

British American Tobacco (South America) Limited

Registered Number 02495427

Annual report and financial statements

For the year ended 31 December 2022

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Strategic Report

The Directors present their Strategic Report on British American Tobacco (South America) Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company was the sale of tobacco products by its branch in Uruguay (the "Branch") as part of the British American Tobacco p.l.c. group of companies (the "Group").

In 2022, the Group decided to cease activities in the Uruguayan market. As a result, the financial statements have been prepared on a basis other than going concern. The effect of this is explained in Note 1.

As part of the exit plan, the Branch will be dormant for 5 years, which corresponds to the statute of limitations applicable in Uruguay.

Review of the year ended 31 December 2022

The profit for the financial year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £1,263,000 (2021: £25,000 loss).

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 was the sale of tobacco products through its branch in Uruguay. In 2022, the Group decided to cease activities in the Uruguayan market. As part of the exit plan, the Branch will be dormant for 5 years, which corresponds to the statute of limitations applicable in Uruguay.

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

The Company's key stakeholders are Group undertakings, including its shareholders, direct and indirect suppliers to the Company (including leaf suppliers, product materials suppliers and goods and services suppliers), customers of the Company (including distributors, wholesalers and retailers, the government, customs, revenue and tax authorities and wider society in countries in which the Company operates. The Company does not have any employees.

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

Strategic Report (continued)

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

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 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 closure of the Company's branch in Ecuador. The Board considered among other relevant factors, the Company's trading activities, profitability and viability of operations in those markets and its relationship with its customers and suppliers in the relevant markets. 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

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Anthony Michael Hardy Cohn
Director

21 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".

Dividends

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

Board of Directors

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

	Appointments in the period	Resignations in the period
Gregory Aris		07 September 2022
David Patrick Ian Booth		
Anthony Michael Hardy Cohn		
Ekaterina Strong	01 May 2023	

Research and development

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

Employees

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

Auditor

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

Statement of Directors' Responsibilities

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

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

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 (as explained in note 1, the Directors do not believe that is appropriate to prepare these financial statements on a going concern basis).

Directors' report (continued)

Statement of Directors' Responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

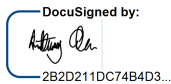
Directors' declaration in relation to relevant audit information

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

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

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

By Order of the Board

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Anthony Michael Hardy Cohn
Director

21 September 2023

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

Opinion

We have audited the financial statements of British American Tobacco (South America) 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.

Emphasis of matter- non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

Independent Auditor's Report to the members of British American Tobacco (South America) Limited (continued)

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.

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.

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.

Independent Auditor's Report to the members of British American Tobacco (South America) Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on pages 4 and 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Nicole Price.
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Nicole Price

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

21 September 2023

Profit and loss account for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Discontinued operations			
Turnover	2	811	615
Cost of sales	3	(405)	(319)
Other operating income	4	1,261	—
Other operating expenses	3	(417)	(310)
Operating profit/(loss)		1,250	(14)
Interest receivable and similar income		41	—
Profit/(loss) before tax		1,291	(14)
Taxation	5	(28)	(11)
Profit/(loss) for the financial year		1,263	(25)

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

	Notes	2022 £'000	2021 £'000
Profit/(loss) for the financial year		1,263	(25)
Difference on exchange arising on the retranslation to Sterling of the profit for the financial year from average to closing rates of exchange		(3)	—
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year		(1,277)	(79)
Total other comprehensive loss for the year		(1,280)	(79)
Total comprehensive loss for the year		(17)	(104)

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

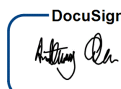
	Called up share capital £'000	Other reserves £'000	Profit and loss account £'000	Total Equity £'000
1 January 2021	630	(784)	3,938	3,784
Loss for the financial year	—	—	(25)	(25)
	630	(784)	3,913	3,759
Difference on exchange arising on the retranslation to Sterling of the loss for the financial year from average to closing rates of exchange	—	—	—	—
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year	—	(79)	—	(79)
31 December 2021	630	(863)	3,913	3,680
Profit for the financial year	—	—	1,263	1,263
	630	(863)	5,176	4,943
Difference on exchange arising on the retranslation to Sterling of the profit for the financial year from average to closing rates of exchange	—	(3)	—	(3)
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year	—	(1,277)	—	(1,277)
31 December 2022	630	(2,143)	5,176	3,663

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

Balance sheet as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets		7	8
		7	8
Current assets			
Inventories		5	38
Debtors: amounts falling due within one year	6	4,868	3,903
Cash at bank and in hand		—	11
Deferred tax assets	5c	2	2
		4,875	3,954
Creditors: amounts falling due within one year	7	(1,219)	(282)
Net current assets		3,656	3,672
Total assets less current liabilities		3,663	3,680
Net assets		3,663	3,680
Capital and reserves			
Called up share capital	8a	630	630
Profit and loss account	8b	5,176	3,913
Other reserves	8c	(2,143)	(863)
Total shareholders' funds		3,663	3,680

The financial statements on pages 9 to 16 were approved by the Directors on 21 September 2023 and signed on behalf of the Board.

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Anthony Michael Hardy Cohn
Director

Registered number
02495427

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

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

1 Accounting policies

Basis of accounting

The Company is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 02495427 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.

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.

Upon the Group's decision to cease activities in the Uruguayan market, the Company will no longer sell tobacco products through its branch in Uruguay. As a result, the financial statements have been prepared on a basis other than going concern.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Act.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the financial statements. The most significant items include the impairment testing of financial assets.

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 judgement 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. Turnover and profits expressed in currencies other than Sterling are translated into Sterling using exchange rates applicable to the dates of the underlying transactions. Monetary assets and liabilities are translated at closing rates of exchange.

Historically, the Company has operated branches in several South American countries. The majority of the Company's transactions have been run through the branch in Uruguay which has the functional currency of Uruguayan New Pesos, and the results of the branch are translated to Sterling using exchange rates applicable to the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate at the date of the underlying transactions.

The difference between the profit and loss account of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to Sterling of foreign currency net assets at the beginning of the year. Exchange differences arising on the retranslation of certain monetary assets and liabilities between the Company and its branch, which qualify to be treated as a net investment in a foreign operation, are translated at the exchange rate ruling at the end of the year and are taken to reserves. Other exchange differences, including those on remittances, are reflected in the profit and loss account.

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

1 Accounting policies (continued)

Turnover and other income

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

Other 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.

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 of 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.

Stock

Stock is 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.

Financial instruments

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

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

Financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable. The Company's financial assets consist of cash and debtors, including loans (debentures) and trade receivables, amounts owed by Group undertakings and other debtors. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and 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 Offered Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9") 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.

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

1 Accounting policies (continued)

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 initial recognition of the underlying asset. As permitted by IFRS 9, loss allowances on trade receivables arising from the recognition of revenue under International Financial Reporting Standard 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.

2 Turnover

Turnover represents the sale of tobacco products by its branch in Uruguay.

	2022	2021
	£'000	£'000
Turnover	811	615

3 Other operating expenses and cost of sales

	2022	2021
	£'000	£'000
Cost of sales comprise:		
Cost of goods sold	405	319
Other operating expenses comprise:		
Staff costs	84	161
Royalties	81	62
Auditor's remuneration	13	11
Other expenses*	239	76
	417	310

*Other expenses include professional fees of £92,000 and inventory write off amounting to £45,000.

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

Staff costs represent recharges for work performed for the Company by employees employed by other Group undertakings.

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

4 Other operating income

	2022	2021
	£'000	£'000
Exchange gains	1,261	—

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

5 Taxation

(a) Recognised in the profit and Loss account

	2022 £'000	£'000	2021 £'000	£'000
<i>Foreign tax</i>				
Current tax on income for the period	28		12	
Total current tax		28		12
<i>Deferred tax</i>				
Origination and reversal of temporary differences	—		(1)	
Total deferred tax		—		(1)
Total income tax expense		28		11

(b) Factors affecting the taxation charge

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

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

	2022 £'000	2021 £'000
Profit/(loss) for the financial year	1,263	(25)
Taxation	(28)	(11)
Profit/(loss) before tax	1,291	(14)
Tax using the UK corporation tax rate of 19% (2021: 19%)	245	(3)
Income not taxable	(5)	(2)
Transfer pricing adjustments	(1)	(1)
Effects of overseas tax rates	28	12
Group Relief (claimed)/ surrendered for nil consideration	(239)	5
Total tax charge	28	11

(c) Recognised deferred tax assets and liabilities

	2022 £'000	2021 £'000
Deferred tax assets are attributable to the following:		
At 1 January	2	1
Charged to profit and loss	—	1
As at 31 December	2	2
Represented by:		
PPE	2	2
Deferred tax assets	2	2

Notes to the financial statements for the year ended 31 December 2022**6 Debtors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Trade debtors	1,812	748
Amounts due from Group undertakings	3,056	3,155
	4,868	3,903

Amounts owed by Group undertakings are unsecured, interest free 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 on LIBOR and with effect from this date it is based on SONIA. Management consider the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The impact of the change in rates was not significant to the Company.

7 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed to Group undertakings	131	63
Other*	1,088	219
	1,219	282

Included in Other is a bank overdraft amounting to £698,000 and government levies amounting to £196,000.

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

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

Ordinary shares of £1.00 each	2022	2021
Allotted, called up and fully paid		
- value	£630,412	£630,412
- number	630,412	630,412

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

(b) Profit and loss account

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

(c) Other reserves

Other reserves include differences on exchange arising on the retranslation of the retained profits and net assets from US Dollars and Uruguayan New Pesos to Sterling.

9 Related party disclosures

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

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

10 Parent undertakings

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