

PARK TOBACCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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Park Tobacco Limited
Annual Report and Financial Statements

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Park Tobacco Limited
Annual Report and Financial Statements

Directors and advisers

Executive directors

F. Vroemen
P. Nixon
H. Modabber

Registered office

10 Hammersmith Grove
London
W6 7AP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

CITIBANK
Citibank House
336 Strand
London
WC2R 1HB

Park Tobacco Limited

Annual Report and Financial Statements

Directors' report

For the year ended 31 December 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, including an exemption from preparing a strategic report.

The company is a private limited company and is incorporated and domiciled in the UK. The company is limited by shares. The address of its registered office is 10 Hammersmith Grove, London, W6 7AP.

Principal activities

The company is a non-trading investment holding company. The directors do not expect the company to trade in the foreseeable future.

Review of business and future developments

The principal activities are not anticipated to change in the foreseeable future. The results for the year are in line with expectations.

Results and dividends

The loss for the financial year amounted to £4,483 (2017: £1,090 loss).

The company declared and paid no dividends during the financial year (2017: nil).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The Directors of the Philip Morris International Inc.'s Group manage the Group's risks at a Group level. These are discussed in the Group's annual report and accounts (which does not form part of this report) available as per note 10.

On 23 June 2016, the UK electorate voted to leave the European Union. This decision commences a process that is likely to be completed by 31 October 2019 at the earliest, and until then the UK will remain a member of the European Union. There will be a resulting period of uncertainty for the UK economy and consumer goods markets with increased volatility expected in financial markets. Management has assessed and identified the business' Brexit related risks and have put in place risk management and mitigation processes to minimise any impact on the business.

Going concern

The directors believe that the company is a going concern. These financial statements have been prepared on a going concern basis on the grounds that Park Tobacco Limited has unrestricted access to cash pooling from Philip Morris Finance SA, a company incorporated in Switzerland. This will provide unrestricted financial support to enable the company to discharge its debts and liabilities as they fall due, for a period of at least 12 months from the date of the approval of these financial statements by the directors.

Directors

The directors of the company who held office during the year and up to the date of signing of the financial statements were:

F. Vroemen
P. Nixon
H. Modabber

Park Tobacco Limited

Annual Report and Financial Statements

Directors' report

For the year ended 31 December 2018 (continued)

Statement of disclosure of information to auditors

Each director in office at the date this report is approved confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying indemnity provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

On behalf of the Board
H. Modabber

Director

Date:



23/09/2019

Independent auditors' report to the members of Park Tobacco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Park Tobacco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Park Tobacco Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Independent auditors' report to the members of Park Tobacco Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

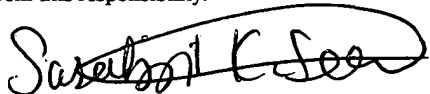
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sarabjit Seera (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

25 September 2019

Park Tobacco Limited
Annual Report and Financial Statements

Statement of comprehensive income
For the year ended 31 December 2018

	Note	2018 £	2017 £
Administrative expenses		(6,019)	(6,366)
Other operating income		1,526	4,016
Operating loss		<u>(4,493)</u>	<u>(2,350)</u>
Finance income		10	10
Loss before interest and taxation		<u>(4,483)</u>	<u>(2,340)</u>
Loss before taxation	4	(4,483)	(2,340)
Tax on loss	6	-	1,250
Total comprehensive loss for the year		<u><u>(4,483)</u></u>	<u><u>(1,090)</u></u>

All activities relate to continuing operations.

Park Tobacco Limited
Annual Report and Financial Statements

Statement of financial position
As at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investments	7	<u>539</u>	<u>-</u>
		<u>539</u>	<u>-</u>
Current assets			
Trade and other receivables	8	<u>92,477</u>	<u>97,714</u>
		<u>92,477</u>	<u>97,714</u>
Creditors: amounts falling due within one year	9	<u>(9,281)</u>	<u>(9,496)</u>
Net current assets		<u>83,196</u>	<u>88,218</u>
Total assets less current liabilities		<u>83,735</u>	<u>88,218</u>
Net assets		<u>83,735</u>	<u>88,218</u>
Equity			
Called up share capital	10	100,000	100,000
Accumulated losses		<u>(16,265)</u>	<u>(11,782)</u>
Total shareholders' funds		<u>83,735</u>	<u>88,218</u>

The notes on pages 10 to 15 are an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 23/9/19 and were signed on its behalf by:

H. Modabber
Director



Park Tobacco Limited
Company registration number 00480629

Park Tobacco Limited
Annual Report and Financial Statements

Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital	Accumulated losses	Total shareholders' funds
	£	£	£
As at 1 January 2017	100,000	(10,692)	89,308
Loss for the financial year	-	(1,090)	(1,090)
Total comprehensive expense for the year	-	(1,090)	(1,090)
As at 31 December 2017	100,000	(11,782)	88,218
As at 1 January 2018	100,000	(11,782)	88,218
Loss for the financial year	-	(4,483)	(4,483)
Total comprehensive expense for the year	-	(4,483)	(4,483)
As at 31 December 2018	100,000	(16,265)	83,735

Park Tobacco Limited

Annual Report and Financial Statements

Notes to the financial statements

For the year ended 31 December 2018

1. General information

Park Tobacco Limited is a holding company. The company is a 100% owned subsidiary of Philip Morris Investments BV, a company incorporated in Switzerland. The company is limited by shares and incorporated in the UK. It's registered office is 10 Hammersmith Grove, London, W6 7AP.

2. Accounting policies

Basis of preparation

These financial statements of Park Tobacco Limited have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The presentation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the progress of applying the company's accounting policies. The directors believe that there are no areas involving a high degree of judgement or complexity, or areas where assumptions are estimates which are significant to the financial statements.

The accounting policies which have been consistently applied are set out below.

Going Concern

The directors believe that the company is a going concern. These financial statements have been prepared on a going concern basis on the grounds that Park Tobacco Limited has unrestricted access to cash pooling from Philip Morris Finance SA, a company incorporated in Switzerland. This will provide unrestricted financial support to enable the company to discharge its debts and liabilities as they fall due, for a period of at least 12 months from the date of the approval of these financial statements by the directors.

Share capital

Ordinary shares are classified as equity (note 10).

Trade and other receivables

The amounts included within trade receivables represent amounts owed by group undertakings. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade creditors

The amounts included within creditors represent amounts owed to group undertakings. If payment is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current creditors. If not, they are presented as non-current creditors.

Financial assets and liabilities

The only financial assets and liabilities relate to amounts owed to / from group undertakings.

Consolidation

The company is a wholly owned subsidiary of Philip Morris Investments BV and of its ultimate parent, Philip Morris International Inc. It is included in the consolidated financial statements of Philip Morris International Inc. which are publicly available.

Park Tobacco Limited
Annual Report and Financial Statements

Notes to the financial statements
For the year ended 31 December 2018 (continued)

2. Accounting policies (continued)

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of transaction. Monetary assets and liabilities are translated into sterling at rates ruling at the statement of financial position date. Exchange differences are included in the operating results for the year.

- Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Investment in associated undertakings

Investments in associated undertakings are held at cost less accumulated impairment losses.

Taxation

Taxation is calculated on profits chargeable to UK corporation tax at the current rate applicable.

Deferred taxation

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 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.

New standards, amendments and interpretations

The Company has applied the following standards and amendments for the first time for its annual reporting commencing 1 January 2018:

- IFRS 9, 'Financial Instruments'

The adoption of IFRS 9 has not had any impact on the amounts recognised in the prior period and is not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company.

None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Park Tobacco Limited
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Notes to the financial statements
For the year ended 31 December 2018 (continued)

3. Exemptions applied

The disclosure exemptions that are available under FRS 101 and are relevant to Park Tobacco Limited are:

1. Reduced disclosures on financial instruments: the requirements of IFRS 7 are not required if the disclosures are made in the group financial statements.
2. Cash flow statement: under FRS 101, provided the group financial statements include the consolidated cash-flow statement, the subsidiary can exclude the disclosures required for a Cash flow statement (under IAS 7).
3. Intra-group related party transactions: under FRS 101, related party transactions (IAS 24) between members of a group are not required to be disclosed for a wholly owned subsidiary.

4. Operating loss

	2018	2017
	£	£
Operating loss is stated after (crediting)/charging:		
Foreign exchange gain	(1,526)	(4,016)
Fees payable to the company's auditors:		
Fees payable for the audit	2,821	2,821
Fees payable for services relating to taxation	3,060	3,400

5. Employees and directors

Employees

There were no employees employed by the company during the year (2017: nil).

Directors

The directors do not receive any remuneration for their services to the company (2017: nil).

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Notes to the financial statements
For the year ended 31 December 2018 (continued)

6. Tax on loss

Tax expense included in profit or loss

	2018	2017
	£	£
Current tax:		
- UK Corporation tax on profits for the year	-	-
- Adjustment in respect of prior periods	-	(1,250)
Total current tax	<u>-</u>	<u>(1,250)</u>
Tax on loss	<u>-</u>	<u>(1,250)</u>

The tax assessed for the year varied from the amount computed by applying the corporation tax standard rate to loss before taxation. The difference was attributable to the following factors:

	2018	2017
	£	£
Loss before taxation	(4,483)	(2,340)
Loss before taxation multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)	(852)	(450)
Effects of:		
- Losses relieved to other group companies	852	450
- Adjustments in respect of prior years	-	(1,250)
Tax credit	<u>-</u>	<u>(1,250)</u>

The tax rate for the current year is 19% (2017: 19.25%). The tax rate for the current year is lower than the prior year due to the changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were enacted as part of Finance Bill 2016 on 7 September 2016. This includes reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Park Tobacco Limited
Annual Report and Financial Statements

Notes to the financial statements
For the year ended 31 December 2018 (continued)

7. Investments

	Associated undertakings £	Total 2018 £	Associated undertakings £	Total 2017 £
At 31 December	539	539	-	-

Associated undertakings	Country of incorporation	Principal activity	Address
PT Philip Morris Sampoerna International Service Center	Indonesia	Shared service center	Business District; Jl. Jendral Sudirman Kav. 52 - 53, Jakarta

The company owns 0.1% of the equity capital share of PT Philip Morris Sampoerna International Service Center (2017: 0%).

8. Trade and other receivables

	2018 £	2017 £
Amounts owed by group undertakings	92,477	97,714

The amounts owed by group undertakings are unsecured and are repayable on demand. The interest rate applied during 2018 was 0.00% (2017: 0.01%).

9. Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals	9,281	9,496
	<u>9,281</u>	<u>9,496</u>

10. Called up Share Capital

Ordinary shares of £1.00 each

	No.	£
Allotted and fully paid		
At 31 December 2017 and 31 December 2018	100,000	100,000

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Annual Report and Financial Statements

Notes to the financial statements
For the year ended 31 December 2018 (continued)

11. Immediate and ultimate holding undertakings

The immediate parent undertaking is Philip Morris Investments BV, a company incorporated in The Netherlands. The company's ultimate parent undertaking and controlling party is Philip Morris International Inc., a company incorporated in the United States of America which is the parent of the largest group to consolidate these financial statements. The consolidated financial statements of Philip Morris International, Inc available from The Secretary Philip Morris International, Inc., 120 Park Avenue, New York, 10017, USA.