

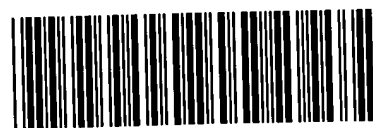
Dunhill Tobacco of London Limited

Registered Number 02863410

Annual report and financial statements

For the year ended 31 December 2020

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Dunhill Tobacco of London Limited

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Dunhill Tobacco of London Limited

Strategic report

The Directors present their strategic report on Dunhill Tobacco of London Limited (the "Company") for the year ended 31 December 2020.

Principal activities

The Company owns the Dunhill tobacco trademarks, which it licenses to members of the British American Tobacco group of companies (the "Group") around the world.

Review of the year ended 31 December 2020

The profit for the financial year attributable to Dunhill Tobacco of London Limited shareholders after deduction of all charges and the provision of taxation amounted to £15,699,000 (2019: £20,393,000).

The Directors expect the Company's activities to continue on a similar basis in the foreseeable future.

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.'s 2020 Annual Report and Form 20-F ("BAT Annual Report") 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 Annual Report and do not form part of this report.

UK Companies Act: Section 172 (1) Statement

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report, the Company's principal activity is the licensing of trademarks to Group companies around the world.

Under section 172(1) of the UK Companies 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 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 licensed by the Company to use trademarks, the Company's shareholder and applicable trademark registry bodies in jurisdictions in which the Company owns trademarks. The Company does not have any customers, suppliers or employees. Primary ways in which the Company engages with intellectual property registry bodies is via its intellectual property service provider, BATMark Limited, which engages with intellectual property registry bodies (either directly or through appointed external legal advisors) in relation to the clearance, filing and renewal of trademarks and in relation to any trade mark disputes. Primary ways in which the Company engages with Group undertakings and its shareholder are through regular meetings, intra-group management activities and ongoing dialogue, which is taken into account in the Company's decision-making.

Dunhill Tobacco of London Limited

Strategic report (Continued)

UK Companies Act: Section 172(1) Statement


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. During the decision-making process the Directors are made aware of the impact of decisions on relevant stakeholders and engagement that has occurred with those stakeholders where applicable.

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 ("Group SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out at page 48 of the BAT Annual Report. 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 at page 48 of the BAT Annual Report.

Where authority for decision-making is delegated to management under the Group SoDA, the Group SoDA mandates regard for the likely long-term consequences of decisions, the imperative of maintaining high standards of business conduct, employees' interests, business relationships with wider stakeholders, the impact of business operations on the environment and communities, and other relevant factors. The Group SoDA is part of the Group's governance and internal controls framework through which good corporate governance, risk management and internal control is promoted within the Group and 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 and all newly appointed Directors receive training in respect of their role and duties on appointment, including on directors' duties under Section 172 of the Companies Act. Director training is provided through the Company Secretary.

By Order of the Board

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Mr. P. McCormack
Secretary
8 September 2021

Dunhill Tobacco of London Limited

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2020.

Dividends

During the year the Company paid no dividends (2019: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2020 to the date of this report are as follows:

Paul McCrory	Resigned 4 June 2021
Ridirectors Limited	Appointed 30 September 2010
Roger Anthony Carr Evans	Appointed 6 September 2018
David Patrick Ian Booth	Appointed 20 September 2018

Research and development

No research & development expenditure has been incurred during the year (2019: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

Employees

The average number of employees employed by the Company during the year was nil (2019: nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, 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.

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

Under company 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.

Dunhill Tobacco of London Limited

Directors' report (continued)

Statement of Directors' responsibilities (continued)

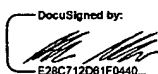
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Annual report confirms that:

- (a) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he has taken all steps that a Director might reasonably be expected to have taken in order to make himself 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. P. McCormack
Secretary
8 September 2021

Independent Auditor's Report to the members of Dunhill Tobacco of London Limited

Opinion

We have audited the financial statements of Dunhill Tobacco of London Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and loss account, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is 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 Company'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.

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 Dunhill Tobacco of London 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.

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.

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.

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 Dunhill Tobacco of London 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.

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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

8 September 2021

Dunhill Tobacco of London Limited

Profit and loss account for the year ended 31 December

		2020	2019
Continuing operations	Note	£'000	£'000
Turnover	2	16,225	19,766
Other income	3	4	1,200
Other operating expenses	4	(554)	(676)
Operating profit		15,675	20,290
Interest receivable and similar income	5	34	124
Interest payable and similar expenses		(1)	(3)
Profit before taxation		15,708	20,411
Taxation	6	(9)	(18)
Profit for the financial year		15,699	20,393

There are no recognised gains or losses other than the profit for the financial year and therefore no Statement of other comprehensive income has been prepared.

Statement of changes in equity for the year ended 31 December

	Called up share capital	Share premium account	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000
1 January 2019	1	99,999	22,317	122,317
Profit for the financial year	-	-	20,393	20,393
31 December 2019	1	99,999	42,710	142,710
Profit for the financial year	-	-	15,699	15,699
31 December 2020	1	99,999	58,409	158,409

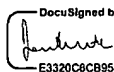
The accompanying notes are an integral part of the financial statements.

Dunhill Tobacco of London Limited

Balance sheet as at 31 December

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	100,000	100,000
Tangible assets	8	-	131
		100,000	100,131
Current assets			
Debtors: amounts falling due within one year	9	58,819	44,307
Creditors: amounts falling due within one year	10 (a)	(410)	(1,661)
Net current assets		58,409	42,646
Creditors: amounts falling due after more than one year	10 (b)	-	(67)
Total assets less liabilities		158,409	142,710
Capital and reserves			
Called up share capital	11	1	1
Share premium account		99,999	99,999
Profit and loss account		58,409	42,710
Total shareholders' funds		158,409	142,710

The financial statements on pages 9 to 17 were approved by the Directors on 8 September 2021 and signed on behalf of the Board.

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Mr D.P.I Booth
 Director

Registered number
 02863410

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

Dunhill Tobacco of London Limited

Notes to the financial statements for the year ended 31 December 2020**1 Accounting policies****Basis of accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 ('the Act') and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Act, but makes amendments where necessary in order to comply with the Act, and where advantage of disclosure exemptions available under FRS 101, such as the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties, have been taken.

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 critical accounting estimates include:

- the review of the carrying values of intangible assets;
- the review of economic useful life of intangible assets;
- the review of the carrying value of other financial assets, especially recoverability of debtors.

The critical accounting judgements include:

- the basis of recognising revenue.

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 Companies Act. 2006.

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.

Dunhill Tobacco of London Limited

Notes to the financial statements for the year ended 31 December 2020

1 Accounting policies (continued)

Turnover

Turnover comprises sales-based royalties from licensing arrangements with fellow British American Tobacco p.l.c. Group companies around the world. Sales-based royalties are not recognized until the relevant product sale occurs based upon the royalty exception under IFRS 15.

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.

Group relief

As a UK-resident wholly-owned subsidiary within the Group, the Company is eligible to surrender tax losses to, or claim tax losses from, fellow members of the same UK group for the purposes of calculating corporation tax due in the UK ("group relief"). It is Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also Group policy not to reimburse companies for group relief surrendered unless, on a stand-alone basis and assuming the Company were not in the Group, these losses would be recognised as a deferred tax asset in the Company generating the loss.

Intangible assets

The intangible assets shown on the Company balance sheet consist mainly of trademarks and similar intangibles with indefinite lives.

Intangibles with indefinite lives are not amortised but are reviewed annually for impairment. Any impairment of trademarks is recognised in the income statement but increases in trademark values are not recognised.

Leases

With effect from 1 January 2019, The Company has applied IFRS 16 *Leases* to contractual arrangements which are, or contain, leases of assets, and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the assets included as tangible assets (in note 8) and the liabilities included as part of creditors (in note 10).

Dunhill Tobacco of London Limited**Notes to the financial statements for the year ended 31 December 2020****1 Accounting policies (continued)****Leases (continued)**

In adopting IFRS 16, the Company has applied the modified retrospective approach with no restatement of prior periods, as permitted by the Standard. Total assets and total equity and liabilities on 1 January 2019 have both increased by £196,000. The Company has taken advantage of certain practical expedients available under the Standard, including “grandfathering” previously recognised lease arrangements such that contracts were not reassessed at the implementation date as to whether they were, or contained, a lease, and leases previously classified as finance leases under IAS 17 remained capitalised on the adoption of IFRS 16. In addition, as part of the implementation, the Company has applied a single discount rate to portfolios of leases with reasonably similar characteristics, has assessed whether individual leases are onerous prior to applying the Standard, has applied hindsight in determining the lease term if the contract contains options to extend or terminate the lease, and has not apply the capitalisation requirements of the Standard to leases for which the lease term ends within 12 months of the date of initial application.

Going forward for new leasing arrangements taken out after 1 January 2019, the Company will also adopt several practical expedients available under the Standard including not applying the requirements of IFRS 16 to leases of intangible assets, applying the portfolio approach where appropriate to do so, not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration) and to leases of low-value assets. Except for property-related leases, non-lease components will not be separated from lease components. The Company will continue to report recognised assets and liabilities under leases within property, plant and equipment and borrowings respectively rather than show these as separate line items on the face of the balance sheet.

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-use lease assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Prior to 1 January 2019, the annual payments under operating leases were charged to the profit and loss account on a straight-line basis over the length of the lease term.

Dividends

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

Financial instruments

The Company's business model for managing financial assets is in accordance with the principles 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 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.

Dunhill Tobacco of London Limited**Notes to the financial statements for the year ended 31 December 2020****1 Accounting policies (continued)****Financial instruments (continued)**

Financial instruments are initially recognised at fair value plus directly attributable transaction 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.

LIBOR

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as LIBOR, the Company will account for the application of replacement benchmark rates in accordance with the Amendments to IFRS 9 Financial Instruments published in 2019 (phase 1) and 2020 (phase 2) when applicable.

Impairment of financial assets

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on initial recognition of the underlying asset. As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

Impairment of non-financial assets

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

2 Turnover

Turnover comprises sales-based royalties from fellow Group companies.

3 Other income

Included in other income in 2019 is a one off £1,200,000 sale of trademark to Scandinavian Tobacco Group.

4 Other operating expenses

	2020 £'000	2019 £'000
Exchange gains	(15)	(3)
Trademarks related expenses	458	614
Depreciation on leasehold assets	87	65
Bad debt allowances	24	-
	554	676

Auditor's fees of £2,500 were borne by a fellow Group undertaking (2019: £2,500).

There were no employees (2019: none) and no staff costs during the year (2019: £nil)

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2019: £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.

Dunhill Tobacco of London Limited

Notes to the financial statements for the year ended 31 December 2020

5 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from Group undertakings	34	124
	34	124

6 Taxation

(a) Recognised in the profit and loss account

	2020 £'000	£'000	2019 £'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	9		18	
		9		18
Double taxation relief	(9)		(18)	
		(9)		(18)
<i>Foreign tax</i>				
Current tax on income for the period	9		18	
Total current tax		9		18
Total income tax expense (note 6b)		9		18

(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% (2019: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2020 £'000	2019 £'000
Profit for the year	15,699	20,393
Total tax expense	9	18
Profit excluding taxation	15,708	20,411
Tax using the UK corporation tax rate of 19% (2019: 19%)	2,985	3,878
Expenses not deductible	5	-
Transfer pricing adjustments	(9)	(10)
Group relief claimed for nil consideration	(2,972)	(3,850)
Total tax charge for the period (note 6a)	9	18

The Company has not recognised deferred tax as there are no temporary differences.

Dunhill Tobacco of London Limited

Notes to the financial statements for the year ended 31 December 2020**7 Intangible assets**

Intangible assets represent tobacco trademarks and licenses at cost of £100,000,000 (2019: £100,000,000).

Management have determined that they are comfortable that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows based on latest business plans, and that there are no proposals to delist the brands or migrate them to alternative brands, except in exceptional cases and with no significant financial impact. Management are not aware of any actual or potential restrictions prohibiting the use of the brands and trademarks.

The trademarks have been tested for impairment in line with the following methodology. The recoverable amounts of trademarks and similar intangibles with indefinite lives have been determined using future estimated cash flows based on royalty income to be generated by the respective trademarks, covering five years horizon and thereafter into perpetuity. There was no indication of impairment.

8 Tangible assets

	Leasehold assets
	£'000
Cost	
1 January 2020	196
Disposal	(196)
31 December 2020	-
Accumulated depreciation	
1 January 2020	65
Charge for the year	87
Disposal	(152)
31 December 2020	-
Net book value	
1 January 2020	131
31 December 2020	-

In 2020, the Company terminated the lease contract for the asset.

9 Debtors: amounts falling within one year

	2020	2019
	£'000	£'000
Amounts owed by Group undertakings – gross	58,843	44,307
Allowances	(24)	-
Amounts owed by Group undertakings – net	58,819	44,307

Included within amounts owed by Group undertakings is an amount of £56,886,000 (2019: £42,357,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR, which is unlikely to be offered after the end of 2021. The receivable is subject to standard lending agreements within the Group which are scheduled to be revised during 2021 to take account of global benchmark interest rate reform. The interest rate to be applied in future will be in accordance with the changes to the Group's intercompany lending agreements, and the Company will apply the relevant Amendments to IFRS 9 *Financial Instruments* at that time. The Company does not believe that it would be materially adversely affected by these changes.

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

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Notes to the financial statements for the year ended 31 December 2020**10 (a) Creditors: amounts falling within one year**

	2020	2019
	£'000	£'000
Amounts owed to Group undertakings	382	1,596
Leasehold liabilities	-	65
Accruals	28	-
	410	1,661

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

10 (b) Creditors: amounts falling due after one year

	2020	2019
	£'000	£'000
Leasehold liabilities	-	67

11 Called up share capital

Ordinary shares of £0.01 each	2020	2019
Allotted, called up and fully paid		
- value	£1,000	£1,000
- number	100,000	100,000

12 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 British American Tobacco p.l.c. 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 (Brands) Limited. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG