

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

**Registered number 00211459**

**Annual report and financial statements**

**For the year ended 31 December 2021**



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

**Contents**

Strategic report ..... 2

Directors' report ..... 4

Independent auditor's report to the members of British-American Tobacco (Mauritius) p.l.c for the year ended 31 December 2021..... 6

Profit and loss account and statements of other comprehensive income for the year ended 31 December..... 10

Statement of Changes in equity for the year ended 31 December ..... 11

Balance sheet as at 31 December ..... 12

Notes to the financial statements for the year ended 31 December 2021 ..... 13

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

## **Strategic report**

The Directors present their strategic report on British-American Tobacco (Mauritius) p.l.c. (the "Company") for the year ended 31 December 2021.

### **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 p.l.c. group of companies (the "Group") in Mauritius.

### **Review of the year ended 31 December 2021**

The loss for the year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £522,000 (2020: £146,000).

### **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 2021 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.

### **UK Companies Act 2006: Section 172(1) Statement**

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report, the Company's principal activity is to act as a sales support office, supporting the marketing of the Group's products in Mauritius.

Under Section 172(1) of the UK Companies Act 2006 ("the Act") and as part of the Directors' duty to the Company's shareholders to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the 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 assessments 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), customers (including distributors and wholesalers), employees, government authorities and wider society in countries in which the Company operates, other Group undertakings and the Company's shareholders. Whilst the Company does not supply products directly to consumers, consumers of the Group's 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 external stakeholders are summarised on pages 20 to 21 of the BAT ARA & 20-F. Engagement with other Group undertakings including the Company's shareholders is conducted through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance-related matters which is taken into account in the Company's decision making.

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

## **Strategic report (continued)**

### **UK Companies Act 2006: Section 172(1) Statement (continued)**

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

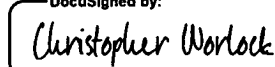
Throughout the ongoing COVID-19 pandemic, the Group's priority has been to safeguard the welfare of Group company employees while ensuring that the Group continues to operate effectively. A range of internal communications and engagement channels were used during the year to help Group company employees feel connected and supported. The primary engagement channels for Group company employees (including the Company's employees) included town hall sessions, employee council meetings, the 'Your Voice' employee survey and webcasts. In view of restrictions as a result of the COVID-19 pandemic, engagement sessions continued to be held primarily through virtual forums. The Group's 'Speak Up' channels are also available to all Company employees (as set out on page 57 of the BAT ARA & 20-F).

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 ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out on pages 48 and 73 of the BAT ARA & 20-F. As a Group company, the Company acts in accordance with the Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on page 48 of the BAT ARA & 20-F.

Certain authorities for decision-making are delegated to management under the SoDA, part of the Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the Group. Application of the SoDA 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. All newly appointed Directors receive training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the Act. Director training is provided through the Company Secretary.

By Order of the Board

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Mr C. Worlock  
**Secretary**

**29 June 2022**

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

## **Directors' report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2021.

### **Dividends**

The Directors do not recommend the payment of a dividend for the year (2020: £nil).

### **Board of Directors**

The names of the persons who served as Directors of the Company during the period 1 January 2021 to the date of this report are as follows:

Gregory Aris (Appointed 5 March 2021)  
David Patrick Ian Booth  
Anthony Michael Hardy Cohn

### **Research and development**

No research and development expenditure has been incurred during the year (2020: £nil).

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

### **Employees**

The average number of employees employed by the Company during the year was 4 (2020: 4).

The Company has Employment Policies in place which set out the Company's commitment to providing a work environment that is free from harassment, bullying and discrimination – these policies are available online to all staff. The Company is committed to ensuring 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. The Company aims to establish and maintain a safe working environment for all staff, including those with disabilities.

### **Auditor**

Pursuant to Section 487 of the Act, 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.

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 ("FRS") 101 *Reduced Disclosure Framework*.

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;

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

## **Directors' report (continued)**

### **Statement of Directors' responsibilities (continued)**

- 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.

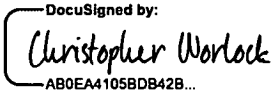
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act.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

### **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 report confirms that:

- (a) to the best of their knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all steps that a Director might reasonably be expected to have taken in order to make themselves aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

DocuSigned by:  
  
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Mr C. Worlock  
**Secretary**

**29 June 2022**

## **Independent Auditor's Report to the members of British-American Tobacco (Mauritius) p.l.c.**

### **Opinion**

We have audited the financial statements of British-American Tobacco (Mauritius) p.l.c. ("the Company") for the year ended 31 December 2021 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 2021 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

## **Independent Auditor's Report to the members of British-American Tobacco (Mauritius) p.l.c. (continued)**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted that contained key words in the description, users who only posted one entry for the fiscal year, and those posted with an unusual combination

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of noncompliance alone could have a material effect on amounts or disclosures in the financial statements.



## **Independent Auditor's Report to the members of British-American Tobacco (Mauritius) p.l.c. (continued)**

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **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 Director's 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 pages 4 and 5 the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the members of British-American Tobacco (Mauritius) p.l.c. (continued)**

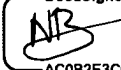
### **Auditor's responsibilities**

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.

DocuSigned by:  
  
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**Natalia Bottomley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

Date: 29-Jun-2022

**British-American Tobacco (Mauritius) p.l.c.****Profit and loss account for the year ended 31 December**

	Note	2021 £'000	2020 £'000
Other operating income	2	1,216	1,544
Other operating expenses	3	(1,656)	(1,581)
<b>Operating loss</b>		<b>(440)</b>	<b>(37)</b>
Interest receivable and similar income	4	-	5
Interest payable and similar expenses	5	(82)	(114)
<b>Loss before taxation</b>		<b>(522)</b>	<b>(146)</b>
Tax on loss	6	-	-
<b>Loss for the financial year</b>		<b>(522)</b>	<b>(146)</b>

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

	Note	2021 £'000	2020 £'000
<b>Loss for the financial year</b>		<b>(522)</b>	<b>(146)</b>
Actuarial gain/(loss) arising on defined benefit pension scheme	11	899	(2,008)
Difference on exchange arising on the retranslation to Sterling of the loss for the financial year from average to closing rates of exchange		14	3
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year		549	526
<b>Total comprehensive income/ (loss) for the financial year</b>		<b>940</b>	<b>(1,625)</b>

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

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

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

	Called up share capital £'000	Other reserves £'000	Profit and loss account £'000	Total Equity £'000
<b>1 January 2020</b>	<b>1,300</b>	<b>140</b>	<b>716</b>	<b>2,156</b>
Loss for the financial year	-	-	(146)	(146)
<b>Other comprehensive income</b>				
Actuarial loss arising on defined benefit pension scheme	-	-	(2,008)	(2,008)
Difference on exchange arising on the retranslation to Sterling of the loss for the financial year from average to closing rates of exchange	-	3	-	3
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year	-	526	-	526
<b>31 December 2020</b>	<b>1,300</b>	<b>669</b>	<b>(1,438)</b>	<b>531</b>
Loss for the financial year	-	-	(522)	(522)
<b>Other comprehensive income</b>				
Actuarial gain arising on defined benefit pension scheme	-	-	899	899
Difference on exchange arising on the retranslation to Sterling of the loss for the financial year from average to closing rates of exchange	-	14	-	14
Difference on exchange arising on the retranslation to Sterling (using closing rates of exchange) of net assets at the beginning of the year	-	549	-	549
<b>31 December 2021</b>	<b>1,300</b>	<b>1,232</b>	<b>(1,061)</b>	<b>1,471</b>

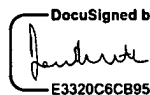
The accompanying notes are an integral part of the financial statements.

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

**Balance sheet as at 31 December**

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	7	39	60
		<b>39</b>	<b>60</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	6,770	6,434
Cash at bank and in hand.		142	804
		<b>6,912</b>	<b>7,238</b>
Creditors: amounts falling due within one year	9	(1,602)	(1,524)
<b>Net current assets</b>		<b>5,310</b>	<b>5,714</b>
Retirement benefit liabilities	11	(3,858)	(5,209)
Creditors amounts due falling after one year		(20)	(34)
<b>Net assets including retirement benefits liabilities</b>		<b>1,471</b>	<b>531</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,300	1,300
Other reserves		1,232	669
Profit and loss account		(1,061)	(1,438)
<b>Total shareholders' funds</b>		<b>1,471</b>	<b>531</b>

The financial statements on pages 10 to 24 were approved by the Directors on 29 June 2022 and signed on behalf of the Board.

DocuSigned by:  
  
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Mr D.P.I. Booth  
 Director

Registered number 00211459

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

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

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies**

#### **Basis of accounting**

The Company is incorporated, domiciled, and registered in England in the UK. The registered number is 00211459 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements of the Company have been prepared in accordance with the Act and in accordance with FRS 101 Reduced Disclosure Framework.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with the Act, and has taken advantage of certain disclosure exemptions available under FRS 101, including those relating to the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties.

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 Act.

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. Turnover and profits expressed in currencies other than Sterling are translated into Sterling using exchange rates applicable to the dates of the underlying transactions. Monetary assets and liabilities are translated at closing rates of exchange.

The Company operates a branch in the Republic of Mauritius which has a functional currency of Mauritian Rupees, and the results of the branch are translated to Sterling using exchange rates applicable to the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate at the date of the underlying transactions.

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 liabilities at the beginning of the year.

Exchange differences arising on the retranslation of certain monetary assets and liabilities between the Company and its branch, which qualify to be treated as net investments in a foreign operation, are translated at the exchange rate ruling at the end of the year and are taken to reserves. Other exchange differences, including those on remittances, are reflected in the profit and loss account.

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

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### **Income**

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

#### **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 ("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.

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.

#### **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%.

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

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### **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.

#### **Leases**

The Company applies International Financial Reporting Standard ("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 in note 7 and the liabilities included as part of creditors in note 9.

The Company has adopted 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 are not 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.

#### **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.



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

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### **Financial instruments (continued)**

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.

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 IFRS 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 August 2021.

#### **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 initial recognition of the underlying asset. As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers 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. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

#### **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.

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

**Notes to the financial statements for the year ended 31 December 2021****3 Other operating expenses**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Other operating expenses comprise:</b>		
Staff costs	394	536
Depreciation of tangible assets	20	22
Auditor's remuneration:		
- For the audit of the financial statements	10	11
Difference on exchange rate	6	(4)
Marketing expenses	544	711
Other	682	305
	<b>1,656</b>	<b>1,581</b>
	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Staff costs:</b>		
Wages and salaries	288	381
Retirement benefits costs (note 11)	106	155
	<b>394</b>	<b>536</b>

None of the Directors received any remuneration in respect of their services to the Company during the year (2020: £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.

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

	<b>2021</b>	2020
	<b>Number</b>	Number
Management	4	4

**4 Interest receivable and similar income**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest receivable	-	5
	-	5

**5 Interest payable and other similar charges**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Foreign exchange differences	82	114
	<b>82</b>	<b>114</b>

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

**Notes to the financial statements for the year ended 31 December 2021****6 Taxation****Factors affecting the taxation charge**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

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 future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% (2020: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year	<b>(522)</b>	<b>(146)</b>
Total tax expense	-	-
Loss excluding taxation	<b>(522)</b>	<b>(146)</b>
Tax using the UK corporation tax rate of 19% (2020: 19%)	<b>(99)</b>	<b>(28)</b>
Non-deductible expenses	<b>7</b>	-
Transfer pricing adjustment	<b>(8)</b>	<b>(8)</b>
Effects of unrecognised temporary differences	<b>(5)</b>	<b>(47)</b>
Foreign tax suffered	-	-
Group Relief surrendered for nil consideration	<b>105</b>	<b>83</b>
Total tax charge for the period	-	-

The Company has unrecognised gross temporary differences of £1,549,930 (2020: £1,270,943) in respect of capital allowances and £3,857,503 (2020: £5,209,100) in respect of pension deficit. These temporary differences have not been recognised as the entity is not expected to be profit making in the foreseeable future.

**7 Tangible assets**

	<b>Leasehold property</b>
	<b>£'000</b>
<b>Cost</b>	
1 January 2021	217
Difference of exchange	(16)
<b>31 December 2021</b>	<b>201</b>
<b>Accumulated depreciation</b>	
1 January 2021	157
Charge for the year	20
Difference of exchange	(15)
<b>31 December 2021</b>	<b>162</b>
<b>Net book value</b>	
1 January 2021	60
<b>31 December 2021</b>	<b>39</b>

**British-American Tobacco (Mauritius) p.l.c.****Notes to the financial statements for the year ended 31 December 2021****8 Debtors: amounts falling due within one year**

	2021 £'000	2020 £'000
Amounts due from Group undertakings	6,530	6,341
Other debtors	240	93
	<b>6,770</b>	<b>6,434</b>

Included in amounts due from Group undertakings there is an amount of £6,213,000 (2020: £6,213,000) that is unsecured, interest bearing and repayable on demand. The Company has amounts receivable from fellow Group subsidiaries where the variable interest rate is in accordance with the Group's intercompany lending agreements. 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 the 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.

**9 Creditors: amounts falling due within one year**

	2021 £'000	2020 £'000
Amounts due to Group undertakings	36	411
Accruals and deferred income	1,566	1,113
	<b>1,602</b>	<b>1,524</b>

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

**10 Called up share capital**

Ordinary shares of £1 each	2021	2020
Allotted, called up and fully paid		
- value	£1,300,000	£1,300,000
- number	1,300,000	1,300,000

**British-American Tobacco (Mauritius) p.l.c.****Notes to the financial statements for the year ended 31 December 2021****11 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.

Through its defined benefit schemes, the Company is exposed to a number of risks, including:

- **Asset volatility:** The plan liabilities are calculated using discount rates set by reference to bond yields. If plan assets underperform this yield, e.g., due to stock market volatility, this will create a deficit. However, most schemes hold a proportion of assets which are expected to outperform bonds in the long term.
- **Changes in bond yields:** A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings, or other hedging instruments.
- **Inflation risk:** Some of the Company's pension obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases, caps on the level of inflationary increases are in place in the scheme rules, while some assets and derivatives provide specific inflation protection.
- **Life expectancy:** The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. Assumptions regarding mortality and mortality improvements are regularly reviewed in line with actuarial tables and scheme specific experience.

The last formal valuation of all the schemes, funded and unfunded, was at 31 December 2020 and was performed by the independent and professionally qualified actuaries, Anglo Mauritius. There have been no additions or disposals of plan assets since the last formal valuation of the schemes.

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

	2021			2020		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	1,894	-	1,894	2,086	-	2,086
Present value of schemes' liabilities	(2,485)	(3,267)	(5,752)	(3,118)	(4,177)	(7,295)
Deficit	(591)	(3,267)	(3,858)	(1,032)	(4,177)	(5,209)

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

**Notes to the financial statements for the year ended 31 December 2021****11 Retirement benefits (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit schemes		
– expected return on scheme assets	<b>42</b>	105
– interest cost	<b>(148)</b>	(260)
Total amounts recognised in the income statement (Note 3)	<b>(106)</b>	(155)

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	<b>92</b>	(54)
Experience gains/ (losses) rising on scheme liabilities	<b>807</b>	(1,954)
Actuarial gains/ (losses) recognised in the Statement of total recognised gains and losses	<b>899</b>	(2,008)

The movements in the present value of scheme liabilities are as follows:

	<b>2021</b>			<b>2020</b>		
	<b>Funded schemes</b>	<b>Unfunded schemes</b>	<b>Total</b>	<b>Funded schemes</b>	<b>Unfunded schemes</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value at 1 January	<b>(3,118)</b>	<b>(4,177)</b>	<b>(7,295)</b>	(2,653)	(3,361)	(6,014)
Exchange differences	<b>258</b>	<b>347</b>	<b>605</b>	279	352	631
Interest cost	<b>(63)</b>	<b>(85)</b>	<b>(148)</b>	(114)	(146)	(260)
Benefits paid	<b>151</b>	<b>128</b>	<b>279</b>	167	135	302
Actuarial gains/ (losses)	<b>287</b>	<b>520</b>	<b>807</b>	(797)	(1,157)	(1,954)
Present value at 31 December	<b>(2,485)</b>	<b>(3,267)</b>	<b>(5,752)</b>	(3,118)	(4,177)	(7,295)

Scheme liabilities by scheme membership funded and unfunded as at 31 December 2021:

	<b>Staff</b>	<b>Operatives</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred members	991	-	991
Retired members	3,869	892	4,761
<b>Present value at 31 December</b>	<b>4,860</b>	<b>892</b>	<b>5,752</b>

Funded and unfunded scheme liabilities by benefits earned to date:

	<b>Staff</b>	<b>Operatives</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Guaranteed Benefits	2,296	189	2,485
Discretionary benefits	2,564	703	3,267
<b>Present value at 31 December</b>	<b>4,860</b>	<b>892</b>	<b>5,752</b>

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

**Notes to the financial statements for the year ended 31 December 2021****11 Retirement benefits (continued)**

The movements in scheme assets are as follows:

	<b>2021</b>	<b>2020</b>
	<b>Funded schemes</b>	<b>Funded schemes</b>
	<b>£'000</b>	<b>£'000</b>
Present value at 1 January	<b>2,086</b>	2,460
Exchange differences	<b>(175)</b>	(258)
Expected return on plan assets	<b>42</b>	105
Benefits paid	<b>(151)</b>	(167)
Actuarial gain/ (loss)	<b>92</b>	(54)
<b>Present value at 31 December</b>	<b>1,894</b>	2,086

The Company's current best estimates of the pension contribution for the financial year ended 31 December 2021 is £nil.

The fair value of scheme assets by category:

	<b>Staff</b>	<b>Operatives</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities – (Local)	369	29	<b>398</b>
Equities – (Overseas)	308	62	<b>370</b>
Fixed Income	-	-	-
Bond	864	-	<b>864</b>
Other Assets – Unlisted (Cash & Insurance Policy)	85	177	<b>262</b>
<b>Present value at 31 December</b>	<b>1,626</b>	<b>268</b>	<b>1,894</b>

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

**Notes to the financial statements for the year ended 31 December 2021****11 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:

	2021 £'000	2020 £'000
Actual return on scheme assets	42	105

The principal actuarial assumptions at the balance sheet date are:

	2021 %	2020 %
Rate of increase in pensions in payment	3.00	3.00
Expected rate of return on plan assets	3.60	2.20
Rate of increase in salaries	0.00	0.00
Discount rate	3.60	2.20
General inflation	5.10	2.50

	2021 10.00	2020 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:

	2021 Years	2020 Years
Member age 65 (current life expectancy)		
- male	16.9	16.9
- female	19.9	19.9
Member age 45 (life expectancy at age 65)		
- male	16.9	16.9
- female	19.9	19.9

**Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have change as a result of a change in the respective assumptions by 1%.

	2021 1 percentage point change £'000	2020 1 percentage point change £'000
Discount rate	654	924



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

## **Notes to the financial statements for the year ended 31 December 2021**

### **12 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 Group.

### **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 Group level and may be obtained from:

The Company Secretary  
Globe House  
4 Temple Place  
London  
WC2R 2PG