

Nicoventures Holdings Limited

Registered Number 08318038

Annual report and financial statements

For the year ended 31 December 2021

Contents

Strategic report	2
Directors' report	5
Independent auditor's report to the members of Nicoventures Holdings Limited	7
Profit and loss account for the year ended 31 December	10
Statement of changes in equity for the year ended 31 December	10
Balance sheet at 31 December	11
Notes to the financial statements for the year ended 31 December 2021	12

Strategic report

The Directors present their strategic report on Nicoventures Holdings Limited (“the Company”) for the year ended 31 December 2021.

Principal activities

The Company acts as an investment holding company in associated undertakings of the British American Tobacco p.l.c. group of companies (the “Group”) in relation to new categories products. The Company also owns various trademarks which it licenses to fellow Group undertakings.

Review of the year ended 31 December 2021

The loss for the financial year attributable to the Company’s shareholders after deduction of all charges and the provision of taxation amounted to £14,927,000 (2020: £58,236,000).

On 6 December 2021, the Company issued 1,900,000,000 £1 ordinary shares to its parent company, British American Tobacco (NGP) Limited for a consideration of £1,900,000,000. The proceeds were used for the following share subscriptions, with the balance retained for future investment.

On 6 December 2021 the Company subscribed for 1,600,000,000 £1 ordinary shares in its direct subsidiary Nicoventures Trading Limited.

On 22 December 2021 the Company subscribed for 40,000,000 £1 ordinary shares to fund the ongoing trading activities of its direct subsidiary BTomorrow Ventures Limited.

On 28 July 2021 the Company subscribed for 1,000 £1 ordinary share on the initial incorporation of its direct subsidiary KBio Holdings Limited. The Company further subscribed for 146,000,000 £1 ordinary shares on 29 December 2021 to fund the ongoing trading activities of KBio Holdings Limited.

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

Key performance indicators

Given the nature of the Company’s activities, the Company’s Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company’s specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.’s 2021 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 Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report, the principal activity of the Company is acting as an investment holding company in associated undertakings of the Group that undertake activities in relation to new categories products, and licensing trademarks that it owns to fellow Group undertakings.

Under section 172(1) of the UK Companies Act 2006 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 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 external stakeholders are financial institutions, indirect suppliers and tax authorities in jurisdictions relevant to the Company's activities and applicable trademark registry bodies in jurisdictions in which the Company owns trademarks. The Company's key internal stakeholders are intra-Group licensees of its trademarks, other Group undertakings and its shareholder. The Company does not have any employees, or customers outside of the Group.

Primary ways in which the Company engages directly or indirectly, as part of the Group, with its key external stakeholders are summarised at pages 20 to 21 of the BAT ARA & 20-F. The Company engages with finance institutions through regular meetings, ongoing dialogue and relationship management conducted by the Group's Treasury and Finance team. The Company engages with Group undertakings and its shareholder through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement with the Group on finance-related matters, which is taken into accounts in the Company's decision-making.

Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspectives, the impact of decisions on relevant stakeholders and engagement conducted with stakeholders, where applicable, including through the use of management reporting and board notes relating to matters presented to the Board during the year. 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.

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 an induction and training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the UK Companies Act. Director training is provided through the Company Secretary.

The principal decisions made by the Directors during the year included consideration of the Company's funding requirements, including the issuance of ordinary shares to its parent company

Strategic Report (continued)

UK Companies Act: Section 172 (1) Statement (continued)

British American Tobacco (NGP) Limited and subscription for shares in several of its subsidiaries to fund ongoing trading activities. In this context, the Directors considered, amongst other relevant factors, the Company's capital position, the amount of its reserves, its cash position, and the Company's actual and contingent liabilities and its ability to pay its debts as they fell due. Principal decisions are those decisions and discussion by the Board that are strategic or material to the Company and those of significance to any of Company's key stakeholders.

By Order of the Board

Ms. S. Mehta

Secretary

Date: 7 September 2022

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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 signing this report are as follows:

	Appointed	Resigned
David O Reilly		
Craig Edward James Harris		1 August 2021
Paul Rutger Lageweg		
Timothy James Bartle		31 August 2021
Vladimir Shilov		31 August 2021
Joana Bezerra Cavalcanti	1 September 2021	
Simon Dudley Keith Shaw Ashton	1 September 2021	

Employees

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

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Directors' report (continued)

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 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

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Ms. S. Mehta
Secretary

7 September 2022

Independent auditor's report to the members of Nicoventures Holdings Limited

Opinion

We have audited the financial statements of Nicoventures Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and loss account, Statement of changes in equity, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

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 policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of Nicoventures Holdings Limited (continued)

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. These procedures involved identifying journal entries to test based on certain risk criteria and testing the identified entries. 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.

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.

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 non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent auditor's report to the members of Nicoventures Holdings Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on pages 5 and 6, 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.

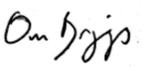
Auditor's responsibilities

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.

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Oliver Briggs, (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL
Date:

Profit and loss account for the year ended 31 December

		2021	2020
Continuing Operations	Note	£'000	£'000
Other operating income	2	2,048	2,021
Other operating expenses	3	(2,514)	(3,047)
Operating loss		(466)	(1,026)
Interest receivable and similar income	4	-	32
Interest payable and similar expense	5	-	(326)
Impairment of investments	9	(14,461)	(56,916)
Loss before taxation		(14,927)	(58,236)
Tax on loss	6	-	-
Loss for the financial year		(14,927)	(58,236)

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

Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
1 January 2020	1,352,138	(278,150)	1,073,988
Loss for the financial year	-	(58,236)	(58,236)
Issue of new shares	2,200,000	-	2,200,000
31 December 2020	3,552,138	(336,386)	3,215,752
Loss for the financial year	-	(14,927)	(14,927)
Issue of new shares	1,900,000	-	1,900,000
31 December 2021	5,452,138	(351,313)	5,100,825

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

Balance sheet at 31 December

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	7	669	1,399
Tangible assets	8	-	-
Investments	9	4,688,809	2,910,830
		4,697,478	2,912,229
Current assets			
Debtors: amounts falling due within one year	10	412,024	309,828
		412,024	309,828
Current liabilities			
Creditors: amounts falling due within one year	11	(677)	(6,305)
		(677)	(6,305)
Net current assets		411,347	303,523
Provision	12	-	-
Net assets		5,100,825	3,215,752
Capital and reserves			
Called up share capital	13	5,452,138	3,552,138
Profit and loss account		(351,313)	(336,386)
Total shareholders' funds		5,100,825	3,215,752

The financial statements on pages 10 to 23 were approved by the Directors on 7 September 2022 and signed on behalf of the Board.

DocuSigned by:

Simon Ashton
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Mr S.D.K.S Ashton
Director

Registered number
08318038

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

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 08318038 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 ('the Act') 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 accounting standards in conformity with the requirements of the Act, but makes amendments where necessary in order to comply with the Act, and where advantage of disclosure exemptions available under FRS 101 have been taken.

The Company has taken advantage of the exemption from preparing a cash flow statement, from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group, and from certain disclosures in relation to financial instruments and share schemes where equivalent disclosures are included in the consolidated financial statements of the Company's ultimate parent.

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 item is:

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

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best 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 the financial statements.

Going concern

After reviewing the Company's forecasts and projections (including the impact of Covid 19), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Foreign currencies

The functional currency of the Company is sterling. Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year.

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

1 Accounting policy (continued)

Other operating income

Other operating income comprises a trademark royalty receivable from one of the Company's direct subsidiaries in recovery of the Company's costs relating to trademark administration. Royalty income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

Other operating expense

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

Taxation

Taxation is 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.

Group relief

As a UK resident wholly-owned subsidiary of the British American Tobacco group of companies (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.

Intangible Assets

The intangible assets shown on the Company balance sheet consist of Licences and trademarks. Intangibles are carried at cost less accumulated amortisation and impairment. They are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received, which do not exceed 3 years.

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

1 Accounting policy (continued)

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. They are depreciated on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received, which do not exceed 3 years.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value in use.

Investments

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

Financial Instruments

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 assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable with subsequent measurement as set out below:

Non-derivative financial assets

Non-derivative financial assets consist of loans and receivables. These are amounts owed by group undertakings and other debtors, with fixed or determinable payments that are not quoted at active market. These are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.

Non-derivative financial liabilities

Non-derivative financial liabilities, including trade payables, are stated at amortised cost using the effective interest method.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as LIBOR, the Company will account 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.

Impairment of financial assets held at amortised cost

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on the initial recognition of the underlying asset. The loss allowance arising from recognition of revenue under IFRS 15 are initially measured at an amount equal to lifetime expected loss. 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.

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

1 Accounting policy (continued)

Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2 Other operating income

Other operating income comprises trademark royalties from fellow group undertakings.

	2021	2020
	£'000	£'000
Royalty income	1,828	2,021
Other	220	-
	2,048	2,021

3 Other operating expenses

	2021	2020
	£'000	£'000
Amortisation of intangible fixed assets (note 7)	730	781
Exchange gains	(100)	(13)
Other expenses	1,884	2,279
	2,514	3,047

Auditor's fees of £2,000 were borne by a fellow Group undertaking (2020: £2,000). No non-audit fees were incurred during the year (2020: £nil).

There were no employees (2020: nil) and no staff costs during the year (2020: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the period. 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 2021

4 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest receivable from Group undertakings	-	32

5 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest payable to Group undertakings	-	326

6 Taxation

(a) Recognised in the Profit and loss account

	2021	2020
	£'000	£'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Total current tax	-	-
<i>Foreign tax</i>		
Current tax on income for period	-	-
Total foreign tax	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Total income tax expense	-	-

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

6 Taxation (continued)

(b) 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 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:

	2021 £'000	2020 £'000
Loss for the year	(14,927)	(58,236)
Total tax expense	-	-
Loss excluding taxation	(14,927)	(58,236)
Tax using the UK corporation tax rate of 19.00% (2019:19.00%)	(2,836)	(11,065)
Non-deductible expenses	2,747	10,877
Income not taxable	(42)	-
Fixed asset temporary differences not recognised	131	188
Total income tax expense	-	-

The Company has gross temporary differences of £2,022,704 (taxation amount £505,676), (2020: £1,329,111 (taxation amount: £252,531)) in respect to capital allowances and tax losses. A deferred tax asset has not been recognised at the balance sheet date because it is not being sufficiently probable that they will be utilised in the foreseeable future.

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

7 Intangible assets

	Licences & Trademarks
	£'000
Cost	
1 January 2021	58,564
31 December 2021	58,564
Accumulated amortisation	
1 January 2021	57,165
Charge for the period	730
31 December 2021	57,895
Net book value	
1 January 2021	1,399
31 December 2021	669

8 Tangible assets

	Plant, Machinery and Equipment
	£'000
Cost	
1 January 2021	83
Disposal	(17)
31 December 2021	66
Accumulated depreciation	
1 January 2021	83
Disposal	(17)
31 December 2021	66
Net book value	
1 January 2021	-
31 December 2021	-

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

9 Investments

(1) Shares in Group undertakings

	Share Class	% Direct Interest	% Subsidiary interest	% Attributable Interest
<u>Unlisted - registered in England and Wales</u>				
Nicovations Limited 133,000,002 Ordinary shares of £1.00 each Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom				
	Ordinary	100	0	100
Nicoventures Trading Limited 4,403,000,005 Ordinary shares of £1.00 each Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom				
	Ordinary	100	0	100
10 Motives Limited 1,100 Ordinary A shares of £0.10 each Building 7, Chiswick Business Park, 566 Chiswick High Road, London, England, W4 5YG				
	Ordinary and Deferred	100	0	100
Ten Motives Limited 1,100 Ordinary A shares of £0.10 each Building 7, Chiswick Business Park, 566 Chiswick High Road, London, England, W4 5YG				
	Ordinary and Deferred	100	0	100
Nicoventures Retail (UK) Limited 15,000,001 Ordinary Shares of £1.00 each Building 7, Chiswick Business Park, 566 Chiswick High Road, London, England, W4 5YG				
	Ordinary	100	0	100
Btomorrow Ventures Limited 80,000,000 Ordinary share of £1.00 each Globe House, 4 Temple Place, London WC2R 2PG, United Kingdom				
	Ordinary	100	0	100
KBio Holdings Limited 146,001,000 Ordinary shares of £1 each Globe House, 1 Water Street, London, United Kingdom, WC2R 3LA				
	Ordinary	100	0	100
<u>Unlisted – registered in Switzerland</u>				
Nicoventures Communications (Switzerland) AG 1,000 Ordinary shares of CHF100.00 each Route de France 17, 2926 Boncourt Switzerland				
	Ordinary	100	0	100
<u>Unlisted - registered in Poland</u>				
Nicoventures Poland sp. z.o.o 1,000 Ordinary shares of 1 PLN each Ul. Ilzecka 26, 02-135, Warsaw, Poland (in liquidation)				
	Ordinary	99	1	100

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

9 Investments (continued)

(1) Shares in Group undertakings

		%	%	%
	Share Class	Direct Interest	Subsidiary interest	Attributable Interest
<u>Unlisted – Registered in the United States</u>				
Nicoventures U.S Limited 100 Ordinary Shares of 1 USD each 251 Little Falls Drive, Wilmington, DE, 19808, United States	Ordinary	100	0	100
Btomorrow Innovation Hub Inc. 1,000 Ordinary shares of USD0.01 each 251 Little Falls Drive, Wllington, DE, 19808, United States	Ordinary	100	0	0
<u>Unlisted – registered in Germany</u>				
Quantus Beteiligungs- und Beratungsgesellschaft mbH 25,000 Ordinary share of 1 EUR each Schüttenwälder Str. 23, 01458 Ottendorf-Okrilla, Germany	Ordinary	100	0	100
<u>Unlisted - registered in China</u>				
British American (Shanghai) Enterprise Development co., Ltd, China Registered Capital USD 15,000,000 Room 436, No. 1000, Zhenchen Road, Baoshan District, Shanghai, China	Ordinary	0	100	100
British American Nico Business Consulting (Shanghai) Co., Ltd, China Registered Capital CNY 90,000,000 Room 436, No. 1000, Zhenchen Road, Baoshan District, Shanghai, China	Ordinary	0	100	100
Nicoventures Technical (Shenzhen) Co., Ltd (Formerly Nicoventures Business Consulting (Shenzhen) Co., Ltd.) Registered Capital GBP 100,000 Floor 6 China Resources Tower, No. 2666 South Keyuan Road, Nanshan District, Shenzhen, China	Ordinary	100	0	100

(2) Investments in Associated Undertakings

		%	%	%
	Share Class	Direct Interest	Subsidiary interest	Attributable Interest
<u>Unlisted –registered in England and Wales</u>				
Ayr Limited 240 Ordinary shares of £1 each 4a 4a Station Parade, Uxbridge Road, London, W5 3LD	Ordinary	13.143	0	13.143

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

(3) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2021	3,127,233
Additions	1,792,440
31 December 2021	4,919,673
Impairment provisions	
1 January 2021	216,403
Charge in year	14,461
31 December 2021	230,864
Net book value	
1 January 2021	2,910,830
31 December 2021	4,688,809

The additions in the year of £1,792,440,000 predominantly relate to share subscriptions by the Company into its direct subsidiaries Nicoventures Trading Limited, BTomorrow Ventures Limited and KBio Holdings Limited to fund their ongoing trading activities.

The impairment charge in the year £14,461,000 relates to impairment of investments in Ayr Limited, Quantus Beteiligungs- und Beratungsgesellschaft mbH and Nicoventures Poland sp. z.o.o

10 Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Other tax receivable	40	555
Amounts owed by Group undertakings	411,984	309,273
	412,024	309,828

Included within amounts owed by Group undertakings is an amount of £409,661,000 (2020: £296,531,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR/SONIA.

Amounts owed by Group undertakings are unsecured, interest bearing and repayable on demand. 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 London InterBank Interest Rate (LIBOR) and with effect from this date it is based on the Sterling Overnight Index Average (SONIA). Management consider the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The Company was not materially affected by the change in rates.

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

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

11 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other creditors	5	-
Accruals and deferred income	502	5
Amounts owed to Group undertakings	170	6,300
	677	6,305

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

12 Provision

	2021 £'000	2020 £'000
Opening balance	-	1,695
Differences on exchange	-	97
Provided in respect of the year	-	-
Utilised during the year	-	(1,791)
Closing balance	-	-

The provision was with respect to deferred consideration on the acquisition in 2018 of Quantus Beteiligungs-und Beratungsgesellschaft mbH, which was settled during the 2020 financial year.

13 Called up share capital

	Number
1 January 2021	3,552,138,003
Issue of new shares	1,900,000,000
31 December 2020	5,452,138,003

The Company issued 1,900,000,000 ordinary shares of £1 each in 2021, to its parent undertaking British American Tobacco (NGP) Limited.

Ordinary shares of £1 each	2021	2020
Allotted, called up and fully paid		
- value	£5,452,138,003	£3,552,138,003
- number	5,452,138,003	3,552,138,003

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

14 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.

15 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 (NGP) 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
1 Water Street
London
WC2R 3LA