

British-American Tobacco (Mauritius) p.l.c.

Registered number 00211459

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 British-American Tobacco (Mauritius) p.l.c. (the "Company") for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is to act as a sales support office, supporting the marketing of products of the British American Tobacco group of companies (the "Group") in Mauritius.

Review of the year ended 31 December 2019

The loss for the year attributable to British-American Tobacco (Mauritius) p.l.c. shareholders after deduction of all charges and the provision of taxation amounted to £527,000 (2018: £64,000).

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 in the Company's Strategic Report above, the Company's principal activity is to act as a sales support office, supporting the marketing of Group products in Mauritius.

Under section 172(1) of the UK Companies Act and as part of the Directors' duty to the Company's shareholder 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 interests of the Company's employees, 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 direct and indirect suppliers to the Company (including leaf suppliers, product materials suppliers and goods and services suppliers), employees (the Company has around 3 employees based in Mauritius), governments, tax authorities, bank, other Group undertakings and wider society in countries in which the Company operates. Whilst the Company does not supply products directly to consumers, consumers of the Group's tobacco products are also key stakeholders of the Company.

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. Primary ways in which the Company engages with financial institutions are through regular meetings, ongoing dialogue and relationship management conducted by the BAT Group's Treasury and Finance teams. Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on

British-American Tobacco (Mauritius) p.l.c.

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.

The primary engagement channels for Group company employees based in the Mauritius (including the Company's employees) include town hall sessions, market visits, the 'Your Voice' employee survey and webcasts. The Group's 'Speak Up' channels are also available to all Company employees (as set out on page 32 of the BAT Annual Report).

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 BAT Group's policies in relation 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, employees' interests, 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



Oliver Martin
Secretary

29 June 2020

Directors' report

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

Dividends

The Directors do not recommend the payment of a dividend for the year (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 this report are as follows:

David Patrick Ian Booth	
Anthony Michael Hardy Cohn	
Noelle Colfer	(Resigned 31 March 2020)

Research and development

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

Political contributions

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

Employees

The average number of employees employed by the Company during the year was 3 (2018: 1).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Directors' report (continued)

Statement of Directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this 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



Oliver Martin
Secretary

29 June 2020

Independent auditor's report to the members of British-American Tobacco (Mauritius) p.l.c.

Opinion

We have audited the financial statements British-American Tobacco (Mauritius) p.l.c. ("the company") for the year ended 31 December 2019 which comprise the Profit and loss account, Statement of other comprehensive income, 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 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

Independent auditor's report to the members of British-American Tobacco (Mauritius) p.l.c. (continued)

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 pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.



Natalia Bottomley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London. E14 5GL

29 June 2020

Profit and loss account for the year ended 31 December

		2019	2018
	Note	£'000	£'000
Continuing operations			
Other operating income	2	1,738	1,409
Other operating expenses	3	(2,288)	(1,491)
Operating loss		(550)	(82)
Interest receivable and similar income	4	25	18
Loss before taxation		(525)	(64)
Tax on loss	5	(2)	-
Loss for the financial year		(527)	(64)

Statement of other comprehensive income for the year ended 31 December 2019

	Note	2019	2018
		£'000	£'000
Loss for the financial year		(527)	(64)
Actuarial (loss)/gain arising on defined benefit pension scheme	10	(598)	257
Difference on exchange arising on the retranslation to sterling of the loss for the financial year from average to closing rates of exchange		38	5
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year		64	172
Total recognised (losses)/income relating to the financial year		(1,023)	370

Statement of changes in equity for the year ended 31 December

	Called up share capital	Profit and loss account	Total Equity
	£'000	£'000	£'000
1 January 2018	1,300	1,509	2,809
Loss for the financial year	-	(64)	(64)
	1,300	1,445	2,745
Other comprehensive income			
Actuarial gain arising on defined benefit pension scheme	-	257	257
Difference on exchange arising on the retranslation to sterling of the loss for the financial year from average to closing rates of exchange	-	5	5
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year	-	172	172
31 December 2018	1,300	1,879	3,179
Loss for the financial year	-	(527)	(527)
	1,300	1,352	2,652
Other comprehensive income			
Actuarial loss arising on defined benefit pension scheme	-	(598)	(598)
Difference on exchange arising on the retranslation to sterling of the loss for the financial year from average to closing rates of exchange	-	38	38
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year	-	64	64
31 December 2019	1,300	856	2,156

Balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	6	87	1
		87	1
Current assets			
Debtors: amounts falling due within one year	7	6,438	6,906
Cash at bank and in hand		314	1,071
		6,752	7,977
Creditors: amounts falling due within one year	8	(1,061)	(1,791)
Net current assets		5,691	6,186
Retirement benefit liabilities	10	(3,554)	(3,008)
Creditors amounts due falling after one year		(68)	-
Net assets including retirement benefits liabilities		2,156	3,179
Capital and reserves			
Called up share capital	9	1,300	1,300
Profit and loss account		856	1,879
Total shareholders' funds		2,156	3,179

The financial statements on pages 7 to 20 were approved by the Directors on 29 June 2020 and signed on behalf of the Board.



David Booth
Director

Registered number 00211459

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 on the going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and where advantage of disclosure exemptions available under FRS 101, such as the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties, have been taken.

With effect from 1 January 2019, the Company has applied IFRS 16 *Leases* to contractual arrangements which are, or contain, leases of assets, and consequently recognised right-to-use assets and lease liabilities. In adopting IFRS 16, the Company has applied the modified retrospective approach with no restatement of prior periods, as permitted by the Standard. Total assets and total equity and liabilities on 1 January 2019 have both increased by £120,000.

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 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 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 these financial statements.

Foreign currencies

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained profit of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net assets at the beginning of the year. Exchange differences arising on the retranslation of monetary assets and liabilities between the Company and its branch, which are translated at the exchange rate ruling at the end of the year, are also taken to reserves. Other exchange differences, including those on remittances, are reflected in the Profit and Loss Account.

Income

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

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.

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

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

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

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

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

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 rate of depreciation used for plant, machinery and equipment is 20-25%.

Retirement benefits

The Company operates and participates in both defined benefit and defined contribution schemes. The net deficit or surplus for each defined benefit pension scheme is calculated in accordance with IAS 19 Employee Benefits, based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets adjusted, where appropriate, for any surplus restrictions or the effect of minimum funding requirements

Actuarial gains and losses, changes in unrecognised scheme surpluses and minimum funding requirements are recognised in full through other comprehensive income. Past service costs or credits resulting from amendments to benefits are recognised immediately.

For defined benefit schemes, the actuarial cost charged to profit from operations consists of current service cost, net interest on the net defined benefit liability or asset, past service cost and the impact of any settlements.

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

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

1 Accounting policies (continued)

Leases

With effect from 1 January 2019, the Company has applied IFRS 16 *Leases* to contractual arrangements which are, or contain, leases of assets, and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the assets included as part of property, plant and equipment and the liabilities included as part of borrowings.

In adopting IFRS 16, the Company has applied the modified retrospective approach with no restatement of prior periods, as permitted by the Standard. Total assets and total equity and liabilities on 1 January 2019 have both increased by £120,000. The Company has taken advantage of certain practical expedients available under the Standard, including "grandfathering" previously recognised lease arrangements such that contracts were not reassessed at the implementation date as to whether they were, or contained, a lease, and leases previously classified as finance leases under IAS 17 remained capitalised on the adoption of IFRS 16. In addition, as part of the implementation, the Company has applied a single discount rate to portfolios of leases with reasonably similar characteristics, has assessed whether individual leases are onerous prior to applying the Standard, has applied hindsight in determining the lease term if the contract contains options to extend or terminate the lease, and has not applied the capitalisation requirements of the Standard to leases for which the lease term ends within 12 months of the date of initial application.

Going forward for new leasing arrangements taken out after 1 January 2019, the Company will also adopt several practical expedients available under the Standard including not applying the requirements of IFRS 16 to leases of intangible assets, applying the portfolio approach where appropriate to do so, not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration) and to leases of low-value assets. Except for property-related leases, non-lease components will not be separated from lease components. The Company will continue to report recognised assets and liabilities under leases within property, plant and equipment and borrowings respectively rather than show these as separate line items on the face of the balance sheet.

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use lease assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Prior to 1 January 2019, the annual payments under operating leases were charged to the profit and loss account on a straight-line basis over the length of the lease term.

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 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 transaction costs where applicable, with subsequent measurement as set out below. The Company's financial assets (loans and receivables, amounts owed by Group undertakings, other debtors and cash) are subsequently carried at amortised cost.

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

Loans and receivables: Amounts owed by Group undertakings and Other debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

Financial assets are reviewed at each balance sheet date, or whenever event indicate that the carrying amount may not be recoverable. With effect from 1 January 2018, loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on the initial recognition of the underlying asset. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Where the credit risk on the receivables has increased significantly since initial recognition, allowances are measured at an amount equal to the lifetime expected credit loss. Prior to 1 January 2018, financial assets were reviewed for impairment at each balance sheet date, or whenever events indicated that the carrying amount might not be recoverable.

Other operating expenses

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

2 Other operating income

Other operating income relates to recharges of operating expenses to fellow Group undertakings.

3 Other operating expenses

	2019 £'000	2018 £'000
Other operating expenses comprise:		
Staff costs	679	453
Depreciation of tangible assets	24	3
Operating lease expenses:		
- land and buildings	-	25
Auditor's remuneration:		
- For the audit of the financial statements	11	12
Difference on exchange rate	(7)	(3)
Exceptional expenses	-	57
Marketing expenses	697	920
Other	884	24
	2,288	1,491
	2019 £'000	2018 £'000
Staff costs:		
Wages and salaries	507	269
Retirement benefits costs (note 10)	172	184
	679	453

None of the Directors received any remuneration in respect of their services to 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.

Notes to the financial statements for the year ended 31 December 2019**3 Other operating expenses (continued)**

The average monthly number of persons employed by the Company during the year was:

	2019 Number	2018 Number
Management	3	1

4 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable	25	18
	25	18

5 Taxation**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, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. 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
(Loss)/Profit for the year	(527)	(64)
Total tax expense	2	-
Loss excluding taxation	(525)	(64)
Tax using the UK corporation tax rate of 19.00% (2018: 19%)	(100)	(12)
Non-deductible expenses	35	22
Transfer pricing adjustment	(10)	-
Effects of unrecognised temporary differences	(64)	(73)
Foreign tax suffered	2	-
Group relief surrendered for nil consideration	139	63
Total tax charge for the period	2	-

The Company has unrecognised gross temporary differences of £1,549,000 (2018: £1,888,000) in respect of capital allowances. These temporary differences have not been recognised as the entity is not expected to be profit making in the foreseeable future.

Notes to the financial statements for the year ended 31 December 2019**6 Tangible assets**

	Plant, machinery and equipment £'000
Cost	
1 January 2019	133
Adoption of IFRS 16	120
Difference of exchange	(14)
31 December 2019	239
Accumulated depreciation	
1 January 2019	132
Charge for the year	22
Difference of exchange	(2)
31 December 2018	152
Net book value	
1 January 2019	1
31 December 2019	87

7 Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due from Group undertakings	6,342	6,237
Other debtors	95	669
	6,438	6,906

Included in amounts due from Group undertakings there is an amount of £6,208,000 that is unsecured repayable on demand and bears interest based on LIBOR. The other amounts due from Group undertakings are unsecured, interest free and repayable on demand. All other debtors are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due to Group undertakings	152	649
Accruals and deferred income	909	1,142
	1,061	1,791

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

9 Called up share capital

Ordinary shares of £1 each	2019	2018
Allotted, called up and fully paid		
- value	£1,300,000	£1,300,000
- number	1,300,000	1,300,000

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

10 Retirement benefits

The Company does not operate any United Kingdom pension funds. However, its branch in Mauritius operates two funded defined benefit schemes, one for operatives and one for staff personnel and two unfunded defined benefit schemes, also one for operatives and one for staff personnel. Although the schemes make no provision for pension increases, the Company has historically granted pension increases in accordance with the cost of living formula used under the Additional Remuneration Acts in Mauritius. The liabilities in the respect of these obligations are reported as unfunded defined benefit schemes. Contributions are made by employees at the rate of 1% in respect of both schemes, of which an element is in respect of the Mauritian national pension scheme. The Company contributes 11% for staff. Deficits are adjusted for within future contribution rates.

The last formal valuation of all the schemes, funded and unfunded, was at 31 December 2019 and was performed by the independent and professionally qualified actuaries, Anglo Mauritius.

The amounts recognised in the balance sheet are determined as follows:

	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	2,460	-	2,460	2,636	-	2,636
Present value of schemes' liabilities	(2,653)	(3,361)	(6,014)	(2,561)	(3,083)	(5,644)
Deficit	(193)	(3,361)	(3,554)	75	(3,083)	(3,008)
Net deficit			(3,554)			(3,008)

The amounts recognised in the profit and loss account for the defined benefit schemes are as follows:

	2019	2018
	£'000	£'000
Defined benefit schemes		
– expected return on scheme assets	153	141
– interest cost	(325)	(325)
Total amounts recognised in the income statement (Note 3)	(172)	(184)

The amounts recognised in other comprehensive income in respect of actuarial gains and losses of the Company are as follows:

	2019	2018
	£'000	£'000
Actual return less expected return on pension scheme assets	(99)	192
Experience (losses)/ gains rising on scheme liabilities	(499)	65
Actuarial (losses)/ gains recognised in the Statement of total recognised gains and losses	(598)	257

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

10 Retirement benefits (continued)

The movements in the scheme liabilities are as follows:

	2019			2018		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Present value at 1 January	(2,561)	(3,083)	(5,644)	(2,849)	(3,244)	(6,093)
Exchange differences	21	24	45	169	192	361
Interest cost	(139)	(164)	(303)	(150)	(174)	(324)
Benefits paid	206	147	353	193	154	347
Actuarial gain/ (losses)	(180)	(285)	(465)	76	(15)	61
Present value at 31 December	(2,653)	(3,361)	(6,014)	(2,561)	(3,083)	(5,644)

Scheme liabilities by scheme membership funded and unfunded as at 31 December 2019:

	Staff £'000	Operatives £'000	Total £'000
Deferred members	787	-	787
Retired members	4,266	961	5,227
Present value at 31 December	5,053	961	6,014

Funded and unfunded scheme liabilities by benefits earned to date:

	Staff £'000	Operatives £'000	Total £'000
Guaranteed Benefits	2,427	226	2,653
Discretionary benefits	2,626	735	3,361
Present value at 31 December	5,053	961	6,014

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

10 Retirement benefits (continued)

The movements in scheme assets are as follows:

	2019	2018
	Funded schemes	Funded schemes
	£'000	£'000
Present value at 1 January	2,636	2,649
Exchange differences	(20)	(153)
Expected return on plan assets	143	141
Benefits paid	(206)	(193)
Actuarial (loss)/ gain	(93)	192
Present value at 31 December	2,460	2,636

The Company's current best estimates of the pension contribution for the financial year ended 31 December 2019 is £nil.

The fair value of scheme assets by category:

	Staff	Operatives	Total
	£'000	£'000	£'000
Equities – (Local)	370	36	406
Equities – (Overseas)	229	68	297
Fixed Income	-	-	-
Bond	1,471	-	1,471
Other Assets – Unlisted (Cash & Insurance Policy)	62	224	286
Present value at 31 December	2,132	328	2,460

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

10 Retirement benefits (continued)

Scheme assets have been diversified into equities, bonds and other assets and are typically invested via fund investment managers into both pooled and segregated mandates of listed and unlisted equities and bonds. In addition certain scheme assets are further diversified by investing in equities listed on foreign stock exchanges via investment funds. In the above analysis investments via equity-based investment funds are shown under listed equities, and investments via bond-based investment funds are shown under listed bonds.

The actuarial gains and losses in both years principally relate to movements in the fair values of scheme assets and actual returns:

	2019 £'000	2018 £'000
Actual return on scheme assets	61	65

The principal actuarial assumptions at the balance sheet date are:

	2019 %	2018 %
Rate of increase in pensions in payment	3.00	3.00
Expected rate of return on plan assets	4.60	5.70
Rate of increase in salaries	0.00	0.00
Discount rate	4.60	5.70
General inflation	0.50	3.20

	2019 10.00	2018 10.00
Weighted average duration of liabilities:		

The assets of the pension scheme are held in the Anglo-Mauritius Deposit Administration Fund, which invests in a portfolio of fixed interest investments, equities property and cash.

The weighted average life expectancy in years for mortality tables used to determine the defined benefit obligations is as follows:

	2019 Years	2018 Years
Member age 65 (current life expectancy)		
- male	16.9	15.8
- female	19.6	19.6
Member age 45 (life expectancy at age 65)		
- male	16.9	15.6
- female	19.6	19.6

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 exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

12 Adoption of new accounting standards effective 1 January 2019

With effect from 1 January 2019, the Company adopted IFRS 16 *Leases* with no revision of prior periods, as permitted by the Standard. In accordance with IFRS 16, the distinction between operating leases and finance leases is removed with the effect that virtually all leasing arrangements are brought on the balance sheet as financial obligations and "right-to-use asset".

As disclosed in note 1 the anticipated impact of IFRS 16 to the Group's balance sheet as at 1 January 2019 was the capitalisation of £120,000 right-to-use assets and financial liabilities of £120,000.

In 2019, as part of the implementation of IFRS 16, further commitments were identified and consequently the financial obligations and "right-to-use" assets increased. The impact of the new Standard to the Company's balance sheet at 1 January 2019, and a reconciliation to reported leasing commitments, is shown below:

Minimum lease commitments	£'000
Property	
Within one year	28
Between one and five years	110
Total minimum lease commitments	138
Additional commitments on the exercise of options	-
Low value leases and short-term leases excluded	-
Discounted to present value	(18)
To be capitalised as lease liabilities at 1 January 2019	120
Prepaid leases reclassified from receivables	-
To be capitalised as right-to-use assets at 1 January 2019	120

The weighted average incremental borrowing rate applied in discounting lease commitments was 5.5%.

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 British American Tobacco (Investments) 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