

**BRITISH AMERICAN TOBACCO (AIT) LIMITED**

**Registered Number 00934507**

**Annual report and financial statements**

**For the year ended 31 December 2022**

## Contents

Strategic Report .....	2
Directors' Report .....	4
Independent Auditor's Report to the members of British American Tobacco (AIT) Limited for the year ended 31 December 2022 .....	6
Profit and loss account for the year ended 31 December .....	10
Statements of other comprehensive income and changes in equity for the year ended 31 December .....	10
Balance Sheet as at 31 December .....	11
Notes to the financial statements for the year ended 31 December 2022 .....	12

## Strategic Report

The Directors present their Strategic Report on British American Tobacco (AIT) Limited (“the Company”) for the year ended 31 December 2022.

### Principal activities

The Company’s principal activity is the holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p.l.c Group (“the Group”).

### Review of the year ended 31 December 2022

The profit for the financial year attributable to the Company’s shareholder after deduction of all charges and the provision of taxation amounted to £1,920,000 (2021: £673,000 loss).

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 holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p.l.c Group (“the Group”).

Under Section 172(1) of the UK Companies Act 2006 (“the Act”) and as part of the Directors’ duty to the Company’s shareholder 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 the interests of the Company’s employees, 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 shareholder and its employees.

The Company engages with other Group undertakings, including its shareholder 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.

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

In relation to employee engagement, a range of internal communications and engagement channels were used during the year to support effect engagement with Group company employees. The primary engagement channels for Group company employees based in the UK (including the Company’s employees) include town hall sessions, employee council meetings, the Your Voice employee survey and webcasts. The Group’s ‘Speak Up’ channels are also available to all Company employees (as set out on page 66 of the BAT ARA & 20-F).

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,

## Strategic Report (continued)

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

DocuSigned by:  
  
85AE9908A21946C...

**Shital Mehta**

**Assistant Company  
Secretary**

**11 April 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 signing this report are as follows:

	Appointments in the period	Resignations in the period
Gregory Aris		07 September 2022
David Patrick Ian Booth		
Anthony Michael Hardy Cohn		
Ekaterina Strong	15 March 2023	

### Research and development

No research and development expenditure has been incurred during the year (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.

### Employees

The average number of employees employed by the Company during the year was 2 (2021: 4).

The Company has employment policies which are committed to providing a work environment that is free from harassment, bullying and discrimination – these policies are available online to all staff. The Company is committed to ensuring there is no discrimination against people with disabilities who apply to join the Company and anyone within the Company with disability is awarded the same opportunities for promotion, training, and career development as other staff. The Company aims to establish and maintain a safe working environment for all staff, including those with disabilities.

### 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

## Directors' Report (continued)

- 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.

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:

- to the best of their knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- 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

DocuSigned by:  
  
E3320C6CB053417  
**David Patrick Ian Booth**  
**Director**

**11 April 2023**

# Independent Auditor's Report to the members of British American Tobacco (AIT) Limited

## Opinion

We have audited the financial statements of British American Tobacco (AIT) 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:

## **Independent Auditor's Report to the members of British American Tobacco (AIT) Limited (continued)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

#### *Identifying and responding to risks of material misstatement due to fraud (continued)*

- Enquiring of directors and inspection of policy documentation as to the British American Tobacco p.l.c.'s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 revenue transactions. Other income from fellow Group undertakings is not considered complex and no material estimation or manual intervention is required. 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 used accounts.

#### *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, 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 statement items.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance 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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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.



## **Independent Auditor's Report to the members of British American Tobacco (AIT) Limited (continued)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

#### **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.

#### **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, 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](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent Auditor's Report to the members of British American Tobacco (AIT) Limited (continued)**

### **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.

DocuSigned by:



AC0B2E3C047541B...

**Natalia Bottomley (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London, United Kingdom.

E14 5GL

Date

**Profit and loss account for the year ended 31 December**

	Notes	2022 £'000	2021 £'000
<b>Continuing operations</b>			
Other operating income	2	69	(879)
Other operating expenses	3	(34)	(3)
<b>Operating profit/(loss)</b>		<b>35</b>	<b>(882)</b>
Income from shares in Group undertakings	4	—	209
Interest receivable and similar income	5	1,885	—
<b>Profit/(loss) before tax</b>		<b>1,920</b>	<b>(673)</b>
Taxation	6	—	—
<b>Profit/(loss) for the financial year</b>		<b>1,920</b>	<b>(673)</b>

**Statement of changes in equity for the year ended 31 December**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Equity £'000
1 January 2021	117,500	461	46,616	164,577
Loss for the financial year	—	—	(673)	(673)
<b>31 December 2021</b>	<b>117,500</b>	<b>461</b>	<b>45,943</b>	<b>163,904</b>
Profit for the financial year	—	—	1,920	1,920
<b>31 December 2022</b>	<b>117,500</b>	<b>461</b>	<b>47,863</b>	<b>165,824</b>

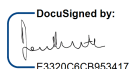
The accompanying notes are an integral part of the financial statements.

## Balance sheet as at 31 December

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments in Group undertakings	7	—	—
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	165,824	163,973
Creditors: amounts falling due within one year		—	(69)
<b>Net current assets</b>		<b>165,824</b>	<b>163,904</b>
<b>Total assets less current liabilities</b>		<b>165,824</b>	<b>163,904</b>
<b>Capital and reserves</b>			
Called up share capital	9(a)	117,500	117,500
Share premium account	9(b)	461	461
Profit and loss account	9(c)	47,863	45,943
<b>Total shareholder funds</b>		<b>165,824</b>	<b>163,904</b>

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

The financial statements on pages 10 to 18 were approved by the Directors on 11 April 2023 and signed on behalf of the Board.

DocuSigned by:  
  
 E3320C6CB953417...

David Patrick Ian Booth  
**Director**

**Registered number**  
**00934507**

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

### 1 Accounting policies

#### Basis of preparation

The Company is incorporated, domiciled and registered in England in the UK. The registered number is 00934507 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements of the Company have been prepared in accordance with 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.

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.

#### 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.

#### Income

Income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

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

### 1 Accounting policies (continued)

#### Operating expenses

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

#### 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.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under International Accounting Standard ("IAS") 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

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.

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

#### Investments in group undertakings and participating interests

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

#### 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 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 the London Interbank Interest Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to International Financial Reporting Standard ("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 recognised on the initial recognition of the underlying asset. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Where the credit risk on the

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

**1 Accounting policies (continued)**

receivables has increased significantly since initial recognition, allowances are measured at an amount equal to the lifetime expected credit loss.

**Impairment of non-financial assets**

Assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount which is the higher of the asset's fair value less costs to sell and its value in use.

**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 undertaking, 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.

**2 Other operating income**

In current year 2022, other operating income represents the difference between the reversal of the bonus estimate reported in 2021 and the actual bonus charge incurred in 2022.

In 2021, the amounts reported in other operating income represented adjustments made to estimated technical and advisory fees recognised in year 2020.

**3 Other operating expenses**

	2022 £'000	2021 £'000
Staff costs	—	24
Other	—	(21)
Expected credit loss allowance	<b>34</b>	—
	<b>34</b>	<b>3</b>
	2022 £'000	2021 £'000
<b>Staff costs:</b>		
Wages and salaries	—	14
Social security costs	—	2
Share-based payments	—	8
	—	24

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

The average monthly number of persons (including Directors) employed by the Company during the year was 2 (2021: 4) all of whom were working to provide legal services or in an administrative capacity.

The Company acts as contractual employer and has a number of employees who are contractually assigned, either fully or partly, to perform work for other Group undertakings. The average number of employees assigned to other Group undertakings was 2 (2021: 3).

The net number of employees after assignment was nil (2021: 1). The salary costs reflected in the financial statements relate to the net employment costs after assignment.

None of the Directors received any remuneration in respect of their services to 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.

**Notes to the financial statements for the year ended 31 December 2022****4 Income from shares in Group undertakings**

	2022	2021
	£'000	£'000
Income from shares in Group undertakings	—	209

**5 Interest receivable and similar income**

	2022	2021
	£'000	£'000
Interest receivable from Group undertakings	<b>1,885</b>	—

**6 Taxation****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:

	2022	2021
	£'000	£'000
Profit/(loss) for the financial year	<b>1,920</b>	(673)
Total tax expense	—	—
Profit/(loss) before tax	<b>1,920</b>	(673)
Tax using the UK corporation tax rate of 19% (2021: 19%)	<b>365</b>	(128)
Non-deductible expenses	<b>6</b>	2
Income non taxable	—	(41)
Transfer pricing adjustments	—	(3)
Group Relief (claimed)/surrendered for nil consideration	<b>(371)</b>	170
Total tax charge	—	—



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

## 7 Investments

## Shares in Group undertakings and participating interests

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
Tanzania	Acacia Estate Building, Kinondoni Road, P.O Box 288, Dar es Salaam.Tanzania	International Cigarette Distributors Limited	Ordinary	99.00	0.00	99.00
Tanzania	Acacia Estate Building, Kinondoni Road, P.O Box 288, Dar es Salaam.Tanzania	Zanzibar Distribution Company Limited	Ordinary	99.00	0.00	99.00
Yemen	P.O. Box 14, Sanna, Yemen	Kamaram Industry and Investment Company	Ordinary	31.00	0.00	31.00

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

## 7 Investments (continued)

## (1) Investments at Group undertakings

	Shares in Group Undertakings £'000	Shares in participating interests £'000	Total £'000
<b>Cost</b>			
1 January 2022	14	1,328	1,342
<b>31 December 2022</b>	<b>14</b>	<b>1,328</b>	<b>1,342</b>
<b>Impairment provisions</b>			
1 January 2022	(14)	(1,328)	(1,342)
<b>31 December 2022</b>	<b>(14)</b>	<b>(1,328)</b>	<b>(1,342)</b>
<b>Net book value</b>			
1 January 2022	—	—	—
<b>31 December 2022</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 8 Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts due from Group undertakings - gross	165,505	164,032
Allowances account	(93)	(59)
Amounts due from Group undertakings - net of allowances	165,412	163,973
Interest receivable	412	—
	<b>165,824</b>	163,973

Included within amounts due from Group undertakings is an amount of £165,505,000 (2021: £164,032,000) which is unsecured, interest bearing and repayable on demand. The variable 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 LIBOR and with effect from this date it is based on the 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.

## The movement in allowances accounts is as follows:

	2022 £'000
1 January 2022	59
Provided in the year	34
<b>31 December 2022</b>	<b>93</b>

**Notes to the financial statements for the year ended 31 December 2022****9 Capital and reserves****(a) Called up share capital**

<b>Ordinary shares of £1 each</b>	<b>2022</b>	<b>2021</b>
Allotted, called up and fully paid		
- value	<b>£117,500,000</b>	£117,500,000
- number	<b>117,500,000</b>	117,500,000

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

**(b) Share premium account**

The share premium account includes the difference between the value of shares issued and their nominal value.

**(c) Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**10 Related party disclosures**

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of FRS 101 from disclosing transactions with other subsidiary undertakings of the Group.

**11 Contingent liabilities**

The Company has cross-guaranteed the funding commitments in respect of, and the liabilities of the British American Tobacco UK Pension Fund ("UKPF"). Details of the assets and liabilities of this defined benefit scheme are contained in the financial statements of British American Tobacco (Investments) Limited (the principal employer). The last full triennial actuarial valuation of the UKPF was carried out as at 31 March 2020 by a qualified independent actuary. The valuation showed that the UKPF had a surplus of £139 million on a Technical Provisions basis, in accordance with the statutory funding objective. The Trustee of the UKPF also has a Long-Term Funding Target to be fully funded on a Solvency Liabilities basis by 2026, and on this basis the UKPF had a surplus of £7 million at the valuation date. On an IAS 19 basis, the UKPF had a surplus at 31 December 2022 of £143 million (2021: £293 million). Contributions by the principal employer to the UKPF in accordance with the agreed schedule of contributions are expected to be £36 million in 2023.

**12 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 B.A.T (U.K. and Export) 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