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**ABBAY INVESTMENT COMPANY LIMITED**

**Registered Number UK FC002780**

**Registered Number Isle of Man 537**

**Annual report and financial statements**

**For the year ended 31 December 2023**

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**Abbey Investment Company Limited**

## **Directors' Report**

The Directors present their report together with the financial statements of Abbey Investment Company Limited (the "Company") for the year ended 31 December 2023.

### **Principal activities**

The Company's principal activity is the holding of an investment in a company operating in the tobacco and nicotine industry as a member of the British American Tobacco p.l.c. group of companies (the "Group").

### **Review of the year ended 31 December 2023**

The profit for the financial year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £11,741,000 (2022: £14,171,000).

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

### **Key performance indicators**

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance, or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.'s 2023 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.

### **Dividends**

During the year the Company paid dividends in amount of £8,000,000 (2022: £55,000,000).

### **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 2023 to the date of this report are as follows:

David Patrick Ian Booth  
Anthony Michael Hardy Cohn  
Paul McCrory  
Neil Arthur Wadey

### **Research and development**

No research and development expenditure has been incurred during the year (2022: nil).

### **Employees**

The average number of employees employed by the Company during the year was nil (2022: nil).

**Abbey Investment Company Limited**

## **Directors' Report (continued)**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing 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 101 *Reduced Disclosure Framework* ("FRS 101"), as applicable to an Isle of Man company.

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;
- 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 Isle of Man Companies Acts 1931 to 2004 ("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.

By Order of the Board

DocuSigned by:  
  
AB0EA4105BDB42B...  
**Christopher Worlock**  
**Secretary**

**11 April 2024**

## Abbey Investment Company Limited

## Profit and loss account for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Continuing operations</b>			
Other operating expenses	2	—	—
<b>Operating loss</b>			—
Income from other investments at fair value	3	12,450	15,153
Interest receivable and similar income		655	679
Interest payable and similar expenses		—	—
<b>Profit before tax</b>		<b>13,105</b>	<b>15,832</b>
Taxation	4	(1,364)	(1,661)
<b>Profit for the financial year</b>		<b>11,741</b>	<b>14,171</b>

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 other comprehensive income for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Profit for the financial year</b>		<b>11,741</b>	<b>14,171</b>
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value (loss)/gain on other investments at fair value	5	(14,057)	26,358
Deferred tax on fair value reserves		1,541	(2,891)
<b>Total other comprehensive loss for the year</b>		<b>(12,516)</b>	<b>23,467</b>
<b>Total comprehensive loss for the year</b>		<b>(775)</b>	<b>37,638</b>

## Statement of changes in equity for the year ended 31 December 2023

	Called up share capital £'000	Profit and loss account £'000	Fair Value Reserve £'000	Total Equity £'000
1 January 2022	1,500	49,661	197,288	248,449
Profit for the financial year		14,171		14,171
Dividends paid		(55,000)		(55)
	1,500	8,832	197,288	207,620
Deferred taxation related to fair value reserve (note 4)			(2,891)	(2,891)
Net fair value gain/(loss) on other investments at fair value			26,358	26,358
<b>31 December 2022</b>	<b>1,500</b>	<b>8,832</b>	<b>220,755</b>	<b>231,087</b>
Profit for the financial year		11,741		11,741
Dividends paid		(8,000)		(8,000)
	1,500	12,573	220,755	234,828
Deferred taxation related to fair value reserve (note 4)			1,541	1,541
Net fair value (loss)/gain on other investments at fair value			(14,057)	(14,057)
<b>31 December 2023</b>	<b>1,500</b>	<b>12,573</b>	<b>208,239</b>	<b>222,312</b>

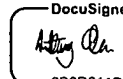
The accompanying notes are an integral part of the financial statements.

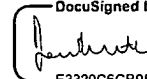
## Abbey Investment Company Limited

## Balance sheet as at 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Other investments at fair value	5	234,163	248,220
		<b>234,163</b>	<b>248,220</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	13,780	10,039
<b>Net current assets</b>		<b>13,780</b>	<b>10,039</b>
<b>Total assets less current liabilities</b>		<b>247,943</b>	<b>258,259</b>
Provisions for liabilities and other charges	7	(25,631)	(27,172)
<b>Net assets</b>		<b>222,312</b>	<b>231,087</b>
<b>Capital and reserves</b>			
Called up share capital	8	1,500	1,500
Fair value reserve		208,239	220,755
Profit and loss account		12,573	8,832
<b>Total shareholders' funds</b>		<b>222,312</b>	<b>231,087</b>

The financial statements on pages 4 to 12 were approved by the Directors on 11 April 2024 and signed on behalf of the Board.

DocuSigned by:  
  
 2B2D211DC74B4D3...  
 Anthony Michael Hardy Cohn  
 Director

DocuSigned by:  
  
 E3320C6CB953417...  
 David Patrick Ian Booth  
 Director

**Registered number**  
**UK FC002780**  
**Isle of Man 537**

**Abbey Investment Company Limited**

## **Notes to the financial statements for the year ended 31 December 2023**

### **1 Accounting policies**

#### **Basis of accounting**

The Company is a private company incorporated, domiciled and registered in the Isle of Man with a UK establishment registered number of FC002780 and an Isle of Man registered number of 537. The registered office address of the Company is 2nd Floor St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

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 accounting standards in conformity with the requirements of Isle of Man Companies Acts 1931 to 2004, but makes amendments where necessary in order to comply with Isle of Man Companies Acts 1931 to 2004 and where advantage of disclosure exemptions available under FRS 101 *Reduced Disclosure Framework* have been taken, such as the preparation of a cash flow statement or disclosures regarding financial instruments or transactions with related parties have been taken.

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

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 financial statements.

The most significant items include the review of asset values and impairment testing of financial and non-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 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 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.

#### **Operating expenses**

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

#### **Income**

Income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

## Abbey Investment Company Limited

**Notes to the financial statements for the year ended 31 December 2023****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.

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 International Accounting Standard 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.

As a UK resident wholly-owned subsidiary of 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.

**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.

**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 cash and cash equivalents and loans and other receivables).

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

Financial instruments are initially recognised at fair value plus directly attributable costs where applicable. The Company's financial assets (amounts owed by Group undertakings) are subsequently carried at amortised cost.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as 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 November 2021.



## Abbey Investment Company Limited

**Notes to the financial statements for the year ended 31 December 2023****1 Accounting policies (continued)****Other investments at fair value**

Other investments at fair value that are not held for trading are accounted for as equity investments to be measured at fair value in accordance with International Financial Reporting Standard 9 with changes in fair value being recognised directly in other comprehensive income. When such investments are derecognised the cumulative change in fair value remains in other comprehensive income and is not recycled to profit or loss. Dividend and interest income on these investments are included within 'income from other investments at fair value' when the Company's right to receive payments is established.

Fair values for quoted investments are based on observable market prices where available. If there is no active market for an investment, the fair value is established by using the discounted cash flows of estimated future dividends

**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.

**Impairment of non-financial assets and investments in Group undertakings**

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

**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, while interim dividend distributions are recognised in the period in which the dividends are declared or paid.

**2 Other operating expenses**

There were no employees (2022: none) and no staff costs during the year (2022: £nil).

None of the Directors received any remuneration in respect of their services during the year (2022: £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 other investments at fair value**

	2023	2022
	£'000	£'000
Income from other investments at fair value	12,450	15,153

**4 Taxation****(a) Recognised in the profit and Loss account**

	2023		2022	
	£'000	£'000	£'000	£'000
<i>Foreign tax</i>				
Current tax on income for the period	1,364		1,661	
<b>Total current tax</b>		<b>1,364</b>		<b>1,661</b>

## Abbey Investment Company Limited

**Notes to the financial statements for the year ended 31 December 2023****4 Taxation (continued)**

<b>Total income tax expense</b>	<b>1,364</b>	<b>1,661</b>
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**(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.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's current tax charge accordingly.

The taxation charge for the year differs from the charge that would be expected based on the statutory 23.5% (2022: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>11,741</b>	14,171
Total tax expense	<b>1,364</b>	1,661
Profit before tax	<b>13,105</b>	15,832
Tax using the UK corporation tax rate of 23.5% (2022: 19%)	<b>3,082</b>	3,008
Non-deductible expenses		—
Tax exempt revenues	<b>(2,928)</b>	(2,879)
Group Relief surrendered/(claimed) for nil consideration	<b>(154)</b>	(129)
Transfer pricing adjustments		—
Effects of overseas tax rates	<b>1,364</b>	1,661
Total tax charge	<b>1,364</b>	1,661

**(c) Income tax recognised in other comprehensive income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax on change in fair value of assets classified as available-for-sale	<b>(1,541)</b>	2,891

## Abbey Investment Company Limited

## Notes to the financial statements for the year ended 31 December 2023

## 5 Investments

## (1) Other Investments at fair value

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
Argentina	San Martin 140, Floor 14, City of Buenos Aires, Argentina	BAT Operaciones S.A.U.	Ordinary	0.00	100.00	13.36
Chile	Avenida, Isidora Goyenechea 3000, Piso 19, Las Condes, Santiago, Chile	British American Tobacco Chile Operaciones S.A.	Ordinary	13.36	0.00	13.36
						<b>£'000</b>
<b>Fair Value</b>						
1 January 2023						248,220
Change in fair value						(14,057)
<b>31 December 2023</b>						<b>234,163</b>

## (2) Other Investments

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
Chile	Avenida Suiza 244, Cerrillos, Santiago, Chile	BAT Chile S.A.	Ordinary	0.00	100.00	13.35

## Abbey Investment Company Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

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

	2023 £'000	2022 £'000
Amounts due from Group undertakings - gross	<b>13,780</b>	10,039

Included within amounts due from Group undertakings is an amount of £11,522,000 (2022: £6,657,000) which is unsecured, interest bearing and repayable on demand. 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.

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

**7 Provisions for liabilities and other charges**

	Deferred tax on undistributed earnings of other investments at fair value £'000
1 January 2023	27,172
Deferred tax recognised in other comprehensive income	(1,541)
<b>31 December 2023</b>	<b>25,631</b>

**8 Called up share capital**

Ordinary shares of £1.00 each Allotted, called up and fully paid	2023	2022
- value	<b>£1,500,000</b>	£1,500,000
- number	<b>1,500,000</b>	1,500,000

**9 Related party disclosures**

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of FRS 101 from disclosing transactions with other subsidiary undertakings of the Group.

**Abbey Investment Company Limited**

**Notes to the financial statements for the year ended 31 December 2023 (Continued)**

**10 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 (Investments) 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