

Nicovations Limited

Registered Number 07412694

Annual report and financial statements

For the year ended 31 December 2019

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Strategic report

The Directors present their strategic report on Nicovations Limited ("the Company") for the year ended 31 December 2019.

Principal activities

The Company was primarily engaged in leasing of development and production equipment relating to innovative regulatory approved nicotine products that provide a consumer-acceptable alternative to cigarettes as a member of the British American Tobacco p.l.c. group of companies (the "Group").

The Company has received information that one of its lease counterparties has entered into administration. This affects the continuance of the Company's lease arrangements. Therefore the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Review of the year ended 31 December 2019

The profit for the financial year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £722,000 (2018: loss of £1,847,000).

Non-going Concern

As referenced in the principal activities these financial statements have not been prepared on a going concern basis.

Events subsequent to the year end

The Company made a payment of £2,600,000 in final settlement of amounts owed to a supplier post return of the Medical Licence.

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 2019 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 British American Tobacco Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report the principal activity of the Company was the leasing of development and production equipment relating to innovative regulatory approved nicotine products that provide a consumer-acceptable alternative to cigarettes. The Company has received information that one of its lease counterparties has entered into administration. This affects the continuance of the Company's lease arrangements. Therefore the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Strategic Report (continued)

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

Under section 172(1) of the UK Companies Act and as part of the Directors' duty to the Company's shareholders to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the business relationships with the Company's wider stakeholders, and the impact of the Company's operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessment throughout the year.

The Company's key stakeholders are the Company's shareholder, other Group undertakings and its lease counterparties. Primary ways in which the Company engages directly or indirectly, as part of the Group, with its key stakeholders are summarised at pages 26 to 27 of the BAT Annual Report.

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

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("Group SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out at pages 28 to 32 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 pages 30 to 31 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, 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. Director training is provided through the Company Secretary. Focus areas for Directors' training during 2019 included a recap on directors' duties under Section 172 of the UK Companies Act.

By Order of the Board



Mr P. McCormack
Assistant Secretary

27 January 2021

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2019.

Dividends

During the year the Company did not pay any dividends (2018: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2019 to the date of signing this report are as follows:

	Appointed	Resigned
Marina Trani		7 March 2019
Frederico Pinto Monteiro		15 May 2019
Vladmir Shilov	15 May 2019	
David O'Reilly		
Timothy James Bartle		

Research and development

During the year the company incurred £nil (2018: £nil) with respect to research and development expenditure.

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.

Employees

The average number of employees employed by the Company during the year was nil (2018: nil).

Statement of directors' responsibilities

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

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. As explained in note 1, the Directors do not believe it is appropriate to prepare these financial statements on a going concern basis.

Directors' report (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



Mr P. McCormack
Assistant Secretary

27 January 2021

Independent auditor's report to the members of Nicovations Limited

Opinion

We have audited the financial statements of Nicovations Limited ("the Company") for the year ended 31 December 2019 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 2019 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*;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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 Nicovations 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.

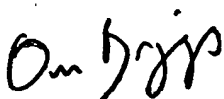
Auditor's responsibilities

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.



Oliver Briggs (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL
27 January 2021

Profit and loss account for the year ended 31 December

	Note	2019 £'000	2018 £'000
Other operating income	2	77	-
Other operating credit/(expenses)	3	593	(976)
Operating profit / (loss)		670	(976)
Interest receivable and similar income	4	52	24
Profit/(Loss) before taxation		722	(952)
Tax	5	-	(895)
Profit/(Loss) for the financial year		722	(1,847)

There are no items of other comprehensive income other than the profit/(loss) for the financial period 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 £'000	Profit and loss account £'000	Total equity £'000
1 January 2018	123,000	(121,486)	1,514
Loss for the financial year	-	(1,847)	(1,847)
Issue of new shares	10,000	-	10,000
31 December 2018	133,000	(123,333)	9,667
Profit for the financial year	-	722	722
Issue of new shares	-	-	-
31 December 2019	133,000	(122,611)	10,389

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

Balance Sheet at 31 December

	Note	2019 £'000	2018 £'000
Current assets			
Tangible assets	6	-	-
Debtors: amounts falling due within one year	7	13,446	16,089
Current Liabilities			
Creditors: amounts falling due within one year	8	(457)	(1,222)
Provisions for liabilities: falling due within one year	9	(2,600)	-
Net current assets		10,389	14,867
Total assets less current liabilities		10,389	14,867
Provisions for liabilities	9	-	(5,200)
Net assets		10,389	9,667
Capital and reserves			
Called up share capital	10	133,000	133,000
Profit and loss account		(122,611)	(123,333)
Total shareholders' funds		10,389	9,667

The financial statements on pages 8 to 17 were approved by the Directors on 27 January 2021 and



Registered number
07412694

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

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

Basis of accounting

The financial statements are prepared 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 Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101, such as cash flow statements, financial instrument disclosures and transactions with related parties, have been taken.

With effect from 1 January 2018, the Company has adopted IFRS 9 *Financial Instruments* with no revision of prior periods, as permitted by the Standard. A simplified "lifetime expected loss model" has been used for balances arising as a result of revenue recognition, as permitted by the Standard, by applying a standard rate of provision on initial recognition of trade debtors based upon the Company's historical experience of credit loss modified by expectations of the future and increasing this provision to take account of overdue receivables.

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; and
- the estimation of amounts to be recognised in respect of taxation and legal matters.

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 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 the financial statements.

Non-going Concern

In previous years, the financial statements have been prepared on a going concern basis. The Company has leased its production and development equipment to third parties. Under the lease arrangements, the Company has the right to receive certain rental incomes (the timing and the amount of which are based on the lessees achieving certain performance targets or otherwise receiving payments from the counterparties) and no significant cash outflows are required to sustain these arrangements.

The Company has received information that the counterparty in one of its lease arrangements ("first counterparty") has entered administration. The rental income from the other lease arrangement is dependent on certain other amounts being received from the first counterparty. Accordingly, the directors believe that they may have no alternative but to cease trading and have not prepared the financial statements on a going concern basis. The directors have requested for further information from the administrators of the counterparty to further understand the impact.

Notes to the financial statements for the year ended 31 December 2019

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. All exchange differences are taken to the profit and loss account in the year.

Other Operating Income

Other operating income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met. As permitted by IFRS 9, a provisions matrix for lifetime expected losses is used for receivables balances arising from the recognition of revenue.

Other 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.

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.

Tangible assets

For the financial year 2019 tangible assets are stated at net realisable value. Net realisable value is the estimated selling price less cost to completion and sale. For the year financial year 2018, tangible assets are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line to write off the assets over their useful economic life. The estimated useful lives are as follows:

	Years
Fixtures and Fittings	5-10
Plant, Machinery & Equipment	5-10

Assets under construction are not depreciated until brought into operational use.

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies (continued)

Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. 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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Onerous Contracts

The Company as part of continuing operations is subject to an onerous contract. Under IAS 37 an onerous contract is one where the unavoidable cost of meeting the obligations under the contract exceed economic benefits expected to be received under the contract. The unavoidable cost under a contract should reflect the least net cost of exiting the contract which is the lower of fulfilling the contract and any compensation or failures that may arise from failure to fulfil. The Company has recognised the present obligation under its onerous contract as a provision for the net cost of exiting the contract.

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.

Financial assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Non-derivative financial assets

Non-derivative financial assets consist of loans and receivables. These are amounts owed by group undertakings and other debtors, with fixed or determinable payments that are not quoted at active market. For the financial year 2019, these are measured at net realisable value. For the financial year 2018, these are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.

Non-derivative financial liabilities

For the financial year 2019, non-derivative financial liabilities, including trade payables, are measured at net realisable value. For the financial year 2018, these are measured at amortised cost using the effective interest method.

Impairment of financial assets at amortised cost and lease receivables

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. The loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 and lease receivables recognised under IAS 17 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. 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.

Notes to the financial statements for the year ended 31 December 2019

2 Other operating income

Other operating income comprises income from rental of machinery to a third party.

	2019 £'000	2018 £'000
Other	77	-
	77	-

3 Other operating expenses

	2019 £'000	2018 £'000
Provision/ (release of provision) against termination agreements	-	600
Other operating (credits)/expenses	(593)	376
	(593)	976

Other operating credits in 2019 include the write back of amounts that were agreed with the counterparties as no longer being payable by the Company.

Auditor's fees of £2,000 were borne by a fellow Group undertaking (2018: £2,000). No non-audit fees were incurred during the year (2018: £nil).

There were no employees (2018: nil) and no staff costs during the year (2018: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the period. The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

4 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from Group undertakings	52	24
	52	24

Notes to the financial statements for the year ended 31 December 2019

5 Taxation

(a) Recognised in the profit and loss account

	2019 £'000	2018 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	(35)
Total current tax	-	(35)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	930
Total deferred tax	-	930
Total income tax expense	-	895

(b) Factors affecting the taxation charge

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% (2018: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2019 £'000	2018 £'000
Profit/(Loss) for the year	722	(1,847)
Total tax expense	-	895
Profit/(Loss) excluding taxation	722	(952)
Tax using the UK corporation tax rate of 19% (2018: 19%)	137	(181)
Non-deductible expenses	4	6
Adjustments in respect of prior years	-	895
Temporary difference not recognised	(141)	(856)
Group relief surrendered for nil consideration	-	1,031
Total income tax expense	-	895

The Company has not recognised a deferred tax asset in respect of gross temporary differences of £19,772,000 (taxation amount £3,361,000) (2018: £20,512,000, taxation amount £3,487,000). The temporary differences are in respect of capital allowances, and the potential deferred tax asset is not recognised in the balance sheet because it is not sufficiently probable that it will be utilised in the foreseeable future.

Notes to the financial statements for the year ended 31 December 2019

6 Tangible assets

	Plant, Machinery and Equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
1 January 2019	9,101	369	9,470
Disposal	(201)	(369)	(570)
31 December 2019	8,900	-	8,900
Accumulated depreciation			
1 January 2019	9,101	369	9,470
Disposal	(201)	(369)	(570)
31 December 2019	8,900	-	8,900
Net book value			
1 January 2019	-	-	-
31 December 2019	-	-	-

During the year, the Company entered into an arrangement with a third party, to lease its plant, machinery and equipment to the third party (lessee). To the Company, this constitutes an operating lease. The lease payments to be received by the Company depend on the number of the units produced by the lessee using the equipment and supplied to other parties; the amount of such lease payments is uncertain. The arrangement includes an option to the lessee to purchase the equipment from the Company.

In previous years, the Company had entered into an arrangement with another third party to lease development and production equipment. The Company had de-recognised this equipment on the basis that the arrangement with that third party constituted a finance lease. The finance lease receivable is contingent on that third party meeting certain performance milestones and is valued at £nil.

7 Debtors

	2019 £'000	2018 £'000
Amounts owed by Group undertakings	13,369	16,089
Accrued income	77	-
	13,446	16,089

Included within amounts owed by Group undertakings is an amount of £12,284,000 (2018: £11,200,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2019

8 Creditors

	2019 £'000	2018 £'000
Trade creditors	-	17
Amounts owed to Group undertakings	432	1,054
Accruals and deferred income	25	151
	457	1,222

9 Provisions for liabilities

	2019 £'000	2018 £'000
Opening balance	5,200	7,200
Provided in the year	-	600
Utilised in the year	(2,600)	(2,600)
Closing balance	2,600	5,200

Included within 2019 is an amount of £2,600,000 (2018: £5,200,000) for settlement of contracts with a supplier post return of the Medical Licence.

10 Called up share capital

	Number
1 January 2019	133,000,002
Issue of new shares	-
31 December 2019	133,000,002

Ordinary shares of £1 each	2019	2018
Allotted, called up and fully paid		
- value £	133,000,002	133,000,002
- number	133,000,002	133,000,002

Notes to the financial statements for the year ended 31 December 2019

11 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the of the exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

12 Events subsequent to the year end

The Company made a payment of £2,600,000 in final settlement of amounts owed to a supplier post return of the Medical Licence.

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 Nicoventures 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
1 Water Street
London
WC2R 3LA