

**British American Tobacco International Holdings (UK) Limited**

**Registered Number 00086661**

**Annual report and financial statements**

**For the year ended 31 December 2021**

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**British American Tobacco International Holdings (UK) Limited**

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## **British American Tobacco International Holdings (UK) Limited**

### **Strategic Report**

The Directors present their strategic report on British American Tobacco International Holdings (UK) Limited (the "Company") for the year ended 31 December 2021.

### **Principal activities**

The Company's principal activity is the holding of investments in companies operating in the tobacco and nicotine industries as members of the British American Tobacco p.l.c. group of companies (the "Group").

### **Review of the year ended 31 December 2021**

The profit for the financial year attributable to the Company's shareholder after deduction of all charges and the provision of taxation amounted to £116,527,000 (2020: loss £57,913,000).

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 the Annual Report of British American Tobacco p.l.c.'s 2021 Annual Report and Form 20-F ("BAT ARA & 20-F") and do not form part of this report.

### **Principal risks and uncertainties**

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group, and are monitored by audit committees to provide a framework for identifying, evaluating, and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the BAT ARA & 20-F and do not form part of this report.

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

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report, the Company's principal activity is the holding of investments in companies operating in the tobacco and nicotine industries as members 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 likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the 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 the Company's shareholder and other Group undertakings. The Company does not have any employees, customers or suppliers outside of the Group. Primary ways in which the Company engages with other Group undertakings, including its shareholder, are through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance-related matters which is taken into account in the Company's decision-making.

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

**British American Tobacco International Holdings (UK) Limited**

**Strategic report (continued)**

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

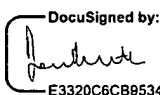
In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out on pages 48 and 73 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 48 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 resolutions to incorporate and subscribe for shares in new subsidiary companies in Mexico (incorporated in 2021) and Poland (incorporated in 2022), and to subscribe for new shares in its subsidiary in Pakistan, British American Tobacco SAA Services (Private) Limited, to fund working capital requirements to enable those subsidiaries to provide business services to other members of the Group. In these contexts, the Directors considered, amongst other relevant factors, the Company's capital position, the amount of its 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

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Mr D.P.I. Booth  
Director

29 September 2022

## **British American Tobacco International Holdings (UK) Limited**

### **Directors' Report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2021.

### **Dividends**

During the year the Company paid dividends amounting to £nil (2020: £nil).

### **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 2021 to the date of this report are as follows:

David Patrick Ian Booth	
Anthony Michael Hardy Cohn	
Halawahaduge Kasun Saminda Fernando	(Appointed 31 May 2022)
Carola Wiegand	(Resigned: 30 May 2022)
Ruth Wilson	
Ridirectors Limited	

### **Research and development**

No research and development expenditure has been incurred during the year (2020: £nil).

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

### **Employees**

The average number of employees employed by the Company during the year was nil (2020: nil).

### **Auditor**

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

### **Statement of Directors' responsibilities**

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

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

Under applicable law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

**British American Tobacco International Holdings (UK) Limited**

**Directors' Report (continued)**

**Statement of Directors' responsibilities (continued)**

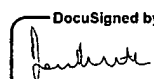
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act.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

By Order of the Board

DocuSigned by:  
  
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Mr D.P.I. Booth  
Director

**29 September 2022**

## **Independent Auditor's Report to the members of British American Tobacco International Holdings (UK) Limited**

### **Opinion**

We have audited the financial statements of British American Tobacco International Holdings (UK) Limited ("the Company") for the year ended 31 December 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

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

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

Our conclusions based on this work:

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

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

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

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

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the British American Tobacco p.l.c.'s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

### *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.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

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

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

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

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



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

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on 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.

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**Natalia Bottomley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
London. E14 5GL

Date 29-Sep-2022

## British American Tobacco International Holdings (UK) Limited

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

		2021	2020
	Note	£'000	£'000
Continuing operations			
Other operating expenses	2	(172)	(169,923)
<b>Operating loss</b>		<b>(172)</b>	<b>(169,923)</b>
Income from shares in Group undertakings	3	118,734	117,901
Interest receivable and similar income	4	1,510	380
Interest payable and similar expenses	5	(19)	(4,983)
<b>Profit/(Loss) before taxation</b>		<b>120,053</b>	<b>(56,625)</b>
Taxation	6	(3,526)	(1,288)
<b>Profit/(Loss) for the financial year</b>		<b>116,527</b>	<b>(57,913)</b>

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

	2021	2020
	£'000	£'000
<b>Profit/(Loss) for the financial year</b>	<b>116,527</b>	<b>(57,913)</b>
<i>Items that will not be reclassified to profit or loss:</i>		
Net fair value loss on other investments at fair value	(11,488)	-
<b>Total other comprehensive income for the year</b>	<b>105,039</b>	<b>(57,913)</b>

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

	Called up share capital	Profit and loss account	Other reserves	Fair value reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000
1 January 2020	1,104,267	(62,706)	461	13,042	1,055,064
Loss for the financial year	-	(57,913)	-	-	(57,913)
<b>Other comprehensive income</b>					
<b>31 December 2020</b>	<b>1,104,267</b>	<b>(120,619)</b>	<b>461</b>	<b>13,042</b>	<b>997,151</b>
Profit for the financial year	-	116,527	-	-	116,527
Other comprehensive income	-	-	-	(11,488)	(11,488)
<b>31 December 2021</b>	<b>1,104,267</b>	<b>(4,092)</b>	<b>461</b>	<b>1,554</b>	<b>1,102,190</b>

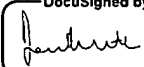
The accompanying notes are an integral part of the financial statements.

## British American Tobacco International Holdings (UK) Limited

**Balance sheet for the year ended 31 December**

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments in Group undertakings	7	620,259	616,181
Investments in associates	7	3,827	3,827
Other investments at fair value	7	24,554	36,042
		<b>648,640</b>	<b>656,050</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	453,550	341,101
<b>Net current assets</b>		<b>453,550</b>	<b>341,101</b>
<b>Total assets less current liabilities</b>		<b>1,102,190</b>	<b>997,151</b>
<b>Net assets</b>		<b>1,102,190</b>	<b>997,151</b>
<b>Capital and reserves</b>			
Called up share capital	9(a)	1,104,267	1,104,267
Other reserves		461	461
Profit and loss account	9(b)	(4,092)	(120,619)
Fair value reserve	9(c)	1,554	13,042
<b>Total shareholders' funds</b>		<b>1,102,190</b>	<b>997,151</b>

The financial statements on pages 9 to 20 were approved by the Directors on 29 September 2022 and signed on behalf of the Board.

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Mr. D.P.I. Booth  
 Director

Registered number  
 00086661

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

**British American Tobacco International Holdings (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies**

#### **Basis of accounting**

The Company is incorporated, domiciled and registered in England and Wales in the UK. The registered number is 00086661 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, but makes amendments where necessary in order to comply with the Act, and has taken advantage of certain disclosure exemptions available under FRS 101, including those relating to the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties.

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

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 accounts.

The most significant items include the review of asset values and impairment testing of financial and non-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 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 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 accounting policies set out below, have unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **Foreign currencies**

The functional currency of the Company is Sterling. Transactions arising in currencies other than Sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than Sterling are translated at rates of exchange ruling at the end of the financial year.

#### **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.

**British American Tobacco International Holdings (UK) Limited****Notes to the financial statements for the year ended 31 December 2021****1 Accounting policies****Taxation (continued)**

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.

**Investments in Group undertakings**

Investments in Group undertakings which are classified as investments in subsidiaries or associates are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

**Dividends**

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

**Financial instruments**

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. Financial guarantees are initially recorded at fair value, and subsequently carried at this fair value less accumulated amortisation changes in their fair values are recognised in profit and loss.

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 ("IFRS") 9 Financial Instruments published in 2019 (phase 1) and 2020 (phase 2) when applicable. The replacement rate Sterling Overnight Index Average ("SONIA") has been applied since August 2021.

Derivative financial assets and liabilities are initially recognised, and subsequently measured, at fair value, which includes accrued interest receivable and payable where relevant. Changes in their fair values are recognised as follows:

- for derivatives that are designated as cash flow hedges, the changes in their fair values are recognised directly in other comprehensive income, to the extent that they are effective, with the ineffective portion being recognised in the income statement. Accumulated gains and losses are reclassified to the income statement in the same periods as the hedged item; and
- for derivatives that do not qualify for hedge accounting or are not designated as hedges, the changes in their fair values are recognised in the income statement in the period in which they arise.

**British American Tobacco International Holdings (UK) Limited**

**Notes to the financial statements for the year ended 31 December 2021**

**1 Accounting policies**

**Financial instruments (continued)**

In order to qualify for hedge accounting, the Group is required to document prospectively the economic relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate an assessment of the economic relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed periodically to ensure that the hedge has remained, and is expected to remain, highly effective.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting.

Other investments that are not held for trading are accounted for as equity investments to be measured at fair value in accordance with IFRS 9 with changes in fair value being recognised directly in other comprehensive income. When such investments are derecognised the cumulative change in fair value remains in other comprehensive income and is not recycled to profit or loss. Dividend and interest income on these investments are included within 'income from other investments at fair value' when the Company's right to receive payments is established.

Fair values for quoted investments are based on observable market prices where available. If there is no active market for an investment, the fair value is established by using the discounted cash flows of estimated future dividends, or in the absence of an estimated dividend stream, the appropriate share of the investee's net assets on a break-up basis.

**Impairment of financial assets**

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.

## British American Tobacco International Holdings (UK) Limited

**Notes to the financial statements for the year ended 31 December 2021****2 Other operating expenses**

	2021 £'000	2020 £'000
<b>Other operating expenses comprise:</b>		
Exchange losses	8	123
Impairment of investment	-	168,294
Bad debts allowance	164	1,506
	<b>172</b>	<b>169,923</b>

Auditor's fees of £5,000 were borne by a fellow Group undertaking (2020: £5,000).

There were no employees (2020: none) and no staff costs during the year (2020: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2020: £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.

In 2020, the Company recorded an impairment in amount of £168,294,000 in its investment in British American Tobacco (2009 PCA) Limited. The impairment has been recorded as a consequence of a decrease in the fair value of the underlying investment British American Tobacco (2009 PCA) Limited holds in PT Bentoel International Investama Tbk.

**3 Income from shares in Group undertakings**

	2021 £'000	2020 £'000
Income from shares in Group undertakings	<b>118,734</b>	117,901

Income from shares in Group undertakings mainly represents dividends received from British American Tobacco (GLP) Limited.

**4 Interest receivable and similar income**

	2021 £'000	2020 £'000
Exchange gain	1,510	-
Interest receivable from Group undertakings	-	310
Fair value gain on derivatives	-	70
	<b>1,510</b>	<b>380</b>

**5 Interest payable and similar expenses**

	2021 £'000	2020 £'000
Exchange loss	-	2,514
Interest payable to Group undertakings	-	2,469
Fair value loss on derivatives	19	-
	<b>19</b>	<b>4,983</b>

## British American Tobacco International Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2021

**6 Taxation****(a) Recognised in the profit and loss account**

	2021		2020	
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
	-	-	-	-
<i>Foreign tax</i>				
Current tax on income for the period	3,526		1,288	
<b>Total current tax</b>		<b>3,526</b>		<b>1,288</b>
<i>Deferred tax</i>				
Origination and reversal of temporary differences	-		-	
<b>Total deferred tax</b>		<b>-</b>		<b>-</b>
<b>Total income tax expense (note 6b)</b>		<b>3,526</b>		<b>1,288</b>

**(b) Factors affecting the taxation charge**

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, after the balance sheet date. 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% (2020: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2021	2020
	£'000	£'000
Profit/(Loss) for the financial year	116,527	(57,913)
Total income tax expense	3,526	1,288
Profit/(Loss) before taxation	120,053	(56,625)
Tax using the UK corporation tax rate of 19% (2020: 19%)	22,811	(10,759)
Non-deductible expenses	31	32,262
Transfer pricing adjustments	(3)	(3)
Tax exempt revenues	(22,560)	(22,401)
Effects of overseas tax rates	3,526	1,288
Effects of Group Relief (claimed)/ surrendered	(279)	901
<b>Total tax charge (note 6a)</b>	<b>3,526</b>	<b>1,288</b>



## British American Tobacco International Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2021

## 7 Investments

## (1) Shares in Group Undertakings

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
<b>Angola</b> <i>Viana Park, Polo Industrial, Viana, Luanda, Angola</i> British American Tobacco - B.A.T. Angola, Limitada	USD 49,900 and USD 100	100.00	0.00	100.00
<b>Congo, Democratic Republic of</b> <i>1er étage, Immeuble du Centenaire, Gombe, Kinshasa, Democratic Republic of Congo</i> BAT Distribution SARL (In liquidation)	Ordinary	99.00	0.00	99.00
<b>Eritrea</b> <i>P.O. Box 749, 62 Fel Ket Street, Asmara, Eritrea</i> British American Tobacco (Eritrea) Share Company	Ordinary	0.17	0.00	0.17
<b>Hong Kong</b> <i>Level 30, 3 Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong</i> British American Tobacco Asia-Pacific Region Limited	Ordinary	100.00	0.00	100.00
<b>Indonesia</b> <i>Capital Place Office Tower 6th Floor, Jl. Gatot Subroto Kav. 18, Jakarta 12710 Indonesia</i> PT Bentoel Internasional Investama, Tbk <i>Jl. Susanto No. 2B, Ciptomulyo, Sukun, Malang, Jawa Timur 65148 Indonesia</i> PT Bentoel Distribusi Utama <i>Jl. Raya Karanglo, Desa Banjararum, Kecamatan Singosari, Jawa Timur 65153 Indonesia</i> PT Bentoel Prima PT Bentoel Prima	Ordinary Ordinary Ordinary Series A Series B	0.00 0.00 0.00 0.00 0.00	99.96 100.00 100.00	99.96 99.96
<b>Jordan</b> <i>Airport Road, Al Qastal Industrial Area, Air Cargo Road, Amman, Jordan</i> British American Tobacco - Jordan Private Shareholding Company Limited	Ordinary	100.00	0.00	100.00
<b>Malaysia</b> <i>Level 11, Sunway Geo Tower, Jalan Lagoon Selatan, Sunway South Quay, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia</i> BAT Aspac Service Centre Sdn Bhd	Ordinary	100.00	0.00	100.00
<b>Mexico</b> <i>Francisco I Madero 2750 Norte, ZipCode 64000, Monterrey, Nuevo Leon, México</i> BAT DBS MEXICO S.A. DE C.V.	Ordinary A	0.002	0.00	0.002
<b>New Zealand</b> <i>Mint Advisory Limited, Suite 6, 8 Turua Street, St Heliers, Auckland, 1071, NZ</i> New Zealand (UK Finance) Limited New Zealand (UK Finance) Limited	Non-participating preference Ordinary	100.00 100.00	0.00 0.00	100.00 100.00
<b>Panama</b> <i>Via Fernández de Córdoba, Corregimiento of Pueblo Nuevo, Panama City</i> BAT Caribbean, S.A. (In Liquidation)	Ordinary	100.00	0.00	100.00

## British American Tobacco International Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2021

## 7 Investments (continued)

## (1) Shares in Group Undertakings (continued)

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
<b>Pakistan</b>				
<i>Serena Business Complex. Khayaban-e-Suhrwardy, Islamabad, Pakistan</i>				
British American Tobacco SAA Services (Private) Ltd	Ordinary	100.00	0.00	100.00
<b>Ukraine</b>				
<i>13-15 Bolsunovska, Kyiv, 01014, Ukraine</i>				
LLC "British American Tobacco Sales and Marketing Ukraine"	Ordinary	100.00	0.00	100.00
<b>United Kingdom</b>				
<i>Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom</i>				
Big Ben Tobacco Company Limited	Ordinary	100.00	0.00	100.00
British American Tobacco (GLP) Limited	Ordinary	100.00	0.00	100.00
British American Tobacco Italy Investments Limited	Ordinary	100.00	0.00	100.00
British American Tobacco Italy Limited	Ordinary B	0.00	100.00	100.00
British American Tobacco Italy Limited	Ordinary C	0.00	100.00	100.00
<i>Globe House, 4 Temple Place, London, WC2R 2PG, United Kingdom</i>				
British American Tobacco (2009 PCA) Limited	Ordinary	100.00	0.00	100.00
British American Tobacco Taiwan Logistics Limited	Ordinary	100.00	0.00	100.00
<b>Zimbabwe</b>				
<i>Manchester Road 1, Southerton, Harare, Zimbabwe</i>				
American-Cigarette Company (Overseas) (Private) Ltd	Ordinary	0.00	100.00	100.00
Rothmans Limited	Ordinary	100.00	0.00	100.00
<b>Egypt</b>				
<i>Administrative unit no.1, 5th Floor, Building S2B, Sector A, Downtown Mall Katameya, 5th settlement, New Cairo, Egypt</i>				
British American Tobacco North Africa LLC	Ordinary	99.80	0.00	99.80
<b>Guyana</b>				
<i>Lot 122 Parade Street, Kingston, Georgetown, Guyana</i>				
Demerara Tobacco Company Limited	Ordinary	70.25	0.00	70.25
<b>Rwanda</b>				
<i>SORAS Building, Boulevard de la Revolution P.O Box 650 Kigali, Rwanda</i>				
British American Tobacco Rwanda Limited	Issued	100.00	0.00	100.00
British American Tobacco Rwanda Limited	Ordinary	100.00	0.00	100.00
<b>Zambia</b>				
<i>Plot No. PH1 IND &amp; 53 &amp; 54, LS-MFEZ, Chifwema Road, Lusaka, Zambia</i>				
British American Tobacco (Zambia) plc	Ordinary	78.08	0.00	78.08

## British American Tobacco International Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2021

## 7 Investments (continued)

## (2) Shares in Associated Undertakings

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
<b>Zimbabwe</b> <i>Manchester Road 1, Southerton, Harare, Zimbabwe</i>				
British American Tobacco Zimbabwe (Holdings) Limited	Ordinary	42.98	0.15	43.13

## (3) Other investments at fair value

Company	Share Class	Direct interest	Subsidiary Interest	Attributable Interest
<b>Mexico</b> <i>Francisco I Madero 2750 Poniente, Colonia Centro, Monterrey, Nuevo Leon, C.P. 64000, Mexico</i>				
British American Tobacco Mexico, S.A. de C.V.	Ordinary Series A	49.00	0.00	49.00
British American Tobacco Mexico, S.A. de C.V.	Ordinary Series B	12.18	0.00	12.18
British American Tobacco Mexico Commercial, S.A. de C.V.	Ordinary	0.00	100.00	12.18
British American Tobacco Mexico Commercial, S.A. de C.V.	Variable class	0.00	100.00	12.18
British American Tobacco Servicios S.A. de C.V.	Share Class 1	0.00	100.00	12.18
British American Tobacco Servicios S.A. de C.V.	Share Class 2	12.18	0.00	12.18
Cigarrera La Moderna, S.A. de C.V.	Ordinary	0.00	100.00	12.18
 <i>Predio Los Sauces Sin número, Colonia Los Sauces, C.P. 63197, Tepic, Nayarit, Mexico</i>				
Procesadora de Tabacos de Mexico, S.A. de C.V.	Ordinary	0.00	93.00	11.33

## (4) Investments in Group undertakings

	Investments in Group undertakings	Investments in associates	Total
	£'000	£'000	£'000
<b>Cost</b>			
1 January 2021	1,797,065	5,664	1,802,729
Additions	4,078	-	4,078
Disposals	-	-	-
<b>31 December 2021</b>	<b>1,801,143</b>	<b>5,664</b>	<b>1,806,807</b>
<b>Impairment provisions</b>			
1 January 2021	1,180,884	1,837	1,182,721
Charge in the year	-	-	-
<b>31 December 2021</b>	<b>1,180,884</b>	<b>1,837</b>	<b>1,182,721</b>
<b>Net book value</b>			
1 January 2021	616,181	3,827	620,008
<b>31 December 2021</b>	<b>620,259</b>	<b>3,827</b>	<b>624,086</b>

## British American Tobacco International Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2021

## 7 Investments (continued)

## (4) Investments in Group undertakings (continued)

## Other investments at fair value

	£'000
1 January 2021	36,042
Fair value change	(11,488)
<b>31 December 2021</b>	<b>24,554</b>

The investment presented under Other investments at Fair Value represents the investment in British American Tobacco Mexico, S.A. de C.V., in which the Company holds 12.18%.

The investment is currently valued at GBP 24,554,000. This value is based on 5 years discounted cash flows. A discount factor of 6.5% have been used for assessing the value of the investment. The discount factor is in line with the Group's weighted average cost of capital, taking into account the cost of capital and borrowings, to which market-related premium adjustments are made.

The Directors are of the opinion that the individual investments have a value not less than the amount at which they are shown in the balance sheet.

## 8 Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed by Group undertakings - gross	455,220	342,607
Expected credit loss allowance	(1,670)	(1,506)
<b>Amounts owed by Group undertakings - net of allowances</b>	<b>453,550</b>	<b>341,101</b>

Amounts owed by Group undertakings of £440,470,000 (2020: £326,349,000) are unsecured, interest bearing and repayable on demand. The Company has amounts receivable from fellow Group subsidiaries where 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

All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

## 9 Capital and reserves

## a) Called up share capital

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

## Ordinary shares of £1 each

	2021	2020
Allotted, called up and fully paid		
- value	£1,104,267,017	£1,104,267,017
- number	1,104,267,017	1,104,267,017

**British American Tobacco International Holdings (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **9 Capital and reserves (continued)**

#### **b) Profit and loss account**

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

#### **c) Fair value reserve**

The fair value reserve includes the cumulative net change in the fair value of investments measured at Fair Value through Other Comprehensive Income ("FVOCI").

### **10 Related party disclosures**

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

### **11 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 Weston Investment Company 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