

# **BATIF Dollar Limited**

## **2020 Annual Report**



# **BATIF Dollar Limited**

## **ANNUAL REPORT 31 December 2020**

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### **Secretary and Registered Office**

Ruth Wilson  
Globe House  
1 Water Street  
London WC2R 3LA

**Registered Number 00194278**

### **Auditors**

KPMG LLP  
Chartered Accountants and Statutory Auditors  
15 Canada Square, London, E14 5GL

## Strategic Report

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The Directors present their Strategic Report on BATIF Dollar Limited (the “Company”) for the year ended 31 December 2020.

### Principal Activities

The Company provides finance to fellow subsidiary companies in the British American Tobacco p.l.c. Group (“BAT Group”). It is intended that the Company will continue to undertake business relating to these activities.

### Review of the year ended 31 December 2020

Profit for the financial year amounted to **US\$ 51 million** (2019: US\$ 41 million).

### Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of its immediate parent undertaking, B.A.T. International Finance p.l.c.. Accordingly, the key financial risks relevant to the Company are disclosed in the Strategic Report and Note 12 to the Group financial statements of B.A.T. International Finance p.l.c., which are publicly available.

The Company has assessed the potential impact and consequences of the United Kingdom’s (“U.K.”) exit from the European Union (“EU”), and has concluded that the U.K.’s exit will not have a significant impact as the Company’s borrowings and lending facilities are within BAT Group.

### Key performance indicators

Given the nature of the Company’s activities, the Company’s Directors consider that key performance indicators based solely on the Company’s results are not appropriate and may be misleading in understanding the Company’s specific development, performance or position of its business. However, key performance indicators relevant to the BAT Group, which may be relevant to the Company, are disclosed in the Strategic Report in the Annual Report of British American Tobacco p.l.c. and do not form part of this report.

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

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

The Company is part of the BAT 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 activities comprise the provision of finance to fellow subsidiary companies in the BAT Group.

Under section 172(1) of the UK Companies Act 2006 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 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 those members of the BAT Group to which it provides finance-related services. The Company does not have any employees, customers outside the BAT Group or other suppliers. There is regular engagement within the BAT Group on finance-related matters, which is taken into account 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, 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.

During the decision-making process the Directors are made aware of the impact of decisions on relevant stakeholders and engagement that has occurred with those stakeholders where applicable.

In accordance with the BAT 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 BAT Group policies and procedures, including the BAT Group Statement of Delegated Authorities (“BAT Group SoDA”), and the BAT Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out at page 48 of the BAT Annual Report. As a BAT Group company, the Company acts in accordance with the Group’s policies in relation the safeguarding of human rights and community relationships, which are set out at page 48 of the BAT Annual Report.

Where authority for decision-making is delegated to management under the BAT Group SoDA, the BAT Group SoDA mandates regard for the likely long-term consequences of decisions, the imperative of maintaining high standards of business conduct, employees’ interests, business relationships with wider stakeholders, the impact of business operations on the environment and communities, and other relevant factors. The BAT Group SoDA is part of the BAT Group’s governance and internal controls framework through which good corporate governance, risk management and internal control is promoted within the BAT Group and does not derogate from any requirement for Board review, oversight or approval in relation to the Company’s activities.

## Strategic Report (continued)

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

The Directors receive training in relation to their role and duties as a director on a periodic basis and all newly appointed Directors receive training in respect of their role and duties on appointment, including on directors' duties under Section 172 of the Companies Act. Director training is provided through the Company Secretary.

By Order of the Board



Ruth Wilson  
16 February 2021

## Directors' Report

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### Introduction

The Directors present their report and the audited financial statements for the Company for the year ended 31 December 2020.

### Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2020 to the date of this report are as follows:

Andrew James Barrett  
Paul McCrory  
Neil Arthur Wadey  
Steven Glyn Dale  
Tadeu Luiz Marroco

### Directors indemnities

Throughout the period from 1 January 2020 to the date of this report, an indemnity has been in force under which Mr Tadeu Luiz Marroco, as a Director of the Company, is, to the extent permitted by law, indemnified by British American Tobacco p.l.c., the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which he may incur in or about the execution of his duties to the Company or as a result of things done by him as a Director on behalf of the Company.

Throughout the period 1 January 2020 to the date of this report, indemnities have been in force for each of the remaining Directors under which they, as Directors of the Company, are, to the extent permitted by law, indemnified in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company since their appointment.

### Dividends

The Directors do not recommend the payment of a dividend for the year (2019: US\$ nil).

### Directors' responsibilities Statement

The Directors are responsible for preparing the Annual Report, 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. The financial statements of the Company have been prepared in accordance with the Companies Act 2006 ('the Act') and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

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, relevant and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

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

### Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this Annual Report confirms that:

- to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all steps that a Director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditors are aware of that information.

## Directors' Report (continued)

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### Going concern

After reviewing the Company's annual budget, plans and liquidity requirements, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

### Auditor

A resolution to reappoint KPMG LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



Ruth Wilson, Secretary  
16 February 2021

BATIF Dollar Limited  
Registered Number 00194278

**Profit and Loss Account  
for the year ended 31 December 2020**

	2020 US\$m	2019 US\$m
Interest receivable and similar income (note 2)	114	143
Interest payable and similar charges (note 3)	(62)	(94)
<b>Net finance cost</b>	<b>52</b>	<b>49</b>
Other operating expenses (note 4)	-	(6)
<b>Profit on ordinary activities before taxation</b>	<b>52</b>	<b>43</b>
Taxation on profit on ordinary activities (note 5)	(1)	(2)
<b>Profit for the financial year</b>	<b>51</b>	<b>41</b>

**Statement of Changes in Equity  
for the year ended 31 December 2020**

	2020 US\$m	2019 US\$m
At 1 January	1,771	1,730
Profit for the financial year	51	41
At 31 December (note 10)	<b>1,822</b>	<b>1,771</b>

All activities in both years are in respect of continuing operations.

The Company has no recognised gains and losses other than the profit above and, therefore, no separate statement of other comprehensive income has been presented.

There is no difference between profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

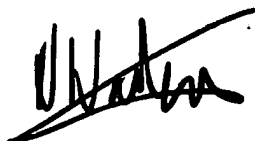
The accompanying notes are an integral part of the financial statements.

**Balance Sheet – BATIF Dollar Limited**  
**as at 31 December 2020**  
Registered Number 00194278

	2020 US\$m	2019 US\$m
<i><b>Assets</b></i>		
<b>Fixed assets</b>		
Loans owed by fellow subsidiaries (note 6)	4,212	4,431
<b>Current assets</b>		
Debtors – amounts falling due within one year (note 7)	412	142
<b>Total assets</b>	<u>4,624</u>	<u>4,573</u>
<i><b>Liabilities</b></i>		
Creditors – amounts falling due within one year (note 8)	<u>2,802</u>	<u>2,802</u>
<i><b>Equity</b></i>		
Called up share capital (note 9)	1,135	1,135
Profit and loss account (note 10)	687	636
Total shareholders' funds (note 10)	<u>1,822</u>	<u>1,771</u>
<b>Total equity and liabilities</b>	<u>4,624</u>	<u>4,573</u>

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

The financial statements on pages 6 to 11 were approved by the Board and signed on its behalf by



Neil Arthur Wadey  
Director  
16 February 2021



## Notes on the Accounts

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### 1. Accounting policies

#### Basis of accounting

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 ('the Act') and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on a going concern basis under the historical cost convention except as described in the accounting policy below on financial instruments. In performing its going concern assessment, management considered forecasts and liquidity requirements within the going concern period.

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 certain disclosure exemptions available under FRS 101 have been taken, including those relating to:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRSs.

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 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.

#### Foreign currencies

The functional currency of the Company is United States dollars ("US\$"). Transactions arising in currencies other than US dollars are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US dollars 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.

The closing exchange rates to sterling were **1.36695** at 31 December 2020 and **1.32475** at 31 December 2019.

#### Accounting for income

As a financing vehicle, the Company's primary source of income is in respect of interest on loans to fellow subsidiaries in British American Tobacco p.l.c. Group ("BAT Group"). Interest income is recognised using the effective interest rate method. Interest income is only recognised to the extent that it is considered to be collectable.

#### Taxation

Taxation is that chargeable on the profits for the period, together with deferred taxation. Income tax charges, where applicable, are calculated on the basis of tax laws enacted or substantially enacted at the balance sheet date.

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. As required under IAS 12 Income Taxes, deferred tax assets and liabilities are not discounted.

As a UK-resident wholly-owned subsidiary within the British American Tobacco group of companies (the "BAT 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 BAT Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also Group policy not to reimburse companies for group relief surrendered unless, on a stand-alone basis and assuming the Company were not in the BAT Group, these losses would be recognised as a deferred tax asset in the Company generating the loss.

#### Cash flow

The Company is a wholly-owned subsidiary of British American Tobacco p.l.c.. The cash flows of the Company are included in the consolidated cash flow statement of British American Tobacco p.l.c., which is publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 101.

#### Related parties

The Company has taken advantage of the exemption under FRS 101 from disclosing transactions with related parties that are wholly-owned subsidiaries of the BAT Group.

#### Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders, while the interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Similarly, dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

## Notes on the Accounts

### Loans and receivables

These are financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding that are primarily held in order to collect contractual cash flows. These balances primarily include loans due from parent undertaking and from fellow BAT Group subsidiaries and are measured at amortised cost using the effective interest rate method.

The Company has measured the loss allowance for financial instruments at an amount equal to the 12-month expected credit loss, whether or not any actual losses have been recognised, and whether or not the counterparty has insurance cover or guarantees in place to cover the potential economic loss. The effective interest rate is based on gross (pre-impairment) assets.

Loans due from parent undertaking and fellow BAT Group subsidiaries are subsequently reported net of the expected credit loss.

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.

### 2. Interest receivable and similar income

	2020 US\$m	2019 US\$m
Interest receivable from BAT Group undertakings	<u>114</u>	<u>143</u>

### 3. Interest payable and similar charges

	2020 US\$m	2019 US\$m
Interest payable to parent undertaking	<u>62</u>	<u>94</u>

### 4. Other operating expenses

The Company has no directly employed employees (2019: nil) and utilises the services of a number of employees, whose contracts of service are with a fellow BAT Group subsidiary and their remuneration is included in that company's financial statements.

In 2020, the expected credit loss in relation to the loans and receivables is US\$ nil (2019: US\$ 6 million).

Auditors' fees, amounting to US\$ 3,000 (2019: US\$ 3,000), have been borne by the immediate parent undertaking.

None of the Directors received any remuneration in respect of their services to the Company during the year (2019: US\$ 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.

### 5. Taxation on profit on ordinary activities

#### a) Summary of tax

	2020 US\$m	2019 US\$m
UK corporation tax		
Comprising:		
- current tax at 19% (2019: 19%)	1	2
- double tax relief	(1)	(2)
Overseas tax comprising:		
- tax on current income	1	2
Total taxation charge for the year (note 5b)	<u>1</u>	<u>2</u>

## Notes on the Accounts

### 5. Taxation on profit on ordinary activities continued

#### b) Factors affecting the tax charge

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. 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% (2019: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2020 US\$m	2019 US\$m
Profit on ordinary activities before taxation	52	43
UK corporation tax at 19% (2019: 19%)	<u>10</u>	<u>8</u>
<b>Factors affecting the tax rate:</b>		
Overseas taxation	1	2
Double tax relief	(1)	(2)
Expenses not deductible	-	1
Group relief claimed for no consideration	(9)	(7)
Total current taxation (note 5a)	<u>1</u>	<u>2</u>

### 6. Loans owed by fellow subsidiaries

Loans owed by BAT Group fellow subsidiaries are unsecured and primarily bear interest at floating rates based on a recognised benchmark rate which is due to be reformed and replaced in the near future. The London InterBank Interest Rate ("LIBOR") is unlikely to be offered after the end of 2021. The receivable is subject to standard lending agreements within the BAT Group which are scheduled to be revised during 2021 to take account of global benchmark interest rate reform. The interest rate to be applied in future will be in accordance with the changes to the BAT Group's intercompany lending agreements, and the Company will apply the relevant Amendments to IFRS 9 *Financial Instruments* at that time. The Company does not believe that it would be materially adversely affected by these changes.

At 31 December 2020, US\$ 215 million (2019: US\$ 310 million) of the total balance amounting to US\$ 4,212 million (2019: US\$ 4,431 million) of loans owed by fellow subsidiaries, were due within one year and are expected to be renewed upon maturity and accordingly, and along with all other loans owed by the Group undertakings, are classified as fixed assets in the Company balance sheet.

Loans owed by BAT Group fellow subsidiaries are measured at amortised cost as they are held to maturity. The balance is net of expected credit losses of US\$ 10 million (2019: US\$ 10 million) as explained in accounting policies in note 1.

### 7. Debtors - amounts falling due within one year

This comprises of US\$ 391 million (2019: US\$ 113 million) due from the Company's parent undertaking, B.A.T. International Finance p.l.c. and interest accrued from loans owed by fellow subsidiaries of US\$ 21 million (2019: US\$ 29 million).

### 8. Creditors - amounts falling due within one year

This comprises the amount owed to the Company's parent undertaking, B.A.T. International Finance p.l.c. and interest due within one year. This balance is unsecured and bear interest at floating rates based on a recognised benchmark rate which is due to be reformed and replaced in the near future. The London InterBank Interest Rate ("LIBOR") is unlikely to be offered after the end of 2021. The payable is subject to standard lending agreements within the BAT Group which are scheduled to be revised during 2021 to take account of global benchmark interest rate reform. The interest rate to be applied in future will be in accordance with the changes to the BAT Group's intercompany lending agreements, and the Company will apply the relevant Amendments to IFRS 9 *Financial Instruments* at that time. The Company does not believe that it would be materially adversely affected by these changes.

## Notes on the Accounts

### 9. Called up share capital

	2020	2019
Allotted, called up and fully paid		
Ordinary shares of US\$1 each - value	US\$ 1,135m	US\$ 1,135m
Ordinary shares of US\$1 each - number	1,135m	1,135m
Ordinary shares of £1 each - value	US\$ 0.4m	US\$ 0.4m
Ordinary shares of £1 each - number	250,000	250,000

The Ordinary shares of US\$1 each and the Ordinary shares of £1 each rank pari passu in all respects.

### 10. Equity

	Share capital US\$m	Profit and loss account US\$m	Total US\$m
1 January 2020	1,135	636	1,771
Profit for the financial year	-	51	51
31 December 2020	1,135	687	1,822

	Share capital US\$m	Profit and loss account US\$m	Total US\$m
1 January 2019	1,135	595	1,730
Profit for the financial year	-	41	41
31 December 2019	1,135	636	1,771

### 11. Related parties

As explained in the accounting policies in note 1, the Company has taken advantage of the exemption under FRS 101 from disclosing transactions with related parties that are wholly-owned subsidiaries of the BAT Group. Details of balances and transactions with subsidiaries that are not wholly-owned by the BAT Group are disclosed below.

As at 31 December 2020, total assets on the balance sheet included loans due from related parties that are not wholly-owned by the BAT Group of **US\$ 54 million** (2019: US\$ 40 million).

During the year ended 31 December 2020, the Company earned interest income of **US\$ 1 million** (2019: US\$ 2 million) from related parties that are not wholly-owned by the BAT Group.

In 2020, the cash flows of the Company included cash inflows of **US\$ 1 million** (2019: US\$ 2 million) in respect of interest income from related parties that are not wholly-owned by the BAT Group.

### 12. Parent undertaking

The Company's immediate parent undertaking B.A.T International Finance p.l.c, and its ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. British American Tobacco p.l.c., is incorporated in the United Kingdom and registered in England and Wales and registered as an external company in the Republic of South Africa. Consolidated group accounts are prepared by both entities are publicly available. The British American Tobacco p.l.c. annual report may be obtained from the Company Secretary, Globe House, 4 Temple Place, London WC2R 2PG.

## Independent Auditor's Report to the members of BATIF Dollar Limited

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### Opinion

We have audited the financial statements of BATIF Dollar Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity 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 2020 and of its profit 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 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, Corporate Finance Committee and Treasury Risk Committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

## **Independent Auditor's Report to the members of BATIF Dollar Limited (continued)**

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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, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as interest income is not complex or subjective, and calculations and recognition are automated.

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 to revenue accounts which are not expected to be posted manually, 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.

### *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. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance 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:

## **Independent Auditor's Report to the Members of BATIF Dollar Limited (continued)**

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- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - the financial statements are not in agreement with the accounting records and returns; or
  - certain disclosures of directors' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit.
- We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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](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.



**Kevin Williams (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
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E14 5GL

16 February 2021