

**British American Global Shared Services Limited**

**Registered Number 04224611**

**Annual report and financial statements**

**For the year ended 31 December 2018**



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## Strategic report

The Directors present their strategic report on British American Global Shared Services Limited (the "Company") for the year ended 31 December 2018.

### Principal activities

The Company is a holding company of a group of companies which provide services to other members of the British American Tobacco p.l.c. Group (the "Group").

### Review of the year ended 31 December 2018

The profit for the financial year attributable to British American Global Shared Services Limited shareholders after deduction of all charges and the provision of taxation amounted to £2,632,000 (2017: £3,304,000).

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. 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 Annual Report of British American Tobacco p.l.c. and do not form part of this report.

By Order of the Board



Mr J.M. Guttridge  
Secretary

19 September 2019

## Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2018.

### Dividends

The Directors do not recommend the payment of a dividend for the year (2017: £nil).

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2018 to the date of this report are as follows:

Philip John Colman	(Resigned 12 February 2018)
Steven Glyn Dale	
John Benedict Stevens	(Resigned 5 August 2018)
Jerome Bruce Abelman	

### Research and development

No research and development expenditure has been incurred during the year (2017: nil).

### Employees

The average number of employees employed by the Company during the year was nil (2017: nil).

### Political contributions

The Company made no political donations or incurred any political expenditure during the year (2017: 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*.

## Directors' report (continued)

### Statement of Directors' responsibilities (continued)

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.

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 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



Mr J.M. Guttridge  
**Secretary**

19 September 2019

# **Independent Auditor's Report to the members of British American Global Shared Services Limited**

## **Opinion**

We have audited the financial statements of British American Global Shared Services Limited ("the company") for the year ended 31 December 2018 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 2018 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.

## **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **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, including the impact of Brexit, 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.

# **Independent Auditor's Report to the members of British American Global Shared Services Limited (continued)**

## **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.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 3 and 4, 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.

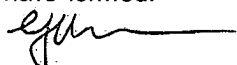
## **Auditor's responsibilities**

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.



**Christopher Hearn, (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London. E14 5GL

19 September 2019

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

		2018 £'000	2017 £'000
<b>Continuing operations</b>	Notes		
Other operating expense	2	(1)	-
<b>Operating loss</b>		<b>(1)</b>	<b>-</b>
Income from shares in Group undertakings	3	2,620	3,303
Interest receivable and similar income		13	1
<b>Profit before taxation</b>		<b>2,632</b>	<b>3,304</b>
Taxation	4	-	-
<b>Profit for the financial year</b>		<b>2,632</b>	<b>3,304</b>

There is no difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

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 £'000	Profit and loss account £'000	Total Equity £'000
1 January 2017	36,384	(6,005)	30,379
Profit for the financial year	-	3,304	3,304
<b>31 December 2017</b>	<b>36,384</b>	<b>(2,701)</b>	<b>33,683</b>
Change in accounting policy	-	(2)	(2)
	<b>36,384</b>	<b>(2,703)</b>	<b>33,681</b>
Profit for the financial year	-	2,632	2,632
<b>31 December 2018</b>	<b>36,384</b>	<b>(71)</b>	<b>36,313</b>

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



## Balance Sheet as at 31 December

		2018	2017
	Notes	£'000	£'000
<b>Fixed assets</b>			
Investments in Group undertakings	5	30,000	30,000
Debtors: amounts falling due within one year	6	6,313	3,683
<b>Total assets less current liabilities</b>		<b>36,313</b>	<b>33,683</b>
<b>Capital and reserves</b>			
Called up share capital	7	36,384	36,384
Profit and loss account		(71)	(2,701)
<b>Total shareholders' funds</b>		<b>36,313</b>	<b>33,683</b>

The financial statements on pages 7 to 13 were approved by the Directors on 19 September 2019 and signed on behalf of the Board.



Mr S.G. Dale  
Director

Registered number  
04224611

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

## Notes to the financial statements for the year ended 31 December 2018

### 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 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 Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101 have been taken.

With effect from 1 January 2018, the Company has adopted IFRS 9 *Financial Instruments*. The cumulative impact of adopting IFRS 9 has been recognised as a restatement of opening reserves in 2018, and is £2,000 arising from the impairment of financial assets under the expected credit loss model.

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 non-financial assets;
- the estimation of amounts to be recognised in respect of taxation;

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 and in preparing the opening balance sheet at 1 January 2014 for the purpose of the transition to FRS 101.

#### Investments in Group undertakings

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

#### Cash flow statement

The Company is a wholly owned subsidiary of British American Tobacco p.l.c.. The cash flows of the Company are included in the consolidated cash flow statement of British American Tobacco p.l.c. which is publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 101.

## Notes to the financial statements for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### 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.

#### 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. The Company's financial assets 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. Financial guarantees are initially recorded at fair value, and subsequently carried at this fair value less accumulated amortisation. 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 in profit and loss.

#### Impairment of financial assets

Financial assets are reviewed at each balance sheet date, or whenever events indicate that the carrying amount may not be recoverable. With effect from 1 January 2018, 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. Prior to 1 January 2018, financial assets were reviewed for impairment at each balance sheet date, or whenever events indicated that the carrying amount might not be recoverable.

#### Taxation

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

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

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under IAS 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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.

Any liabilities or assets recognised for exposures in respect of the payment or recovery of a number of taxes are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

## Notes to the financial statements for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### Operating expenses

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

### 2 Other operating expense

	2018 £'000	2017 £'000
Other operating expense	1	-

Audit fees in amount of £1,000 (2017: £nil) were borne by another Group Company.

There were no employees (2017: none) and no staff costs during the year (2017: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2017: £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 Income from shares in Group undertakings

	2018 £'000	2017 £'000
Income from shares in Group undertakings	2,620	3,303

Income from shares in Group undertakings represents dividends received from the Company's subsidiary British American Shared Services Limited.

### 4 Taxation

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The current taxation charge differs from the standard 19% (2017: 19.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2018 £'000	2017 £'000
Profit for the year	2,632	3,304
Total tax expense	-	-
Profit excluding taxation	2,632	3,304
Tax using the UK corporation tax rate of 19% (2016: 20%)	500	636
Tax exempt revenues	(498)	(636)
Group relief claimed for nil consideration	(2)	-
Total tax charge	-	-

## Notes to the financial statements for the year ended 31 December 2018

## 5 Investments

## (1) Shares in Group undertakings

Company	Share Class	Direct Interest	Subsidiary Interest	Attributable Interest
<b>Malaysia</b> <i>Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301, Petaling Jaya, Selangor Darul Ehsan</i>				
British American Tobacco GSD (Kuala Lumpur) Sdn Bhd	Ordinary shares	0.00	100.00	100.00
<b>Romania</b> <i>319 Splaiul Independentei, Sema Parc "City Buiding", 1st Floor, 6th Sector, Bucharest</i>				
British American Shared Services (Europe) S.R.L.	Ordinary shares	100.00	0.00	100.00
<b>South Africa</b> <i>Waterway House South, 3 Dock Road, V&amp;A Waterfront, Cape Town 8000</i>				
British American Shared Services Africa Middle East (Pty) Limited	Ordinary shares	0.00	100.00	100.00
<b>United Kingdom</b> <i>Globe House, 1 Water Street, London, WC2R 3LA</i>				
British American Shared Services (GSD) Limited	Ordinary shares	100.00	0.00	100.00
British American Shared Services Limited <i>Globe House, 4 Temple Place, London, WC2R 2PG,</i>	Ordinary shares	100.00	0.00	100.00
CG Ventures Limited	Ordinary shares	100.00	0.00	100.00

## (2) Investments in Group undertakings

	Investments in Group Undertakings
	£'000
<b>Cost</b>	
1 January 2018	35,000
<b>31 December 2018</b>	<b>35,000</b>
<b>Impairment provisions</b>	
1 January 2018	5,000
<b>31 December 2018</b>	<b>5,000</b>
<b>Net book value</b>	
1 January 2018	30,000
<b>31 December 2018</b>	<b>30,000</b>

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

## Notes to the financial statements for the year ended 31 December 2018

**6 Debtors: amounts falling due within one year**

	2018 £'000	2017 £'000
Amounts owed by Group undertakings - gross	6,316	3,683
Expected credit loss allowance	(3)	-
<b>Amounts owed by Group undertakings - net of allowances</b>	<b>6,313</b>	<b>3,683</b>

Expected credit losses of £3,000 (1 January 2018: £2,000) have been recognised due to the adoption of IFRS 9.

	2018 £'000
31 December 2017	-
Adoption of IFRS 9	2
Increase in year	1
<b>31 December 2018</b>	<b>3</b>

**7 Called up share capital**

Ordinary shares of £1 each	2018	2017
Allotted, called up and fully paid		
- value	£36,383,964	£36,383,964
- number	36,383,964	36,383,964

**8 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.

**9 Parent undertakings**

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British-American Tobacco (Holdings) Limited. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

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