

**BRITISH AMERICAN TOBACCO GLOBAL TRAVEL RETAIL LIMITED**

**Registered Number 09913893**

**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 Global Travel Retail Limited for the year ended 31 December 2022 .....	6
Profit and loss account for the year ended 31 December .....	9
Statement of other comprehensive for the year ended 31 December .....	9
Statement of changes in equity for the year ended 31 December .....	9
Balance Sheet as at 31 December .....	10
Notes to the financial statements for the year ended 31 December 2022 .....	11

## Strategic Report

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

### Principal activities

Historically, the Company's principal activity was the distribution and sale of cigarettes and tobacco products in the Global Travel Retail channel on behalf of members of the British American Tobacco p.l.c. group of companies (the "Group").

In 2019, the Group's Global Travel Retail channel was restructured and these activities were centred on a new Group undertaking set up in Hong Kong. Consequently, the Directors decided that the Company should largely cease operations with effect from October 2020.

Between October 2020 and September 2022, the Company's principal activity was the management of residual pensions arrangements. In September 2022, the pension fund was transferred to another Group undertaking.

### 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 \$1,353,000 (2021: \$8,130,000).

On 26 September 2022, the Directors approved the increase in the Company's share capital from £1 to £3,000,000 (\$3,376,000) through the issuance of 2,999,999 ordinary shares of £1 each to the Company's immediate shareholder, British-American Tobacco (Holdings) Limited.

On 26 September 2022, the Directors approved the transfer of the pension fund to another Group undertaking.

### Going concern

As noted above, the Company largely ceased operations with effect from October 2020. Accordingly, the Directors have not prepared the financial statements on a going concern basis. There was no impact on the carrying values of assets and liabilities from this change.

### 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 the Group'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, since October 2020 the Company's principal activity has been the management of residual pensions arrangements, until September 2022 when the pension fund was transferred to another Group undertaking.

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 other Group undertakings, including the Company's shareholder. The Company does not have any employees, or customers or suppliers outside of the Group. The Company

## Strategic Report (continued)

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

engages with other Group undertakings, including its shareholder through regular meetings, intra-group management activities and ongoing dialogue.

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 approval of the issuance of ordinary shares to its parent company British-American Tobacco (Holdings) Limited. 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 fell due.

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:  
  
4EEEE004B76D4FD...

**Halawahaduge Kasun Saminda Fernando**  
**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 signing this report are as follows:

	Appointments in the period	Resignations in the period
Janine Cali Bellew		15 July 2022
Matthew James de Haan	15 July 2022	
Halawahaduge Kasun Saminda Fernando	31 May 2022	
Marcus Rodwell		
Carola Wiegand		30 May 2022

### 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 nil. (2021: nil).

### 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.

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

## Directors' Report (continued)

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.

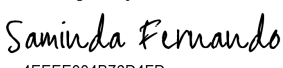
### Directors' declaration in relation to relevant audit information

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:  
  
4EEEE004B76D4FD...

**Halawahaduge Kasun Saminda Fernando**  
**Director**

**21 September 2023**

# Independent Auditor's Report to the members of British American Tobacco Global Travel Retail Limited

## Opinion

We have audited the financial statements of British American Tobacco Global Travel Retail Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and loss account, Statement of other comprehensive income, the Statement of changes in equity, the 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 have not been prepared on the going concern basis for the reason 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 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. We did not identify any additional fraud risks.

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

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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Strategic report and directors' Report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

## **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 Global Travel Retail 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](http://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:



B3D056E34B9F42B...

**Oliver Briggs (Senior Statutory Auditor)**

**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
<b>Discontinued operations</b>			
Other operating income	2	—	2,307
Other operating expenses	3	1,356	5,836
<b>Operating profit</b>		<b>1,356</b>	<b>8,143</b>
Interest receivable and similar income	4	36	1
Interest payable and similar expenses	5	(38)	(14)
<b>Profit before tax</b>		<b>1,354</b>	<b>8,130</b>
Taxation	6	(1)	—
<b>Profit for the financial year</b>		<b>1,353</b>	<b>8,130</b>

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

	Notes	2022 \$'000	2021 \$'000
<b>Profit for the financial year</b>		<b>1,353</b>	<b>8,130</b>
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) arising from defined benefit pension scheme		80	(82)
<b>Total comprehensive income for the year</b>		<b>1,433</b>	<b>8,048</b>

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

	Called up share capital \$'000	Profit and loss account \$'000	Total Equity \$'000
<b>1 January 2021</b>	—	(12,817)	(12,817)
<b>Total comprehensive income</b>			
Profit for the financial year	—	8,130	8,130
Actuarial loss arising from defined benefit pension scheme	—	(82)	(82)
<b>31 December 2021</b>	—	<b>(4,769)</b>	<b>(4,769)</b>
<b>Total comprehensive income</b>			
Profit for the financial year	—	1,353	1,353
Actuarial gain arising from defined benefit pension scheme	—	80	80
<i>Transactions with owners, recorded directly in equity</i>			
Ordinary share capital issued	3,376	—	3,376
<b>31 December 2022</b>	<b>3,376</b>	<b>(3,336)</b>	<b>40</b>

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

## Balance sheet as at 31 December 2022

	Notes	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	1,908	6,408
Creditors: amounts falling due within one year	8	(224)	(6,936)
Provisions for liabilities and other charges	9	(1,644)	(1,869)
<b>Net current assets/(liabilities)</b>		<b>40</b>	<b>(2,397)</b>
<b>Total assets less current liabilities</b>		<b>40</b>	<b>(2,397)</b>
Retirement benefit scheme liabilities	10	—	(2,372)
<b>Net assets/(liabilities)</b>		<b>40</b>	<b>(4,769)</b>
<b>Capital and reserves</b>			
Called up share capital	11(a)	3,376	—
Profit and loss account	11(b)	(3,336)	(4,769)
<b>Total shareholder funds</b>		<b>40</b>	<b>(4,769)</b>

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

The financial statements on pages 9 to 17 were approved by the Directors on 21 September 2023 and signed on behalf of the Board.

DocuSigned by:

*Saminda Fernando*

4EEEE004B76D4FD...

**Halawahaduge Kasun Saminda Fernando**  
Director

**Registered number**  
**09913893**

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

### 1 Accounting policies

#### Basis of preparation

The Company is private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09913893 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 the 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 ("IAS") 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.

In 2019 the Group decided to restructure its Global Travel Retail channel by centring these activities on a new Group undertaking set up in Hong Kong. The Group terminated its licences with the Company after giving due notice. Consequently, the Directors decided that the Company should largely cease operations with effect from October 2020, with no intention to reinstate trading operations. Accordingly, the Directors have not prepared the financial statements on a going concern basis. There was no impact on the carrying values of assets and liabilities from this change. After October 2020, and throughout 2021 and 2022, the Company was mainly responsible for the collection of amounts due, the settlement of liabilities arising from trading (including warranties related to inventory sold to a fellow Group subsidiary) and management of the residual pension arrangements in place. In September 2022, the pension fund was transferred to another Group undertaking.

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 US Dollar. Transactions arising in currencies other than US Dollar are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than US Dollar are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the Profit and loss account in the year, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognized in other comprehensive income.

#### Income

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

#### Operating expenses

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

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

### 1 Accounting policies (continued)

#### Taxation

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

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

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 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 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.

#### Provisions

Provisions are recognised 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.

#### Retirement benefits

Until September 2022, the Company operated and participated in both defined benefit and defined contribution schemes. The cost and liabilities of the defined benefit schemes were accounted for by the principal employer of the arrangement, and the Company recognised its contributions to the costs of these schemes as an expense when they fell due. Some benefits were provided through defined contribution schemes and payments to these were charged as an expense as they fell due.

The valuation of the defined benefit obligation in relation to the unfunded pension liability transferred to the Company in 2017 was performed in accordance with IAS 19 *Employee Benefits*. Actuarial gains and losses are recognised in full through other comprehensive income. The actuarial cost charged to profit from operations consists of net interest on the net defined benefit liability.

#### 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.

**Notes to the financial statements for the year ended 31 December 2022****1 Accounting policies (continued)**

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 International Financial Reporting Standard 9 *Financial Instruments* published in 2019 (phase 1) and 2020 (phase 2) when applicable. The replacement rate Secured Overnight Financing Rate (“SOFR”) has been applied since December 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 receivables has increased significantly since initial recognition, allowances are measured at an amount equal to the lifetime expected credit loss.

**2 Other operating income**

In 2021, the Company reported other operating income in amount of \$2,307,000 representing miscellaneous receipts from a litigation that was disclosed as contingent asset in 2020. In 2022, other operating income was nil.

**3 Other operating expenses**

	2022 \$'000	2021 \$'000
Staff costs	(55)	(30)
Outsourced services	(48)	(382)
Audit services	—	64
Exchange gains	(157)	(318)
Marketing investment*	—	(1,323)
Adjustments to out of shelf life expenses*	(1,129)	(3,483)
Other operating charges	33	(364)
	<b>(1,356)</b>	<b>(5,836)</b>

\*The credits recognised in “marketing investment” and “adjustments to out of shelf life expenses” relate to changes in circumstances and expectations around global travel and COVID pandemic related lockdowns.

Auditors' fees of \$76,000 were borne by a fellow Group undertaking . In 2021, the auditors' fees were borne by the Company (\$64,000).

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

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

**4 Interest receivable and similar income**

	2022 \$'000	2021 \$'000
Interest receivable from Group undertakings	36	1

**5 Interest payable and similar expenses**

	2022 \$'000	2021 \$'000
Exchange losses	38	14

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

## 6 Taxation

## (a) Recognised in the profit and Loss account

	2022 \$'000	\$'000	2021 \$'000	\$'000
<i>UK corporation tax</i>				
Current tax on income for the period	1		—	
Adjustments in respect of prior periods				
Double taxation relief	(1)		—	
		—		—
<i>Foreign tax</i>				
Current tax on income for the period	1			
<b>Total current tax</b>		<b>1</b>		<b>—</b>
<i>Deferred tax</i>				
Origination and reversal of temporary differences				
<b>Total deferred tax</b>				
<b>Total income tax expense</b>		<b>1</b>		<b>—</b>

## (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 for the financial year	1,353	8,130
Total tax expense	1	—
Profit before tax	1,354	8,130
Tax using the UK corporation tax rate of 19% (2021: 19%)	257	1,545
Income non taxable	—	(23)
Temporary differences not recognised	(43)	(51)
Transfer pricing adjustment	16	—
Group Relief claimed for nil consideration	(229)	(1,471)
Total tax charge	1	—

The Company has gross temporary differences of nil (2021: \$2,372,000) taxation amount of nil (2021: \$593,000) in respect of Company pension. A deferred tax asset has not been recognised as the entity is not expected to be profit making in the foreseeable future.

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

## 7 Debtors: amounts falling due within one year

	2022 \$'000	2021 \$'000
Amounts due from Group undertakings - gross	911	5,643
Allowances account	(2)	(2)
Amounts due from Group undertakings - net of allowances	909	5,641
Other debtors	—	767
Accrued income	999	—
	<b>1,908</b>	<b>6,408</b>

Included within amounts due from Group undertakings is an amount of \$911,161 (2021: \$5,669,000) 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 December 2021 the applicable rate was based on LIBOR and with effect from this date it is based on the SOFR. 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	(2)
Provided in the year	—
<b>31 December 2022</b>	<b>(2)</b>

## 8 Creditors: amounts falling due within one year

	2022 \$'000	2021 \$'000
Other creditors	54	89
Amounts owed to Group undertakings	166	6,717
Taxation and social security	—	(29)
Accruals and deferred income	4	159
	<b>224</b>	<b>6,936</b>

Amounts owed to Group undertakings of \$166,000 (2021: \$6,672,000) are unsecured, interest free and repayable on demand.

## 9 Provisions for liabilities and other charges

	\$'000
1 January 2022	1,869
Provisions utilised during the period	(159)
Provisions reversed during the year	(66)
<b>31 December 2022</b>	<b>1,644</b>

Amounts included as provisions at 31 December 2022 relate to contractual disputes (\$1,644,000).



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

## 10 Retirement benefits

As of 1 January 2017, pensions arrangements assumed by another Company of the Group in the amount of CHF 2,590,242 (equivalent of \$2,588,490) were transferred to the Company along with all related rights and obligations. Following the decision to cease operations, the pension fund was transferred from the Company to another Group undertaking, with effect from 1 October 2022, for a settlement fee of CHF 1,900,000 (\$1,920,000).

The Retirement benefit scheme liabilities used to be formally valued annually by a qualified independent actuary. The last valuation for the Company was dated 30 September 2022, when the scheme liabilities were transferred.

The amounts recognised in the balance sheet are determined as follows:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Present value of unfunded scheme liabilities	—	(2,372)
	—	(2,372)
The above net asset/(liability) is recognised in the Balance Sheet as follows:		
– retirement benefit scheme assets/(liabilities)	—	(2,372)
	—	(2,372)

The amounts recognised in profit and loss for the defined benefit scheme are as follows:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Defined benefit schemes		
– interest on scheme liabilities	<b>3</b>	(4)
Total amount recognised in the profit and loss (note 2)	<b>3</b>	(4)

The amounts recognised in other comprehensive income in respect of actuarial losses of the Company are as follows:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Actuarial (gain)/loss on scheme liabilities	<b>(303)</b>	82
Settlement loss	<b>223</b>	—
Net actuarial (gain)/ loss	<b>(80)</b>	82

The movements in Defined benefit obligation are as follows:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Defined benefit obligation at 1 January	<b>2,372</b>	2,646
Interest on scheme liabilities	<b>3</b>	(4)
Benefits paid (cash outflow)	<b>(167)</b>	(265)
Actuarial (gain)/loss	<b>(303)</b>	82
Exchange (gain)/loss	<b>(208)</b>	(87)
Settlement (transfer of liability)	<b>(1,920)</b>	—
Settlement loss	<b>223</b>	—
Defined benefit obligation at 31 December	<b>—</b>	2,372

**Notes to the financial statements for the year ended 31 December 2022****10 Retirement benefits (continued)**

Actuarial (gains)/ losses shown above can be analysed as follows:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Actuarial (gain)/loss:		
- arising from changes in financial assumptions	<b>(308)</b>	(287)
Experience adjustments	<b>5</b>	369
<b>Total</b>	<b>(303)</b>	82

Changes in financial assumptions refer mainly to the discount rate that has been increased from 0.10% in 2021 to 2.10% in 2022, and the EUR discount rate from 0.90% in 2021 to 3.70% in 2022.

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

<b>Ordinary shares of £1.00 each</b>	<b>2022</b>	2021
Allotted, called up and fully paid		
- value	<b>£3,000,000</b>	£1
- number	<b>3,000,000</b>	1

On 26 September 2022, the Directors approved the increase in the Company's share capital from £1 to £3,000,000 (\$3,376,000) through the issuance of 2,999,999 ordinary shares of £1 each to the Company's immediate shareholder, British-American Tobacco (Holdings) Limited.

**(b) Profit and loss account**

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

**12 Related party disclosures**

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

**13 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 (Holdings) 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