BRITISH AMERICAN TOBACCO (GLP) LIMITED

Registered Number 06238103

Annual Report and Financial Statements

31 December 2022

Contents

Strategic Report

The Directors present their strategic report on British American Tobacco (GLP) Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The Company's principal activities include the procurement and trading of tobacco leaf and semi-finished tobacco products as a member of the British American Tobacco p.l.c. group of companies (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 tax amounted to US$ 40,481,000 (2021: US$ 95,897,000). Net assets held by the Company as at 31 December 2022 amounted to US$ 212,428,000 (2021: US$ 219,897,000).

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: 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 activities include the procurement and trading of tobacco leaf and semi-finished tobacco products as a member of 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 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, direct and indirect suppliers to the Company (including leaf suppliers, product materials suppliers and goods and services suppliers), customers (distributors), employees, government, customs, revenue and tax authorities and wider society in countries in which the Company operates.

The Company engages with other Group undertakings, including its shareholder through regular meetings, intra-group management activities and ongoing dialogue. Primary ways in which the Company engages directly or indirectly, as part of the Group, with its key external stakeholders are summarised on pages 20 to 21 of the BAT ARA & 20-F.

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.

UK Companies Act: Section 172(1) Statement (Continued)

In relation to employee engagement, a range of internal communications and engagement channels were used during the year to support effective 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 as set out on pages 88, 140 and 169 of the BAT ARA & 20-F. 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, 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.

The principal decisions made by the Directors during the year included the review and approval of the payment of interim dividends to the Company's shareholder (disclosed in the Director's Report below) and payment practices reporting by the Company. Examples of how stakeholder considerations and other relevant factors have been taken into account during the decision-making process in this context are as follows:

Payment of interim dividends: The Directors reviewed and approved interim dividend payments to the shareholder as set out in the Directors' Report below. The Board considered, amongst other relevant factors, the Company's capital position, the amount of its distributable reserves, its cash position, and the Company's actual and contingent liabilities and its ability to pay its debts as they fall due.

Payment Practices Reporting: The Board reviewed the requirements for the Company to publish its payment practice report under the UK Reporting on Payment Practices and Performance Regulations ('"Regulations"') and the contents of the Company's payment practices report for the year. The Board also approved the procedure for publication of the Company's payment practice report in accordance with the Regulations. Key factors taken into consideration in relation to these reviews included the interests of the Company's direct and indirect suppliers, the Company's standard payment terms, its payment processes and applicable reporting regulations.

Principal decisions are those decisions and discussions by the Board that are strategic or material to the Company and those of significance to any of Company's key stakeholders.

By Order of the Board

DocuSigned by:

Samuel F. Cortez

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Samuel Ferreira Cortez
Director 5 September 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".

Going Concern

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividends

During the year, the Company paid dividends amounting to US$ 56,000,000 (2021: US$ 115,000,000).

Employees

The average number of employees employed directly by the Company during the year was 0 (2021: 0). However, the Company has a number of employees who are assigned, either fully or partly, to perform work for the Company by other Group undertakings. The average number of employees assigned by other Group undertakings was 56 (2021: 53).

The salary costs reflected in the financial statements relate to recharges from other Group Companies where the assigned employees have contracts.

UK Companies Act 2006: Stakeholder engagements statement

The Company's Section 172(1) statement set out in the Strategic Report at pages 2 to 3 summarises how the Directors have regard to the need to foster business relationships with customers, suppliers and other external stakeholders when making decisions on behalf of the Company. Further information regarding stakeholder engagement on behalf of the Company at Group level is provided on pages 20 to 21 of the BAT ARA & 20-F.

External Auditor

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

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Board of Directors

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

	Appointments in the period
Joana Bezerra Cavalcanti	13 January 2022
Samuel Ferreira Cortez	13 January 2022
Alex Genehr	
Marcos Salvadego	
Eirini Vlanti	13 January 2022

Financial risk management

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

DocuSigned by:

Samuel F. Cortez

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Samuel Ferreira Cortez
Director

5 September 2023

Independent Auditor’s Report to the members of British American Tobacco (GLP) Limited

Opinion

We have audited the financial statements of British American Tobacco (GLP) Limited (“the Company”) for the year ended 31 December 2022 which comprise the Profit and loss account, Statement of other comprehensive income, 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.

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

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 high-level 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 usual 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 revenue recognition is not complex or subjective. The nature of the industry or entity's operations do not provide opportunities to engage in fraudulent revenue recognition as the sales model is simple ship and bill with no significant judgement required and limited complexity.

We did not identify any additional fraud risks.

We also performed procedures such as 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 due to non-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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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 noncompliance 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.

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

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 Director's 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 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.

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

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:

Nicole Price.

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Nicole Price (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

5 September 2023

Profit and loss account for the year ended 31 December 2022

Continuing operations	Notes	2022 $'000	2021 $'000
Turnover	2	**1,275,909**	1,238,147
Raw materials and consumables		**(1,242,368)**	(1,154,743)
Changes in stock		**71,933**	84,726
Operating charges	3	**(41,942)**	(51,630)
Operating profit		**63,532**	116,500
Other interest receivable and similar income	4	**885**	136
Interest payable and similar charges	5	**(23,936)**	(22,115)
Profit before tax		**40,481**	94,521
Tax on profit	6	**—**	1,376
Profit for the financial year		**40,481**	95,897

Statement of other comprehensive income for the year ended 31 December 2022

		2022 $'000	2021 $'000
Profit for the financial year		**40,481**	95,897
Other comprehensive income:			
Items that can be classified to profit or loss			
Cash flow hedges:			
Net fair value gains/(losses)		**19,506**	(9,056)
Reclassified and reported in profit for the financial year		**(3,485)**	5,835
Hedge ineffectiveness recognised in the statement of profit and loss		**(5,357)**	5,936
Reclassified and reported in net assets		**(480)**	201
Other comprehensive income for the year		**10,184**	2,916
Tax on items relating to components of other comprehensive income	7	**(2,134)**	765
Total comprehensive income for the financial year, net of tax		**48,531**	99,578

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

Statement of changes in equity for the year ended 31 December 2022

	Share capital	Profit and loss account	Cash flow hedge reserve	Total equity
	$'000	$'000	$'000	$'000
1 January 2021	**100,000**	**144,031**	**(8,712)**	**235,319**
Profit for the financial year	—	95,897	—	95,897
Other comprehensive income for the year	—	—	3,681	3,681
Total comprehensive income for the year	**—**	**95,897**	**3,681**	**99,578**
Dividends paid	—	(115,000)	—	(115,000)
31 December 2021	**100,000**	**124,928**	**(5,031)**	**219,897**
Profit for the financial year	—	40,481	—	40,481
Other comprehensive income for the year	—	—	8,050	8,050
Total comprehensive income for the year	**—**	**40,481**	**8,050**	**48,531**
Dividends paid	—	(56,000)	—	(56,000)
31 December 2022	**100,000**	**109,409**	**3,019**	**212,428**

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

Balance sheet as at 31 December 2022

	Notes	2022 $'000	2021 $'000
Non-current assets			
Deferred tax asset	7	**5,106**	7,240
Financial Instruments	12	**—**	48
Total non-current assets		**5,106**	7,288
Current assets			
Stocks	8	**434,873**	362,940
Debtors: amounts falling due within one year	9	**277,161**	393,342
Financial Instruments	12	**3,429**	479
Cash at bank and in hand		**5,290**	5,646
Total current assets		**720,753**	762,407
Current liabilities			
Creditors: amounts falling due within one year	10	**(293,307)**	(324,837)
Financial Instruments	12	**(124)**	(4,961)
Net current assets		**427,322**	432,609
Total assets less current liabilities		**432,428**	439,897
Non-current liabilities			
Creditors: amounts falling due after more than one year	10	**(220,000)**	(220,000)
Net Assets		**212,428**	219,897
Capital and reserves			
Called up share capital	11	**100,000**	100,000
Profit and loss account		**109,409**	124,928
Cash flow hedge reserve		**3,019**	(5,031)
Total Equity		**212,428**	219,897

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

The financial statements on pages 10 to 21 were approved by the Board of Directors on 5 September 2023 and signed on behalf of the Board.

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Samuel Ferreira Cortez
Director

Registered number **06238103**

1. Accounting policies

Basis of Accounting

The Company is a private company incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 06238103 and the registered address is Globe House, 1 Water Street, London WC2R 3LA.

The financial statements are prepared on a going concern basis, under the historical cost convention, and 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 in conformity with the requirements of the Act, but makes amendments where necessary in order to comply with the Act, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the exemption from disclosing transactions with wholly owned subsidiary undertakings of the British American Tobacco p.l.c. Group, and from certain disclosures in relation to financial instruments and share schemes where equivalent disclosures are included in the consolidated financial statements of the Company's ultimate parent. In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective International Financial Reporting Standards ("IFRS").

As the consolidated financial statements of British American Tobacco p.l.c. include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

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.

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

Foreign currencies

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

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

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

1. Accounting policies (continued)

Turnover

Turnover principally comprises sales of tobacco leaf and semi-finished tobacco products to fellow Group companies and external customers. Revenue excludes duty, excise and other taxes and is after deducting rebates, returns and other similar discounts and payments to direct and indirect customers. Revenue is recognized when control of the goods is transferred to a customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. In terms of timing, customers obtain control when the goods are delivered to and have been accepted at the designated delivery point. Invoices are generated at that point in time. Invoices are usually payable within an average of 45 days.

As permitted by IFRS 9 *Financial Instruments*, a provisions matrix for lifetime expected losses is used for receivables balances arising from the recognition of revenue.

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 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.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

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.

Intangible assets

The intangible assets consist of computer software. Intangibles are carried at cost less accumulated amortisation and impairment. Computer software is amortised on a straight-line basis over a period of five years.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate. Net realisable value is the estimated selling price less cost to completion and sale. The Company purchases leaf tobacco from related parties as disclosed in the notes to the financial statements (Note 13).

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 higher of the asset’s fair value less costs to sell and its value in use.

1. Accounting policies (continued)

Impairment of financial assets
Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on initial recognition of the underlying asset. As permitted by IFRS 9 *Financial Instruments*, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 *Revenue from Contracts with Customers* 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.

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

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

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

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

LIBOR and SONIA
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 Secured Overnight Finance Rate (SOFR) has replaced LIBOR as a benchmark since August 2021.

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

Retirement benefits
The Company operates and participates in both defined benefit and defined contribution schemes. The costs and liabilities of the defined benefit schemes are accounted for by the principal employer of the arrangement, and the Company recognises its contributions to the costs of these schemes as an expense when they fall due. Some benefits are provided through defined contribution schemes and payments to these are charged as an expense as they fall due.

Dividends
Dividends payable that are unapproved at the year-end are not recognised as a liability. Similarly, dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

Provisions
Provisions are recognized when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

2. Turnover

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

Sales have been made to the following regions, in line with the operating segments of the Group.

	2022	2021
Location of Customers:	**$'000**	$'000
Europe	**618,606**	717,372
Asia-Pacific and Middle East (APME)	**338,326**	297,452
Americas and Sub-Saharan Africa (AmSSA)	**158,512**	108,238
United States of America (USA)	**160,465**	115,085
Total turnover	**1,275,909**	1,238,147

Effective 1 January 2022, the North African markets of Algeria, Egypt, Libya, Morocco, Sudan and Tunisia, which formed part of the Europe and North Africa (ENA) region were moved to the Africa and Middle East (APME) region. From 2022, the ENA region has been renamed Europe. The change of this grouping has no impact on the prior year comparative information as no sales to these markets were made in either year.

3. Other operating expenses

	2022	2021
	$'000	$'000
Other operating expenses comprise:		
Outsourced services	12,657	13,970
Storage and warehousing	12,459	10,481
Staff costs	8,135	10,234
Exchange (gains)/losses	(5,079)	9,157
Provision for impairment of receivables	11,354	—
Auditors remuneration	280	287
Other operating charges	2,136	7,501
	41,942	51,630

	2022	2021
	$'000	$'000
Staff costs:		
Wages and salaries	**5,453**	6,872
Social security costs	**983**	741
Defined contribution scheme costs	**557**	469
Restructuring costs	**745**	1,284
Share-based payments	**397**	868
	8,135	10,234

The average number of employees employed directly by the Company during the year was nil (2021: nil). However the Company has a number of employees who are assigned, either fully or partly, to perform work for the Company by other Group undertakings The average number of employees assigned by other Group undertakings was 56 (2021: 53).

The salary costs reflected in the financial statements relate to the recharges from other Group Undertakings where the assigned employees have contracts with.

3. Other operating expenses (continued)

Restructuring Costs:

Restructuring costs included within the staff costs reflect the costs incurred as a result of initiatives announced and implemented by the Group under Project Quantum (project description and restructuring costs are reflected on pages 29, 99-101 and 216 of the British American Tobacco p.l.c. 2022 Annual Report and Form 20-F). These costs represent additional expenses incurred which are not related to the normal business day-to-day activities.

Directors' Emoluments:

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

	2,022	2,021
	$'000	$'000
Aggregate emoluments	**1,758**	1,845

Directors exercising share options during the period	2	5
Directors entitled to receive shares under a long term incentive scheme	3	4
Directors retirement benefits accruing under a defined benefit scheme	3	5
Directors retirement benefits accruing under a defined contribution scheme	1	1

The above figures do not include Mrs Cavalcanti on the basis that she is paid for her services by other Group companies. The Company considered that there is no practical method to allocate a portion of the emoluments which the Director received 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.

Included in the total aggregate emoluments above is payment for compensation for loss of office of US$ Nil (2021: US$ 179,000).

Highest paid Director	**2022**	2021
	$'000	$'000
Aggregate emoluments	**658**	718

The highest paid Director was entitled to receive shares under a long-term incentive scheme, but did not exercise share options during the year. No Directors received emoluments (excluding shares) under the long term incentive schemes during the year (2021: None).

4. Interest receivable and similar income

	2022	2021
	$'000	$'000
Exchange Gains on Foreign Currency Borrowings	**862**	136
Interest receivable from Group undertakings	**23**	—
	885	136

5. Interest payable and similar expenses

	2022 $'000	2021 $'000
Interest payable to Group undertakings	**11,308**	9,163
Financing charges payable to Group undertakings	**843**	824
Financing charges payable to external suppliers	**11,785**	12,128
	23,936	22,115

6. Taxation on profit on ordinary activities

(a) Recognised in the profit and loss account

	2022 $'000	2021 $'000
UK corporation tax		
Current tax on income for the period	**—**	—
Total current tax	**—**	—
Deferred tax		
Origination and reversal of timing differences	**—**	72
Tax rate changes	**—**	(1,448)
	—	(1,376)
Total income tax expense note 6(b)	**—**	(1,376)

(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 deferred tax asset/ liability at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

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 $'000	2021 $'000
Profit before taxation	**40,481**	94,521
Tax using the corporation tax rate of 19% (2021: 19%)	**7,691**	17,959
Expenses not deductible	**2,233**	164
Tax rate changes	**—**	(1,448)
Group tax loss relief claimed	**(9,924)**	(18,051)
Total current taxation note 6(a)	**—**	(1,376)

7. Deferred tax assets/(liabilities)

	Asset		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Unclaimed capital allowances	**6,033**	6,033	**—**	—	**6,033**	6,033
Derivative fair value losses	**—**	1,207	**(927)**	—	**(927)**	1,207
Net tax assets/(liabilities)	**6,033**	7,240	**(927)**	—	**5,106**	7,240

Movements in deferred tax in the year

	1 January 2022	**Recognised in profit & loss**	**Recognised in other comprehensive income**	**31 December 2022**
	$'000	**$'000**	**$'000**	**$'000**
Unclaimed capital allowances	6,033	—	—	6,033
Derivative fair value losses	1,207	—	(2,134)	(927)
Movement	**7,240**	**—**	**(2,134)**	**5,106**

8. Stocks

	2022	2021
	$'000	$'000
Raw materials, consumables, semi-finished goods and WIP	**434,873**	362,940
Total	**434,873**	362,940

Raw materials, consumables, semi-finished goods and work in progress recognised as stocks at 31 December 2022 amounted to US$ 434,873,000 (2021: US$ 362,940,000). As at year ended 2021, provisions of US$ 2,403,000 were held to write-down stocks to their net realisable value. The provisions were decreased to US$ 1,194,000 as at year ended 2022, with US$ 2,340,000 utilised in the year to offset losses incurred due to write-offs and new provisions of US$ 1,131,000 recognised in the year. The value of stocks recognised under bill and hold arrangements amounted to US$ Nil (2021: US$ 9,000).

9. Debtors

	2022	2021
	$'000	$'000
Debtors: amounts falling due within one year		
Amounts owed by Group undertakings	**222,938**	362,892
Other debtors	**21,715**	25,695
Prepayments	**32,508**	4,755
	277,161	393,342

Amounts owed by Group undertakings are unsecured.

Prepayments relate to payments in advance made to leaf suppliers for tobacco leaf purchases. The prepayments are offset against subsequent tobacco leaf purchases from these counterparts. These include US$ 32,508,000 (2021: US$ 2,500,000) of prepayments to a related party leaf supplier and US$ Nil (2021: US$ 2,255,400) which were made to a third party leaf supplier.

Amount owed by Group undertakings is net of impairment losses of US$ 11,354,000 (2021: US$ Nil).

10. Creditors

	2022 $'000	2021 $'000
Trade creditors: amounts falling due within one year		
Trade creditors	**167,499**	233,116
Amounts owed to Group undertakings	**119,226**	84,852
Other creditors	**6,582**	6,869
	293,307	324,837

Included within amounts due to Group undertakings is an amount of US$ 38,182,000 (2021: US$ Nil) which is unsecured and incurs interest based on SOFR.

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 November 2021 the applicable rate was based on LIBOR and with effect from this date it is based on SOFR. Management considers the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The impact of the change in rates used were not significant to the Company.

	2022 $'000	2021 $'000
Trade creditors: amounts falling due after a year		
Amounts owed to Group undertakings	**220,000**	220,000

The amount included within the amounts owed to Group undertakings is an amount of US$ 220,000,000 which is unsecured and repayable in full in March 2025 and incurs a rate of interest based on SOFR.

11. Called up share capital

Ordinary shares of $1 each	2022	2021
Allotted, called up and fully paid		
- value	**$100,000,001**	$100,000,001
- number	**100,000,001**	100,000,001

12. Financial instruments

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

The fair value of the instruments at 31 December 2022 was a net receivable of US$ 3,305,000 (2021: net payable of US$ 4,434,000).

	2022 $'000	2021 $'000
Financial assets at fair value through cash flow hedge reserve		
Forward foreign currency contracts maturing in less than one year	**3,429**	479
Forward foreign currency contracts maturing in more than one year	**—**	48
Financial liabilities at fair value through cash flow hedge reserve		
Forward foreign currency contracts maturing in less than one year	**(124)**	(4,961)
Fair Value of Hedges	**3,305**	(4,434)

13. Related party disclosures

The Company also had transactions with associates of the Group as follows:

	2022	2021
	$'000	$'000
Purchases	**171,720**	118,287
Turnover	**79**	—
Other receipts	**29**	12
Amounts prepaid and included in trade debtors	**32,508**	2,500
Amounts payable included in trade creditors	**1,235**	819

Associates of the Company include ITC Limited.

As a wholly owned subsidiary the Company has taken advantage of the exemption under FRS101 from disclosing transactions with other subsidiary undertakings of the Group.

14. Contingent Liabilities

In December 2020, the Company and British American Tobacco p.l.c were named as defendants in a claim made in the English High Court by around 7,500 Malawian tobacco farmers and their family members. The claim also names Imperial Brands plc and five affiliates as defendants. The claimants allege they were subjected to unlawful and exploitative working conditions on tobacco farms from which it is alleged that the defendants indirectly acquire tobacco. They seek unquantified damages (including aggravated and exemplary damages) for the torts of negligence and conversion and unquantified personal and proprietary remedies for restitution of unjust enrichment. They also seek an injunction to restrain the commission of further torts of conversion or negligence by the defendants. The defendants had an application to strike out the claims dismissed in a judgment dated 25 June 2021. In January 2022, the Company and British American Tobacco p.l.c. were served with a similar claim by around a further 3,500 claimants. The Company and British American Tobacco p.l.c. intend vigorously to defend the claims.

15. Post balance sheet events

Subsequent to the year end, the Company has paid dividends amounting to US$ 4,000,000.

16. Parent undertakings

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

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

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British American Tobacco International Holdings (UK) Limited. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

The Company Secretary
Globe House
1 Water Street
London
WC2R 3LA