

BENSON & HEDGES (OVERSEAS) LIMITED

Registered Number 00355074

Annual report and financial statements

For the year ended 31 December 2022

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Strategic Report

The Directors present their Strategic Report on Benson & Hedges (Overseas) Limited (“the Company”) for the year ended 31 December 2022.

Principal activities

The Company owns various trademarks, including Benson and Hedges tobacco trademarks, which it licenses to members of the British American Tobacco p.l.c. group of companies (the “Group”) around the world.

Review of the year ended 31 December 2022

The profit for the financial year attributable to the Company’s shareholders after deduction of all charges and the provision of taxation amounted to £11,704,000 (2021: £11,377,000).

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 British American Tobacco p.l.c.’s 2022 Annual Report and Form 20-F (“BAT ARA & 20-F”) 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 BAT ARA & 20-F and do not form part of this report.

UK Companies Act 2006: Section 172(1) Statement

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company’s Strategic Report, the Company’s principal activity is the ownership and licensing of trademarks to Group companies around the world.

Under Section 172(1) of the UK Companies Act 2006 (“the Act”) and as part of the Directors’ duty to the Company’s shareholders to act as they consider most likely to promote the success of the Company, the Directors must have regard for the likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for business relationships with the Company’s wider stakeholders and the impact of the Company’s operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessments throughout the year.

The Company’s key stakeholders are Group undertakings, including its shareholders and licensees of its trademarks, and applicable intellectual property registry bodies in jurisdictions where the Company operates. The Company does not have any employees, or customers or suppliers outside of the Group.

The Company engages with other Group undertakings, including its shareholders through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance-related matters which is taken into account in the Company’s decision-making.

Primary ways in which the Company engages with intellectual property registry bodies is via its intellectual property service provider, BATMark Limited, which engages with intellectual property registry bodies on behalf of the Company (either directly through appointed legal advisors) in relation to the clearance, filing and renewal of trademarks and in relation to any trademark disputes.

Where the Directors do not engage directly with the Company’s stakeholders, they are kept updated on stakeholder perspectives, including through the use of management reporting and Board notes relating to matters presented to the Board during the year which set out stakeholder considerations as applicable to matters under consideration. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision-making.

Strategic Report

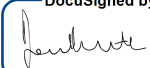
UK Companies Act 2006: Section 172(1) Statement (continued)

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environment Policy as set out on pages 45 and 91 of the BAT ARA & 20-F. As a Group company, the Company acts in accordance with the Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on page 45 of the BAT ARA & 20-F.

Certain authorities for decision-making are delegated to management under the SoDA, part of the Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the Group. Application of the SoDA does not derogate from any requirement for Board review, oversight or approval in relation to the Company's activities.

The Directors receive training in relation to their role and duties as a Director on a periodic basis. All newly appointed Directors receive training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the Act. Director training is provided through the Company Secretary.

By Order of the Board

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David Patrick Ian Booth
Director

30 June 2023

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2022.

In accordance with Section 414C(11) of the Act, the Directors have provided an indication of likely future developments in the business of the Company in the Strategic Report under the heading "Review of the year ended 31 December 2022".

Dividends

The Directors do not recommend the payment of a dividend for the year (2021: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2022 to the date of this report are as follows:

David Patrick Ian Booth
Roger Anthony Carr Evans
Ridirectors Limited

Research and development

No research & development expenditure has been incurred during the year (2021: £nil).

Employees

The average number of employees employed by the Company during the year was nil (2021: nil).

Auditor

Pursuant to Section 487 of the Act, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Applicable law requires the Directors to prepare financial statements for each financial year. Under applicable law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 101 *Reduced Disclosure Framework*.

Under applicable 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

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 Act. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

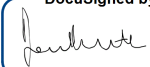
Directors' declaration in relation to relevant audit information

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

By Order of the Board

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David Patrick Ian Booth
Director

30 June 2023

Independent Auditor's Report to the members of Benson & Hedges (Overseas) Limited

Opinion

We have audited the financial statements of Benson & Hedges (Overseas) Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss account, Statement of changes in equity, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the members of Benson & Hedges (Overseas) Limited (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no complex revenue transactions. Revenue is limited to income earned from signed royalty agreements with no performance targets attached to such revenue. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who typically do not post journal entries or are not authorised to do so and posted to unrelated, unusual, or seldom user accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of Benson & Hedges (Overseas) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4 and 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

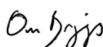
A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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Oliver Briggs (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London, United Kingdom.

E14 5GL

30 June 2023

Profit and loss account for the year ended 31 December

	Notes	2022 £'000	2021 £'000
Turnover	2	14,405	15,037
Other operating expenses	3	(1,880)	(2,560)
Operating profit		12,525	12,477
Interest receivable and similar income	4	404	—
Profit on ordinary activities before taxation		12,929	12,477
Taxation	5	(1,225)	(1,100)
Profit for the financial year		11,704	11,377

There are no recognised gains or losses other than the profit for the financial year and therefore no statement of other comprehensive income has been prepared.

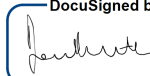
Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
1 January 2021	48	36,190	36,238
Profit for the financial year	—	11,377	11,377
31 December 2021	48	47,567	47,615
Profit for the financial year	—	11,704	11,704
31 December 2022	48	59,271	59,319

Balance sheet as at 31 December

	Notes	2022 £'000	2021 £'000
Current assets			
Debtors: amounts falling due within one year	6a	48,852	37,799
Debtors: amounts falling due after one year	6b	10,658	9,967
Creditors: amounts falling due within one year	7	(191)	(151)
Net current assets		59,319	47,615
Capital and reserves			
Called up share capital	8a	48	48
Profit and loss account	8b	59,271	47,567
Total shareholder funds		59,319	47,615

The financial statements on pages 9 to 15 were approved by the Directors on 30 June 2023 and signed on behalf of the Board.

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David Patrick Ian Booth
Director

Registered number
00355074

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

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

Basis of preparation

The Company is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 00355074 and the registered address is Globe House, 4 Temple Place, London, WC2R 2PG.

The financial statements of the Company have been prepared in accordance with the Act and in accordance with FRS 101 *Reduced Disclosure Framework*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary in order to comply with the Act, and has taken advantage of certain disclosure exemptions available under FRS 101, including those relating to the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties.

The Directors have at the time of approving these financial statements a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the signing of these financial statements.

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 Act.

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 financial statements.

The most significant items include the review of asset values and impairment testing of financial assets especially the recoverability of debtors.

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 accounting policies set out below, have unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign currencies

The functional currency of the Company is Sterling. 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.

Turnover

Turnover comprises royalties receivable and is included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Turnover comprises sales-based royalties from licensing arrangements with fellow Group companies around the world. Sales-based royalties are not recognized until the relevant product sale occurs based upon the royalty exception under International Financial Reporting Standard ("IFRS") 15.

Operating expenses

Operating expenses are recorded in the period they relate to and are generated in the normal business operations of the Company.

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies (continued)

Taxation

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

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

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

Any liabilities or assets recognised for exposures in respect of the payment or recovery of a number of taxes are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

As a UK-resident wholly-owned subsidiary within the Group, the Company is eligible to surrender tax losses to, or claim tax losses from, fellow members of the same UK Group for the purposes of calculating corporation tax due in the UK ("Group Relief").

It is Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also Group policy not to reimburse companies for Group Relief surrendered unless, on a stand-alone basis and assuming the Company were not in the Group, those losses are judged to have value to the entity generating the loss..

Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Financial instruments

The Company's business model for managing financial assets is set out in the BAT Group Treasury Manual which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. The majority of financial assets are held in order to collect contractual cash flows (typically cash and cash equivalents and loans and other receivables).

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

Financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable. The Company's financial assets (amounts owed by Group undertakings) are subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as London Interbank Offered Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to IFRS 9 *Financial Instruments* published in 2019 (phase 1) and 2020 (phase 2) when applicable. The replacement rate Sterling Overnight Index Average ("SONIA") has been applied since August 2021.

Impairment of financial assets held at amortised cost

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognized on the initial recognition of the underlying asset. As permitted by IFRS 9, the loss allowance on trade receivables arising from the recognition of revenue under IFRS 15 are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

Notes to the financial statements for the year ended 31 December 2022

2 Turnover

Turnover comprises sales-based royalties from fellow Group companies and exchange losses related to these.

3 Other Operating Expenses

	2022	2021
	£'000	£'000
Exchange losses	—	57
Other expenses	150	191
Expected credit loss allowance	342	1,120
Operating expenses	1,388	1,192
	1,880	2,560

Other operating expenses mainly comprise royalties payable to others Group undertakings.

Auditor's fees of £3,500 were borne by a fellow Group undertaking (2021: £2,500).

There were no employees (2021: none) and no staff costs during the year (2021: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2021: £nil). The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

4 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable from Group undertakings	404	—

5 Taxation**(a) Recognised in the profit and Loss account**

	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	1,225		1,100	
		1,225		1,100
Double tax relief	(1,225)		(1,100)	
		(1,225)		(1,100)
<i>Foreign tax</i>				
Current tax on income for the period	1,225		1,100	
Total current tax		1,225		1,100
Total income tax expense		1,225		1,100

(b) Factors affecting the taxation charge

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% (2021: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

Notes to the financial statements for the year ended 31 December 2022

5 Taxation (continued)

	2022	2021
	£'000	£'000
Profit for the financial year	11,704	11,377
Total tax expense	1,225	1,100
Profit before tax	12,929	12,477
Tax using the UK corporation tax rate of 19% (2021: 19%)	2,457	2,371
Non-deductible expenses	65	213
Transfer pricing adjustments	(4)	(9)
Group Relief (claimed) for nil consideration	(1,293)	(1,475)
Total tax charge	1,225	1,100

6a Debtors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed by Group undertakings - gross	50,030	38,754
Allowances account	(1,178)	(955)
	48,852	37,799

Included within amounts owed by Group undertakings is an amount of £37,596,079 (2021: £28,776,000) which is unsecured, interest bearing and repayable on demand. The interest rate is in accordance with the Group's intercompany lending agreements. During 2021, the standard lending agreements within the Group were revised to take account of global benchmark interest rate reform. Prior to 1 August 2021 the applicable rate was based on the LIBOR and with effect from this date it is based on SONIA. Management consider the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The impact of the change in rates was not significant to the Company. Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The movement in allowances accounts is as follows:

	2022
	£'000
1 January 2022	(955)
Provided in the year	(223)
31 December 2022	(1,178)

6b Debtors: amounts falling due after one year

	2022	2021
	£'000	£'000
Amounts due from Group undertakings – gross	12,809	11,999
Allowances account	(2,151)	(2,032)
Amounts due from Group undertakings - net of allowances	10,658	9,967

The movement in allowances accounts is as follows:

	2022
	£'000
1 January 2022	(2,032)
Provided in the year	(119)
31 December 2022	(2,151)

The Company has aged outstanding amounts owed by British American Tobacco Bangladesh Company Limited, in value of £12,809,000 that the company expects to receive after one year and £9,903,000 that the company expects to receive within one year. The ageing is due to local market remittances restrictions in Bangladesh, however a repayment schedule has been agreed with the counterparty.

The receivable amounts have been recognized at the present value of the future expected payments, and the present value adjustment has been presented as loss allowance.

Notes to the financial statements for the year ended 31 December 2022**7 Creditors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Amounts owed to Group undertakings	191	151

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

8 Capital and reserves**(a) Called up share capital**

	2022	2021
Ordinary shares of £0.25 each		
Allotted, called up and fully paid		
- value	£48,000	£48,000
- number	192,000	192,000

The called up share capital account records the nominal value of shares issued.

(b) Profit and loss account

This includes all current and prior period retained profits and losses. All reserves in respect of profit and loss are distributable reserves.

9 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 from disclosing transactions with other subsidiary undertakings of the Group.

Since ITC Limited is not a wholly-owned subsidiary of any of the members of the group, transactions with ITC Limited are disclosed. Transactions with related parties have been aggregated by the nature of transaction and were as follows:

	2022	2021
	£'000	£'000
Transactions with associates and joint ventures of the British American Tobacco p.l.c Group		
Sales-based royalties income from ITC Limited	400	345
Royalties accruals related to ITC limited	90	86

10 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 BATMark Limited. Group financial statements are prepared only at Group level and may be obtained from:

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