

**Nicoventures Retail (UK) Limited**

**Registered Number 10235033**

**Director's report and financial statements**

**For the year ended 31 December 2018**

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## Strategic report

The Directors present their strategic report on Nicoventures Retail (UK) Limited ("the Company") for the year ended 31 December 2018.

### Principal activities

The principal activity of the Company during the year was the sale of electronic cigarettes and associated products on behalf of British American Tobacco p.l.c group (the "Group").

### Review of the year ended 31 December 2018

The loss for the financial year attributable to Nicoventures Retail (UK) Limited shareholders after deduction of all charges amounted to **£5,328,101** (2017: loss **£1,643,761**).

### Going concern

Considering the Company's financial position as at 31 December 2018, British-American Tobacco (Holdings) Limited ('the Supporting Company') intends to provide continuing financial support to the Company for the purposes of its business operations for a period of at least 12 months from the date of approval of these financial statements. The Supporting Company has indicated that it will not seek repayment of amounts currently made available. Given this and after reviewing the Company's forecasts and projections of the Company and the Supporting Company for the 12 months from approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

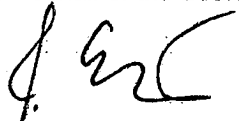
### Key performance indicators

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.

On behalf of the Board



Joana Garvaite

Director

25 October 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 from 1 January 2018 to the date of signing this report are as follows:

	Date appointed	Date resigned
Miguel Carlos Corral	11 May 2017	20 December 2018
Nigel Graeme Hardy	27 June 2018	
Donald Ewan Haymes	11 May 2017	20 December 2018
William Richard Darvell Hill	27 June 2018	30 August 2019
Alexander Kolpakov	27 June 2018	22 August 2019
Gemma Bridget Webb	27 June 2018	
Frederico Pinto Monteiro	03 April 2017	28 June 2018
Terkel Juul Wolf	03 April 2017	28 June 2018
Renata Moraes Machado	03 April 2017	28 June 2018
Joana Garsvalte	30 August 2019	
Nathan Michael Jones	30 August 2019	

### 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.

### Employees

The average number of employees employed by the Company during the year was **340** (2017: 266).

The Company has employment policies which are committed to providing a work environment that is free from harassment, bullying and discrimination – these policies are available to all staff on the Company's intranet. There is no discrimination against people with disabilities who apply to join the Company and anyone within the Company with disability is awarded the same opportunities for promotion, training and career development as other staff. We aim to establish and maintain a safe working environment for all staff, including those with disabilities.

### Research and development

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

## Directors' Report (continued)

### 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.

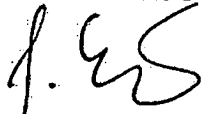
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### Disclosure of information to auditor

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/her knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he/she has taken all steps that a Director might reasonably be expected to have taken in order to make himself/herself aware of relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



Jopna Garvaite

Director

25 October 2019

## **Independent Auditor's Report to the members of Nicoventures Retail (UK) Limited**

### **Opinion**

We have audited the financial statements of Nicoventures Retail (UK) 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 loss 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").

## **Independent Auditor's Report to the members of Nicoventures Retail (UK) Limited (continued)**

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.

### **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 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.

## **Independent Auditor's Report to the members of Nicoventures Retail (UK) Limited (continued)**

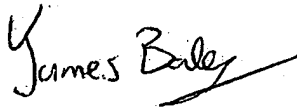
### **Auditor's responsibilities**

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.



James Baker (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London, E14 5GL

25<sup>th</sup> October 2019



## Profit and loss account

	Note	2018 £'000	2017 £'000
Turnover	2	22,332	13,624
Cost of sales		(12,358)	(6,109)
<b>Gross profit</b>		<b>9,974</b>	<b>7,515</b>
Other operating expenses	3	(15,302)	(9,159)
<b>Loss before taxation</b>		<b>(5,328)</b>	<b>(1,644)</b>
Taxation	4	-	-
<b>Loss for the financial year</b>		<b>(5,328)</b>	<b>(1,644)</b>

There are no items of other comprehensive income other than the loss for the financial year and therefore, no statement of other comprehensive income has been presented.

## Statement of changes in equity

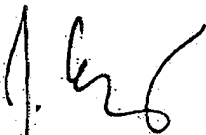
	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
<b>1 January 2017</b>			
Loss for the financial year	-	(1,644)	(1,644)
Issue of shares	15,000	-	15,000
<b>31 December 2017</b>	<b>15,000</b>	<b>(1,644)</b>	<b>13,356</b>
Loss for the financial year	-	(5,328)	(5,328)
<b>31 December 2018</b>	<b>15,000</b>	<b>(6,972)</b>	<b>8,028</b>

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

## Balance Sheet

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	5	7,287	9,037
Tangible assets	6	1,088	767
		<b>8,375</b>	<b>9,804</b>
<b>Current assets</b>			
Stocks	7	3,363	4,850
Debtors: amounts falling due within one year	8	4,277	1,094
Cash at bank and in hand		1,652	1,339
		<b>9,292</b>	<b>7,283</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(9,639)	(3,731)
		<b>(9,639)</b>	<b>(3,731)</b>
<b>Net current (liabilities)/ assets</b>		<b>(347)</b>	<b>3,552</b>
<b>Net assets</b>		<b>8,028</b>	<b>13,356</b>
<b>Capital and reserves</b>			
Called up share capital	10	15,000	15,000
Profit and loss account		(6,972)	(1,644)
<b>Total shareholders' funds</b>		<b>8,028</b>	<b>13,356</b>

The financial statements on pages 8 to 18 were approved by the Directors on 25 October 2019 and signed on behalf of the Board.



Joana Garvaite

Director

Registered number  
10235033

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

## Notes to the financial statements

### 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 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 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. The adoption of IFRS 15 and IFRS 9 had no material effect on the accounts.

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

The most significant items include:

- the review of asset values and impairment testing of financial 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 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.

#### Exemptions under FRS 101

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures of transactions with other subsidiary undertakings of the British American Tobacco plc. Group;
- Disclosures in respect of the Capital Management.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## Notes to the financial statements

### 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 under other operating expenses in the year.

#### Turnover

Turnover principally comprises sales of electronic cigarettes and associated products in the United Kingdom and the Channel Islands. Turnover excludes VAT and is after deducting rebates, returns and other similar discounts and payments to direct and indirect customers. Turnover is recognised when control of the goods is transferred to a customer; this is usually evidenced by a transfer of the significant risks and rewards of ownership upon delivery to the customer, which in terms of timing is not materially different to the date of shipping.

From 1 January 2018, as permitted by IFRS 9, a provisions matrix for lifetime expected losses is used for receivables balances arising from the recognition of revenue. Prior to this, allowances were made for bad and doubtful debts, as appropriate.

#### 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.

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.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Going Concern

Considering the Company's financial position as at 31 December 2018, British-American Tobacco (Holdings) Limited ('the Supporting Company') intends to provide continuing financial support to the Company for the purposes of its business operations for a period of at least 12 months from the date of approval of these financial statements. The Supporting Company has indicated that it will not seek repayment of amounts currently made available. Given this and after reviewing the Company's forecasts and projections of the Company and the Supporting Company for the 12 months from approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Other operating expenses

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

#### Operating lease

The annual payments under operating leases are charged to the profit and loss account on a straight-line basis over the length of the lease term.

#### Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate. Net realisable value is the estimated selling price less cost to completion and sale. Provisions are made for slow moving or obsolete items.

#### Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write off the cost of tangible assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The estimated useful lives are as follows:

	Years
Fixtures & Fittings	3
Computer Equipment	3
Leasehold Property	3

#### Goodwill on acquisitions

Goodwill on acquisition of business assets represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired.

Goodwill is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Acquired trademarks and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight line method over 3 to 5 years, which is the shorter of their estimated useful lives and periods of contractual rights. VIP trademark is amortised over 5 years and Vapestick is amortised over 3 years.

#### Retirement benefits

The Company operates and participates in defined contribution schemes. Some benefits are provided through defined contribution schemes and payments to these are charged as an expense as they fall due.

#### Impairment of financial and non-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. As permitted by IFRS 9, the loss allowance on trade receivables arising from the recognition of revenue under IFRS 15 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.

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.

Non-financial assets are reviewed at each balance sheet date, or whenever events indicate that the carrying amount 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 either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

### 2. Turnover

Income comprises the sale of electronic cigarettes and associated products in the United Kingdom and the Channel Islands.

## Notes to the financial statements

### 3. Other operating expenses

	2018 £'000	2017 £'000
<b>Other operating expenses comprise:</b>		
Staff costs	6,954	3,940
Depreciation of tangible fixed assets	506	270
Amortisation of intangible fixed assets	1,750	1,313
Auditor's remuneration	32	20
Rent and rates	3,720	2,188
Other	2,340	1,428
	<b>15,302</b>	<b>9,159</b>

	2018 £'000	2017 £'000
<b>Staff costs:</b>		
Wages and salaries	6,454	3,674
Social security costs	451	249
Other pension costs	49	17
	<b>6,954</b>	<b>3,940</b>

The average monthly number of persons (including Directors) employed by the Company during the year was **340** (2017: 266).

	2018 Number	2017 Number
<b>By activity:</b>		
Administration	72	57
Selling and distribution	268	209
	<b>340</b>	<b>266</b>

The aggregate emoluments of the Directors payable by the Company in respect of their services to the Company while Directors of the Company were:

	2018 £'000	2017 £'000
Aggregate emoluments	338	256

Highest paid Director	2018 £'000	2017 £'000
Aggregate emoluments	178	136

## Notes to the financial statements

### 4. Taxation

#### (a) Factors affecting the taxation charge

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
Loss for the year	(5,328)	(1,644)
<u>Total tax expense</u>	-	-
Loss excluding taxation	(5,328)	(1,644)
Tax using the UK corporation tax rate of 19% (2017: 19%)	(1,012)	(312)
Temporary difference not recognised	32	7
Non-deductible expenses	19	46
<u>Group relief surrendered for nil consideration</u>	<u>961</u>	<u>259</u>
<u>Tax charge for the period</u>	-	-

The Company has a deferred tax asset of £50,250 (2017: £20,934) which is not recognised on the balance sheet due to it not being sufficiently probable that it will be utilised in the foreseeable future.



## Notes to the financial statements

## 5. Intangible assets

	Goodwill	Intellectual Property	Total
	£'000	£'000	£'000
<b>Cost</b>			
1 January 2018	1,630	8,720	10,350
Additions	-	-	-
Disposals	-	-	-
<b>31 December 2018</b>	<b>1,630</b>	<b>8,720</b>	<b>10,350</b>
<b>Accumulated Amortisation</b>			
1 January 2018	-	(1,313)	(1,313)
Charge for the year	-	(1,750)	(1,750)
<b>At 31 December 2018</b>	<b>-</b>	<b>(3,063)</b>	<b>(3,063)</b>
<b>Net book value</b>			
1 January 2018	1,630	7,407	9,037
<b>At 31 December 2018</b>	<b>1,630</b>	<b>5,657</b>	<b>7,287</b>

## 6. Tangible assets

	Leasehold property	Fixtures and Fittings	Computer Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
1 January 2018	31	853	153	1,037
Additions	-	763	74	837
Disposals	-	(32)	-	(32)
<b>31 December 2018</b>	<b>31</b>	<b>1,584</b>	<b>227</b>	<b>1,842</b>
<b>Accumulated depreciation</b>				
1 January 2018	(11)	(236)	(23)	(270)
Charge for the year	(16)	(447)	(43)	(506)
Disposals	-	22	-	22
<b>At 31 December 2018</b>	<b>(27)</b>	<b>(661)</b>	<b>(66)</b>	<b>(754)</b>
<b>Net book value</b>				
1 January 2018	20	617	130	767
<b>At 31 December 2018</b>	<b>4</b>	<b>923</b>	<b>161</b>	<b>1,088</b>

## Notes to the financial statements

## 7. Stocks

	2018	2017
	£'000	£'000
Finished goods	3,363	4,850

Finished goods stock balance are shown net of a provision of £5,225 (2017:£224,000).

## 8. Debtors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade debtors	2,259	100
Amounts owed by Group undertakings	819	273
Prepayments and other receivables	1,200	721
	4,277	1,094

Amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand.

## 9. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	610	1,408
Amounts owed to Group undertakings	8,326	1,827
Accruals and other payables	703	496
	9,639	3,731

Amounts due to Group undertakings are unsecured, interest free and have no fixed date of repayment.

## 10. Called up share capital

Ordinary shares at £1 each	2018	2017
	£'000	£'000
Allotted, called up and fully paid		
- value	15,000	15,000
- number	15,000	15,000

The Company issued 15,000,000 ordinary shares of £1 each to a fellow Group undertaking during 2017.

## Notes to the financial statements

### 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. Contingent liabilities

The employment of two directors of the Company was terminated during 2018. On 25th March 2019, the dismissed directors have brought claims for unfair dismissal against the Company to the Employment Tribunal. The hearing has been scheduled to begin on 21st September 2020.

The outcome of such claims is uncertain and accordingly no provision for any liability has been made in the 2018 financial statements.

### 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  
4 Temple Place  
London  
WC2R 2PG