

The Raleigh Investment Company Limited

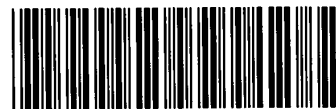
Registered Number UK FC002675

Registered Number Isle of Man 513

Annual report and financial statements

For the year ended 31 December 2019

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The Raleigh Investment Company Limited

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The Raleigh Investment Company Limited

Directors' report

The Directors present their report together with the financial statements of The Raleigh Investment Company Limited (the "Company") for the year ended 31 December 2019.

Principal activities

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

Review of the year ended 31 December 2019

The profit for the financial year attributable to The Raleigh Investment Company Limited shareholders after deduction of all charges and the provision of taxation amounted to £22,357,000 (2018: £23,262,000).

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.

Research and development

No research and development expenditure has been incurred during the year (2018: nil).

Employees

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

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2018: nil).

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.

Dividends

During the year the Company paid dividends amounting to £25,000,000 (2018: £24,000,000).

The Raleigh Investment Company Limited

Directors' report (continued)

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 this report are as follows:

Anthony Michael Hardy Cohn

David Patrick Ian Booth

Paul McCrory (Appointed 14 February 2020)

Neil Wadey (Appointed 14 February 2020)

Statement of Directors' responsibilities

The directors are responsible for preparing 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*, as applicable to an Isle of Man company.

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 Acts 1931 to 2004. 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.

By Order of the Board



Oliver Martin
Secretary

15 December 2020

The Raleigh Investment Company Limited

Profit and loss account for the year ended 31 December

		2019	2018
	Note	£'000	£'000
Continuing operations			
Other operating expenses	2	(126)	(119)
Operating loss		(126)	(119)
Income from shares in Group undertakings	3	20,681	22,666
Income from shares in participating interests	4	3,833	2,946
Interest receivable and similar income	5	37	36
Profit before taxation		24,425	25,529
Tax on profit	6	(2,068)	(2,267)
Profit for the financial year		22,357	23,262

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

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Other reserves £'000	Total Equity £'000
1 January 2018	13,038	16,865	34	29,937
Profit for the financial year	-	23,262	-	23,262
Dividends paid	-	(24,000)	-	(24,000)
31 December 2018	13,038	16,127	34	29,199
Profit for the financial year	-	22,357	-	22,357
Dividends paid	-	(25,000)	-	(25,000)
31 December 2019	13,038	13,484	34	26,556

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

The Raleigh Investment Company Limited

Balance sheet as at 31 December

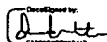
	Note	2019 £'000	2018 £'000
Fixed assets			
Investments in Group undertakings	7	23,766	23,766
Investments in participating interests	7	842	842
		24,608	24,608
Current assets			
Debtors: amounts falling due within one year	8	1,928	4,563
Cash at bank and in hand		20	28
Net current assets		1,948	4,591
Total assets less current liabilities		26,556	29,199
Capital and reserves			
Called up share capital	9	13,038	13,038
Profit and loss account		13,484	16,127
Other reserves		34	34
Total shareholders' funds		26,556	29,199

The financial statements on pages 4 to 11 were approved and authorised for issue by the Board of Directors on 15 December 2020 and signed on behalf of the Board by:

A.M.H. Cohn
Director

 Digitally signed by
A.M.H. Cohn

D.P.I. Booth
Director

 Digitally signed by
D.P.I. Booth

Registered number
UK FC002675
Isle of Man 513

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

The Raleigh Investment Company Limited

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

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") and Isle of Man Companies Acts 1931 to 2004. 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 Acts 1931 to 2004 and where advantage of disclosure exemptions available under FRS 101 have been taken.

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

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The 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.

In accordance with IFRS 10 *Consolidated Financial Statements*, group financial statements have not been prepared as the Company is itself a wholly owned subsidiary of British American Tobacco p.l.c., and the shareholders of the Company have not objected to the Company not preparing consolidated financial statements. The financial statements of British American Tobacco p.l.c. are publicly available.

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.

The Raleigh Investment Company Limited

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

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.

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 become probable and when the amount can reasonably be estimated.

Investments in Group undertakings

As permitted by IFRS 9, Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

Financial instruments

The Company's business model for managing financial assets is set out in the BAT Group Treasury Manual which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. The majority of financial assets are held in order to collect contractual cash flows (typically loans and other receivables).

Financial assets and financial liabilities are recognized 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 (amounts owed by Group undertakings) are subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method. Financial guarantees are initially recorded at fair value, and subsequently carried at this fair value less accumulated amortization changes in their fair values are recognised in profit and loss.

Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method.

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.

Investments in participating interest

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

Dividends

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

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2019**1 Accounting policies (continued)****Impairment of financial assets**

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.

2 Other operating expenses

	2019	2018
	£'000	£'000
Operating expenses comprise:		
Bank charges	125	118
Exchange loss	1	1
	126	119

There were no employees (2018: none) 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 year (2018: £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

	2019	2018
	£'000	£'000
Income from shares in Group undertakings	20,681	22,666

Income from shares in Group undertakings represents dividends received from British American Tobacco Bangladesh Company Limited.

4 Income from shares in participating interests

	2019	2018
	£'000	£'000
Income from shares in participating interests	3,833	2,946

Income from shares in participating interests represents dividends received from VST Industries Limited.

5 Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable from Group undertakings	37	36

The Raleigh Investment Company Limited

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

6 Taxation

(a) Recognised in the Profit and loss account

	2019 £'000	2018 £'000	2018 £'000	£'000
<i>Foreign tax</i>				
Current tax on income for the period	2,068		2,267	
Total current tax		2,068		2,267
Total income tax expense (note 6b)		2,068		2,267

(b) Factors affecting the taxation charge

The Company is resident in the Isle of Man and is subject to the standard rate of taxation at nil% on the profits. However, the Company's profits are subject to taxation in the United Kingdom.

A reduction in the UK corporation tax rate from 19% to 17%, (effective 1 April 2020), was substantively enacted on 6 September 2016. This will reduce 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% (2018: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2019 £'000	2018 £'000
Profit for the year	22,357	23,262
Total tax expense	2,068	2,267
Profit excluding taxation	24,425	25,529
Tax using the UK corporation tax rate of 19% (2018: 19%)	4,641	4,851
Non-taxable income	(4,658)	(4,866)
Transfer pricing adjustment	(3)	-
Group relief surrendered for nil consideration	20	15
Overseas taxation	2,068	2,267
Tax charge for the period (note 6a)	2,068	2,267

8 Investments

Company	Share Class	Direct Interest (%)	Subsidiary Interest (%)	Attributable Interest (%)
Bangladesh				
New DOHS Road, Mohakhali, Dhaka 1206 Bangladesh				
British American Tobacco Bangladesh Company Limited	Ordinary	72.91%	0%	72.91%
India				
Azamabad, Andhra Pradesh, Hyderabad, 500 020 India				
VST Industries Limited	Ordinary	23.45%	0%	23.45%

The total holding by the British American Tobacco Group in British American Tobacco Bangladesh Company Limited is 72.91%.

The total holding by the Group in VST Industries Limited is 32.16%. Market valuation at 31 December 2019 was £161,000,000 (2018: £132,860,000).

The Raleigh Investment Company Limited

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

8 Investments (continued)

(2) Investments

	Investments in Group undertakings £'000	Investments in participating interests £'000	Total investments £'000
Cost			
1 January 2019	23,766	842	24,608
31 December 2019	23,766	842	24,608
Impairment provisions			
1 January 2019	-	-	-
31 December 2019	-	-	-
Net book value			
1 January 2019	23,766	842	24,608
31 December 2019	23,766	842	24,608

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

9 Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed by Group undertakings - gross	1,929	4,565
Expected credit loss allowance	(1)	(2)
Amounts owed by Group undertakings - net of allowances	1,928	4,563

Amounts owed by Group undertakings are unsecured, interest bearing and repayable at demand. The interest rate is based on LIBOR. The expected credit loss allowance regarding debtors: amounts falling due within one year is £1,000 (2018: £1,000) and relates to the Company's adoption of IFRS9 with effect from 1 January 2018.

The movements in the allowance accounts are as follows:

	2019 £'000
1 January 2019	2
Provided in the year	-
31 December 2019	2

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2019**10 Called up share capital**

Ordinary shares of £1 each	2019	2018
Authorised		
- value	£15,410,000	£15,410,000
- number	15,410,000	15,410,000
Allotted, called up and fully paid		
- value	£13,038,662	£13,038,662
- number	13,038,662	13,038,662

11 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.

12 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 (The Netherlands) B.V.. 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