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Abbey Investment Company Limited

Registered Number UK FC002780

Registered Number Isle of Man 537

Directors' report and financial statements

For the year ended 31 December 2014



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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 2014

Principal activities

The Company's principal activity is the holding of an investment in a company operating in the tobacco industry as a member of the British American Tobacco p l c Group (the "Group")

Review of the year ended 31 December 2014

The profit for the financial year attributable to Abbey Investment Company Limited shareholders after deduction of all charges and the provision of taxation amounted to £3,775,000 (2013 £5,055,000)

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

Dividends

During the year the Company paid dividends amounting to £3,000,000 (2013 £10,000,000)

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2014 to the date of this report are as follows

	Appointed	Resigned
Robert James Casey		
Kenneth John Hardman		19 December 2014
Neil Robert Withington		30 April 2015
Anthony Michael Hardy Cohn	17 December 2014	

Directors' report

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards. 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 year.

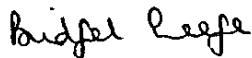
In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. 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.

By Order of the Board



B M Creegan
Secretary

11 June 2015

Independent auditors' report to the members of Abbey Investment Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Abbey Investment Company Limited which comprise the Profit and loss account for the year ended 31 December 2014, the Balance sheet as at 31 December 2014 and a summary of significant accounting policies and other explanatory notes

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 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 conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion

- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance for the year then ended in accordance with United Kingdom Accounting Standards, and
- The financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004

Independent auditors' report to the members of Abbey Investment Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 require us to report to you if, in our opinion

- proper books of account have not been kept by the Company or, proper returns adequate for our audit have not been received from branches not visited by us, or
- the Company's Balance sheet and Profit and loss account are not in agreement with the books of account and returns, or
- we have not received all the information and explanations necessary for the purposes of our audit, and
- certain disclosures of Directors' loans and remuneration specified by law have not been complied with



PricewaterhouseCoopers LLC

Chartered Accountants

Douglas, Isle of Man

11 June 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Other operating (charges)/income	2	(64)	68
Operating charges/credits		(64)	68
Income from shares in Group undertakings		4,713	6,110
Interest receivable and similar income	3	10	23
Profit on ordinary activities before taxation		4,659	6,201
Tax on profit on ordinary activities	4	(884)	(1,146)
Profit for the financial year	8	3,775	5,055

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 and therefore no Statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of the financial statements

Abbey Investment Company Limited

Balance sheet at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	5	292	292
		292	292
Current assets			
Debtors amounts falling due within one year	6	5,500	4,725
Net current assets		5,500	4,725
Total assets less current liabilities		5,792	5,017
Capital and reserves			
Called up share capital	7	1,500	1,500
Profit and loss account	8	4,292	3,517
Total shareholders' funds	9	5,792	5,017

The financial statements on pages 6 to 12 were approved and authorised for issue by the Board of Directors on 11 June 2015 and signed on behalf of the Board by



A M H. Cohn
Director

R J Casey
Director



Registered number
UK FC002780
Isle of Man 537

The accompanying notes are an integral part of the financial statements

Notes to the financial statements for the year ended 31 December 2014

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 Isle of Man Companies Acts 1931 to 2004 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

Consolidated financial statements

In accordance with FRS 2 "Accounting for subsidiary undertakings", group financial statements have not been prepared as the Company is itself a wholly owned subsidiary. These financial statements therefore present financial information about the Company as an individual entity, and not about its group. Furthermore, the Company is permitted not to prepare group financial statements by the provisions of the Isle of Man Companies Act 1982 as the Directors consider it would involve expense or delay out of proportion to the value to the members of the Company

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 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.

Notes to the financial statements for the year ended 31 December 2014

Accounting policies (continued)

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

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

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

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 recognizes the liability to pay a dividend

Future changes to accounting policies

The Financial Reporting Council has issued FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard applicable in the UK and Ireland. These standards will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under EU-adopted International Financial Reporting Standards (IFRS), for accounting periods beginning on or after 1 January 2015

FRS 100 sets out the overall financial reporting framework for companies in the UK and Ireland. FRS 101 applies to the individual financial statements of subsidiaries and ultimate parents, allowing them to apply the same accounting policies as in their listed group financial statements, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSE. The primary statements of entities applying FRS 101 or FRS 102 would continue to follow any company law requirements

The Company will adopt the accounting requirements of the reduced disclosure framework under FRS 101 in the Company's reporting for 2015. The adoption of FRS 101 from 1 January 2015 will have no material impact on profit or equity

Notes to the financial statements for the year ended 31 December 2014**2 Other operating (charges)/income**

	2014 £'000	2013 £'000
Exchange (loss)/gain	(64)	68

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2013 £2,500)

There were no employees (2013 none) and no staff costs during the year (2013 £nil)

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2013 £nil)

3 Interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable from Group undertakings	10	23

4 Tax on profit on ordinary activities**(a) Summary of taxation on profit on ordinary activities**

	2014 £'000	2013 £'000
Current taxation		
UK corporation taxation on profit of the year		
Comprising		
- current taxation at 21.5% (2013 23.25%)	-	-
Overseas taxation	884	1,146
Total current taxation note 4(b)	884	1,146

(b) Factors affecting the taxation charge

The Company is resident in the Isle of Man and is subject to the standard rate of taxation at nil% on the profits. However the Company's profits are subject to taxation in the United Kingdom.

The standard rate of corporation taxation in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 21.5%.

The current taxation charge differs from the standard 21.5% (2013 23.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below.

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	4,659	6,201
Corporation taxation at 21.5% (2013 23.25%) on profit on ordinary activities	1,002	1,442
Factors affecting the taxation rate.		
Permanent differences	13	(16)
Group loss relief claimed at less than full consideration	(2)	(5)
Overseas taxation	884	1,146
Corporate income taxation relief on intra-group dividends	(1,013)	(1,421)
Total current taxation charge note 4(a)	884	1,146

Notes to the financial statements for the year ended 31 December 2014

5 Investments

(1) Shares in Group undertakings

Listed - registered in Chile

% equity shares held

British American Tobacco Chile Operaciones S A 13 361
(formerly known as Compania Chilena de Tabacos S A)
9,352,393 Ordinary shares of no par value
Nature of business Operates in the tobacco industry

Market valuation of the Company's relative holding at 31 December 2014 was £54,954,000 (2013 £59,106,000)

The total holding by the British American Tobacco plc Group in British American Tobacco Chile Operaciones S A is 98%

(2) Shareholdings at cost less provisions

Shareholdings at cost less provisions

	£'000
Cost	
1 January 2014	292
31 December 2014	292
Impairment provisions	
1 January 2014	-
31 December 2014	-
Net book value	
1 January 2014	292
31 December 2014	292

- (3) The Directors are of the opinion that the individual investment in the Group undertaking has a value not less than the amount at which it is shown in the balance sheet

6 Debtors: amounts falling due within one year

	2014	2013
	£'000	£'000
Amounts owed by Group undertakings	5,500	4,725

Amounts owed by Group undertakings are unsecured, interest bearing and repayable on demand The interest rate is based on LIBOR

Notes to the financial statements for the year ended 31 December 2014**7 Called up share capital**

Ordinary shares of £1 each	2014	2013
Authorised		
- value	£1,500,000	£1,500,000
- number	1,500,000	1,500,000
Allotted, called up and fully paid		
- value	£1,500,000	£1,500,000
- number	1,500,000	1,500,000

8 Reserves

	Profit and loss account £'000
1 January 2014	3,517
Profit for the financial year	3,775
Dividend paid	(3,000)
31 December 2014	4,292

9 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	3,775	5,055
Dividend paid	(3,000)	(10,000)
Net movement in shareholders' funds/(deficit)	775	(4,945)
Opening shareholders' funds	5,017	9,962
Closing shareholders' funds	5,792	5,017

10 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 'Related party disclosures' from disclosing transactions with other subsidiary undertakings of the British American Tobacco p l c Group

11 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p l c being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British American Tobacco (Investments) 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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