

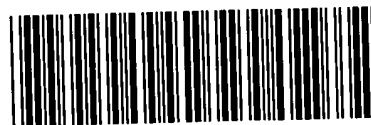
British American Tobacco Investments (Central & Eastern Europe) Limited

Registered Number 02898824

Annual report and financial statements

For the year ended 31 December 2021

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British American Tobacco Investments (Central & Eastern Europe) Limited

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British American Tobacco Investments (Central & Eastern Europe) Limited

Strategic report

The Directors present their strategic report on British American Tobacco Investments (Central & Eastern Europe) Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The Company acts as an investment holding company in subsidiary undertakings of the British American Tobacco p.l.c. group of companies (the "Group") which are active in the tobacco and nicotine industries.

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 £217,513,000 (2020: £87,616,000).

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 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 to act as an investment holding company in subsidiary undertakings operating in the tobacco and nicotine industries as a member of the Group.

Under Section 172(1) of the UK Companies Act 2006 ("the Act") and as part of the Directors' duty to the Company's shareholder to act as they consider most likely to promote the success of the Company, the Directors must have regard for 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 the Company's shareholder and other Group undertakings. The Company does not have any employees, or 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 Investments (Central & Eastern Europe) Limited

Strategic report (Continued)

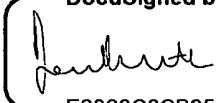
UK Companies Act 2006: Section 172(1) Statement

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.

By Order of the Board

DocuSigned by:

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Mr D.P.I. Booth
Director

28 September 2022

British American Tobacco Investments (Central & Eastern Europe) 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

The Directors do not recommend the payment of a dividend for the year (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:

Pablo Andres Banki	(resigned on 01 February 2022)
David Patrick Ian Booth	
Anthony Michael Hardy Cohn	
Andrey Kornilov	(appointed on 01 February 2022)

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;

British American Tobacco Investments (Central & Eastern Europe) Limited

Directors' report (continued)

Statement of Directors' responsibilities (continued)

- 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.

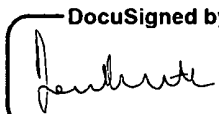
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act.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

By Order of the Board

DocuSigned by:

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Mr. D.P.I. Booth
Director

28 September 2022

Independent Auditor's Report to the members of British American Tobacco Investments (Central & Eastern Europe) Limited

Opinion

We have audited the financial statements of British American Tobacco Investments (Central & Eastern Europe) Limited ("the Company") for the year ended 31 December 2021 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 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 Company's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the members of British American Tobacco Investments (Central & Eastern Europe) Limited (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 complex revenue transactions. The recognition criteria for income from shares in Group undertakings is not considered complex and no material estimation or manual intervention is required. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who typically do not post journal entries or are not authorised to do so, posted to unrelated, unusual, or seldom used accounts, posted to accounts that are just below the authorization threshold and those containing unusual key words in their description.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of 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 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 Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

Independent Auditor's Report to the members of British American Tobacco Investments (Central & Eastern Europe) Limited (continued)

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

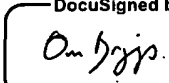
As explained more fully in their statement set out on pages 4 and 5 the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements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

Auditor's responsibilities

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

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

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

DocuSigned by:

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Oliver Briggs (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL

Date 28-Sep-2022

British American Tobacco Investments (Central & Eastern Europe) Limited

Profit and loss account for the year ended 31 December

		2021	2020
	Note	£'000	£'000
Continuing operations			
Other operating income	2	172,235	67,646
Operating gain		172,235	67,646
Income from shares in Group undertakings		45,779	19,048
Interest receivable and similar income	3	-	47
Interest payable and similar expenses	4	(4)	-
Profit before taxation		218,010	86,741
Tax (charges)/credits	5	(497)	875
Profit for the financial year		217,513	87,616

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 presented.

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 2020	884,662	9,903	(757,944)	136,621
Profit for the financial year	-	-	87,616	87,616
31 December 2020	884,662	9,903	(670,328)	224,237
Profit for the financial year	-	-	217,513	217,513
Return of capital injection	-	-	101	101
31 December 2021	884,662	9,903	(452,714)	441,851

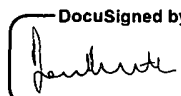
The accompanying notes are an integral part of the financial statements.

British American Tobacco Investments (Central & Eastern Europe) Limited

Balance Sheet as at 31 December

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments in Group undertakings	6	321,154	148,919
		321,154	148,919
Current assets			
Debtors: amounts falling due within one year	7	120,697	75,318
Net current assets		120,697	75,318
Net assets		441,851	224,237
Capital and reserves			
Called up share capital	8	884,662	884,662
Share premium account		9,903	9,903
Profit and loss account		(452,714)	(670,328)
Total shareholders' funds		441,851	224,237

The financial statements on pages 9 to 18 were approved by the Directors on 28 September 2022 and signed on behalf of the Board.

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Mr. D.P.I. Booth
 Director

Registered number
 02898824

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

British American Tobacco Investments (Central & Eastern Europe) 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 in the UK. The registered number is 02898824 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 *Reduced Disclosure Framework*.

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.

Notwithstanding accumulated losses of £452,714,000 at 31 December 2021, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate as the Directors at the time of approving these financial statements have 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 assets.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

The Company is included in the consolidated financial statements of the Group 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.

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

British American Tobacco Investments (Central & Eastern Europe) Limited**Notes to the financial statements for the year ended 31 December 2021****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.

As a UK resident wholly-owned subsidiary of the British American Tobacco group of companies (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 subsidiaries and associates

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the assets' fair value less costs to sell and its value in use. Impairments are reversed when the value in use exceeds the carrying amount of the investment.

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) but some assets (typically investments) are held for investment potential.

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

Financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable, with subsequent measurement set out below. The Company's loans and receivable, Amounts owed by Group undertakings and Other debtors are non-derivative financial assets with fixed or determinable payments that are held in order to collect contractual cash flows and are subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as the London Interbank Offered Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to International Financial Reporting Standard 9 Financial Instruments 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.

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.

British American Tobacco Investments (Central & Eastern Europe) Limited

Notes to the financial statements for the year ended 31 December 2021**1 Accounting policies (continued)****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.

2 Other operating income

	2021	2020
	£'000	£'000
Reversal of impairment of investments in subsidiaries	172,235	67,803
Loss on liquidation of subsidiaries	-	(157)
	172,235	67,646

In 2021, the Company reversed the impairment recorded for British American Tobacco Polska S.A. ("BAT Polska"), recording an income of £172,235,000. The reversal is based on the current assessment of the recoverable amount of the investment in BAT Polska.

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). 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.

3 Interest receivable and similar income

	2021	2020
	£'000	£'000
Foreign exchange gain	-	3
Interest income	-	44
	-	47

4 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Foreign exchange loss	4	-
	4	-

British American Tobacco Investments (Central & Eastern Europe) Limited

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

5 Taxation

(a) Recognised in the Profit and loss account

	2021 £'000	£'000	2020 £'000	£'000
<i>Foreign tax</i>				
Current tax on income for the period	497		(875)	
Total current tax		497		(875)
Total income tax expense/(credit)		497		(875)

(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 £'000	2020 £'000
Profit for the year	217,513	87,616
Total tax expense/(credit)	497	(875)
Profit before taxation	218,010	86,741
Tax using the UK corporation tax rate of 19% (2020: 19%)	41,423	16,481
Non-deductible expenses	1	(12,853)
Income not taxable	(41,423)	(3,619)
Effects of overseas tax rates	497	(875)
Transfer pricing adjustments	(3)	(3)
Group Relief surrendered/(claimed) for nil consideration	2	(6)
Total income tax expense/(credit)	497	(875)

British American Tobacco Investments (Central & Eastern Europe) Limited

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

6 Investments

(a)

Company	Share Class	Direct Interest	Subsidiary Interest	Attributable Interest
Bosnia and Herzegovina				
<i>ul. Kolodvorska 12, 71000 Sarajevo-Novo Sarajevo, Bosnia and Herzegovina</i>				
INOVINE BH d.o.o.	Ordinary	0.00	100.00	100.00
<i>Fra Dominka Mandica 24 A, 88220 Široki Brijeg, Bosnia and Herzegovina</i>				
IPRESS d.o.o.	Ordinary	0.00	100.00	100.00
<i>ul. Azize Šacirbegovic 1, 71000 Sarajevo-Novo Sarajevo, Bosnia and Herzegovina</i>				
TDR d.o.o. Sarajevo	Ordinary	0.00	100.00	100.00
<i>ul. Kolodvorska 12, 71000 Sarajevo-Novo Sarajevo, Bosnia and Herzegovina</i>				
Croatia				
<i>Ivana Lučića 2/a, 10000 Zagreb, Croatia</i>				
BAT HRVATSKA d.o.o. u likvidaciji (in liquidation)	Ordinary	100.00	0.00	100.00
<i>Ivana Lučića 2/a, 10000 Zagreb, Croatia</i>				
Hrvatski Duhani d.d.	Ordinary	0.00	100.00	100.00
<i>Obala V. Nazora 1, 52210 Rovinj, Croatia</i>				
TDR d.o.o.	Ordinary	100.00	0.00	100.00
<i>ul. Kolodvorska 12, 71000 Sarajevo-Novo Sarajevo, Bosnia and Herzegovina, Croatia</i>				
Inovine d.d.	Ordinary	100.00	0.00	100.00
Hungary				
<i>H-1124, Budapest, Csörsz utca 49-51. 3. em., Hungary</i>				
BAT Pécsi Dohánygyár Korlátolt Felelősségű Társaság	Ordinary	100.00	0.00	100.00
Kosovo, Republic of				
<i>Llapllaselle p.n., 10500 Gracanice, Republic of Kosovo</i>				
British American Tobacco Kosovo Sh.p.k.	Ordinary	0.00	100.00	100.00
Macedonia, Republic of				
<i>Bul. 8-mi Septemvri No. 18 Skopje, Republic of Macedonia</i>				
TDR SKOPJE DOOEL Skopje	Ordinary	0.00	100.00	100.00
Poland				
<i>Krakowiakow 48, 02-255, Warszawa, Poland</i>				
British American Tobacco Polska Trading sp. z o.o.	Ordinary	0.00	100.00	65.36
<i>Ul. Tytoniowa 16, 16-300, Augustow, Poland</i>				
British-American Tobacco Polska S.A.	Ordinary	65.36	0.00	65.36
<i>Aleja Wojska Polskiego 23c, 63-500, Ostrzeszow, Poland</i>				
CHIC SP. ZO.O.	Ordinary	0.00	100.00	100.00
Chic Holding sp.zo.o (In Liquidation)	Ordinary	0.00	100.00	100.00
<i>Rubiez 46, 61-612, Poznan, Poland</i>				
eSMOKING INSITUTE sp.zo	Ordinary	0.00	100.00	100.00
<i>ul. ILŻECKA 26E, 02-135 WARSZAWA, Poland</i>				
Nicoventures Polska sp. z.o.o.	Ordinary	100.00	0.00	100.00

British American Tobacco Investments (Central & Eastern Europe) Limited

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

6 Investments (continued)

(b) Investments in Associated undertakings

Company	Share Class	Direct Interest	Subsidiary Interest	Attributable Interest
Hungary				
<i>H-6800 Hódmezővásárhely, Erzsébeti út 5/b, Hungary</i>				
Országos Dohányboltellátó Korlátolt Felelősségű Társaság	Ordinary	0.00	49.00	49.00

(c) Investments in Group undertakings

	Investments in Group undertakings £'000
Cost	
1 January 2021	853,402
31 December 2021	853,402
Impairment provisions	
1 January 2021	(704,483)
Impairment reversal	172,235
31 December 2021	(532,248)
Net book value	
1 January 2021	148,919
31 December 2021	321,154

The Company acts as an investment holding company in subsidiary undertakings of the Group which are active in the tobacco and nicotine industries.

In 2021, the investment in BAT Polska has been tested for impairment based on the dividend model. A discount factor of 6.5% has been used for assessing the value of the investment. The discount factor is in line with the Group's weighted average cost of capital and it considers the cost of capital and borrowings, to which market-related premium adjustments have been made. Following the impairment review, the value of the investment in BAT Polska has been re-assessed and the impairment recorded in previous periods amounting to £172,235,000 has been reversed as the Company has started receiving continuous dividends from BAT Polska and is expecting to receive dividends in the future as well.

British American Tobacco Investments (Central & Eastern Europe) Limited

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

6 Investments (continued)

(d) Investment in Associated undertakings

	Investment in Associated undertakings £'000
Cost	
1 January 2021	6,641
Liquidation	(6,641)
31 December 2021	-
Impairment provisions	
1 January 2021	(6,641)
Liquidation	6,641
31 December 2021	-
Net book value	
1 January 2021	-
31 December 2021	-

The Company's investment in Tisak d.d. ("Tisak") was acquired in 2015. During 2016, the Group entered into an agreement with Tisak's parent Agrokor d.d. (Agrokor) to convert certain outstanding trading balances into long-term loans and an additional shareholding in Tisak. In 2017, due to the financial difficulties of Agrokor and Tisak, the Company fully impaired this investment. In July 2018, Agrokor's creditors approved a settlement plan proposed by Agrokor's administrators. The settlement plan has not returned any value to the Company and the Company's investment in Tisak d.d. ("Tisak") was liquidated during the year.

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

7 Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed by Group undertakings - gross	120,719	75,340
Expected credit loss allowance	(22)	(22)
Amounts owed by Group undertakings - net of allowances	120,697	75,318

Included within amounts owed by Group undertakings is an amount of £120,719,000 (2020: £75,340,000), which is unsecured, repayable on demand and bearing interest based on LIBOR. 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.

Movement in expected credit loss

	2021 £'000
1 January 2021	22
Increase in year	-
31 December 2021	22

British American Tobacco Investments (Central & Eastern Europe) Limited

Notes to the financial statements for the year ended 31 December 2021**8 Called up share capital****a) Called up share capital**

	2021	2020
Ordinary shares of £1 each		
Allotted, called up and fully paid		
- value	£884,661,773	£884,661,773
- number	884,661,773	884,661,773

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

b) Share premium

The share premium account includes the difference between the value of shares issued and their nominal value.

c) Profit and loss account

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

9 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.

10 Contingent liability

The Company and BAT Hrvatska d.o.o u likvidaciji were named as defendants in a claim by a Mr Perica before the commercial court of Zagreb, Croatia, received by the Company on 22 August 2017. Mr Perica seeks damages of HRK 408,401,866.15 (approximately £45.6 million) relating to a BAT Standard Distribution Agreement dating from 2005. The Company and BAT Hrvatska d.o.o filed a reply to the statement of claim on 6 October 2017. A hearing had been scheduled to take place on 10 May 2018, but it was postponed due to a change of the judge hearing the case. The Commercial Court in Zagreb declared they do not have jurisdiction and that the competent court to hear this case is the Municipal Court in Zagreb. After hearings in February and April 2021, the Municipal Court of Zagreb ordered a court financial and auditing appraisal to determine the value of Mr Perica's claim, which must be funded by the claimant. While the procedure is normally completed in four months, no further updates have been provided by the Court or claimant.

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