assets	-	573
Auditors' remuneration:		
- Audit services	99	148
Exchange losses/(gains)	1,397	4,736
Other operating charges	6,387	6,765
	48,240	68,186

	2016 US\$'000	2015 US\$'000
Staff costs:		
Wages and salaries	6,210	13,964
Social security costs	870	1,104
Defined contribution scheme costs	291	366
Defined benefit scheme treated as defined contribution scheme	321	731
Share-based payments	1,205	962
	8,897	17,127

The above staff costs borne by the Company, relate to the employees of fellow Group undertakings. The associated employee numbers are 50 (2015: 62).

The aggregate emoluments of the Directors payable by the Company in respect of their services to those companies while directors of the Company were:

	2016 US\$'000	2015 US\$'000
Aggregate emoluments	1,135	2,013

	2016 Number	2015 Number
Directors exercising share options during the year	3	3
Directors entitled to receive shares under a long term incentive scheme	3	3
Directors retirement benefits accruing under a defined benefit scheme	2	1
Directors retirement benefits accruing under a defined contribution scheme	1	2

The above figures do not include Messrs Bartle and Lafferty on the basis that they are paid for their services to other Group companies.

Notes to the financial statements for the year ended 31 December 2016

3 Other operating charges (continued)**Highest paid Director**

	2016	2015
	US\$'000	US\$'000
Aggregate emoluments	787	715

The highest paid Director was entitled to receive shares under a long term incentive scheme and did exercise share options during the year. No Director received emoluments (excluding shares) under long term incentive schemes during the year (2015: none). Total compensation payments to Directors as a result of redundancies in the year amounted to US\$384,000 (2015: none).

At 31 December 2016, the Company had no annual commitments in respect of non-cancellable operating leases.

4 Other operating income

The amount recognised within Other operating income relates to the dedesignation of derivatives which were deemed ineffective with effect from 2016 as a result of changes to the terms of the leaf purchase agreement with Souza Cruz, a fellow group Company. This resulted in a gain of US\$39,186,000 being recognised in the Profit and Loss account for the year ended 31 December 2016.

5 Other interest receivable and similar income

	2016	2015
	US\$'000	US\$'000
Interest receivable from Group undertakings	4	4
	4	4

6 Interest payable and similar charges

	2016	2015
	US\$'000	US\$'000
Interest payable to Group undertakings	5,933	5,303
Financing charges payable to Group undertakings	524	1,420
Financing charges payable to external suppliers	7,154	8,066
Exchange losses on foreign currency borrowings	1,708	3,231
	15,319	18,020

Notes to the financial statements for the year ended 31 December 2016

7 Taxation on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2016 US\$'000	2015 US\$'000
Taxation:		
UK corporation taxation on profit of the year	-	-
Comprising:		
- taxation at 20% (2015: 20.25%)	-	-
Total taxation note 6(b)	-	-

(b) Factors affecting the taxation charge

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

The taxation charge differs from the standard 20% (2015: 20.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2016 US\$'000	2015 US\$'000
Profit before taxation	223,678	166,640
Corporation taxation at 20% (2015: 20.25%) on profit	44,736	33,745
Factors affecting the taxation rate:		
Expenses not deductible	241	5,088
Income not taxable		(4,942)
Effects of group relief/other reliefs	(44,977)	(34,007)
Amounts not recognised		116
Total taxation note 6(a)	-	-

The Company has deductible temporary differences of US\$46,055,000 (tax effect US\$7,829,000) (2015: US\$46,497,000 (tax effect US\$8,370,000)) in respect of unclaimed capital allowances, capital losses and losses arising as a result of the conversion to FRS101. No deferred tax asset has been recognised on the Balance Sheet in respect of these items as their future recoverability remains uncertain. These unused allowances have no expiry date.

Notes to the financial statements for the year ended 31 December 2016

8 Intangible assets

	Computer software US\$'000
Cost	
1 January 2016	43,161
31 December 2016	43,161
Accumulated depreciation	
1 January 2016	43,161
31 December 2016	43,161
Net book value	
1 January 2016	-
31 December 2016	-

9 Investments

Shares in Group undertaking

Unlisted – registered in the Netherlands

% equity shares held

1 January 2016 and 31 December 2016

Yolanda Netherlands B.V. (Investment holding)

0

120,041 ordinary shares of €0.01 each

294,277 ordinary-A shares of €0.01 each

159,352 ordinary-B shares of €0.01 each

113,600 ordinary-C shares of €82.00 each

Notes to the financial statements for the year ended 31 December 2016

9 Investments (continued)

Shareholdings at cost less provisions and other fixed asset investments

	Shareholdings at cost less provisions
	US\$'000
Cost	
1 January 2016	679,300
31 December 2016	679,300
Capital reductions	
1 January 2016	434,186
31 December 2016	434,186
Impairments	
1 January 2016	245,114
31 December 2016	245,114
Net book value	
1 January 2016	-
31 December 2016	-

Yolanda Netherlands BV was liquidated on 27 November 2015, prior to which, the Company recognised total equity dividends of US\$270,359,000 (2015: US\$23,510,000) and impairment charges of US\$245,114,000 (2015: US\$24,220,000). After financing costs of \$20,996,000 (2015: US\$0), the Company recognised a net profit of US\$4,249,000 (2015: US\$710,000).

10 Stocks

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to US\$482,904,000 (2015: US\$442,824,000). The write-down of stocks to net realisable value amounted to US\$16,116,000 (2015: US\$22,975,000). The reversal of write-downs amounted to US\$0 (2015: US\$0). The write-down and reversals are included in cost of sales, and all reversals were offset against corresponding inventory sales in the year.

Notes to the financial statements for the year ended 31 December 2016

11 Debtors: amounts falling due within one year

	2016 US\$'000	2015 US\$'000
Amounts owed by Group undertakings	189,712	144,787
Other debtors	1,322	813
Prepayments and accrued income	32,221	64,913
	223,255	210,513

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Prepayments and accrued income relate to payments in advance made to leaf suppliers for tobacco leaf purchases. The prepayments are offset against subsequent tobacco leaf crop received from these counterparts. Included within this, the amount of US\$3,007,000 (2015: US\$8,274,000) was made to internal leaf suppliers and US\$29,214,000 (2015: US\$56,639,000) was made to a third party leaf supplier.

12 Creditors: (a) amounts falling due within one year

	2016 US\$'000	2015 US\$'000
Trade creditors	127,972	69,749
Other creditors	8,540	7,583
Financial liabilities	2,913	7,287
Amounts owed to Group undertakings	99,328	399,914
	238,753	484,533

Included within amounts due to Group undertakings is an amount of US\$7,875,000 (2015: US\$103,953,000) which is unsecured, repayable on demand and incurs interest based on USD LIBOR.

Included within amounts due to Group undertakings in 2015 is an amount of US\$220,000,000 which was unsecured, repayable on demand and incurred interest based on USD LIBOR. The facility has since been renewed until 2018 and is included within Note 12b.

Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2016

12 Creditors (continued):

(b) amounts falling due after more than one year

	2016 US\$'000	2015 US\$'000
Financial liabilities	154	141
Amounts owed to Group undertakings	255,700	-
	255,854	141

Included within amounts owed to Group undertakings in is an amount of US\$220,000,000 which is unsecured, repayable in 2018 and incurs a rate of interest based on USD LIBOR.

Also included within the intra-group payable is a balance of US\$35,700,000 to be reimbursed to intra-group subsidiaries in financial year 2018 in connection with the intra-group compensation.

13 Called up share capital

Ordinary shares of \$1 each	2016	2015
Allotted, called up and fully paid		
- value	\$100,000,001	\$100,000,001
- number	100,000,001	100,000,001

14 Reserves

	Retained Earnings US\$'000	Cash flow hedge reserve US\$'000	Total Reserves US\$'000
1 January 2015	82,925	(16,738)	66,187
Profit for the financial year	166,640	-	166,640
Change in fair value	-	(14,551)	(14,551)
Dividends paid	(140,000)	-	(140,000)
1 January 2016	109,565	(31,289)	78,276
Profit for the financial year	223,678	-	223,678
Differences on exchange reclassified and reported in profit for the year			
Cash flow hedges			
Net fair value losses	-	51,300	51,300
Reclassified and reported in profit for the year	-	23,275	23,275
Dedesignated and reported in profit for the year	-	(39,186)	(39,186)
Reclassified and reported in net assets	-	(1,132)	(1,132)
Total Comprehensive income for the year	223,678	34,257	257,935
Dividends paid	(205,000)	-	(205,000)
31 December 2016	128,243	2,968	131,211

Notes to the financial statements for the year ended 31 December 2016

15 Reconciliation of movements in shareholders' funds

	2016 US\$'000	2015 US\$'000
Profit for the financial year	223,678	166,640
Other comprehensive income	34,257	(14,551)
Dividends paid	(205,000)	(140,000)
Net movement in shareholders' funds	52,935	12,089
Opening shareholders' funds	178,276	166,187
Closing shareholders' funds	231,211	178,276

16 Financial instruments

The Company's operations expose it to currency risk as part of its sales, purchases of raw materials and goods for resale are denominated in foreign currencies other than US\$. The exposure is hedged with forward foreign exchange contracts.

The fair value of the instruments at 31 December 2016 was a net receivable of US\$4,052,000 (2015: US\$5,134,000 payable).

	2016 US\$'000	2015 US\$'000
Financial assets at fair value through cash flow hedge reserve		
Forward foreign currency contracts	7,119	1,136
Financial liabilities at fair value through cash flow hedge reserve		
Forward foreign currency contracts maturing in less than one year	(2,913)	(7,287)
Forward foreign currency contracts maturing in more than one year	(154)	(141)
Dedesignated hedges taken to profit and loss	-	1,158
Fair Value of hedges	4,052	(5,134)

Notes to the financial statements for the year ended 31 December 2016

17 Related party disclosures

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

	2016 US\$'000	2015 US\$'000
Transactions with associates of the British American Tobacco p.l.c. Group		
Sales	102	150
Purchases of tobacco leaf	206,554	188,190
Other charges	657	80
Amounts due	32	-
Amounts payable included in trade creditors	1,217	-

The associates referred to are: Reynolds American Inc. and ITC Limited.

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.

Notes to the financial statements for the year ended 31 December 2016

18 Post Balance Sheet Events

Subsequent to the year end, the Company has paid dividends amounting to US\$145,000,000.

On 17 January 2017, the Group announced the agreed terms of a recommended offer for the acquisition of the remaining 57.8% of Reynolds American Inc. Reynolds American not already owned by the Group. Reynolds American shareholders will receive for each Reynolds share US\$29.44 in cash and 0.5260 BAT ordinary shares which shall be represented by BAT American Depositary Receipts ("ADRs") listed on the New York Stock Exchange ("NYSE").

The proposed merger was accepted by both parties' shareholders on 19 July 2017 and on 25 July the transaction completed.

For transactions occurring in the year ended 31 December 2016, dealings with Reynolds American Inc. have been classified as related party transactions as in the year the Company was an associate of the Group.

19 Company and Parent undertakings

The Company is incorporated in the United Kingdom and registered in England and Wales, with its registered office detailed below:

British American Tobacco (GLP) Limited
Globe House
1 Water Street
London
WC2R 3LA

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 International Holdings (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