Reaching for New Horizons

2020
ANNUAL REPORT

GODDARD ENTERPRISES LIMITED

GODDARD ENTERPRISES LIMITED

Mission Statement

To be successful and responsible
while satisfying customers, suppliers, employees
and shareholders.

Reaching for New Horizons

Reaching for New Horizons

"Do not look to the ground for your next step;
greatness lies with those who look to the horizon."

Norwegian Proverb

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the EIGHTY-SECOND Annual Meeting of the shareholders of Goddard Enterprises Limited (the "Company") will be held at the Company's Registered Office, Top Floor, The Goddard Building, Haggatt Hall, St. Michael, on Friday, 29 January 2021 at 5:30 p.m. for the following purposes:-

1. To receive Opening Remarks from Mr. A. Charles Herbert, Chair of the Company.

2. To receive a Presentation from Mrs. C. Natasha Small, Chief Financial Officer of the Company, on the Overview of the Company's Financial Performance for the year ended 30 September 2020.

3. To receive and consider the Consolidated Financial Statements of the Company for the year ended 30 September 2020 together with the Reports of the Directors and the Auditor thereon.

4. To elect the following persons as directors of the Company to hold office until the close of the first annual meeting of the shareholders of the Company following their election in accordance with the Company's By-Laws:

   Dr. José S. López Alcaron, Ms. Laurie O. Condon, Ms. Marla R. K. Dukharan, Mr. Daniel W. Farmer, Mr. J. Dereck Foster, Mr. A. Charles Herbert, Mr. William P. Putnam and Mr. Ryle L. Weekes.

5. To re-appoint Ernst & Young Ltd, the incumbent Auditor, for the ensuing year and to authorise the Directors to fix its remuneration.

6. To receive a Presentation from Mr. Anthony H. Ali, Managing Director of the Company, on the Strategic Outlook for the Company for 2021.

7. To transact any other business which may properly come before the Meeting.

By Order of the Board of Directors

Kathy-Ann L. Scantlebury

Kathy-Ann L. Scantlebury
Corporate Secretary

The notes to the enclosed proxy form are incorporated in this Notice.

Top Floor
The Goddard Building
Haggatt Hall
St. Michael
BB11059
BARBADOS

7 December 2020

Shareholders are asked to NOTE the following:

COVID-19 PROTOCOLS OBSERVED

Given the continuing COVID-19 pandemic, strict protocols will be observed at the meeting. Facial coverings must be worn, temperatures will be taken and sanitisation conducted before entry to the Meeting Room. Entry to the meeting will be denied to persons who do not observe the protocols or ignore the instructions of the Meeting Stewards.

The Meeting Room can only accommodate twenty-five (25) persons socially distanced. If the number of attendees present exceed this accommodation, the meeting will be adjourned. In this regard, it would be helpful if you would give advance notice of your intention to attend in person by contacting the Corporate Secretary at 430-5729 or 430-5730 or via email to gelinfo@thegelgroup.com.

PROXY APPOINTMENT

A shareholder who is entitled to vote at the meeting has the right by means of the enclosed form of proxy to appoint a person to represent him at the meeting, rather than attending in person, and may do so by inserting the name of such person in the space indicated on the form. You are kindly asked to complete the proxy form, sign and date the form and either return it to the Company at Top Floor, The Goddard Building, Haggatt Hall, St. Michael, or email a signed copy of the form to gelinfo@thegelgroup.com, no later than 4:30 p.m. on Thursday, 28 January 2021. The Chair of the meeting reserves the right to accept late proxies where circumstances justify such action.

SUBMISSION OF QUESTIONS IN ADVANCE OF THE MEETING

Recognising that the COVID-19 pandemic may impact your attendance at the meeting, you may submit questions in advance of the meeting via email to gelinfo@thegelgroup.com. Those frequently asked questions will be addressed upon receipt prior to the meeting, depending on the nature of the question, or alternatively will be addressed at the meeting during the Chair's Remarks or by either the Managing Director or the Chief Financial Officer in their presentations, as appropriate.

LIVE STREAMING OF THE MEETING AND PRE-REGISTRATION

We will arrange to have the meeting live streamed to accommodate those who cannot attend in person, given the COVID-19 challenges. In this regard, you will be required to pre-register before 4:30p.m on Thursday, 28 January 2021, by clicking the link: https://bit.ly/342C46V. On successful completion of your registration, you will be provided with a link from which you will be able to access the meeting. We will also arrange to film the meeting. If filmed as proposed, then an edited version of the proceedings will be made available for viewing on the Company's website shortly after the end of the meeting.

CANCELLATION OF SHAREHOLDER RECEPTION AND PRODUCT SHOWCASE

To ensure your safety and strict observance of the COVID-19 protocols, there will be no Shareholder reception or provision of refreshments following the meeting. In addition, there will be no product sampling or displays at the meeting.

CORPORATE INFORMATION

Board of Directors		Date First Appointed/Elected
Mr. A. Charles Herbert, B.Sc. (Hons.), F.I.A.	– Chair	31 January 2012
Mr. William P. Putnam, B.Sc., M.B.A.	– Deputy Chair	31 January 2012
Mr. Anthony H. Ali, B.Sc. (Hons.), M.B.A.	– Managing Director	6 August 2013
Dr. José S. López Alarcon, Ph.D., D.B.A., M.B.A., M.S.	– Non-Executive Director	25 January 2019
Ms. Vere P. Brathwaite, B.Sc. (Hons.), LL.B. (Hons.)	– Non-Executive Director	18 March 2004
Ms. Laurie O. Condon, B.A.	– Non-Executive Director	25 January 2019
Ms. Marla R. K. Dukharan, B.Sc., M.Sc., M.Phil	– Non-Executive Director	21 September 2020
Mr. J. Dereck Foster	– Non-Executive Director	31 January 2013
Mr. Stephen T. Worme, B.E.Sc., M.B.A.	– Non-Executive Director	17 February 2005

Executive Management

Mr. Anthony H. Ali, B.Sc. (Hons.), M.B.A.	– Managing Director
Mr. Ian A. Alleyne, F.C.C.A.	– Divisional General Manager
Mrs. Diana L. Pacheco Medina, J.D. (Hons), L.L.M., M.B.A.	– Chief People Officer
Mr. Nicholas V. Mouttet, B.Sc. (Hons.)*	– Divisional General Manager
Mrs. C. Natasha Small, B.Sc. (Hons.), F.C.C.A.	– Chief Financial Officer
Mr. Paulo G. Gonçalves Teixeira	– Divisional General Manager

** Appointed on 15 October 2020*

Governance Committee
Mr. Laurie O. Condon
Mr. J. Dereck Foster

Audit & Risk Committee
Mr. William P. Putnam
Dr. José S. López Alarcon

Compensation & Human Resources Committee
Mr. Stephen T. Worme
Dr. José S. López Alarcon

Company Secretary
Miss K. L. Scantlebury, LL.B. (Hons.), LL.M. (Dist.)

Auditor
Ernst & Young Ltd.

Attorneys-At-Law
Clarke Gittens Farmer

Bankers
CIBC FirstCaribbean International Bank
(Barbados) Limited

Registered Office
Top Floor
The Goddard Building
Haggatt Hall
St. Michael, BB11059
Barbados

FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED 30 SEPTEMBER

(Expressed in Barbados Dollars)

	2020	**2019**	**2018**	**2017**	**2016**
Revenue – millions of dollars	**826.1**	868.3	805.9	748.1	767.5
Profit from operations before other gains/(losses) – net – millions of dollars	**4.5**	48.5	55.6	63.7	62.4
Profit from operations – millions of dollars	**13.1**	64.4	70.1	84.3	77.7
Income before taxation – millions of dollars	**11.3**	62.2	61.9	71.7	71.1
Earnings per share – cents	**3.1**	13.8	12.6	17.1	16.2
Dividends per share – cents	**0.0***	4.5	6.0	6.0	5.5
Dividend cover (times covered)	–	3.1	2.1	2.9	3.0
Net asset value per share – dollars	**2.44**	2.54	2.46	2.38	2.23
Closing share price on BSE** – dollars	**2.40**	3.27	4.12	2.75	2.08
After tax return on shareholders' equity	**1.2%**	5.6%	5.3%	7.7%	7.8%
Price/earnings ratio	**77.4**	23.7	32.7	16.1	12.8

* Final dividend per share – to be declared

** Barbados Stock Exchange

FINANCIAL HIGHLIGHTS

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – $MILLIONS

(Expressed in Barbados Dollars)

	2020 $	2019 $	2018 $	2017 $	2016 $
Trade receivables and prepaid expenses	**100.3**	110.3	121.0	98.2	97.3
Inventories	**148.5**	149.7	133.3	116.4	115.5
Other current assets	**116.6**	111.9	97.1	137.9	138.5
Total current assets	**365.4**	371.9	351.4	352.5	351.3
Less current liabilities	**(230.4)**	(234.5)	(234.2)	(207.7)	(202.7)
Working capital	**135.0**	137.4	117.2	144.8	148.6
Property, plant and equipment and investment property	**404.7**	402.1	395.5	343.0	334.7
Financial investments, intangible assets, right-of-use assets, investments in associated companies, due from associated companies, deferred income tax assets, pension plan assets and long-term receivables	**301.0**	292.0	296.7	260.2	219.4
	840.7	831.5	809.4	748.0	702.7
Represented by:					
Shareholders' equity	**554.6**	577.0	558.4	537.6	503.9
Non-controlling interests	**100.1**	105.5	110.7	108.6	94.8
Long-term liabilities	**179.5**	141.0	129.7	91.2	91.1
Deferred income tax liabilities	**4.2**	4.5	6.6	5.6	4.0
Pension plan liabilities	**2.3**	3.5	4.0	5.0	8.9
	840.7	831.5	809.4	748.0	702.7

FINANCIAL HIGHLIGHTS

SUMMARISED CONSOLIDATED STATEMENTS OF INCOME – $MILLIONS

(Expressed in Barbados Dollars)

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue	**826.1**	868.3	805.9	748.1	767.5
Income before taxation:					
Parent company and subsidiaries	**0.1**	52.3	58.6	74.0	67.1
Share of income from associated companies	**11.2**	9.9	3.3	(2.3)	4.0
	11.3	62.2	61.9	71.7	71.1
Taxation	**(7.1)**	(15.6)	(17.9)	(17.2)	(14.6)
Non-controlling interests	**2.9**	(15.3)	(15.4)	(15.8)	(18.7)
Net income for the year attributable to equity holders of the Company	**7.1**	31.3	28.6	38.7	37.8

BOARD OF DIRECTORS

A. CHARLES HERBERT
CHAIR

A. CHARLES HERBERT, B.Sc. (Hons.), F.I.A.

Charles Herbert became Chair of the Goddard Group of Companies on 5 February 2013, following the retirement of Mr. Joseph N. Goddard. He served until his resignation on 7 August 2018. He was appointed Chair on 7 October 2019 on the resignation of Mr. William P. Putnam. Mr. Herbert spent 15 years of his professional career with The Barbados Mutual Life Assurance Society, now Sagicor Life Inc. ("Sagicor"). A Barbadian by birth, Mr. Herbert, a Barbados Exhibition Winner in 1974, achieved First Class Honours in his B.Sc. in Mathematics from the University of Edinburgh. He also holds a Diploma in Education from the University of the West Indies and is a Fellow of the Institute of Actuaries. Prior to joining Sagicor, and on his return to Barbados from Edinburgh, Mr. Herbert served his alma mater, Harrison College, as an Assistant Master. Following his sojourn at Sagicor, he joined the firm of Watson Wyatt Worldwide as a Consulting Actuary before establishing the Barbados Branch of Eckler Limited in 1996, later becoming its Principal until his recent retirement. Mr. Herbert has worked closely with the Barbados Employers' Confederation. He also worked with the Financial Services Commission, on the drafting and implementation of the new Pension legislation. He is the former Chairman of the Barbados Private Sector Association.

WILLIAM P. PUTNAM
DEPUTY CHAIR

DR. JOSÉ S. LÓPEZ ALARCON
NON-EXECUTIVE DIRECTOR

VERE P. BRATHWAITE
NON-EXECUTIVE DIRECTOR

LAURIE O. CONDON
NON-EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

ANTHONY H. ALI, B.Sc. (Hons.), M.B.A.

Anthony H. Ali spent most of his career in Canada, where he worked in the areas of Operations, Sales, Marketing, Customer Allegiance and Strategic Planning for a number of Canadian and United States of America Fortune 500 companies. Before joining Goddard Enterprises Limited in 2013 as Managing Director, Mr. Ali worked with SM Jaleel & Co. Ltd. in Trinidad and Tobago where he served as General Manager from 2010-2013. Upon graduating from the University of Toronto in 1988 with a B.Sc. Honours Degree in Chemistry, Mr. Ali worked at National Silicates as a Research Chemist, and later as its Business Development Manager. He completed a post graduate degree in Executive Marketing at the University of Western Ontario in 1992 and several other Leadership and Management programmes. In 1993, Mr. Ali was selected from 6,000 employees of Abitibi-Price Inc. to participate in a fellowship at McKinsey & Co. In 2005, he joined Thermo Fisher Scientific as Global Director of Operations and Customer Allegiance before moving to Enerworks Inc. where he served as Vice President of Sales, Marketing and Customer Allegiance. Mr. Ali has served on several Boards in the Energy field and is currently a director of Electrical Industries Group Ltd. He is the co-author of several publications.


ANTHONY H. ALI
MANAGING DIRECTOR


MARLA R. K. DUKHARAN
NON-EXECUTIVE DIRECTOR


J. DERECK FOSTER
NON-EXECUTIVE DIRECTOR


STEPHEN T. WORME
NON-EXECUTIVE DIRECTOR


KATHY-ANN L. SCANTLEBURY
CORPORATE SECRETARY

Mr. A. Charles Herbert, Chair (left) with Mr. Anthony Ali, Managing Director
at the Goddard Enterprises Limited Head Office.

DIRECTORS' REPORT

Consolidated Financial Overview 2019/2020

The Board of Directors of Goddard Enterprises Limited ("GEL") is pleased to present the financial review for the year ended 30 September 2020.

Following on from strong growth in 2018 with Gross Domestic Product ("GDP") growth of 2.9%, the global economy started to show signs of slowing down in 2019 with GDP declining to 2.3%. Global economic growth recorded its weakest pace since the global financial crisis a decade ago. Other factors which contributed to the economic uncertainty included a government shutdown in the United States of America, the departure of the United Kingdom from the European Union and changes in monetary policy in major economies. Unfortunately, starting in December 2019 and proliferating globally by February 2020, a new coronavirus, COVID-19, became a global pandemic which changed everything.

The impact of the pandemic was immediate and dramatic. Airline flights worldwide drastically dropped to 5% of the pre-COVID-19 volumes as countries shut their borders and businesses to halt the spread of the virus and protect their populations. Each business within the GEL Group was impacted. Our Airline and Industrial Catering services were abruptly halted. Our retail locations were closed. Each of the Group's Manufacturing companies closed, albeit temporarily, as most were allowed to re-open with restricted operating parameters to ensure that local Government protocols were implemented and consistently enforced. GEL immediately took the necessary steps to preserve cash, maintain operations and restructure where necessary. As difficult as it was, we were forced to sever approximately 2,500 employees across the Group.

The Catering and Ground Handling Division was the hardest hit, posting a loss, before non-controlling interests and taxation, of $12.9 million for the fiscal year ended 30 September 2020. Both our Manufacturing and Automotive, Building Supplies and Services ("ABSS") Divisions performed well by year-end. The Manufacturing Division came close to its budget for the year as some businesses were able to record additional business while others were negatively affected due to the shutdowns and a depressed tourism sector. The ABSS Division experienced mixed results as most of its service, cargo and tourism-related businesses were negatively impacted.

For the financial year ended 30 September 2020, the Group's revenue decreased by 4.9% below the prior year to $826.1 million. This corresponded to a decrease in Gross Profit to $308.9 million or 37.4% when expressed as a percentage of sales, which was 15.6% below the prior year. Gross Profit was heavily impacted by the loss of catering business due to border closure for prolonged periods following the onset of the pandemic. We still view this result as a significant accomplishment, in the circumstances, considering that our Catering and Ground Handling Division is usually our largest contributor to Gross Profit, and given too, the dramatically reduced airline catering with flights having only returned to approximately 15% of their pre-COVID-19 volumes at the time of writing.

Our selling, marketing and administrative expenses were 3.9% below 2019 or $310.8 million in 2020 compared with $323.4 million in 2019. This dramatic reduction was driven by cost-cutting initiatives undertaken to preserve cash, including lay-offs at each operation, unfortunate redundancies and business re-engineering strategies to reflect the operational realities of reduced sales and revenue. Most of the re-engineering took place in the Catering and Ground Handling Division. Expense reduction was also achieved in advertising and promotion and travel while all discretionary spending was put on hold from March 2020.

Operating Profit fell to $4.5 million in 2020 compared with $48.5 million in 2019, a 90.8% reduction. This was heavily influenced by one-time severance costs of $16.0 million. The Operating Loss recorded in the Catering and Ground Handling Division was mainly due to the airlines being grounded as a consequence of the global pandemic. The Operating Profit of the ABSS Division was reduced by $1.9 million in comparison with the prior year. This reduction was attributed to the closure of our auto dealerships during the lockdown period as well as reduced cargo trading across the region.

Other gains/(losses) – net decreased by 45.4% from $15.9 million to $8.7 million when compared with the prior year. Included in this year's figure is $6.5 million for impairment of intangible assets and the write-down of investment in Associated Companies. The amount in 2019 included insurance refunds and a gain on disposal of an Associated Company. Our share of Income from Associated Companies increased by $1.2 million from $9.9 million in 2019 to $11.1 million in 2020.

Income from our 50:50 joint venture, Caribbean Distribution Partners Limited ("CDP"), increased by $0.5 million. This joint venture performed well, despite the closure of retail grocery outlets in most countries where CDP has a presence and a significant decrease in the hotel and restaurant businesses which we service. The fact that food and beverage businesses were deemed essential shortly after the lockdown also supported this result.

DIRECTORS' REPORT... continued

During the year, we decided to take an impairment of $22.3 million on our investment in Mirexus Biotechnologies Inc. ("Mirexus"). Slow growth in sales caused by the long adoption rate as an ingredient in the cosmetic industry (as companies take years to re-formulate to include new ingredients) was one factor. The impact of the pandemic which caused retail outlets to close, coupled with a change in consumer behaviour, dramatically reduced demand for the beauty products that Mirexus was targeting. The company has been restructured to reduce expenses and all research and development activities have been halted while Management focuses on the survival of the company. GEL took the decision to impair its investment based on the future projection of Mirexus. The carrying value of Mirexus is now $3.5 million on our Balance Sheet.

With the impact of the COVID-19 pandemic on our results, the Board has adopted a prudent approach and has not declared an interim dividend to shareholders for the 2020 financial year.

Managing Director's Outlook

With the approval of vaccines internationally, some already being administered, there is optimism that the COVID-19 pandemic will fade in the second half of 2021. However, there remains uncertainty around how soon the vaccines can be distributed and when confidence to travel will be regained.

As we look to 2021, our focus will be on the following three initiatives:

- cost reduction and cash management;
- development and growth in our Manufacturing and ABSS Divisions; and
- diversification in our Catering and Ground Handling Division to reduce the dependence on the airline catering business.

In the best-case scenario, the economy will start to rebound in early 2021. In the worst-case scenario, the road to recovery will be protracted. In either scenario, we view the structural changes that we have made to our businesses in 2020, to preserve cash and streamline operations, as key components to ensuring our continued success in those markets which we serve and where we have strong brand recognition and customer loyalty. We are mindful that an achievement of growth in the Catering and Ground Handling Division will be challenging given the projections that airline volumes will take years to recover to pre-COVID-19 levels.

So far for the 2020/2021 fiscal year, we already see solid performance in the Manufacturing and ABSS Divisions. Some of our businesses in the Manufacturing Division have expanded their portfolio by adding vital products, such as hand sanitisers and disinfectants, and thereby have grown into new markets, while others have increased their exports. We have also seen an early improvement in our Catering and Ground Handling Division's results. While a small uptake in our Airline Catering business was short-lived given the closure of borders in many countries resultant from the pandemic's second wave, we have seen our Industrial Catering business rebound to 80% of the pre-COVID-19 levels. We have recently been awarded three contracts in the Latin American region in the Industrial Catering sector. These positive developments give us confidence that our diversification strategy of focusing on the expansion of our Industrial Catering division will bear results in 2021. We will also concentrate on our Ground Handling businesses and their development of new services that can be offered to our customers when airline travel returns.


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farmerschoicefood
A Bajan Tradition

Mr. Anthony Ali
Managing Director

Mr. Ian Alleyne
Divisional General Manager

MANUFACTURING AND SERVICES DIVISION

Precision Packaging Inc. had an improved performance compared with the prior year. Sales declined marginally, but favourable prices on raw material purchases resulted in improved gross profit margins. This, coupled with reduced factory expenses mainly from a restructuring exercise, has led to an increase in profitability for the year.

Purity Bakeries – a division of GEL had another year of poor performance. Sales were significantly below the prior year mainly due to reduced available production hours as restrictions were instituted by the Authorities as a consequence of COVID-19. This reduction in sales was not matched by a reduction in expenses and as a result the loss in revenue rippled straight through to the bottom line.

McBride (Caribbean) Limited's ("McBride") results were favourably impacted by expansion into new markets in Latin America as well as the countercyclical effects of COVID-19 due to the tremendous demand for disinfectant and hand sanitizer products. As McBride seeks to navigate through the uncertainties of the next year or two, there is optimism that further expansion into new markets, new product development and the implementation of appropriate marketing strategies will enable it to achieve sustained growth in the short to medium term.

Despite significant disruptions in the cocoa and chocolate industry caused by COVID-19, and in particular for Ecuador Kakao Processing Proecuakao S.A. ("Ecuakao") in April when the company lost 50% of production and sales throughput due to a pandemic related lockdown in Ecuador, Ecuakao performed strongly and its 2020 results are encouraging. In fact, after a very difficult first quarter, pre-COVID-19, in which Ecuakao produced on average only 992 metric tons of cocoa liquor per month (55% of installed capacity), the company rallied and increased its average production to 1,545 metric tons per month (approximately 86% of installed capacity) for the final nine months of the fiscal year. This led to a net income position and positive cash flow for that period. Ecuakao is confident to continue this positive trend in 2021.

Despite a valiant team effort, Hipac Limited experienced a decline in sales and profitability compared with the previous year due to the impact of COVID-19 and the rising cost of raw material inputs primarily due to delays in the distribution channels. However, the plant continued to produce its quality range of products to provide sustenance for the public during the lockdown, with the breaded and burger lines running at full capacity. The company undertook measures to make its Farmers Choice ham a year-round commodity. A campaign was developed focused on enjoying the Farmers Choice range of products with family members in the comfort and safety of the home environment.

Caribbean Label Crafts Limited ("CLC") and Label Crafts Jamaica Limited ("LCJ") experienced increased revenues over the prior year. These companies were designated essential industries for the provision of labels for medicines, sanitizers and food and beverage and were allowed to operate under strict safety conditions as stipulated by the respective Governments. This allowed us to service our local, regional and Latin American markets where orders surged as a consequence of the uncertainty surrounding the COVID-19 pandemic with customers increasing their inventories of packaging materials and finished goods. Our staff were exemplary in working long hours while at all times observing the health and safety protocols for COVID-19 and were instrumental in both CLC and LCJ achieving improved results for the financial year. We have noted a slowdown in all markets in recent months as the effects of the pandemic continue to be felt. However, the packaging industry is resilient as it plays a key role in the supply chain for the manufacturing and processing of consumer goods. We are optimistic that there are opportunities for business growth as the region gradually recovers from the pandemic.


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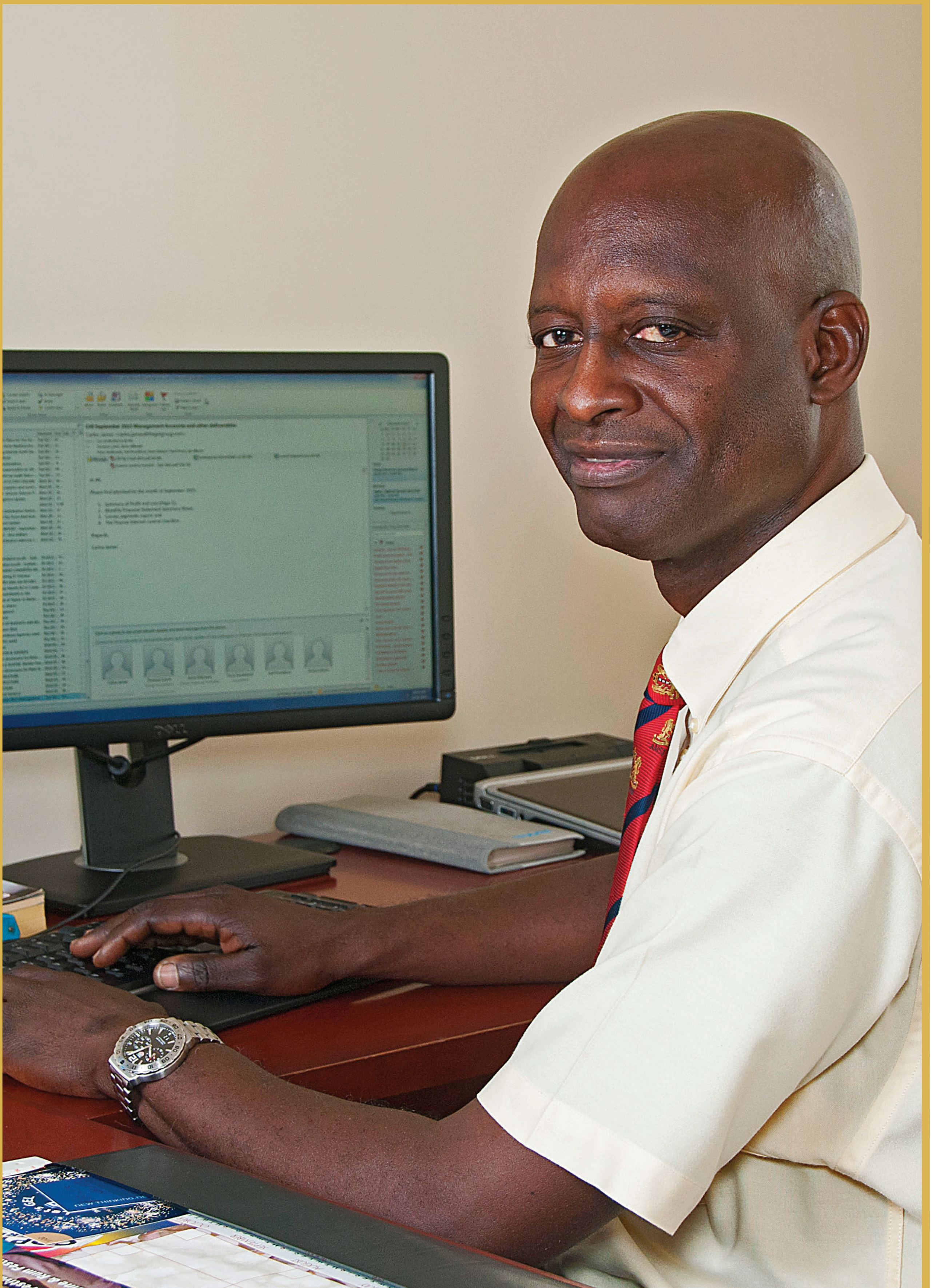

Mr. Ian Alleyne
Divisional General Manager

AUTOMOTIVE, BUILDING SUPPLIES AND SERVICES DIVISION

The highlight of the Automotive, Building Supplies and Services Division for the financial year under review is the impact occasioned by the onslaught of COVID-19. Business activity was curtailed by lockdowns for most of April and parts of May in each of the territories in which we operate, with the exception of Saint Vincent and the Grenadines.

The Automotive department recorded losses in April and May during the lockdown period, broke-even for the month of June and has subsequently returned to profitability. Sales of new units have settled at approximately 50% of the prior year's levels reflecting the downturn and uncertainty in the economies where our business units function. Despite the fall-off in new vehicle sales, parts and service revenue have reached 85% of pre-COVID-19 levels. The department has done well in terms of reducing costs, selling surplus and idle assets and preserving cash. At Courtesy Garage Limited in Barbados in particular, sustained efforts will be expended in the sale and promotion of electric and hybrid vehicles to take advantage of favourable tax legislation introduced by Government in pursuit of its renewable energy targets.

Courtesy Garage Limited's Electric Vehicle Specialist preparing the state of the art electric vehicle module balancer for use in the newly commissioned electric vehicle room.

The Building Supplies department has proven to be resilient. After recording a loss for the month of April during lockdown, this department returned to profitability from May onwards. In many of the territories our entities benefitted from Government's spend aimed at stimulating economic activity and maintaining employment levels. The department has succeeded in reducing costs, implementing zero-based budgeting techniques and increasing cash.

We have embarked on a strategy of streamlining and harmonising practices and procedures throughout the department in an effort not only to improve operating standards but also to fully implement Key Performance Indicators. The introduction of e-commerce platforms as well as the use of business intelligence software are aimed at delivering improved levels of customer service and satisfaction going forward.

There are plans for the renovation to and upgrade of the Building Supplies facility for Jonas Browne & Hubbard (Grenada) Limited at Grand Anse in Grenada. This will help to improve the shopping experience of customers who frequent this establishment.

The Shipping department recorded losses for April and May returning to profitability from the month of June. Effective 1 April 2020, Sea Freight Agencies & Stevedoring Ltd was appointed by Zim Integrated Shipping Services Ltd as its agents for its shipping services calling at Barbados. Subsequent to the year-end, Goddards Shipping (Barbados) Ltd. acquired the remaining 45% shareholding in Xpress Freight Services Inc., making it a fully owned subsidiary company.

Our General Insurance operations in Saint Lucia, Saint Vincent and the Grenadines and Grenada all had excellent years of profitability as a result of increased profit commissions and significantly reduced motor claims due to lockdowns and curfews arising from COVID-19.

The Pharmacies in Saint Lucia and Saint Vincent and the Grenadines both registered increases in profit for the year. Sales were marginally below the prior year but they both benefitted from improvements in gross margins and better expense controls.

In summary, COVID-19 affected the Automotive, Building Supplies and Services Division negatively mainly as a consequence of the lockdown period during April and May. However, in substantially all areas of business, operations have returned to profitability. This is expected to remain the case during the 2021 financial year.

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Mr. Paulo Teixeira
Divisional General Manager

CATERING AND GROUND HANDLING DIVISION

The GCG Group, which consists of Airline Catering, Industrial Catering and Ground Handling businesses, was significantly impacted by the COVID-19 pandemic. While these effects are still being felt, the restructuring and steps taken to right-size the organisation are producing month-over-month improvements which show that we are in the recovery phase.

The GCG Group is comprised of thirty-six operations in twenty-four countries across the Caribbean and Latin America and serviced over 65,000 flights and produced over 14,000,000 meals during the year in review. Our team of over 3,000 dedicated staff made this possible.

The Airline Catering operations were hardest hit by the pandemic. Management's focus to contain costs and immediately restructure to fit demands modified from short-term to permanent as the understanding of the long-term effects came into view. Following intensive business reviews, five locations were identified for closure and unfortunately significant staff reductions were implemented.

Throughout the organisation, in addition to the restructuring, other forms of cost reduction were introduced. These included contract reviews, salary deductions and the elimination of specific expenses deemed non-essential to business survival. While a total year loss was experienced, the swift actions support an improved outlook for the 2020/2021 fiscal year.

The Venezuelan operations were converted to functional currency (United States dollars). Hyperinflation and devaluation adjustments were made this year in support of the conversion. Going forward, these non-cash adjustments will no longer be required. We have closed the Isla Margarita location and will continue to service our customers in Caracas.

Our Ground Handling operations, while impacted by COVID-19, ended the fiscal year with three of the five locations showing total year profit. This fiscal year, we acquired business assets in Barbados and signed a new customer in Kingston, setting expectations of continued growth. In consideration of the diversification strategy, this segment is continuing to expand in related areas, including cargo, cleaning and wheelchair services.

Turning to our Industrial Catering operations, Uruguay, while under budget, led the way in total year performance as the COVID-19 impact was more limited for industrial sites compared with the airline sector. Strongest performances were noted and were well above budget in Honduras, Paraguay and Guayaquil. Continuing our diversification strategy, we will look to grow this segment in 2021 as new contracts have been signed for vending, hospital catering and for the exploration of possibilities with ready-to-eat meals.

GCG Events continues to service its customers and growth is expected across the Caribbean and Latin America. The retail portfolio continues to receive our focus as we consider it a key part of our diversification strategy. Curacao Events showed us the possibilities this segment offers and the results of the newly opened Zulu Express concept in Guatemala maintain our confidence in the projects for the new fiscal year.

Mr. Eduardo Rozas, Executive Chef, (left), Mr. Damian Zepeda, Production Supervisor, Mr. Luis Salguero, Production Supervisor and Mr. Ricardo Martínez, Operations Supervisor, at the new cafeteria at the Pettenati Plant in El Salvador.

Severance and bad debt provisions combined to result in a net operating loss for 2019/2020. However, the actions noted above, position the group for significantly improved results over the coming fiscal year. Our focus remains on the recovery and continued development of a strong GCG Group. Our restructuring and cost saving measures as well as focus on business growth are key to our continued success.

On 31 March 2020, GCG said farewell to Mr. Emilio Marti, former Vice President, Finance, after twenty-five years of service. We hope that he is enjoying his well-deserved retirement.

GCG Group would like to thank its Staff, Management and Associates for their dedication and efforts during the past year. This has been an extraordinary year for many reasons. The hard work and commitment exhibited by all is recognised and appreciated.

Ms. Tracey Shuffler
Chief Executive Officer, CDP

CARIBBEAN DISTRIBUTION PARTNERS LIMITED

Caribbean Distribution Partners Limited ("CDP"), our fast-moving consumer goods ("FMCG") joint venture with Agostini's Limited, had an improved performance over last year, with an increase in revenue of $7.6 million resulting in sales of $657.1 million and an increase of 11.9% in profit before tax. Net income after tax moved from $21.3 million to $22.4 million. This is a commendable performance considering the strains experienced in some of the operating countries as a result of the economic impacts of the COVID-19 pandemic.

Hanschell Inniss Limited ("HIL") was heavily impacted by the sharp reduction in tourism-related business and local spending over the second half of the financial year. Before the pandemic struck, there had already been signs of a slowdown in consumer spending which impacted company revenues. With the lockdown and impacts of restricted liquor sales and severely reduced spending in the hospitality industry for a number of weeks, revenues were severely impacted as the world considered a life of physical distancing and reduced commercial activity. The full team recognises that to maintain employment at its current level, some adjustments may still have to be made while the economy rights itself in the next eighteen months to two years. The company has re-negotiated its costs with all service providers in an effort to ensure the burden of this period is not borne disproportionately by our staff. On a positive note, HIL was able to successfully launch the Group's MOO! brand of fresh milk while Swiss and Eve continue to grow in their respective categories. We look forward to improved results in the current financial year as a result of the measures taken during fiscal 2020.

Hand Arnold had a strong year with benefits from increased sales in several brands we distribute including the BEEP disinfectant spray range which became a strong winner in the market due to COVID-19 concerns at a consumer level. In addition, some of the household cleaning brands as well as basic food items showed growth while our MOO! and Peardrax brands continued to show increased sales in regional markets.

Vemco – a division of CDP Trinidad Limited ("Vemco") also had a strong year with the benefit of a full year of sales of the Upfield spreads which include Blue Band, Golden Ray, Flora and I Can't Believe It's Not Butter. Despite the impacts of COVID-19 in the region, export sales of Vemco's manufactured brands, like Swiss and Catelli, showed strong growth of 14%. Recent entry into Cuba of some of Vemco's products along with the launch of the Super Cow brand of powdered milk will help to boost sales further in the current financial year.

Our operation based in the Saint Vincent and the Grenadines had an excellent year with minimal impacts related to COVID-19 except reduced traffic in our Mustique Food Store where lower occupancy by mainly United Kingdom based homeowners affected spending on the island. Our marina-based food mart in Canouan had an improved result due to some additional yachts berthing there during the year. We look forward with great anticipation to the construction of the new distribution centre and offices at Diamond which commenced in the early weeks of the current financial year. With new facilities, efficient service and a strong product portfolio, Coreas Distribution Limited is poised to have another strong year.

Peter and Company Ltd ("PCD") experienced some of the most extended and restrictive measures effected within the region including zoning between north and south districts, a ban on sales of alcohol for weeks and a full closure of hotels, bars and restaurants for several weeks. As a result, PCD's sales were severely impacted resulting in the company having to lay off some 35 employees for a period of weeks followed by a restructuring of operations which resulted in a reduction of the workforce by 10. As was done in Barbados, the company re-negotiated costs from various service providers to cut down on expenses during this difficult period. While there has been some rebound of sales following the ease in restrictions, tourism-based activity has remained sluggish and sales will likely be impacted for several more months. Our PCD Food Store at Vieux Fort, set to re-open in January, affords the opportunity to reconnect with consumers in the south following more than a year of closure due to a fire in 2019. As the new financial year begins, skilful management will be required to improve profitability until tourism-related activity can recover.

Like several of the Eastern Caribbean countries where tourism is a strong driver in the economy, Grenada was negatively impacted by the effects of COVID-19 restrictions and shutdowns. Despite this, Independence Agencies Limited delivered a result in line with last year's with improvements in traditional trade (rural shops) sales which persisted post lockdown. Without the usual cohort of St. George's University students on island, our CK's outlet had reduced sales for several months which may persist until students return. It is expected that results will improve this year as the overall economy picks up and new brands are added to the company's portfolio.

Guyana would have experienced two major impacts in the last financial year; significant civil unrest due to the protracted election process as well as the COVID-19 pandemic. Despite these challenges, our DeSinco Limited operation had excellent results with significant top line growth and an improved profit position. The company has expanded into the sale of pharmaceuticals and this area is expected to show growth into the current year. The company launched the EVE brand early in March and the brand has been well accepted by consumers and will be part of the company's continued growth in the current year.

Here's our list of ingredients:

FRESH COW'S MILK!

Every great meal
starts and ends with
EVE
GENUINE HICKORY SMOKED
WIENERS
First Family of Fine Foods
EVE
TOMATO KETCHUP
MIXED VEGETABLES
BAKED BEANS IN TOMATO SAUCE
Less Salt
CORNED BEEF
CHICKEN VIENNA SAUSAGES
VIENNA SAUSAGES
CHUNK LIGHT TUNA
FROM OUR FAMILY TO YOURS

Mrs. C. Natasha Small
Chief Financial Officer

Mrs. Kay Leacock
Group Accountant and Divisional Finance Lead – Manufacturing

Mrs. R. Anne Wilkinson
Group Financial Controller

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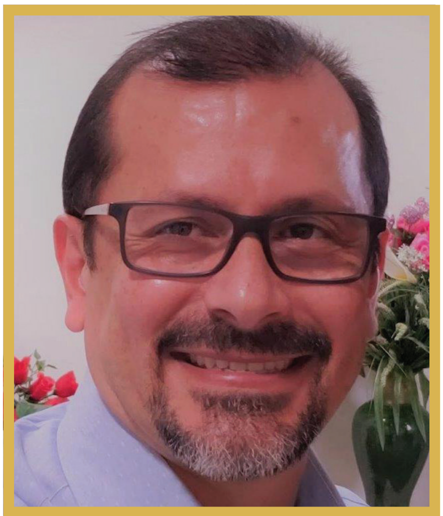
Mr. Terry Scantlebury
Group ICT and Business Solutions Manager

Mr. Donald Joseph
IT Manager – Automotive,
Building Supplies and Services



Mr. Robbie Medina
IT Manager
– GCG Group

INFORMATION TECHNOLOGY

In keeping with the unfolding GEL strategy, we saw the Information Technology ("IT") department restructure to better support the business as it re-organised itself into several functional divisions. The matrix structure, where individuals may perform several roles, has resulted in the creation of Group and Divisional level IT Management positions to support Manufacturing, Building Supplies, Automotive, Shipping, Catering and IT Corporate Governance.

COVID-19 severely challenged us to both improve and provide remote access to our systems to facilitate work-from-home. Many ongoing projects stalled, trips were cancelled and IT supply chains from which we source goods and services were severely disrupted. During the pandemic the emergence of bad actors who exploit IT vulnerabilities resulted in IT having to quickly re-evaluate and strengthen its security posture.

The new standard firewall policy was implemented and made mandatory to all GEL companies to protect the systems over the network from intrusion via the internet. New standard anti-virus software was deployed to enhance information security across the Group. There are plans to add security to emails and ensure that all endpoints are managed and patched automatically with the latest updates to mitigate cyber threats. There are also plans to perform security audits and penetration testing to identify vulnerabilities that could be exploited via the internet, networks and computer systems.

We will also implement online backup for Microsoft Office 365 ("Office 365") in the coming year to ensure that all data (emails, OneDrive and SharePoint files) are backed up in the cloud for redundancy.

Several projects, to go paperless and streamline processes, have started in several departments at GEL's Head Office. We are exploiting several features in SharePoint and Office 365 to remove paper, streamline workflows, automate approvals and use digital signatures to improve efficiency and reduce costs.

The selection of software to cover Human Resources is still ongoing but near completion. It was expected to be concluded in early 2020, however COVID-19 slowed progress on this project. The next step will be the preparation of the data for this implementation. This is expected to be a large task and will commence with project planning in the coming calendar year.

Several e-commerce initiatives are underway. These include the creation of e-commerce websites for some of our subsidiaries in Saint Lucia and Barbados. There are plans to implement a customer reward loyalty programme in Saint Lucia to help increase our customer base by attracting existing and new customers to our stores which would likely increase sales.

The GCG Group continues to move forward with Office 365 migration tools to provide better IT practices across their stations by using collaboration tools such as OneDrive and SharePoint. Throughout the five GCG Group clusters, the new objective is to organise and select an effective accounting system for each cluster group. The GCG Group continues to partake in standardising the use of firewalls and content filtering for the internet. IT will continue to participate in the ongoing security audits, penetration tests and the implementation of policies on endpoint security and digital communication with the continued roll-out of Office 365 and other systems.

Mrs. Diana Pacheco Medina, Chief People Officer, (front right seated), with Mrs. Lynda Pantoja, Divisional People Business Partner – Catering & Ground Handling, and standing from left: Ms. Glenda Gilkes, Divisional People Manager – Manufacturing, Ms. Stephanie Catling-Birmingham, Divisional People Manager – Automotive & Talent Development, Mrs. Valerie Lovell, Head Office People Co-ordinator, Mrs. Elizabeth St. Hill, Payroll & Pensions Administrator, and Ms. Debbie Elcock, Manager – Payroll & Pensions Department.

HUMAN RESOURCES AND COMMUNITY RELATIONS

During the last fiscal year, GEL's people team focused on empowering our talent, enhancing our leadership and refining our culture, so that we can build organisations that win in the marketplace. This foundation was built during the month of February, as we had a Team Intervention for defining our Business Partner model to add value to the business. Forty Human Resources ("HR") Leaders participated and are currently aligned in the understanding of our role as enablers to the business structure and strategy. This meant working with our leaders and our people as a team to enhance our talent (which starts by being able to hire great people, to develop and retain them). Thus, resulting in a succession of excellent leadership and capabilities across the Group which enables us to have the leaders we need for today and tomorrow at every level within the business.

We started the fiscal year with big plans of growth, with specific focus within the GCG Group and by extension across GEL. In order to do so, we knew that we needed to focus the HR strategy in developing our leaders, so they could achieve their business strategies. Thus, we defined as a team the GEL Leadership Brand, which outlined the main competencies our leaders must have for today. During 2020 our efforts were also focused on creating fora and opportunities to disseminate information on the meaning of the Leadership Brand aligned with our Corporate Core Values with the aim of developing the understanding of our leaders across the Group so that it becomes a meaningful part of GEL's DNA.

However, after COVID-19 hit us, our HR strategy was adapted to respond to the impact on our people and our business. As part of our agile response, we developed and rolled out a robust COVID-19 policy based on best practices. Where impacted by COVID-19, our people local teams were leading in an important role during the pandemic, by ensuring that colleagues who were diagnosed with COVID-19 were provided with care. So far, we have seen a 98% rate of recovery and we continue to monitor and track this on a monthly basis. Moreover, we reached out to our people during the pandemic by offering free e-learning regarding mental health, fostering leadership and change management within the current environment. Furthermore, we focused our efforts on creating an organisational re-design based on the agreement that we needed a radical overhaul of our businesses. Hence, a matrix, cluster organisation was incorporated in all of our businesses, which has allowed us to be leaner and more sustainable.

The Talent and Development Centre of Expertise ("COE") was formally created to become a significant corporate support for all GEL companies. The COE has been focused in creating the necessary tools for the development of the new leaders in the new organisational structure. In-house training topics such as SBI Feedback Model, SMART Goals and "What makes a leader', were developed and rolled out.

Also, starting with the COE, we re-designed our performance management process with the goal to evaluate leadership capabilities, embed values and measure performance. We foresee this tool as an enabler for better engagement between the reporting manager and his direct report, using the concept of "checking in" per quarter instead of annually. Additionally, the form will now be completed on-line instead of being paper-based.

We have completed our exercise of Talent Mapping with the 9 Box Model, which was developed during 2019, and training was rolled out to the HR leads across the Group. Subsequently 250 individuals were assessed, resulting in individual development action plans being developed for all of them, with special focus on our top talent identified as part of the succession pipeline. We want those top talents to become better, be more impactful and engage further across the Group.

As we continued to navigate and adapt to the changes in our environment, we worked on developing several policies. One such policy was the Paternity Leave Policy which was launched in June and to date is considered as a best practice across the geographies where we operate.

Our industrial relations climate has been relatively calm and quite flexible as we grappled with the pandemic which resulted in changes in work arrangements, reduction in hours, lay-offs and unfortunately several redundancies. The Unions for the most part have been understanding and agreed to relax some of the provisions without which we could not continue to operate. Many of the Group's Manufacturing companies were in the middle of negotiations when the pandemic occurred and because of lockdown restrictions these were halted. We have now restarted and it is hoped that most if not all negotiations should be concluded by the end of the second quarter of 2021.

Our planned compensation review was also suspended because of the pandemic but we have participated in a survey in the Manufacturing Division which when completed should provide us with information which would allow us to benchmark as part of our recruitment and retention strategy.

HUMAN RESOURCES AND COMMUNITY RELATIONS... continued

Under our corporate social responsibility, we continued our efforts to support the Parkinson Memorial Secondary School specifically through our Internship Programme. Even though a significant milestone for HR would have included the implementation of our HR information system ("HRIS"), in consideration of the impact of COVID-19 to our businesses across the Group which affected the achievement of projected revenue, HR has postponed the implementation of our HRIS system for the Group as well as our Employee Engagement Survey to 2022.

Last but not least, as we navigate still highly uncertain markets in almost all of our businesses, we have launched a team initiative to upgrade the level of our HR business partners and visualise our leadership. We expect this approach will align us and take us through to 2021. We learned something in 2020, which is, that working as a team and deploying a comprehensive strategy that is aligned with business opportunities, will allow us to leverage all of our people to win. That is what we are committed to do.

CORPORATE SOCIAL RESPONSIBILITY

The year 2020 has presented a number of challenges for our Group generally and the area of corporate social donations was also affected. However, there were still some subsidiaries and staff members who were able to assist their communities by living our Corporate Values of "Dedication", "Inspirational Leadership" and "Service Excellence" within the parameters of our Corporate Social Responsibility policy. To all of them we say a special thank you for your community spiritedness.

Grenada

Hubbard's honours its Corporate Social Responsibility in Challenging Times

The Dorothy Hopkin Home for the Disabled in Grenada has been taking care of the thirty residents there, ranging in age from nine to fifty-five years, and managing with only one freezer which has presented some difficulties for the caregivers. They were therefore happy when Jonas Browne & Hubbard (Grenada) Limited ("Hubbard's") responded to their appeal and donated a 19 cubic foot refrigerator to the Dorothy Hopkin Home.

Mr. Osmond Henry, Manager, Hardware Department, Hubbard's, (right), presents the refrigerator to Mrs. Trinela Frank-Purcell, Manager, The Dorothy Hopkin Home for the Disabled and a member of her team.

Mr. Osmond Henry, Manager of the Hardware Department of Hubbard's, stated that "Hubbard's has a soft heart for good causes within the community and is committed to donating quality items which we are known for."

GARP receives Air Conditioning Unit

The Grenada Association of Retired Persons ("GARP"), located on Kirani James Boulevard, was the recipient of an energy efficient inverter air conditioning unit from Hubbard's Appliance Department.

Ms. Carol Vazquez, Founder of the Grenada Association of Retired Persons, (left), receives the air conditioning unit from Mr. Anthony Phillip, Manager, Appliance Department, Hubbard's.

GARP offers support for seniors over the age of fifty years and assists with navigating important learning curves for seniors relating to their comfort with technology and modern-day communication methods and trends. The Association engages in workshops, training activities, events and outings tailored for its members. The donation will enhance the comfort of its members.

Hubbard's continues Support for Students in Need

Hubbard's has been a sponsor of the Student Assistance Programme of the Grenada Community Development Agency ("GRENCODA") for several years and was happy to be able to keep its annual commitment to the organisation.

Mr. Wayne James, Manager, Building Supplies Division, Hubbard's, (left), making the presentation to Mr. Terrence Smith, Chairman of GRENCODA.

At the presentation, Mr. Wayne James, Manager, Building Supplies Division of Hubbard's, Grand Anse, said that "the education of our willing and deserving young people is pivotal to the country's growth. This is the same pool of talent we will be looking to for our future work forces. Even with a 'new norm', the need for younger employees in all industries will not change. We are very pleased to be able to maintain our support in spite of these challenging times."

Mr. Terrence Smith, Chairman of GRENCODA, expressed gratitude for the funds received from Hubbard's and the sacrifices made to support young persons in need. Mr. Smith said that "although traditional needs may have changed somewhat, with distance and online learning, students must still have access to their education albeit through computers and online access". He noted that the funds donated would be utilised to meet the current needs of the students.

CORPORATE SOCIAL RESPONSIBILITY... continued

Saint Vincent and the Grenadines

Coreas donates Personal Protective Equipment

As part of the ongoing effort to help in the fight against COVID-19, Coreas Hazells Inc. ("Coreas"), made a donation of Personal Protective Equipment ("PPE"), including KN95 masks, surgical masks and face shields to the Ministry of Health, Wellness and the Environment of Saint Vincent and the Grenadines. The presentation took place at Coreas' City Store back in May 2020.

Mrs. Jean Johnney-Findlay, Manager, Coreas' Pharmacy, (right), and Mr. Grandfell Francis, Coreas' Senior Pharmacist, handing over the PPE items to Ms. Donna Bascombe, Health Disaster Co-ordinator, Ministry of Health, Wellness and the Environment, (left).

Saint Lucia

M&C's Group Gives Back to support COVID-19 Relief and Recovery

There has been an increase in the demand for essential resources as a result of school closures and the rise of unemployment across Saint Lucia due to COVID-19. To help fill that demand locally, the newly formed M&C Volunteer Group embarked on an initiative, providing food supplies and toiletries to many poverty-stricken individuals in the North and South of the island. Many individuals within the communities do not have daily access to basic food supplies.

"The M&C Volunteer Group is responding in big and small ways to help those in need," said Mrs. Vernessa Chance, Marketing Manager, M&C Group of Companies. Ms. Michelle Thomas, Volunteer Leader, said that "there was great satisfaction delivering the hampers and knowing that we made a difference and seeing the smiles and almost some tears from those individuals, was beyond heart-warming."

Members of the M&C Volunteer Group presenting food supplies and toiletries to a family in need following the devastating effects of the COVID-19 pandemic on rural families in Saint Lucia.

Assistance for Senior Citizens in Saint Lucia

On 17 August 2020, Goddard Catering Group (St. Lucia) Ltd ("GCG St. Lucia") donated contributions of food items to the St. Jude's Hospital and Comfort Bay Senior Citizens Home, both in Vieux Fort. The Management of both entities which were assisted showed gratitude for the timely donation. GCG St. Lucia has pledged to continue to assist the community when the need arises as part of its corporate social responsibility.

Ms. Febrona Renata Jeriffe, Administrative Secretary, St. Jude's Hospital, (left), and Mr. Kerny Henry, Driver/Messenger, Comfort Bay Senior Citizens Home, (right), with the donations from GCG St. Lucia.

Barbados

Interns experience the World of Work at GEL Companies

Sixteen students of the Parkinson Memorial Secondary School ("the School"), adopted by Goddard Enterprises Limited ("GEL"), had a real-life glimpse into the World of Work during six weeks of their summer holidays when they immersed themselves in the work at various GEL subsidiary companies and its Head Office. Mrs. Julia Edey, the School's Guidance Counsellor, reported that many students achieved improvement in their studies after embarking on the Internship Programme. She also commented on the growth seen in those students who participate in the World of Work Programme which has become an important learning strategy for the School.

Nicholas Lampkin, Student of the Parkinson Memorial Secondary School, as he adjusts some refrigeration equipment at Hipac Limited where he interned for the summer.

The students covered a variety of interests during the Programme. The Business Studies students interned at GEL's Head Office and the Administration Department of Courtesy Garage Limited, while two students with interest in Visual and Industrial Arts utilised their time in GEL's Property Management Department. Three Home Economics students were assigned to each of Marshall Trading Limited's outlets and worked in the Merchandising and Customer Service Departments while another Home Economics student worked at the Warehouse Department of Anti-Septic Limited, trading as Terrific Tiles. Another three Business Studies students found their place in the Administration and IT Departments of Caribbean Label Crafts Limited. Two students from the School's Science Department were invited to Redland Farms, not a Group company, but belonging to one of GEL's Directors who learnt of the students' interest in Agricultural Science.

Nicholas Lampkin was one of two students who spent their summer at Hipac Limited in the Production Department. He had been requested by the company to return this year because of his good work ethic and helpful attitude exhibited last year. He had full kudos for the Programme and confirmed that the students learnt different trades and skills and became familiar with what to expect in the World of Work.

Food Hamper Drive for Students' Families

A contingent from GEL's Head Office came out just after the COVID-19 lockdown eased to package and deliver food items for thirteen families of students in need at the School. Following a request from Mrs. Julia Edey, the School's Guidance Counsellor, GEL's staff members brought items, then sorted and packed them along with donations from Hanschell Inniss Limited and

The GEL team paused for a photo during their packaging session.

Redland Farms. Mr. Ian Stewart, Chairman of the School's Board of Management, made his vehicle available to assist with the delivery of items to the families.

Scholarship winners at St. Mary's Primary School

GEL's Head Office continued its longstanding Scholarship Programme with the students of St. Mary's Primary School ("St. Mary's") which identifies two outstanding students based on their attitude, hard work and dedication which they demonstrated during their years at St. Mary's.

GEL's staff members together with officials from the Parkinson Memorial Secondary School load up the packages for delivery to the families.

CORPORATE SOCIAL RESPONSIBILITY... continued

Tyler Haynes and Faith Simpson, Top Students of St. Mary's Primary School, with Mrs. Valerie Lovell, Head Office People Co-ordinator, just after receiving their plaques and cheques having won the GEL Scholarships for 2020.

Mr. Hadley Bourne, Chief Executive Officer, Grantley Adams International Airport, (third left), accepts the donation of masks from Mr. Anthony Ali, Managing Director, GEL, as members of the Customs and Immigration Departments look on.

Mr. Anthony Ali, Managing Director, GEL, (second left), and Ms. Janice Gooding, GEL's Employee of the Year, (second right), present surgical masks to Ms. Jacqui King, Board Member, QEH, Mrs. Heather Payne-Drakes, Hospital Director Ag., Psychiatric Hospital and Ms. Annastacia Jordan, Hospital Manager Ag., Geriatric Hospital.

This year, Tyler Haynes and Faith Simpson were chosen from the graduating class of thirty-five students. The Scholarships are given to assist with the purchase of uniforms and general school supplies required as the students move on to their new secondary schools.

Frontline Workers given Masks

A number of organisations which have been on the frontline during the continuing COVID-19 pandemic benefitted from a donation of three-layered surgical grade masks which they have been using as they go about their work to keep Barbados safe.

Three hospitals, namely the Queen Elizabeth Hospital and the Geriatric and Psychiatric Hospitals, the Grantley Adams International Airport; including the Customs and Immigration Departments; the Diabetes Association and the Barbados Cancer Society were all beneficiaries of over twenty-two thousand masks from GEL.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CORPORATE GOVERNANCE OVERVIEW

The mandate of the Board of Directors of the Company (the "Board") extends to the review of Management decisions, the approval, implementation and monitoring of the Group's strategic plan and budget, the consideration and approval of recommendations issuing from its Committees and receipt of progress reports on the implementation of such recommendations, the consideration of managerial reports on the performance of the Group's operations, the consideration, approval and monitoring of investment opportunities and major capital expenditure, the review and approval of financial statements and their disclosure, the approval of dividends and the review and monitoring of internal controls, risk management and legal and regulatory compliance.

The Board has established three standing Committees to assist it with achieving its mandate. These are the Audit & Risk, Corporate Governance and Compensation and Human Resources Committees. The Charters for each Committee can be viewed on the Company's Website: www.goddardenterprisesltd.com. The members of each Committee are as listed earlier in the Report at page 6 and also on the Company's Website. The Board delegated several of its objectives for the 2019/2020 fiscal year to each of its standing Committees and Members worked well to achieve them.

The Board met frequently during the just concluded financial year. With the onset of the COVID-19 pandemic, the Board met on a monthly basis to maintain adequate oversight over Management's response to the pandemic. Those meetings were held via Zoom technology. Despite meeting remotely, we continued our rigorous evaluation of board meetings by conducting short confidential questionnaires at the conclusion of each Board meeting. At the end of the financial year, a comprehensive self-assessment of the Board and its performance was completed. This year, we introduced a director peer assessment as part of our evaluation process. The Board has discussed the key recommendations arising from the assessment and has assigned the Committee owners of each initiative which has been identified for attention in 2021.

The Board's attendance record at both board and committee meetings held during the year for the period 1 October 2019 to 30 September 2020 is submitted in the Appendix A at page 136 of this Report. The Board is pleased to report excellent attendance by Members for the 2020 financial year, even with increased time demands on the Board.

Acknowledgement

As we close our Report, we reflect on an unprecedented year marked by the disruptive challenges of the COVID-19 pandemic. We also reflect on the continued patronage of our customers, the steadfast commitment of our Management and Staff and the sustained support of our Shareholders. We wish to thank our customers, Shareholders, Management and Staff for your loyalty in 2020 and look forward to your continued support in the coming year.

On behalf of the Board of Directors

A. Charles Herbert
Chair
18 December 2020

Anthony H. Ali
Managing Director

ANALYSIS OF COMMON SHAREHOLDERS

As at 30 September 2020

Category	Number of shareholders	%	Number of common shares held	%
Group Employees	423	19%	4,537,352	2%
Local Individuals	1,352	62%	34,830,084	15%
Non-Resident Persons	253	12%	55,652,618	25%
Local Companies and Institutions	148	7%	132,340,434	58%
Totals	2,176	100%	227,360,488	100%

ADDITIONAL INFORMATION

For the year ended 30 September 2020 required in accordance with the Listing Agreement with the Barbados Stock Exchange

a) Principal Countries of subsidiary operations and particulars of each company in which an interest of 20% or more is held are disclosed on pages 45 to 48.

b) Directors' interest in the share capital of Goddard Enterprises Limited as at 30 September 2020:

Names of Directors	Number of common shares held beneficially at 30 September 2020
J. S. L. Alarcon	5,215
A. H. Ali	168,423
V. P. Brathwaite (Ms.)	NIL
L. O. Condon (Ms.)	307,220
M. R. K. Dukharan (Ms.)	NIL
J. D. Foster	77,364
A. C. Herbert	702,272
W. P. Putnam	2,045,063
S. T. Worme	125,022

c) No change in Directors' beneficial interests took place between 30 September 2020 and 7 December 2020.

d) Particulars of any person, other than a Director, holding more than 5% of the share capital of Goddard Enterprises Limited and the amount of interest so held as at 7 December 2020.

Shareholders		Number of common shares held
Neptune Investments Limited		13,845,297
Sagicor Group	Beneficial	20,200
	Non-Beneficial	26,188,644
	Total Sagicor Group Holding	**26,208,844**

SUBSIDIARY COMPANIES

(Wholly owned and resident in Barbados except where otherwise stated)

Aerosols & Liquid Detergents:	McBride (Caribbean) Limited	
Airline Catering:	Calloway Corporation N.V. – Aruba	51%
	Goddard Catering Group (Antigua) Limited – Antigua	51%
	Goddard Catering Group (Barbados) Limited	51%
	Goddard Catering Group Bogota Ltda. – Colombia	51%
	Goddard Catering Group Bonaire N.V. – Bonaire	51%
	Goddard Catering Group Caracas S.A. – Venezuela	51%
	Goddard Catering Group Inc. – Cayman Islands	
	Goddard Catering Group Curaçao, N.V. – Curaçao	51%
	Goddard Catering Group El Salvador, S.A. de C.V. – El Salvador	51%
	Goddard Catering Group GCM Ltd. – Cayman Islands	51%
	Goddard Catering Group (Grenada) Limited – Grenada	51%
	Goddard Catering Group (Guatemala) S.A. – Guatemala	51%
	Goddard Catering Group Guayaquil S.A. – Ecuador	51%
	Goddard Catering Group Honduras, S.A. – Honduras	51%
	Goddard Catering Group (Jamaica) Limited – Jamaica	51%
	Goddard Catering Group Margarita, C.A. – Margarita	51%
	Goddard Catering Group (St. Lucia) Ltd. – St. Lucia	51%
	Goddard Catering Group St. Maarten N.V. – St. Maarten	51%
	Goddard Catering Group Uruguay S.A. – Uruguay	51%
Automotive:	Courtesy Garage Limited	99%
	Courtesy Rent-a-Car Inc. – Guyana	
	Fidelity Motors Limited – Jamaica	
	GET International Inc.	
	Peter's Holdings Limited – Trading as Peter and Company Auto – St. Lucia	99%
	Tropical Battery – a division of Courtesy Garage Limited	
	Tropical Sales (1979) Ltd.	
Baking:	Purity Bakeries – a division of Goddard Enterprises Limited	
	Wonder Bakery Limited – St. Lucia	70%
Cocoa Traders and Manufacturers:	Ecuador Kakao Processing Proecuakao S.A. – Ecuador	
	Ecuakao Trading Company S.A. – Uruguay	
General Trading:	Corea & Co. (1988) Limited – St. Vincent	
	Coreas Hazells Inc. – St. Vincent	
	Jonas Browne and Hubbard (Grenada) Limited – Grenada	52%
	M&C Home Depot Limited – St. Lucia	
	Marshall Trading Limited	
	Sunbilt Limited – St. Lucia	
	W B Hutchinson & Co. (St. Lucia) Limited – St. Lucia	
Ground Handling:	Caribbean Dispatch Services Limited – St. Lucia	51%
	GCG Ground Services (Barbados) Limited	51%
	GCG Ground Services LLC – St. Thomas, United States Virgin Islands ("USVI")	51%
	GCG Ground Services (Jamaica) Limited	51%

Reaching for New Horizons


GODDARD CATERING GROUP
Regional Office
GODDARD
ENTERPRISES LIMITED
Head Office
Aruba
Antigua
Barbados
Bermuda
Bonaire/St. Maarten/Curaçao
Canada
Cayman Islands
Colombia
Costa Rica
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Honduras
Jamaica
Paraguay
St. Lucia
St. Thomas, U.S.V.I.
St. Vincent
Trinidad & Tobago
United Kingdom
United States of America
Uruguay
Venezuela

SUBSIDIARY COMPANIES... continued

(Wholly owned and resident in Barbados except where otherwise stated)

Industrial & Restaurant Catering:	Airport Restaurants (1996) Limited	51%
	Fontana Project – S.A. – Uruguay	51%
	GCG Events Curaçao N.V. – Curaçao	51%
	GCG Food, S.A. de C.V. – El Salvador	51%
	GODCA S.A. – El Salvador	51%
	Inversiones Ibero Caribe S.A.S. – Colombia	51%
Insurance:	M&C General Insurance Company Limited – St. Lucia	
	Minvielle & Chastanet Insurance Brokers Limited – St. Lucia	
	Minvielle & Chastanet Insurance Brokers (Barbados) Limited	
Investments:	Catering Services Caribbean Limited – St. Lucia	51%
	Ecuakao Group Ltd. – Cayman Islands	
	GEL Holdings (St. Lucia) Ltd. – St. Lucia	
	Goddard Ecuador Holdings (Cayman) Ltd. – Cayman Islands	
	Goddard Enterprises (St. Lucia) Ltd. – St. Lucia	
	Goddard Flite Kitchens (Cayman) Limited – Cayman Islands	
	Goddard Flite Kitchens (St. Lucia) Ltd. – St. Lucia	
	Hanschell Inniss Holdings (Curaçao) N.V. – Curaçao	
	Hutchinson Investments Limited – Antigua	
	Inflite Holdings (Cayman) Limited – Cayman Islands	51%
	Inflite Holdings (St. Lucia) Ltd. – St. Lucia	51%
	Inflite Management (Barbados) Ltd.	
	Minvielle & Chastanet Limited – St. Lucia	
Meat Processing:	Hipac Limited	
Packaging:	Precision Packaging Inc.	
Pharmaceuticals:	M&C Drugstore Limited – St. Lucia	
Printing & Print Brokers:	Caribbean Label Crafts Limited	51%
	Label Crafts Jamaica Limited – Jamaica	51%
Real Estate:	Goddard Property Holdings Limited	
	Haggatt Hall Holdings Limited	67%
	PBH Limited	
	Penrith Development Limited	
	Peter's Holdings Limited – St. Lucia	
Shipping Agents & Stevedoring:	Admiral Shipping Limited – St. Lucia	
	Goddards Shipping (Barbados) Limited	
	Sea Freight Agencies & Stevedoring Limited	
	Xpress Freight Services Inc. – United States of America	55%

ASSOCIATED COMPANIES

(Holding between 20% and 50%: resident in Barbados except where otherwise stated)

Beverage Distributors:	Vembev – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
Biotechnology:	Mirexus Biotechnologies Inc. – Canada	43%
General Trading:	Bryden & Partners Limited – St. Lucia	50%
	Caribbean Distribution Partners Limited – Trinidad and Tobago	50%
	Coreas Distribution Limited – St. Vincent	50%
	Desinco Limited – Guyana	26%
	Facey Trading Limited	50%
	Hand Arnold – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
	Hanschell Inniss Limited	50%
	Independence Agencies Limited – Grenada	28%
	Orange Wood Distributors Limited – St. Lucia	50%
	Peter & Company Limited – St. Lucia	50%
	Vemco – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
Laundry Services:	Country Road Investments Inc. – Trading as Tropical Laundries	50%
Petroleum Industry Services:	International Petroleum & Maritime Academy Inc. – Guyana	41%
	TOTAL-BASE Services Guyana Inc. – Guyana	41%
	Totaltec Oilfield Services Limited – United Kingdom	41%
Property Rentals:	Bridgetown Cruise Terminals Inc.	20%
Restaurant, Airline, Airport and Industrial Catering and Ground Handling:	Allied Caterers Limited – Trinidad and Tobago	31%
	GAS Group Aviation Support Services, S.A. – Costa Rica	41%
	GCG Food Services S.A. – Guatemala	27%
	GCG Group (Guyana) Inc. – Guyana	24%
	GCG Services Ltd.	34%
	GCG Virgin Islands, Inc. – Trading as The Delly Deck – St. Thomas, USVI	38%
	Goddard Catering Group Bermuda Limited – Bermuda	20%
	Goddard Catering Group Paraguay S.A. – Paraguay	47%
	Goddard Catering Group Quito, S.A. – Ecuador	36%
	Goddard Catering Group St. Thomas Corporation – St. Thomas, USVI	38%
	Island Grill (Barbados) Limited	36%
	Island Grill (St. Lucia) Ltd. – St. Lucia	36%
	Katerserv Ltd. – Trinidad and Tobago	31%
	Tobago Inflite Catering Ltd. – Trinidad and Tobago	26%
Tiles & Waste Disposal:	Anti-Septic Limited – Trading as Terrific Tiles	50%

GODDARD ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

Building a better
working world

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Barbados, W.I.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Goddard Enterprises Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	**How our audit addressed the key audit matter**
Investments in associated companies	
Investments in associated companies represents 16% of the gross assets on the consolidated statement of financial position. The Group includes investments for which management was required to demonstrate significant influence versus control over the investees. As detailed in Note 2 Significant Accounting Policies, under the equity method of accounting for associates, these associates are initially stated at cost, and are adjusted thereafter for the Group's share of its associates' post-acquisition profits or losses which is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves which is recognised in other comprehensive income and accumulated in reserves.	We analyzed the Group's determination of its investments in associates and the accounting for the share of earnings of the underlying associates for the year ended 30 September 2020 which included the following audit procedures: • We evaluated the reasonableness of Management's assessment of control versus significant influence. • We issued instructions and performed independent reviews of the working papers of the non-EY auditors of the Group's material associates. • We performed analytical reviews based on our expectations on the management information relied on by the Group and inspected documentation to corroborate key representations by management. • We tested the reasonableness of the year end calculations of the Group's share of its associates' post-acquisition profits or losses and its share of post-acquisition movements in reserves reflected in the consolidated accounts, including compliance with accounting policies consistent with Group reporting, where applicable. • We assessed Management's assumptions over the carrying values of the associates and related balances. • Additionally, we considered whether the Group's disclosures related to these investments were appropriately reflected in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	**How our audit addressed the key audit matter**
Goodwill and other intangibles	
Management is required to annually test goodwill for impairment on the basis of the accounting policies used. In addition, each year, the Group assesses whether a change to the useful life is applicable and/or whether there are any indicators of impairment of other intangible assets. We focused on this area due to (i) the significance of the carrying value of the goodwill and intangibles being assessed ($25.978 million as at 30 September 2020); and (ii) the level of subjectivity associated with the post COVID-19 forecast assumptions which underpin management's assessment of the recoverable amount, including the degree of subjectivity of cash flow forecasts, associated growth rates and the appropriateness of the discount rate applied in the value-in-use calculation.	As part of our audit response, we examined the Group's forecasted cash flows which underpin management's impairment review. We tested the basis of preparing those forecasts taking into account the accuracy of previous forecasts and the historic evidence supporting underlying assumptions. Future cash flow assumptions were analyzed through comparison of current trading performance, seeking corroborative evidence and enquiry with management in respect of key growth and trading assumptions. The reasonableness of other key assumptions such as the discount rate and long-term growth rate were tested with appropriate input from EY valuation experts and applying an independent assessment on general market indicators to conclude on the appropriateness of these assumptions. We also tested the mathematical integrity of management's model and carried out audit procedures on management's sensitivity calculations. We also tested management's assessment on whether any reasonably possible change in these key assumptions would result in an impairment of goodwill and therefore require disclosure under IAS 36, *Impairment of Assets*.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	**How our audit addressed the key audit matter**
Determination of expected credit losses	
The evaluation of impairment of receivables and credit losses on other financial assets is determined based on an expected credit loss ("ECL") model under IFRS 9, *Financial Instruments.* This model requires significantly greater management judgment and incorporation of forward-looking information. In 2020, to address the impact of the global pandemic on the operations of the Group, management applied a judgmental overlay to the ECL model outputs. The estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. IFRS 9 requires the Group to record an allowance for ECLs for all receivables from, loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts.	For IFRS 9, *Financial Instruments* we performed the following: • We evaluated the model and assumptions developed by the Group in order to estimate ECLs, and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of input data to the model used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and staging. We assessed external source data and assumptions, particularly with respect to forward looking information ("FLI"). • We involved our EY valuation specialists to assess the appropriateness of the model and the assumptions used, including analyzing modelling accuracy and consistency of impairment parameters. They also assessed the reasonableness of the FLI. • We assessed the reasonableness of the overlay and the inputs into its derivation. • We assessed the adequacy of disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements (Continued)

Other information included in the Group's 2020 Annual Report

Other information consists of the information included in the Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Legal and Regulatory Requirements

This report is made solely to the Group's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Group's shareholders 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 and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner in charge of the audit resulting in this independent auditor's report is Mrs. Lisa Padmore.

Ernst + Young Ltd

Barbados
18 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

(Expressed in thousands of Barbados Dollars)

	Notes	2020	2019
Current assets			
Cash	6	78,485	79,835
Trade and other receivables	7	85,537	94,630
Prepaid expenses		14,764	15,702
Due by associated companies	8	24,985	21,437
Reinsurance assets	9	5,295	5,198
Current income tax assets		6,074	5,468
Inventories	10	148,548	149,680
Held-for-sale assets	15	1,754	–
		365,442	371,950
Current liabilities			
Borrowings	11	83,590	99,106
Trade and other payables	12	124,361	119,077
Lease liabilities	13	7,195	–
Due to associated companies	8	2,331	2,061
Current income tax liabilities		4,459	5,909
Insurance contracts	14	8,470	8,382
		230,406	234,535
Working capital		135,036	137,415
Property, plant and equipment	15	373,836	371,463
Investment property	16	30,814	30,694
Intangible assets	17	25,978	30,578
Right-of-use assets	13	32,770	–
Investments in associated companies	18	168,333	165,513
Due by associated companies	8	1,376	2,737
Financial investments	19	52,399	70,414
Deferred income tax assets	20	3,103	2,515
Pension plan assets	21	9,548	8,654
Long-term trade and other receivables	7	7,471	11,578
		840,664	831,561
Borrowings	11	152,301	141,011
Lease liabilities	13	27,125	–
Deferred income tax liabilities	20	4,219	4,495
Pension plan liabilities	21	2,253	3,520
Net assets employed		654,766	682,535
Financed by:			
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	48,552	47,421
Other reserves	23	56,091	80,035
Retained earnings		449,993	449,559
		554,636	577,015
Non-controlling interests		100,130	105,520
		654,766	682,535

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 18 December 2020.

A. Charles Herbert
Chairman

Anthony H. Ali
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020
(Expressed in thousands of Barbados Dollars)

	Attributable to equity holders of the Company				
	Share capital (Note 22)	Other reserves (Note 23)	Retained earnings	Non-controlling interests	Total
Balance as at 30 September 2018	**46,353**	**76,550**	**432,456**	**110,383**	**665,742**
Net income for the year	–	–	31,347	15,235	46,582
Other comprehensive income/(loss)	–	3,277	(639)	1,240	3,878
Total comprehensive income for the year	–	3,277	30,708	16,475	50,460
Acquisition of subsidiary companies	–	–	–	(8,282)	(8,282)
Decrease in advances to non-controlling interests	–	–	–	(1,694)	(1,694)
Value of employee services	–	208	–	–	208
Issue of common shares	1,068	–	–	–	1,068
Dividends declared	–	–	–	(11,362)	(11,362)
Dividends – (note 31)	–	–	(13,605)	–	(13,605)
	1,068	208	(13,605)	(21,338)	(33,667)
Balance as at 30 September 2019	**47,421**	**80,035**	**449,559**	**105,520**	**682,535**
Balance as at 1 October 2019	**47,421**	**80,035**	**449,559**	**105,520**	**682,535**
Net income/(loss) for the year	–	–	7,073	(2,940)	4,133
Other comprehensive (loss)/income	–	(24,057)	1,378	(1,629)	(24,308)
Total comprehensive (loss)/income for the year	–	(24,057)	8,451	(4,569)	(20,175)
Decrease in advances to non-controlling interests	–	–	–	(160)	(160)
Value of employee services	–	113	–	–	113
Issue of common shares	1,131	–	–	–	1,131
Dividends declared	–	–	–	(661)	(661)
Dividends – (note 31)	–	–	(8,017)	–	(8,017)
	1,131	113	(8,017)	(821)	(7,594)
Balance as at 30 September 2020	**48,552**	**56,091**	**449,993**	**100,130**	**654,766**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 30 September 2020

(Expressed in thousands of Barbados Dollars)

	Notes	2020	2019
Revenue from contracts with customers	24	**826,120**	868,300
Cost of sales	25	**(517,268)**	(502,187)
Gross profit		**308,852**	366,113
Underwriting income		**6,442**	5,833
Selling, marketing and administrative expenses	25	**(310,829)**	(323,417)
Profit from operations before the following:		**4,465**	48,529
Other gains/(losses) – net	26	**8,664**	15,877
Profit from operations		**13,129**	64,406
Finance costs	28	**(13,015)**	(12,171)
		114	52,235
Share of income of associated companies	18	**11,139**	9,917
Income before taxation		**11,253**	62,152
Taxation	29	**(7,120)**	(15,570)
Net income for the year		**4,133**	46,582
Attributable to:			
Equity holders of the Company		**7,073**	31,347
Non-controlling interests		**(2,940)**	15,235
		4,133	46,582
Earnings per share attributable to the equity holders of the Company during the year (expressed in cents per share) – basic and diluted	30	**3.1**	13.8

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020

(Expressed in thousands of Barbados Dollars)

	Notes	2020	2019
Net income for the year		4,133	46,582
Other comprehensive (loss)/income:			
Items net of tax that may be recycled to income in the future:			
Currency translation differences:			
– Group		(3,470)	1,763
– Associated companies		(2,425)	1,846
Hyperinflationary adjustments		(743)	1,026
Items net of tax that will not be recycled to income in the future:			
Unrealised (losses)/gains on investments at fair value through other comprehensive income:			
– Group		(19,141)	89
– Associated companies		(2)	1
Decrease in revaluation surplus:			
– Associated companies		(162)	(82)
Remeasurement of employee benefits:			
– Group	38	1,482	(935)
– Associated companies	38	153	170
Other comprehensive (loss)/income for the year		(24,308)	3,878
Total comprehensive (loss)/income for the year		(20,175)	50,460
Attributable to:			
Equity holders of the Company		(15,606)	33,985
Non-controlling interests		(4,569)	16,475
		(20,175)	50,460

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2020

(Expressed in thousands of Barbados Dollars)

	Notes	2020	2019
Cash flows from operating activities			
Income before taxation		11,253	62,152
Adjustments for:			
Depreciation	13, 15	33,309	23,926
Amortisation of intangible assets	17	2,906	1,307
Impairment of intangible assets	17	1,694	–
Gain on disposal of property, plant and equipment	26	(1,235)	(621)
Bargain purchase gain arising on acquisition of assets	34	(5,098)	–
Gain on disposal of an associated company	26	–	(2,301)
Exchange adjustments		(667)	727
Write down of investments in associated companies	18	4,837	–
Expected credit losses on non-working capital balances		348	869
Hyperinflationary adjustments		(767)	1,008
Interest income	26	(2,227)	(2,308)
Finance costs incurred	28	13,015	12,171
Share of income of associated companies	18	(11,139)	(9,917)
Pension plan expense	21	1,745	1,863
Employee share schemes expenses	27	113	208
Loss on disposal of investment property	26	–	100
Fair value gains on revaluation of investment property	16	(154)	(968)
Operating profit before working capital changes		47,933	88,216
Net change in non-cash working capital balances related to operations	36	14,408	25
Cash generated from operations		62,341	88,241
Finance costs paid		(13,015)	(12,171)
Income and corporation taxes paid		(10,570)	(14,311)
Pension plan contributions paid	21	(1,989)	(1,540)
Net cash from operating activities		36,767	60,219
Cash flows from investing activities			
Acquisition of interest in a subsidiary company	34	–	(19,563)
Acquisition of interest in associated companies	18	(3,872)	(3,060)
Proceeds from disposal of an associated company	18	–	24,373
Acquisition of assets		(7,157)	–
Purchase of property, plant and equipment	15	(26,510)	(34,055)
Proceeds on disposal of property, plant and equipment		5,268	2,397
Proceeds on disposal of investment property		–	520
Transfer to held for sale from property, plant and equipment	15	1,754	–
Purchase of financial investments		(12,181)	(8,771)
Proceeds on disposal of financial investments		10,574	3,035
Proceeds from repayment of loan to an associated company		1,412	1,453
Long-term loans advanced		(637)	(411)
Transfers from trade and other receivables to long-term trade and other receivables		(617)	(2,135)
Proceeds from repayment of long-term loans		4,895	1,758
Unsecured and secured loans received/(issued) – net		74	99
Interest received		2,227	2,308
Dividends received from associated companies	18	4,918	2,096
Net cash used in investing activities		(19,852)	(29,956)
Cash flows from financing activities			
Issue of common shares	22	1,131	1,068
Long-term loans received	11	25,201	33,199
Repayments of long-term loans	11	(12,257)	(22,241)
Redemption of preference shares	11	(10,000)	–
Repayments of lease liabilities	13	(6,609)	–
Dividends paid to non-controlling interests		(661)	(11,362)
Loans (repaid to)/received from non-controlling interests – net		(160)	(1,694)
Dividends paid to shareholders		(8,017)	(13,605)
Net cash used in financing activities		(11,372)	(14,635)
Net increase in cash and cash equivalents		5,543	15,628
Cash and cash equivalents – beginning of year		63,250	47,622
Cash and cash equivalents – end of year	6	68,793	63,250

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020
(Expressed in thousands of Barbados Dollars)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

(Expressed in thousands of Barbados Dollars)

1. General information

Goddard Enterprises Limited ("the Company") is incorporated under the Laws of Barbados. The principal activities of the Company and its subsidiaries (together "the Group") include airline, industrial and restaurant catering, ground handling services, general trading, meat and cocoa processing, printing and print brokering, baking, packaging, automobile and automotive parts sales, insurance, real estate, shipping agents and stevedoring, freighting services, manufacturing of aerosols and liquid detergents and investments. Associated companies are involved in airline, industrial and restaurant catering, ground handling services, general trading, beverage distribution, waste disposal, laundry services, research, development and manufacturing of natural biomaterials, petroleum industry services and property rentals, (see pages 45 – 48). The Group operates throughout the Caribbean and North, Central and South America.

The Company is a limited liability company domiciled in Barbados with its registered office located at the Top Floor, The Goddard Building, Haggatt Hall, St. Michael, BB11059, Barbados.

The Company is listed on the Barbados Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 December 2020. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements of Goddard Enterprises Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board, under the historical cost convention, as modified by the revaluation of land and buildings, investment property, derivative financial instruments and equity financial assets.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Standards, interpretations and amendments to existing standards effective in the 2020 financial year

i) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2019. The following interpretations and standards became effective and were adopted in the current year.

The Group applied IFRS 16 Leases for the first time in 2020. The nature and effect of the changes as a result of the adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. These are also described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supercedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a lease*, SIC-15 *Operating leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IAS 16 does not have an impact for leases where the Group is the lessor.

(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

a) Basis of preparation... continued

i) *New accounting policies/improvements adopted*... continued

IFRS 16 Leases... continued

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adopting IFRS 16 as at 1 October 2019 was as follows:

	Increase/ (decrease)
Assets	
Right-of-use assets	37,867
Property, plant and equipment	(18)
Total assets	37,849
Liabilities	
Borrowings	(18)
Lease liabilities	37,867
Total liabilities	37,849
Net assets	–

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 13, Leases, for the accounting policy beginning 1 October 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 October 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for leases of land and buildings, vehicles and other equipment, previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

a) Basis of preparation... continued

i) *New accounting policies/improvements adopted*... continued

IFRS 16 Leases... continued

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the foregoing, as at 1 October 2019:

- Right-of-use assets of $37,867 were recognized and presented separately in the consolidated statement of financial position. This includes the lease asset recognized previously under other financial liabilities of $18 that was reclassified from property, plant and equipment.
- Additional lease liabilities of $37,867 were recognized.

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

Operating lease commitments as at 30 September 2019	42,711
Weighted average incremental borrowing rate as at 1 October 2019	4.5% – 9.4%
Discounted operating lease commitments as at 1 October 2019	33,395
Less:	
Commitments relating to short-term leases	(304)
Commitments relating to leases of low-value assets	(45)
Add:	
Commitments relating to leases previously recognized as a finance lease	18
Commitments relating to renewal periods not included in operating leases	4,803
Lease liabilities as at 1 October 2019	**37,867**

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (“the SPPI criterion”) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays

2. Significant accounting policies... continued

a) Basis of preparation... continued

i) New accounting policies/improvements adopted... continued

Amendments to IFRS 9: Prepayment Features with Negative Compensation... continued
or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture not accounted for using the equity method.

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there were no transactions where joint control was obtained.

IFRS 11 Joint Arrangements
An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

2. Significant accounting policies... continued

a) Basis of preparation... continued

i) New accounting policies/improvements adopted... continued

IFRS 11 Joint Arrangements... continued
These amendments had no impact on the consolidated financial statements of the Group as there were no transactions where a joint control was obtained.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends on profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

ii) Standards in issue not yet effective
The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Group's consolidated financial statements. These standards and interpretations may be applicable to the Group at a future date and will be adopted when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations.

Amendments to IFRS 3: Definition of a Business (effective 1 January 2020)
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The amendment is effective for reporting periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that "Information is material if omitting,

2. Significant accounting policies... continued

a) Basis of preparation... continued

ii) Standards in issue not yet effective... continued

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)... continued
misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements. The amendment is effective for reporting periods beginning on or after 1 January 2020.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (effective 1 January 2020)
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to Reference in the Conceptual Framework in Financial reporting (effective 1 January 2020)
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (effective 1 June 2020)
On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (effective 1 January 2021)
On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate ("EIR") is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

2. Significant accounting policies... continued

a) Basis of preparation... continued

ii) *Standards in issue not yet effective*... continued

IFRS 17 Insurance Contracts (effective 1 January 2023)
In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ("IFRS 4") that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group adopted IFRS 9 and 15 for the first time in the year ended 30 September 2019 and intends to adopt IFRS 17 when it becomes effective.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Amendments to IFRS 3 – Reference to the Conceptual Framework (effective 1 January 2022)
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 ("the Conceptual Framework") without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

2. Significant accounting policies... continued

a) Basis of preparation... continued

ii) *Standards in issue not yet effective*... continued

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current (effective 1 January 2023)
In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

iii) *Improvements to International Financial Reporting Standards*
The annual improvements process for the IASB deals with non-urgent but necessary clarifications and amendments to IFRS.

Annual improvements to IFRS Standards 2018-2020 cycle
The following amendments are applicable to annual periods beginning on or after 1 January 2022.

IFRS – Subject of Amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
IFRS 16 Leases – Lease incentives.
IAS 41 Agriculture – Taxation in fair value measurements.

b) Consolidation

i) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of the subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The contingent consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income. (Note 2(g))

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

2. Significant accounting policies... continued

b) Consolidation... continued

i) Subsidiaries... continued
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition. (Note 2(g))

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income and its share of post-acquisition movements in reserves is recognised in other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment, and proceeds from disposal, is recognised in profit or loss.

c) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker.

d) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Barbados dollars, which is the Company's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Translation differences on non-monetary financial assets such as equities measured at fair value through other comprehensive income are included in the financial investments reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

2. Significant accounting policies... continued

d) Foreign currency translation... continued

iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
ii) income and expenses for each statement of income are translated at average exchange rates; and
iii) all resulting exchange differences are recognised in translation reserve in equity.

iv) Hyperinflationary accounting

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation in accordance with the procedure described in the following paragraph, prior to their translation into Barbados dollars. Once restated, all items of the financial statements are converted into Barbados dollars using the closing exchange rate. Amounts shown for prior years for comparative purposes are not modified. To determine the existence of hyperinflation, the Group assesses the qualitative characteristics of the economic environment of the country, such as the trends in inflation rates over the previous three years.

The financial statements of companies whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, such that all items in the statement of financial position not expressed in current terms (non-monetary items) are restated by applying a general price index at the financial statement closing date, and all items of income and expense, profit and loss are restated monthly by applying appropriate adjustment factors. The difference between initial and adjusted amounts is included in other gains/(losses) – net in the consolidated statement of income. Accordingly, Venezuela was classified as a hyperinflationary economy for the financial year ended 30 September 2016 and this classification is still in effect. For the year ended 30 September 2020 and 2019, the official inflation published by The Central Bank of Venezuela was 1,913.09% and 39,213.75% respectively.

e) Property, plant and equipment

Freehold land and buildings comprise mainly manufacturing plants, retail and distribution outlets, warehouses and offices. The Group's freehold land and buildings, are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five years by independent professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment including leasehold buildings is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income and accumulated in revaluation surplus in equity.

Decreases that offset previous increases of the same asset are recognised in the consolidated statement of comprehensive income and reduce the revaluation surplus in equity; all other decreases are charged to the consolidated statement of income.

2. Significant accounting policies... continued

e) Property, plant and equipment... continued

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	– 50 years
Leasehold buildings	– 5 - 25 years based on the lease term
Furniture, fittings and equipment	– 3 - 20 years
Machinery	– 3 - 20 years
Vehicles	– 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2(h))

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in revaluation surplus are realised and transferred to retained earnings.

Costs incurred which are directly attributable to capital projects are categorised as construction in progress and capitalised. If it is determined that capitalised costs are no longer justifiable, the related costs are written off and charged to the consolidated statement of income.

Construction in progress is not depreciated until the asset has been completed and brought into operational activity.

f) Investment property

Investment property, principally comprising office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, determined annually. Valuations are performed annually by independent professional real estate valuers. Changes in fair values are recorded in the consolidated statement of income.

g) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. Goodwill on the acquisition of subsidiaries is included as 'intangible assets' on the consolidated statement of financial position. Goodwill on the acquisition of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and whenever there is an indication of impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2. Significant accounting policies... continued

g) Intangible assets... continued

ii) Other intangible assets

Other intangible assets arising on acquisitions are recognised only if future economic benefits attributable to the asset will flow to the Group and if the fair value of the asset can be measured reliably. Such intangible assets must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value. Other intangible assets which have been acquired directly are recorded initially at cost. On acquisition the useful life of the asset is estimated. If the estimated useful life is finite, amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life as follows:

Trade names	–	20 - 25 years
Customer relationships	–	13 - 15 years
Other	–	15 years

The amortisation charge is included in other gains/(losses) – net in the consolidated statement of income.

h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

i) Financial instruments

Classification and measurement

The Group classifies and measures financial assets based on their contractual cash flow characteristics and the business model for managing financial assets. All financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Group becomes party to the contractual provisions of a financial instrument.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

(i) assets held for the collection of contractual cash flows and
(ii) contractual cash flows that consist solely of principal and interest payments on the principal amount outstanding.

All other financial assets and equity investments are subsequently measured at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). All other financial liabilities are subsequently measured at amortized cost.

i) Financial assets and liabilities measured at amortized cost

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs. After initial recognition, interest-bearing financial liabilities are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortization and gains or losses on derecognition of the financial liabilities are recognized in finance costs.

2. Significant accounting policies... continued

i) Financial instruments... continued

i) Financial assets and liabilities measured at amortized cost... continued

Impairment
The Group records expected credit losses ("ECL") on financial assets measured at amortised cost, off balance sheet commitments and financial guarantees.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECLs resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ("12-month ECL").

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ("lifetime ECL"). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in 'stage 3'.

There is no financing component for trade receivables and therefore the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Given the short-term nature of the trade receivables and that the lifetime ECL is equivalent to the 12-month ECL, all trade receivables are considered to be stage 2.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as, fluctuations in foreign exchange rates and economic conditions of the underlying counter-party, are considered in calculating the ECL.

Definition of default
The Group determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:
- contractual payments are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

Write-off
Financial assets (and the related impairment allowances) are written off when there is no realistic prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Measurement of impairment
The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the

2. Significant accounting policies... continued

i) Financial instruments... continued

i) Financial assets and liabilities measured at amortized cost... continued

current point in time. For the ECL provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience, but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. The exercise of judgement in making estimations requires the use of assumptions, which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

ii) Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment.

The Group elected to classify irrecoverably its equity investments under this category.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is generally determined using the average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, slow-moving and defective items.

k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

l) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method. Associated costs are classified as finance costs in the consolidated statement of income. Borrowings due within twelve months

2. Significant accounting policies... continued

m) Borrowings... continued

of the consolidated statement of financial position date are classified as current liabilities. Preference shares which are mandatorily redeemable by the holder of the shares are classified as liabilities. The dividends on these preference shares are recognised in the consolidated statement of income within finance costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of income in the period in which they are incurred.

n) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the corporation tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable income will be available against which the assets may be utilised.

o) Employee benefits

i) Pension obligations

The Company and certain of its subsidiary companies operate defined benefit pension plans for their employees under segregated fund policies with Sagicor Life Inc. and investment funds with Bank of St. Lucia Limited, Portland JSX Limited and Morgan Stanley Private Wealth Management. The schemes are funded through payments from the employees and the Group, determined by annual actuarial calculations. Some of these pension plans are based on final average salary and some are based on career average salary.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the consolidated statement of income.

For the defined contribution plans operated by the Group, the Group pays contributions to privately administered funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Significant accounting policies... continued

o) Employee benefits... continued

ii) Profit-sharing bonus plan

The Group recognises a liability and an expense for profit-sharing bonuses. Senior management's profit-sharing bonuses are based on the Company's economic profit improvement over the prior year. Economic profit is calculated as net operating profit after tax and certain adjustments less a charge for capital employed. Profit-sharing bonuses for all other employees are based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

p) Share-based payments

The Group operates two cash-settled share-based plans. There is a bonus share purchase scheme and a savings share purchase scheme for all full time employees of the Group. Any discounts offered under these schemes are recognised in the share-based payments expense in selling, marketing and administrative expenses and credited to the share-based payments reserve in equity.

q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

r) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 4.

Sale to third parties

Revenue from the sale of products to third parties is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the items. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. providing servicing). In determining the transaction price for sales, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the

2. Significant accounting policies... continued

r) Revenue recognition... continued

Rights of return... continued
amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

Significant financing component
Some of the companies in the Group receive short-term advances from their customers. Using the practical expedient in IFRS 15, these companies do not adjust the promised amount of consideration for the effects of a significant financing component if they expect, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Where companies in the Group receive long-term advances from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between those companies and their customers at contract inception, to take into consideration the significant financing component.

Warranty obligations
Some companies in the Group provide warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Some companies in the Group provide a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of other goods or services. Contracts for bundled sales of goods or services and a service-type warranty comprise two or more performance obligations because the promises to transfer the other goods or services and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

Rendering of services
The Group provides services that are either sold separately or bundled with the sale of goods and/or other services. Bundled sales may comprise two or more performance obligations where the items being sold are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices.

The Group recognises revenue from certain services over time, using an input method to measure progress towards complete satisfaction of the service where the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of goods are recognised at a point in time, generally upon delivery.

Group as principal and agent
When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them

2. Significant accounting policies... continued

r) Revenue recognition... continued

Group as principal and agent... continued

to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 2 i) Financial instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

A right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Significant accounting policies... continued

s) Leases... continued

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	5 - 25 years
Machinery & equipment	2 - 5 years
Motor vehicles	5 - 6 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2 h) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other gains/(losses) – net in the consolidated statement of income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in other gains/(losses) – net in the consolidated statement of income in the period in which they are earned.

2. Significant accounting policies... continued

t) Derivative financial instruments

The Group's derivatives mainly consist of futures. Derivatives are mainly used to manage exposures to commodity price risk.

Derivatives are initially recognised at fair value. They are subsequently remeasured at fair value on a regular basis and at each reporting date as a minimum, with all their gains and losses, realised and unrealised, recognised in the consolidated statement of income unless they are in a qualifying hedging relationship.

u) Insurance contracts

Recognition and measurement

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Insurance contracts issued are classified as short-term insurance contracts. These contracts are principally property, accident, motor, liability and marine insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from specified insured perils (such as but not limited to fire, windstorm or earthquake) and their consequences up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks.

Accident insurance contracts indemnify the Group's customers in the event of personal injury, loss and/or damage to property up to the insured amount and within the terms of the policy conditions.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the applicable Road Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Liability insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties subject to policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo.

For these contracts, premiums are recognised as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated statement of financial position date is reported as the unearned premium liability. Premiums are shown before the deduction of commission.

Claims and loss adjustment expenses are charged to the consolidated statement of income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the consolidated statement of financial position date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

2. Significant accounting policies... continued

u) Insurance contracts... continued

Reinsurance contracts held... continued
The Group assesses recoverability of its reinsurance assets when there is objective evidence that the reinsurance asset is impaired and reduces the carrying amount of the reinsurance asset to its estimated recoverable amount by recognising an impairment loss in the consolidated statement of income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

Claims provision and related reinsurance recoveries
Provisions are made at the year end for the estimated cost of claims incurred but not yet settled at the consolidated statement of financial position date. The estimated cost of claims includes expenses to be incurred in settling the claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the outcome will prove to be different from the original liability established.

Receivables and payables
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for receivables. The impairment loss is also calculated under the same method used for these financial assets.

Premiums and unearned premiums
Premiums are earned over the term of the related insurance contracts in proportion to the period of risk. The reserve for unearned premiums is established for the portion of premiums written which relate to unexpired risks at the end of the period.

Premiums ceded are expensed over the term of the related insurance contracts in proportion to the period of risk, coterminous with the related gross premiums. The provision for deferred premiums is established for the portion of premiums ceded which relate to unexpired risks at the end of the period.

Deferred acquisition costs
Acquisition costs on premiums written vary with and are directly related to the production of business. These costs are deferred and recognized over the period of the policies to which they relate.

Claims and claims expenses
Claims and claims expenses are shown gross with amounts due under reinsurance contracts shown as reinsurance assets. Reserves for claims are recorded as incurred and represent estimates of future payments of reported and unreported claims and related expenses with respect to insured events that have occurred up to the consolidated statement of financial position date. Reinsurance claims recoveries are estimated at the same time as the reserve for a claim is recorded. The provision reflects management's best estimate of the Group's ultimate liabilities and management believes that the provision is adequate.

v) Dividend distributions
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

3. Risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by Head Office under policies approved by the Board of Directors. Head Office identifies, evaluates and addresses financial risks in close cooperation with the Group's operating units. The Board provides guidance for overall risk management.

i) Market risk

1) Foreign exchange risk

The Group operates extra-regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Central and South American currencies. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

In order to manage the risk associated with movements in currency exchange rates in Central and South America on commercial transactions, the Group trades mainly in United States dollars ("USD").

The Group also seeks to maintain cash and cash equivalents in each operating currency, which are sufficient to match liabilities denominated in the same currency.

The table below illustrates the theoretical impact on equity and net income of a 5% depreciation in the Jamaican dollar and Latin American currencies when compared to the Barbados dollar as at 30 September 2020.

Effect of a 5% depreciation of	Effect on equity	Effect on net income
Jamaican dollar	810	53
Latin American currencies	(29)	97

An appreciation of these currencies would have an equal and opposite effect on equity and net income. The Group also trades in Eastern Caribbean dollars and USD but these currencies have a fixed exchange rate with the Barbados dollar and have been excluded from this analysis.

2) Price risk

Equity price risk

The Group is exposed to equity securities price risk because of financial investments held by the Group and classified on the consolidated statement of financial position as fair value through other comprehensive income ("FVOCI"). To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's publicly traded equity securities are included mainly on the Barbados Stock Exchange ("BSE"), Cayman Island Stock Exchange ("CSX"), Toronto Stock Exchange ("TSX") and the Eastern Caribbean Securities Exchange ("ECSE").

If the BSE, CSX, TSX and ECSE had increased or decreased by 5% with all other variables held constant, the financial investments reserve within equity would increase or decrease by $577 (2019 – $615) as a result of gains or losses on equity securities designated as FVOCI.

Commodity price risk

Commodity price risk arises from transactions by one of the Group's subsidiaries on the world commodity markets for securing the supply of cocoa beans necessary for the manufacture of cocoa products.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

i) Market risk... continued

2) Price risk... continued

Commodity price risk... continued

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's policy on commodity price risk management. The subsidiary's commercial department is responsible for managing commodity price risk on the basis of limits predetermined by its Board of Directors generally through the use of exchange-traded commodity derivatives. As a result of the short product business cycle of the company, the anticipated future raw material transactions outstanding at the reporting date are expected to occur in the next year.

ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is managed on an entity basis. The Group's credit risk arises from cash, financial investments (debt securities and fixed deposits) as well as credit exposures to wholesale and retail customers, amounts due from associated companies and other receivables.

The maximum exposure to credit risk is as follows:

	2020		2019	
	$	%	$	%
Cash	78,485	34	79,835	33
Trade and other receivables	93,008	41	106,208	44
Due by associated companies	26,361	12	24,174	10
Financial investments (debt instruments)	30,794	13	30,974	13
Reinsurance assets (outstanding claims)	349	–	367	–
	228,997	100	241,558	100

Independent ratings exist for customers in the Group's catering operations. If no independent rating exists, customers are grouped according to credit history. Ratings available for the Group's significant cash and cash equivalents and financial investments are included in notes 6 and 19 respectively.

The Group has a large number of customers dispersed across the Caribbean and Latin America. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, statement of financial position, credit quality and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or by using major credit cards. For banks and financial institutions only well-known and reputable parties are accepted.

The total outstanding trade balances of the Group's five largest receivable positions at the reporting date constitute 17.2% (2019 – 17.9%) of the total gross trade receivable amount and individually they accounted for between 1.4% and 9.2% (2019 – 3.0% and 4.4%) of the total gross trade receivables. Expected credit losses have been applied as applicable and as a result management does not expect any additional losses from non-performance by customers.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

ii) Credit risk... continued

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 1 October 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	Up to 90 days	91 to 180 days	Over 181 days	Total
30 September 2020				
Estimated credit loss rate (%)	1.83	8.60	57.00	9.68
Estimated total gross carrying amount at default	53,967	8,420	9,138	71,525
Expected credit loss	989	724	5,209	6,922
30 September 2019				
Estimated credit loss rate (%)	1.39	11.02	42.79	6.08
Estimated total gross carrying amount at default	62,884	10,800	6,578	80,262
Expected credit loss	874	1,191	2,815	4,880

iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. In order to manage liquidity risks, management seeks to maintain sufficient levels of cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, to meet reasonable expectations of its short-term obligations.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

iii) Liquidity risk ... continued

The table below analyses the Group's financial and insurance liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 September 2020					
Borrowings	**91,845**	**18,812**	**126,409**	**24,413**	**261,479**
Trade and other payables	**123,764**	**–**	**–**	**–**	**123,764**
Lease liabilities	**8,943**	**7,379**	**13,885**	**16,334**	**46,541**
Due to associated companies	**2,331**	**–**	**–**	**–**	**2,331**
Insurance contracts	**1,231**	**–**	**–**	**–**	**1,231**
	228,114	**26,191**	**140,294**	**40,747**	**435,346**
At 30 September 2019					
Borrowings	100,773	29,447	79,207	52,607	262,034
Trade and other payables	118,781	–	–	–	118,781
Due to associated companies	2,061	–	–	–	2,061
Insurance contracts	1,347	–	–	–	1,347
	222,962	29,447	79,207	52,607	384,223

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 September 2020					
Cash	**78,485**	**–**	**–**	**–**	**78,485**
Trade and other receivables	**85,390**	**3,077**	**3,357**	**1,346**	**93,170**
Due by associated companies	**25,074**	**1,398**	**–**	**–**	**26,472**
Reinsurance assets	**349**	**–**	**–**	**–**	**349**
Financial investments (debt instruments)	**28,983**	**1,387**	**859**	**1,085**	**32,314**
	218,281	**5,862**	**4,216**	**2,431**	**230,790**
At 30 September 2019					
Cash	79,835	–	–	–	79,835
Trade and other receivables	93,968	3,534	7,160	1,346	106,008
Due by associated companies	21,643	3,038	–	–	24,681
Reinsurance assets	367	–	–	–	367
Financial investments (debt instruments)	23,991	3,688	4,361	1,841	33,881
	219,804	**10,260**	**11,521**	**3,187**	**244,772**

3. Risk management... continued

a) Financial risk factors... continued

iv) Cash flow and fair value interest rate risk

Although the Group has some interest bearing assets, the Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2020 and 2019 the Group's borrowings at variable rates were denominated in Barbados dollars, Eastern Caribbean dollars, Jamaica dollars, United States dollars and Colombian pesos. To manage against interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, renewing options and alternative financing. In a period of low interest rates the Group negotiates for fixed rates on borrowings for a period of at least five years.

At 30 September 2020, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been $1,128 (2019 – $659) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

v) Country risk

On 19 May 2017, Foreign Exchange Agreement No. 38 was published, which specifically regulates the Foreign Exchange Rate System of the Market's Floating Complementary Exchange Rate ("DICOM"). Foreign currency auctions through the aforementioned system may be carried out with positions held by individuals and legal entities of the private sector that wish to present their bid and offer positions. Auctions may also be carried out by the Central Bank of Venezuela. The DICOM system is administered, regulated and directed by the Currency Auctions Committee, which is constituted and governed in accordance with the provisions of the aforementioned Agreement. The amounts and conditions of the amounts of the respective auction is determined at each opportunity by the Currency Auctions Committee. The DICOM corresponding to each auction is published on the website of the Central Bank of Venezuela. On 7 September 2018, this Foreign Exchange Agreement No. 38 was superseded by the Foreign Exchange Agreement No. 1. Under this mechanism the Bolivar has devalued significantly, moving from a conversion rate of Bolivars 20,746 to US$1.00 in the prior year to a conversion rate of Bolivars 430,670.16 to US$1.00 at year end. The Group has used the DICOM exchange rate to convert the net assets of its subsidiary in Margarita, Venezuela resulting in a translation loss of $381 (2019 – loss of $388) which was recognised in the consolidated statement of comprehensive income. During the year, the Board approved the closure of this subsidiary. As a result, $1,097 of translation losses were transferred to the consolidated statement of comprehensive income.

b) Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

Financial instruments carried at fair value in the consolidated financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

Level 1 – quoted instruments in active markets for identical instruments;
Level 2 – inputs other than quoted prices in Level 1 that are observable for the instrument either directly or indirectly;
Level 3 – inputs for the instrument that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

b) Fair value of financial assets and liabilities... continued

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value such financial instruments include quoted market prices for similar instruments and discounted cash flow analysis.

	Level 1	Level 2	Level 3	Total
2020				
Financial instruments measured at fair value through other comprehensive income:				
Equity securities	1,962	9,581	–	11,543
2019				
Financial instruments measured at fair value through other comprehensive income:				
Equity securities	2,548	9,763	–	12,311

During the year there were no transfers between Level 1 and Level 2.

The Group's financial assets and financial liabilities as disclosed in the consolidated statement of financial position approximate their fair value except for the Group's borrowings, the fair value of which is disclosed in note 11.

c) Capital risk management

The Group’s objectives when managing capital are to maximise shareholders’ returns and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as total liabilities as shown on the consolidated statement of financial position. Total equity is calculated as ‘equity’ as shown on the consolidated statement of financial position.

During 2020 and 2019, the Group’s strategy was to achieve a debt to equity ratio of 40:60. The debt to equity ratios at 30 September 2020 and 2019, are as follows:

	2020	2019
Total debt	416,304	383,561
Total equity	654,766	682,535
Debt to equity ratio	39:61	36:64

Statutory compliance

The Group’s insurance company, M&C General Insurance Company Limited, is regulated by the Insurance Act No. 6 of 1995 of St. Lucia (“the Insurance Act”).

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

c) Capital risk management... continued

Statutory compliance... continued

Section 34 of the Insurance Act states that a general insurer will be deemed to be insolvent if its assets do not exceed the sum of its liabilities by the greater of $148 or twenty percent (20%) of its premium income in respect of its general insurance business in its last preceding financial year. Premium income of a company shall be assessed as the net amount, after deductions for any premiums paid by the company for reinsurance in that year in respect of all general insurance business carried on by the company. The company was deemed solvent as at 30 September 2020 and 2019.

Section 80 of the Insurance Act requires that a general insurer (carrying on motor vehicle and insurance business other than long-term insurance) shall deposit with the Registrar either the greater of $56 or an amount equal to forty percent (40%) of its net premium income in respect of business transacted during the last preceding financial year. The company was in compliance with this requirement as of 30 September 2020 and 2019.

Section 88 of the Insurance Act requires that the company establishes a motor vehicle insurance fund equal to its liability and contingency reserves for motor vehicle insurance business less amounts held on deposit with the Registrar. The company was in compliance with this requirement as of 30 September 2020 and 2019.

The local insurance regulator specifies the minimum amount and type of capital that must be held by the company in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year. The company is subject to insurance solvency regulations and the company has embedded in its asset liability management framework the necessary tests to ensure the continuous and full compliance with such regulations.

The table below summarises the minimum required capital and the regulatory capital held by the company.

	2020	**2019**
Regulatory capital held	2,370	2,370
Minimum regulatory capital	555	555

d) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from expectations from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Group's underwriting strategy promotes diversification of insurance risks accepted and the creation of a large population of risks in each category to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

d) Insurance risk... continued

Reinsurance arrangements
The Group limits its exposure to insurance losses through the purchase of reinsurance. The Group's retained risk by line of business is disclosed below:

Type of Insurance Contract	Retention of Insurers
Property Risks	Maximum net retention of $74 Maximum gross retention of $5,555 per risk Maximum net retention of $1,111 for catastrophe risk
Motor & Liability	Maximum net retention of $2,370 for single risk Treaty limits for motor of $2,963 Treaty limits for liability of $2,963
Miscellaneous Accident	Maximum net retention of $74 Treaty limits of $740 any one risk
Marine	Maximum net retention of $65 per shipment and $102 per bottom Maximum gross retention of $259 for single risk Maximum retention of $185 any one bond Treaty limit of $407 any one known bottom

4. Critical accounting estimates and judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Group's financial statements are set out below.

a) *Revaluation of properties*
The Group utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

b) Property, plant and equipment
Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

c) *Consolidation of flight kitchen operations*
Following the adoption of IFRS 10 Consolidated Financial Statements, management reassessed the existing business arrangement with LSG/Sky Chefs Inc. as it relates to the operation of the flight kitchens division.

On 30 March 1997, Goddard Enterprises Limited ("GEL") and SC International Services Inc. (now LSG/Sky Chefs Inc.) entered into a business arrangement to manage the operations of the companies within the Catering and Ground Handling Division at the time. On 5 November 2015 the two parties signed a Restated Master Joint Venture Agreement that has an initial term through 30 September 2035, with an automatic ten year extension. The ownership structure is 51:49, with GEL being the majority shareholder. GEL is deemed to have control of this arrangement as GEL directs the relevant activities which include, but are not limited to:

4. Critical accounting estimates and judgements... continued

c) Consolidation of flight kitchen operations... continued

i) The selling and purchasing of goods and services.
ii) The recruitment, appointment and termination of key management.
iii) Negotiation of contracts with suppliers, customers and service providers.
iv) Establishment of all operating policies.
v) Determination of the strategic plans.

GEL currently, through the appointment of key management who directs the relevant activities of the business arrangement, has the ability to affect its performance and hence influence the variable returns from the arrangement. GEL currently also receives dividends and management fees.

d) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involves the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing related, consumer related, contract based or technology based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

e) Impairment of intangible assets

i) Goodwill

The assessment of goodwill impairment involves the determination of the fair value of the cash-generating units to which the goodwill has been allocated. Determination of fair value involves the estimation of future cash flows or of net income from ordinary activities of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole.

The Group updates its business unit financial projections annually and assesses whether there is any impairment of goodwill.

ii) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value-in-use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible asset's value-in-use, estimates are required of future cash flows generated as a result of holding the asset.

f) Impairment of financial assets

Management makes judgements at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

g) Employee benefits

In conducting valuation exercises to measure the effect of all employee benefit plans throughout the Group, management uses judgement and assumptions in determining discount rates, salary increases, NIS ceiling increases, pension increases, and the rate of return on the assets of the plans.

h) Deferred taxes

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

4. Critical accounting estimates and judgements... continued

i) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

i) Identifying performance obligations in a bundled sale of vehicle and services

The Group provides after-sale services of vehicles that are either sold separately or bundled together with the sale of vehicles to a customer. The after-sale services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the vehicle and after-sale service are capable of being distinct. The fact that the Group regularly sells both vehicle and after-sale service on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the vehicle and after-sale service are distinct within the context of the contract. The vehicle and after-sale service are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the vehicle and after-sale service together in this contract do not result in any additional or combined functionality and neither the vehicle and after-sale service significantly modify or customise the other. In addition, the vehicle and after-sale service are not highly interdependent or highly interrelated, because the Group would be able to transfer the vehicle even if the customer declined after-sale service and would be able to provide after-sale service in relation to vehicles sold by other car dealers. Consequently, the Group allocated a portion of the transaction price to the vehicle and after-sale service based on relative stand-alone selling prices.

ii) Principal versus agent considerations

The Group enters into contracts with its customers to perform ship handling and processing duties on behalf of principals. The following factors indicate that the Group is acting in the capacity as an agent in these contracts:

- The Group is not primarily responsible for fulfilling the promise to provide the shipping services.

- The Group has no discretion in establishing the price for the shipping services. The Group's consideration in these contracts is only based on commissions that are a fixed fee or a percentage of the cost of shipping services.

In addition, the Group concluded that it transfers control over its services (i.e., arranging for the shipping services), at a point in time, upon completion of the shipping services, because this is when the customer benefits from the Group's agency service.

iii) Estimating variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return that gives rise to variable consideration. A refund liability (included in trade and other payables) and a right of return asset (included in trade and other receivables) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly improbable that a significant reversal in the cumulative revenue recognised will occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

iv) Estimating stand-alone selling price – loyalty rewards programme

Certain subsidiaries within the Group operate loyalty rewards programmes which allows customers to accumulate points for purchases made. These points can be redeemed for a discount on future purchases. A contract liability for the reward points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or upon expiry.

4. Critical accounting estimates and judgements... continued

i) Revenue from contracts with customers... continued

iv) Estimating stand-alone selling price – loyalty rewards programme... continued

The Group determined that the loyalty points provide a material right to customers that they would not receive without entering into the contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated based on the retail price. A contract liability is recognised until the points are redeemed or expire.

j) Provision for expected credit losses of trade receivables and contract assets

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. For the expected credit loss provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience. The underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. At the year end, an additional overlay was applied to account for the effects of COVID-19 on the forward-looking information. The exercise of judgement in making estimations requires the use of assumptions, which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

k) Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of assets with shorter non-cancellable period (i.e. three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases of land and buildings with longer non-cancellable periods (i.e.10 to 25 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

l) Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. Critical accounting estimates and judgements... continued

m) Operating lease commitments - Group as lessor

The Group has entered into property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial assets, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

n) Finance lease commitments - Group as lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

o) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

p) Business combination

During the year, the Group purchased from Seawell Air Services Limited ("SAS") all the assets needed to conduct the business of ground handling. The assets purchased included the following:

- All the equipment required for passenger servicing and ground handling.
- All contracts and agreements to which the seller was a party or by which the seller was bound that arose out of the operation of the seller's business.

Based on our assessment of the components (inputs, processes and outputs) of the business, it was concluded that the acquisition of these assets from SAS constituted a Business Combination as defined by IFRS3.

5. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group is divided into four reporting segments based on the different types of products and services offered. These products and services are described in note 1. The operating segments derive their revenue primarily from the distribution of general merchandise, manufacturing of food and consumables, and provision of catering and ground handling services. The Directors assess the performance of the operating segments on the basis of revenue and profit or loss before tax excluding some other gains/(losses) – net which are shown as adjustments.

Information segmented on a geographical basis has been included in the notes to the consolidated financial statements as the Directors believe that this information is useful to an understanding of the operations of the Group.

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

The segment information provided to the Board of Directors is as follows:

Operating segments

	Automotive, building supplies and services	Caribbean Distribution Partners Limited	Manufacturing and services	Catering and ground handling	Eliminations/ unallocated	Total
2020						
Revenue						
External sales	352,061	–	294,498	186,003	(6,442)	826,120
Inter-segment sales	1,462	–	2,845	544	(4,851)	–
Associated companies' sales	12,123	657,138	2,483	60,930	(732,674)	–
Total revenue	365,646	657,138	299,826	247,477	(743,967)	(826,120)
Segment result						
Profit/(loss) from operations	16,247	–	17,693	(13,608)	(15,867)	4,465
Other gains/(losses) – net	3,967	–	260	4,893	(456)	8,664
Finance costs	(5,163)	–	(711)	(1,578)	(5,563)	(13,015)
Share of (loss)/income of associated companies	(728)	11,175	1,402	(2,581)	1,871	11,139
Income/(loss) before non-controlling interests and taxation	14,323	11,175	18,644	(12,874)	(20,015)	11,253
Non-controlling interests	(2,841)	–	(742)	1,960	1,623	–
Income/(loss) before taxation	11,482	11,175	17,902	(10,914)	(18,392)	11,253
Taxation						(7,120)
Net income for the year						4,133
Other information						
Operating assets	322,937	–	175,508	141,505	133,117	773,067
Non-current assets held for sale	1,754	–	–	–	–	1,754
Intangible assets	14,699	–	1,244	10,035	–	25,978
Investments in associated companies	13,334	123,411	2,351	6,133	23,104	168,333
Unallocated corporate assets	–	–	–	–	101,938	101,938
Consolidated corporate assets	352,724	123,411	179,103	157,673	258,159	1,071,070
Capital expenditure	9,297	–	3,320	12,877	1,016	26,510
Depreciation	7,382	–	6,837	9,070	1,861	25,150
Amortisation of intangible assets	2,391	–	–	515	–	2,906
Impairment of intangible assets	–	–	–	1,694	–	1,694
Employee numbers – subsidiary companies only	1,381	–	770	2,583	36	4,770

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

	Automotive, building supplies and services	Caribbean Distribution Partners Limited	Manufacturing and services	Catering and ground handling	Financial services	Eliminations/ unallocated	Total
2019							
Revenue							
External sales	369,968	–	223,824	280,341	–	(5,833)	868,300
Inter-segment sales	3,746	–	2,890	284	–	(6,920)	–
Associated companies' sales	13,246	649,522	4,248	88,800	20,289	(776,105)	–
Total revenue	386,960	649,522	230,962	369,425	20,289	(788,858)	868,300
Segment result							
Profit/(loss) from operations	18,148	–	8,173	39,215	–	(17,007)	48,529
Other gains/(losses) – net	4,936	–	791	3,399	–	6,751	15,877
Finance costs	(5,802)	–	(231)	(190)	–	(5,948)	(12,171)
Share of income/(loss) of associated companies	431	10,648	124	1,193	(699)	(1,780)	9,917
Income/(loss) before non-controlling interests and taxation	17,713	10,648	8,857	43,617	(699)	(17,984)	62,152
Non-controlling interests	(2,156)	–	(195)	(23,123)	–	25,474	–
Income/(loss) before taxation	15,557	10,648	8,662	20,494	(699)	7,490	62,152
Taxation							(15,570)
Net income for the year							46,582
Other information							
Operating assets	327,401	–	152,576	138,725	–	133,558	752,260
Intangible assets	17,091	–	1,244	12,243	–	–	30,578
Investments in associated companies	14,062	118,350	949	9,709	756	21,687	165,513
Unallocated corporate assets	–	–	–	–	–	117,745	117,745
Consolidated corporate assets	358,554	118,350	154,769	160,677	756	272,990	1,066,096
Capital expenditure	12,372	–	7,003	13,287	–	1,393	34,055
Depreciation	7,083	–	6,507	8,556	–	1,780	23,926
Amortisation of intangible assets	1,115	–	–	192	–	–	1,307
Employee numbers – subsidiary companies only	1,450	–	791	3,499	–	62	5,802

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

A reconciliation of adjustments to income/(loss) before non-controlling interests and taxation is provided as follows:

	2020	2019
Total income before non-controlling interests and taxation for reportable segments	31,268	80,136
Eliminations/unallocated		
Unallocated group companies	(14,964)	(17,984)
Write down of associated companies	(4,837)	–
Intercompany eliminations	(214)	–
Total eliminations/unallocated	(20,015)	(17,984)
Total income before taxation	11,253	62,152

Reportable segment assets are reconciled to total assets as follows:

	2020	2019
Total assets for reportable segments	812,911	793,106
Unallocated assets		
Operating assets for unallocated group companies	156,221	155,245
Current income tax assets	6,074	5,468
Investment property	30,814	30,694
Financial investments	52,399	70,414
Deferred income tax assets	3,103	2,515
Pension plan assets	9,548	8,654
Total unallocated assets	258,159	272,990
Total assets	1,071,070	1,066,096

Geographical information

	External sales		Non-current assets	
	2020	2019	2020	2019
Barbados	178,499	193,136	190,491	179,081
St. Lucia	94,798	99,842	83,648	80,540
Grenada	89,166	89,634	48,208	48,442
Other Caribbean	117,754	126,074	246,579	224,560
Latin America	119,378	174,164	70,814	75,853
Other	226,525	185,450	838	4,087
Total	826,120	868,300	640,578	612,563

Sales between reportable segments are carried out at arm's length.

Revenue is attributed to countries on the basis of the customer's location.

For the purposes of segment information, non-current assets exclude financial investments, deferred income tax assets and pension plan assets.

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Geographical segments

	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2020					
Revenue					
External sales	267,884	330,480	227,093	663	826,120
Inter-segment sales	4,324	527	–	(4,851)	–
Associated companies' sales	18,499	688,177	25,371	(732,047)	–
Total revenue	290,707	1,019,184	252,464	(736,235)	826,120
Segment result					
Profit/(loss) from operations	20,635	10,135	(9,866)	(16,439)	4,465
Other gains/(losses) – net	6,167	2,110	843	(456)	8,664
Finance costs	(1,785)	(5,230)	(436)	(5,564)	(13,015)
Share of income/(loss) of associated companies	1,027	10,965	(1,768)	915	11,139
Income/(loss) before non-controlling interests and taxation	26,044	17,980	(11,227)	(21,544)	11,253
Non-controlling interests	(3,957)	(1,118)	3,194	1,881	–
Income/(loss) before taxation	22,087	16,862	(8,033)	(19,663)	11,253
Taxation					(7,120)
Net income for the year					4,133
Other information					
Operating assets	204,286	320,827	114,215	133,739	773,067
Non-current assets held for sale	–	1,754	–	–	1,754
Intangible assets	4,621	19,207	1,448	702	25,978
Investments in associated companies	15,167	148,853	4,312	1	168,333
Unallocated corporate assets	–	–	–	101,938	101,938
Consolidated corporate assets	224,074	490,641	119,975	236,380	1,071,070
Capital expenditure	8,805	13,564	3,123	1,018	26,510
Depreciation	8,574	8,446	6,244	1,886	25,150
Amortisation of intangible assets	1,917	989	–	–	2,906
Impairment of intangible assets	–	1,694	–	–	1,694
Employee numbers – subsidiary companies only	1,042	2,289	1,386	53	4,770

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Geographical segments... continued

	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2019					
Revenue					
External sales	262,629	375,196	230,675	(200)	868,300
Inter-segment sales	4,852	881	–	(5,733)	–
Associated companies' sales	40,791	699,023	37,465	(777,279)	–
Total revenue	308,272	1,075,100	268,140	(783,212)	868,300
Segment result					
Profit/(loss) from operations	21,166	28,176	16,319	(17,132)	48,529
Other gains/(losses) – net	2,162	5,249	1,715	6,751	15,877
Finance costs	(1,315)	(4,826)	(82)	(5,948)	(12,171)
Share of (loss)/income of associated companies	(70)	10,264	905	(1,182)	9,917
Income/(loss) before non-controlling interests and taxation	21,943	38,863	18,857	(17,511)	62,152
Non-controlling interests	(2,795)	(11,298)	(11,437)	25,530	–
Income before taxation	19,148	27,565	7,420	8,019	62,152
Taxation					(15,570)
Net income for the year					46,582
Other information					
Operating assets	169,113	322,227	126,617	134,303	752,260
Intangible assets	6,538	21,890	1,448	702	30,578
Investments in associated companies	14,540	140,723	6,991	3,259	165,513
Unallocated corporate assets	–	–	–	117,745	117,745
Consolidated corporate assets	190,191	484,840	135,056	256,009	1,066,096
Capital expenditure	8,144	19,406	5,015	1,490	34,055
Depreciation	7,723	8,075	6,346	1,782	23,926
Amortisation of intangible assets	641	666	–	–	1,307
Employee numbers – subsidiary companies only	999	2,698	2,026	79	5,802

(Expressed in thousands of Barbados Dollars)

6. Cash and cash equivalents

	2020	2019
Cash	78,485	79,835
Bank overdraft (note 11)	(9,692)	(16,585)
	68,793	63,250

Significant concentrations of cash are as follows:

	2020	2019
CIBC FirstCaribbean International Bank (unrated)	38,355	34,353
CIBC (Long Term Issue Credit Rating A+ by Standard & Poor's)	16,137	7,790

7. Trade and other receivables

	2020	2019
Trade receivables	71,525	80,262
Right of return assets (note 24)	238	215
Other receivables	24,242	26,471
Loans receivables	7,240	6,841
Trade and other receivables	103,245	113,789
Less: Provision for expected credit losses	(10,237)	(7,581)
Trade and other receivables – net	93,008	106,208
Less: Long-term portion – loans and other receivables (net)	(7,471)	(11,578)
Current portion	85,537	94,630

Included in other receivables is an amount of $926 due from a customer who filed for bankruptcy during the year. The customer and the group have reached an agreement for this amount to be settled over the next 24 months in equal quarterly instalments.

The movement in the Group's provision for expected credit losses of trade and other receivables is as follows:

	2020	2019
Balance at beginning of the year	7,581	4,004
Effect of adoption of IFRS 9	–	1,861
Subsidiary acquired during the year	–	190
Increase in the provision during the year	3,688	3,922
Receivables written off during the year	(554)	(1,837)
Recoveries during the year	(426)	(537)
Exchange adjustment	(52)	(22)
Balance at end of the year	10,237	7,581

Direct write-offs for impaired receivables net of recoveries to the consolidated statement of income were $231 (2019 – $365).

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

The ageing analysis of the Group's trade receivables is as follows:

	2020	2019
Current (neither past due or impaired)	42,791	47,015
Past due but not impaired – up to 90 days	11,148	15,862
Past due but not impaired – 91 to up to 180 days	7,747	9,781
Past due but not impaired – over 180 days	4,544	3,914
Credit impaired trade receivables	5,295	3,690
	71,525	80,262
Less: Provision for expected credit losses (note 24)	6,922	4,880
	64,603	75,382

8. Due by/to associated companies

Of these amounts, $21,055 (2019 – $17,937) is interest free, unsecured and due on demand and $2,975 (2019 – $4,176) carries interest at a rate of 4.5% (2019 – 5.5%) and is repayable in two years. Due by/to associated companies is constituted as follows:

	2020	2019
Due by associated companies (due within twelve months)	24,985	21,437
Due by associated companies (due after twelve months)	1,376	2,737
Due to associated companies	(2,331)	(2,061)
	24,030	22,113

The provision for expected credit losses in respect of amounts due by associated companies was $759 (2019 – $375).

9. Reinsurance assets

	2020	2019
Outstanding claims	349	367
Deferred reinsurance costs	4,946	4,831
	5,295	5,198

10. Inventories

	2020	2019
Finished goods	120,167	126,373
Raw materials	23,496	21,738
Work in progress	6,222	2,652
	149,885	150,763
Less: Provision for obsolescence	(1,337)	(1,083)
	148,548	149,680

The cost of inventories written down and recognised as an expense and included in cost of sales amounted to $3,438 (2019 – $2,502).

(Expressed in thousands of Barbados Dollars)

11. Borrowings

	2020	2019
Non-current		
Bank term loans at interest rates between 3.25% to 9.85% (2019 – 3.25% to 9.85%) maturing at various intervals through 2033 (2019 – through to 2028) – see note (a)	152,301	141,011
Current		
Bank term loans at interest rates between 3.25% to 9.85% (2019 – 3.25% to 9.85%) maturing at various intervals through 2033 (2019 – through to 2026) – see note (a)	50,466	49,163
Short-term loans repayable on demand – see note (b)	998	924
Preference shares – redeemable up to 2023 at a dividend rate of 6.5% (2019 – 6.50%) payable semi-annually – see note (c)	22,434	32,434
Bank overdraft (interest rates of 4.50% to 11.25%) (2019 – 4.50% to 11.25%) (note 6) – see note (a)	9,692	16,585
	83,590	99,106
Total	235,891	240,117

a) The Company's bankers hold as collateral security, in support of the bank term loans and bank overdraft, the share certificates for the investments held by the Company in certain wholly owned subsidiaries and associated companies.

b) The short-term loans are unsecured and bear interest at rates varying between 3% and 5% (2019 – 3% and 5%) per annum.

c) These preference shares were issued as part-payment of the purchase consideration for the acquisition of Minvielle & Chastanet Limited ("M&C") and are denominated in United States dollars. The shares have a fixed preferential dividend rate of 6.50% per annum to be paid semi-annually. The holders can redeem the preference shares by giving two months' notice for every $10,000 of the value thereof. Payment can be made in Eastern Caribbean dollars at the holders' request. The holders also have the option to convert 60% of the preference shares into the Group's shares with the balance redeemable for cash, prior to 2023. Given the specific redemption terms, including the two months' notice period for any redemption request prior to 2023, the full amount of the outstanding preference shares is shown as current borrowings. During the year, the holders redeemed $10,000 of the preference shares.

The following have been pledged as security for the bank indebtedness of certain of the subsidiary companies:

Antigua: Floating charge debenture over business assets stamped for $8,237 (2019 – $1,037).

Barbados: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of the Company and of certain subsidiary companies stamped to secure $114,847 (2019 – $109,714), guarantee bond and postponement of claims by the Company for full liability, assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Lucia: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of certain subsidiary companies stamped to secure $14,913 (2019 – $23,792), assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Vincent: Equitable mortgage on deed of conveyance over land and buildings of a subsidiary company stamped to secure $8,000 (2019 – $8,000), assignment of fire and perils insurance over business assets and postponement of claim by Goddard Enterprises Limited for full liability.

(Expressed in thousands of Barbados Dollars)

11. Borrowings... continued

Jamaica: A registered first demand debenture and first demand mortgage over land and buildings providing a fixed and floating charge over assets stamped to secure $4,553 (2019 – $6,960) and guarantee of Goddard Enterprises Limited to cover full liability.

Grenada: First legal mortgage over land and buildings stamped to secure $2,963 (2019 – $2,963).

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the consolidated statement of financial position date are as follows:

	2020	2019
No exposure	112,676	143,705
Less than 1 year	37,502	25,213
1 – 5 years	80,930	60,983
Over 5 years	4,783	10,216
	235,891	240,117

The fair value of the Group's fixed rate borrowings was at the year-end $102,766 (2019 – $128,203).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2020	2019
Barbados dollar	64,595	67,349
Eastern Caribbean dollar	108,137	112,826
Jamaica dollar	4,553	5,479
United States dollar	52,132	48,632
Colombia peso	1,897	796
Trinidad and Tobago dollar	4,577	5,035
	235,891	240,117

During the year, the Group received moratoriums on some of its loans. This resulted in the capitalisation of borrowing costs in the amount of $1,531.

Reconciliation of movement of borrowings (bank term loans) to cash flows arising from financing activities:

	2020	2019
Opening bank term loans	190,174	179,332
Loans received	25,201	33,199
Loans repaid	(12,257)	(22,241)
Transfer to lease liability	(18)	–
Exchange adjustments	(333)	(116)
Closing bank term loans	202,767	190,174

(Expressed in thousands of Barbados Dollars)

12. Trade and other payables

	2020	2019
Trade payables	56,436	45,659
Accrued liabilities	66,607	72,033
Refund liabiities (note 24)	338	313
Contract liabilities	980	1,072
	124,361	119,077

13. Leases

Group as a lessee

The Group has lease contracts for various items of land, building and general equipment used in its operations. Leases of land and building generally have lease terms between 5 and 25 years, while general equipment generally has lease terms between 2 and 6 years. There are several lease contracts that include variable lease payments, which are further discussed below.

The Group also has certain leases of general equipment with lease terms of 12 months or less and/or low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases. The Group recognised rent expense from short-term leases of $144 and from low-value assets of $626 for the year ended 30 September 2020. The Group also recognised rent expense relating to variable lease payments of $843 for the year ended 30 September 2020.

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Land and buildings	General equipment	Total
At 1 October 2019	36,491	1,376	37,867
Right-of-use assets acquired during the year (note 34)	524	311	835
Additions	2,045	182	2,227
Depreciation (note 25)	(7,634)	(525)	(8,159)
At 30 September 2020	31,426	1,344	32,770

(Expressed in thousands of Barbados Dollars)

13. Leases... continued

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2020
At 1 October 2019	37,867
Lease liabilities acquired during the year (note 34)	835
Additions	2,227
Prinicipal repayments	(6,609)
At 30 September 2020	34,320
Current	7,195
Non-current	27,125
	34,320

Group as a lessor

The Group has entered into operating leases on certain freehold and investment properties consisting of office and retail space and warehouses. The leases have remaining terms up to 5 years. The major leases include clauses to enable upward revision of the rental charges between an annual and triennial basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September are as follows:

	2020	2019
Within one year	4,785	6,401
After one year but not more than five years	12,266	22,060
After five years	–	6,670
	17,051	35,131

14. Insurance contracts

	2020	2019
Provision for losses and loss adjustment expenses	1,231	1,347
Unearned premiums	7,239	7,035
	8,470	8,382

(Expressed in thousands of Barbados Dollars)

15. Property, plant and equipment

	Freehold land and buildings	Construction in progress	Leasehold buildings	General equipment	Total
At 30 September 2018					
Cost or valuation	262,231	11,377	56,010	270,861	600,479
Accumulated depreciation	(10,832)	–	(42,245)	(182,239)	(235,316)
Net book amount	251,399	11,377	13,765	88,622	365,163
Year ended 30 September 2019					
Opening net book amount	251,399	11,377	13,765	88,622	365,163
Exchange differences	(927)	–	(196)	(1,610)	(2,733)
Additions	4,766	5,938	1,571	21,780	34,055
Subsidiary acquired during the year	–	–	–	662	662
Disposals	–	–	(6)	(1,770)	(1,776)
Reclassifications	8,501	(8,501)	19	(19)	–
Hyperinflationary revaluation	–	–	–	18	18
Depreciation charge (note 25)	(3,791)	–	(2,150)	(17,985)	(23,926)
Closing net book amount	259,948	8,814	13,003	89,698	371,463
At 30 September 2019					
Cost or valuation	275,246	8,814	57,043	280,623	621,726
Accumulated depreciation	(15,298)	–	(44,040)	(190,925)	(250,263)
Net book amount	259,948	8,814	13,003	89,698	371,463
Year ended 30 September 2020					
Opening net book amount	259,948	8,814	13,003	89,698	371,463
Exchange differences	(1,220)	–	(268)	(1,330)	(2,818)
Additions	1,600	5,213	957	18,740	26,510
Assets acquired during the year (note 34)	–	–	1,288	8,324	9,612
Transfer to right-of-use assets	–	–	–	(18)	(18)
Transfer to held-for-sale assets	(1,754)	–	–	–	(1,754)
Disposals	–	–	(100)	(3,933)	(4,033)
Reclassifications	(138)	(14,027)	14,027	138	–
Hyperinflationary revaluation	–	–	–	24	24
Depreciation charge (note 25)	(3,943)	–	(2,272)	(18,935)	(25,150)
Closing net book amount	254,493	–	26,635	92,708	373,836
At 30 September 2020					
Cost or valuation	273,708	–	68,675	290,653	633,036
Accumulated depreciation	(19,215)	–	(42,040)	(197,945)	(259,200)
Net book amount	254,493	–	26,635	92,708	373,836

(Expressed in thousands of Barbados Dollars)

15. Property, plant and equipment... continued

Depreciation expense of $4,546 (2019 – $4,197) and $20,604 (2019 – $19,729) respectively has been included in cost of sales and selling, marketing and administrative expenses.

In the prior year lease rental expenses amounting to $7,136 were included in selling, marketing and administrative expenses.

The following is the historical cost carrying amount of freehold land and buildings carried at revalued amounts as at 30 September:

	2020	2019
Cost	153,042	152,419
Accumulated depreciation	(35,166)	(32,424)
	117,876	119,995

Land and buildings up to a total value of $125,177 (2019 – $117,494) have been provided as security for various bank borrowings.

During the year, a subsidiary in St. Vincent agreed to dispose of one of its properties. In accordance with IFRS 5, this property has been transferred to held-for-sale assets at a value of $1,754.

Independent valuations of the Group's freehold land and buildings situated in Barbados, St. Lucia, St. Vincent, Grenada, Jamaica, Cayman Islands and Uruguay were performed by valuers in those countries between July and October 2017. The valuations which conform to International Valuation Standards, were determined by reference to the income capitalisation, market based and depreciated replacement cost methods. The most significant inputs into these valuation models are rental income generated and the capitalisation rate, comparable sales, and the substitution cost of the asset and depreciation factor applied respectively. The highest and best use of a property may also be considered in determining its fair value.

The fair value hierarchy, as defined in note 3 b), has been applied to the valuations of the Group's freehold land and buildings and all fair values of these properties are designated as Level 2. Reasonable changes in fair values would impact the consolidated statement of comprehensive income.

16. Investment property

	2020	2019
Balance – beginning of year	30,694	30,370
Fair value gains on revaluation of investment property (note 26)	154	968
Disposal of investment property	–	(620)
Exchange adjustment	(34)	(24)
Balance – end of year	30,814	30,694

The Group's investment properties are situated in Barbados, Cayman Islands, Guatemala, Ecuador and St. Vincent. These were revalued during the year by independent professional real estate valuers in those countries. Valuations were performed based on an income capitalisation approach. The highest and best use of a property may also be considered in determining its fair value.

The fair value hierarchy, as defined in note 3 b), has been applied to the valuations of the Group's investment property and all fair values of these properties are designated as Level 2. Reasonable changes in fair values would impact the consolidated statement of income.

Rental income from investment properties amounted to $2,044 (2019 – $2,281) and direct operating expenses totalled $20 (2019 – $11) for the year.

(Expressed in thousands of Barbados Dollars)

17. Intangible assets

	Goodwill	Trade names	Customer relationships	Other	Total
At 30 September 2018					
Cost	27,089	12,462	11,712	7,049	58,312
Accumulated amortisation	–	(5,622)	(5,491)	(120)	(11,233)
Accumulated impairment	(16,927)	–	–	(6,887)	(23,814)
Net book amount	10,162	6,840	6,221	42	23,265
Year ended 30 September 2019					
Opening net book amount	10,162	6,840	6,221	42	23,265
Acquisition of intangible assets	5,392	–	3,228	–	8,620
Amortisation charge (note 26)	–	(524)	(772)	(11)	(1,307)
Closing net book amount	15,554	6,316	8,677	31	30,578
At 30 September 2019					
Cost	32,481	12,462	14,940	7,049	66,932
Accumulated amortisation	–	(6,146)	(6,263)	(131)	(12,540)
Accumulated impairment	(16,927)	–	–	(6,887)	(23,814)
Net book amount	15,554	6,316	8,677	31	30,578
Year ended 30 September 2020					
Opening net book amount	15,554	6,316	8,677	31	30,578
Impairment of intangible assets (note 26)	(1,694)	–	–	–	(1,694)
Amortisation charge (note 26)	–	(600)	(2,295)	(11)	(2,906)
Closing net book amount	13,860	5,716	6,382	20	25,978
At 30 September 2020					
Cost	32,481	12,462	14,940	7,049	66,932
Accumulated amortisation	–	(6,746)	(8,558)	(142)	(15,446)
Accumulated impairment	(18,621)	–	–	(6,887)	(25,508)
Net book amount	**13,860**	**5,716**	**6,382**	**20**	**25,978**

A purchase price allocation was performed for Caribbean Dispatch Limited which was purchased in August 2019. This resulted in the identification of goodwill of $5,392 and customer relationships of $3,228.

(Expressed in thousands of Barbados Dollars)

17. Intangible assets... continued

Goodwill has been allocated to the Group's cash-generating units. These cash-generating units are then grouped based on business segments.

	Allocation beginning of year	Impairment	Allocation end of year
Automotive, building supplies and services	6,638	–	6,638
Manufacturing and services	1,243	–	1,243
Catering and ground handling	7,673	(1,694)	5,979
	15,554	**(1,694)**	**13,860**

The recoverable amount of a cash-generating unit is determined based on its value-in-use calculations. These calculations use pre-tax cash flow projections prepared by management for the next five years. During the year the carrying value of one cash-generating unit within the catering and ground handling segment was reduced to its estimated recoverable amount through recognition of an impairment loss of $1,694 in respect of goodwill to reflect declining performances. This loss has been included in other gains/(losses) – net in the consolidated statement of income (note 26).

A sensitivity analysis was conducted on the recoverable amount of all major cash-generating units. A weighted average approach to the revenue growth assumptions, a gradual increase to the rate of revenue growth and mid-year discount factors were applied. This resulted in no additional impairment of the cash-generating units.

In performing the required value-in-use calculations to arrive at a recoverable amount for each cash-generating unit, management has applied the following discount factors and residual growth rates to the projected cash flows from the individual operating units.

	2020	
	Discount factor	Residual growth rate
Automotive, building supplies and services	13.8% – 14.2%	2.5%
Manufacturing and services	12.0%	2.5%
Catering and ground handling	8.7% – 12.6%	2.5%

18. Investments in associated companies

The movement in investments in associated companies is as follows:

	2020	2019
Investments in associated companies – beginning of year	**165,513**	174,769
Investment made during the year	**3,872**	3,060
Disposal of an associated company	**–**	(22,072)
Write down of investments in associates (note 26)	**(4,837)**	–
Share of net income less dividends received for the year	**6,221**	7,821
Other comprehensive (loss)/income	**(2,436)**	1,935
Investments in associated companies – end of year	**168,333**	165,513

The Group's significant investments in associated companies is a 50% investment in Caribbean Distribution Partners Limited ("CDP"), located and incorporated in Trinidad and Tobago. The Group also holds various interests ranging from 20% – 50% shareholdings. The Group's investments in associated companies are accounted for using the equity method in the consolidated financial statements.

(Expressed in thousands of Barbados Dollars)

18. Investments in associated companies... continued

During the year, the Group acquired an additional 8.4% shareholding in Totaltec Oilfield Services Limited ("Totaltec") for $3,362. Totaltec is a company incorporated in the United Kingdom with subsidiaries in Guyana which provide services to the oil and gas sector.

In the prior year, the Group acquired a 40.8% shareholding in GAS Group Aviation Support Services S.A. ("GAS") for $3,060. During the year, a further payment of $510 was made to the vendor on completion of a performance metric. GAS is a company incorporated in Costa Rica which provides ground handling services to airlines.

During the year, the Group wrote down its investments in Mirexus Biotechnologies Inc. and GAS by $4,837. This loss has been included in other gains/(losses) – net in the consolidated statement of income.

The following tables illustrate the summarised financial information of the Group's investments in associated companies:

Summarised statement of financial position for the associated companies:

	CDP	Other	Total
2020			
Assets			
Current assets	255,224	36,647	291,871
Non-current assets	213,495	59,524	273,019
	468,719	96,171	564,890
Liabilities			
Current liabilities	133,048	38,964	172,012
Non-current liabilities	77,730	3,759	81,489
	210,778	42,723	253,501
Net assets	257,941	53,448	311,389
Average proportion of the Group's ownership	48%	44%	47%
Carrying amount of investments before intangibles	123,411	23,701	147,112
Intangibles on investments in associated companies	–	21,221	21,221
Carrying amount of investments	123,411	44,922	168,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020
(Expressed in thousands of Barbados Dollars)

18. Investments in associated companies... continued

Summarised statement of financial position for the associated companies... continued:

	CDP	Other	Total
2019			
Assets			
Current assets	254,729	65,300	320,029
Non-current assets	188,108	70,381	258,489
	442,837	135,681	578,518
Liabilities			
Current liabilities	126,011	46,834	172,845
Non-current liabilities	69,460	25,592	95,052
	195,471	72,426	267,897
Net assets	247,366	63,255	310,621
Average proportion of the Group's ownership	48%	41%	46%
Carrying amount of investments before intangibles	118,350	25,653	144,003
Intangibles on investments in associated companies	–	21,510	21,510
Carrying amount of investments	118,350	47,163	165,513

Summarised statement of income for the associated companies:

	CDP	Other	Total
2020			
Revenue	657,138	76,776	733,914
Income/(loss) before taxation	29,338	(8,218)	21,120
Taxation	(6,987)	(224)	(7,211)
Net income/(loss) for the year	22,351	(8,442)	13,909
Other comprehensive income/(loss)	1,941	(600)	1,341
Total comprehensive income/(loss)	24,292	(9,042)	15,250
Group's share of income/(loss) for the year	11,175	(36)	11,139
Group's share of dividends received for the year (note 35)	(4,173)	(745)	(4,918)

(Expressed in thousands of Barbados Dollars)

18. Investments in associated companies... continued

Summarised statement of income for the associated companies... continued:

	CDP	Other	Total
2019			
Revenue	649,522	128,880	778,402
Income/(loss) before taxation	26,214	(478)	25,736
Taxation	(4,918)	(1,050)	(5,968)
Net income/(loss) for the year	21,296	(1,528)	19,768
Other comprehensive loss	(388)	(870)	(1,258)
Total comprehensive income/(loss)	20,908	(2,398)	18,510
Group's share of income/(loss) for the year	10,648	(731)	9,917
Group's share of dividends received for the year (note 35)	(800)	(1,296)	(2,096)

19. Financial investments

	2020	2019
Investments measured at fair value through other comprehensive income	21,605	39,440
Investments measured at amortised cost	30,794	30,974
	52,399	70,414

Financial investments carried at amortised cost are subject to credit impairment losses which are recognized in the consolidated statement of income. The following tables analyse the credit risk exposure of financial investments for which an allowance for expected credit losses is recognized.

30 September 2019

	Stage 1	Stage 2	Stage 3	Total
Investments at amortised cost				
Government	27,464	–	–	27,464
Corporate bonds	3,704	–	–	3,704
Total gross carrying amount	31,168	–	–	31,168
Expected credit loss allowance	(194)	–	–	(194)
Total carrying amount	30,974	–	–	30,974

(Expressed in thousands of Barbados Dollars)

19. Financial investments... continued

30 September 2020

	Stage 1	Stage 2	Stage 3	Total
Investments at amortised cost				
Government	27,388	–	–	27,388
Corporate bonds	3,630	–	–	3,630
Total gross carrying amount	31,018	–	–	31,018
Expected credit loss allowance	(224)	–	–	(224)
Total carrying amount	30,794	–	–	30,794

Significant concentrations of financial investments are as follows:

	2020	2019
Investments at amortised cost:		
Government of St. Lucia Bonds (unrated)	3,668	3,342
Government of St. Lucia Treasury Notes (unrated)	3,117	3,098
East Caribbean Financial Holding Co. – Bank of St. Lucia (unrated)	2,618	2,599
First Citizens Investment Services Ltd. (unrated)	7,312	7,270
Government of Antigua Treasury Notes (unrated)	422	2,044
Government of St. Vincent Treasury Bonds (unrated)	1,167	1,593
Government of Grenada Treasury Bills (unrated)	–	1,785
Commonwealth of Bahamas Bond (unrated)	–	1,139
Eastern Caribbean Home & Mortgage Bank Corporate Note (unrated)	3,595	1,471

Investments measured at fair value through other comprehensive income:

	2020	2019
CIBC FirstCaribbean International Bank (unrated)	868	1,241
OAM Asian Recovery Fund (unrated)	6,093	5,917
OAM European Value Fund (unrated)	3,421	3,778
Mutual Financial Services Inc. (unrated)	1,643	1,595
Sagicor Financial Corporation (unrated)	857	1,119
Mirexus Biotechnologies Inc. (unrated)	3,530	20,769
Unidad Punta de Rieles S.A. (unrated)	3,467	3,467

Debt securities carry fixed interest rates ranging from 1.0% to 7.15% (2019 – 1.5% to 7.15%) and maturity dates between 2021 and 2057 (2019 – 2020 and 2057).

No debt securities were past due at the reporting date.

The Group has subscribed to a convertible promissory note in its associate Mirexus Biotechnologies Inc. ("Mirexus") amounting to $21,957 (CDN$14,690) accruing interest at 1% per annum. The full aggregate balance of the loan (both principal and accrued interest) is subject to mandatory conversion into common shares of Mirexus at a price per share of CDN$2.87 upon maturity in June 2022. The interest accrues on a daily basis via an increase to the principal amount but is never settled in cash. As at 30 September 2020, Mirexus, the issuer, has accounted for the transaction as an issuance of equity based on the substance of the transaction.

(Expressed in thousands of Barbados Dollars)

19. Financial investments... continued

As a result of this and the fact that the Group currently does not exercise control over Mirexus, the investment has been classified as fair value through other comprehensive income and shown separately from the investment in associated companies. During the year, the Group recognised a decline in fair value of $18,427 on this investment, which has been recorded in the consolidated statement of comprehensive income.

Debt securities amounting to $8,062 (2019 – $7,933) were used as securities for the statutory deposits and motor insurance fund for the Group's insurance company.

20. Deferred income tax assets/(liabilities)

	2020	2019
Deferred income tax liabilities (net) – beginning of year	(1,980)	(2,472)
Deferred income tax (charge)/credit to other comprehensive income	(435)	399
Deferred income tax credit/(charge) (note 29)	1,245	(33)
Exchange adjustment	54	126
Deferred income tax liabilities (net) – end of year	(1,116)	(1,980)

	2020	2019
Represented by:		
Deferred income tax assets	3,103	2,515
Deferred income tax liabilities	(4,219)	(4,495)
Deferred income tax liabilties (net) – end of year	(1,116)	(1,980)

The deferred income tax assets consist of the following components:

	2020	2019
Delayed tax depreciation	7,467	8,404
Taxed provisions	5,224	1,551
Pension plan assets (net of liabilities)	139	280
Unutilised tax losses	7,545	11,790
Other	(623)	1,441
	19,752	23,466
Deferred income tax assets at applicable corporation tax rates	3,103	2,515

The deferred income tax liabilities consist of the following components:

	2020	2019
Accelerated tax depreciation	(13,918)	(18,791)
Taxed provisions	(4,590)	(3,653)
Pension plan assets (net of liabilities)	(6,414)	(5,414)
Unutilised tax losses	2,069	–
Other	(3,578)	(1,635)
	(26,431)	(29,493)
Deferred income tax liabilities at applicable corporation tax rates	(4,219)	(4,495)

(Expressed in thousands of Barbados Dollars)

20. Deferred income tax assets/(liabilities)... continued

	2020	2019
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	2,348	2,289
Deferred income tax assets to be recovered within 12 months	755	226
	3,103	2,515
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	(3,443)	(4,457)
Deferred income tax liabilities to be settled within 12 months	(776)	(38)
	(4,219)	(4,495)

The Group has not recognised potential deferred income tax assets which consist of the following components:

	2020	2019
Delayed tax depreciation	1,909	(8)
Pension plan asset	(1,020)	–
Unutilised tax losses	30,815	6,120
Other	28	–
Intangible assets	–	(4,792)
	31,732	1,320
Deferred income tax assets at applicable corporation tax rates	972	51

21. Pension plans

The Company and certain of its subsidiary companies have established a mixture of defined benefit and defined contribution pension plans. These pension plans are regulated by the relevant legislation in the territories in which they are registered.

The benefits that members receive at retirement under the defined contribution plans depend on their account balances at retirement and the cost of purchasing an annuity. Most of the defined benefit pension plans are non-contributory and allow for additional voluntary contributions with benefits dependent on either the career average salary or the final average salary in the last three years of membership. The defined benefit plans are fully integrated with the benefits provided by any national insurance or social security schemes in the different countries that are covered by the plans. Annual valuations of the defined benefit pension plans are performed by independent actuaries and the companies' contributions are adjusted according to the actuaries' recommendations. The last full actuarial valuations of the plans were performed as at 30 September 2017. Interim actuarial valuations of the plans were performed as at 30 September 2020.

The defined benefit pension plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk arising in the relevant sectors.

The parent company, Goddard Enterprises Limited ("GEL"), is responsible for the establishment of the plans and oversight of their administration. GEL's Board of Directors has delegated the responsibility of management and administration of the plans and the investment of the plans' assets to Pension Trustee Committees ("PTCs"). A separate trust fund has been established for each plan to receive and invest contributions and pay benefits due under each plan. All benefits are calculated and paid out in accordance with the rules of the pension plans. Funds are physically held by trustees appointed in accordance with the Trust Deeds. Each year the PTCs review the level of funding such as asset-liability matching. The PTCs decide their contributions based on the results of their reviews. The plan assets include significant investments in quoted equity shares and bonds.

(Expressed in thousands of Barbados Dollars)

21. Pension plans... continued

In respect of the defined contribution pension plans operated by the Group, the amounts recognised in the consolidated statement of income are $2,849 (2019 – $2,794).

In respect of the defined benefit pension plans operated by the Group, the amounts recognised in the consolidated statement of financial position are as follows:

Pension plan assets

	2020	2019
Fair value of plan assets	112,199	112,802
Present value of funded obligations	(102,651)	(104,148)
Net assets – end of year	9,548	8,654

Pension plan liabilities

	2020	2019
Fair value of plan assets	15,555	19,439
Present value of funded obligations	(17,808)	(22,959)
Net liabilities – end of year	(2,253)	(3,520)

The movement in the fair value of plan assets over the year is as follows:

	2020	2019
Fair value of plan assets – beginning of year	132,241	133,263
Employer contributions	1,989	1,540
Employee contributions	971	1,215
Benefits paid	(9,219)	(5,405)
Plan administration expenses	(184)	(362)
Remeasurements:		
Return on plan assets	1,956	1,990
Fair value of plan assets – end of year	127,754	132,241

The movement in the present value of funded obligations over the year is as follows:

	2020	2019
Present value of funded obligations – beginning of year	127,107	126,472
Current service cost	1,881	2,001
Contributions paid	971	1,215
Interest cost	9,607	9,642
Benefits paid	(9,219)	(5,405)
Remeasurements:		
Experience gains	(9,888)	(6,818)
Present value of funded obligations – end of year	120,459	127,107

(Expressed in thousands of Barbados Dollars)

21. Pension plans... continued

The movement in the net asset recognised in the consolidated statement of financial position is as follows:

	2020	2019
Net asset – beginning of year	5,134	6,791
Net pension expense included in the consolidated statement of income	(1,745)	(1,863)
Remeasurements included in the consolidated statement of comprehensive income	1,917	(1,334)
Contributions paid	1,989	1,540
Net asset – end of year	7,295	5,134

The amounts recognised in the consolidated statement of income are as follows:

	2020	2019
Current service cost	1,881	2,001
Net interest on the net defined benefit liability/asset	(320)	(500)
Plan administration expenses	184	362
Net amount recognised in the consolidated statement of income	1,745	1,863

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2020	2019
Remeasurements:		
Gains from change in assumptions	(598)	–
Experience gains	(9,290)	(6,818)
Return on plan assets excluding amounts included in interest expense	7,971	8,152
Net amount recognised in the consolidated statement of comprehensive income	(1,917)	1,334

The principal actuarial assumptions for the Group's plans are influenced significantly by the territories that each plan serves. The specific assumptions used for accounting purposes were as follows:

	2020	2019
Discount rate	7.5% - 7.8%	7.5% - 7.8%
Expected return on plan assets	7.5% - 7.8%	7.5% - 7.8%
Future promotional salary increases	3.0% - 5.0%	3.0% - 5.0%
Future inflationary salary increases	0.0% - 3.8%	0.0% - 3.8%
Future pension increases	2.0% - 3.8%	2.0% - 3.8%
Proportion of employees opting for early retirement	0.0%	0.0%
Future changes in NIS ceiling	2.0% - 5.0%	2.0% - 5.0%
Mortality	UPM94	UPM94

(Expressed in thousands of Barbados Dollars)

21. Pension plans... continued

Plan assets are comprised as follows:

	2020	2019
Bonds Fund	**8.0%**	8.4%
Equity Fund	**74.7%**	75.4%
Balanced Fund	**10.6%**	14.8%
Other	**6.7%**	1.4%
Total	**100.0%**	100.0%

Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy.

Expected contributions to the defined benefit pension plans for the year ending 30 September 2021 are $1,979.

The weighted average duration of the defined benefit obligations within the Group ranges from 10.11 to 25.02 years (2019 – 10.34 to 26.43 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1.0%	13,357	16,765
Salary growth rate	0.5%	2,969	2,754
Life expectancy	1 year	3,912	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(Expressed in thousands of Barbados Dollars)

21. Pension plans... continued

The following payments are expected benefit payments to be made in future years out of the defined benefit plan obligations:

	2020	2019
Less than 1 year	4,694	4,438
Between 1 - 2 years	4,978	4,877
Between 2 - 5 years	17,847	16,845
Over 5 years	43,858	43,149
	71,377	69,309

22. Share capital

Authorised

The Company is authorised to issue:

i) an unlimited number of one class of shares of no par value designated common shares.
ii) 960,000 of one class of shares of no par value designated preference shares.

Common shareholders are entitled to attend and vote at all shareholders' meetings and have one vote for each share owned.

Issued and fully paid

	2020	2019
Common shares	48,552	47,421

	2020		2019	
	Number of shares	$	Number of shares	$
Balance – beginning of year	226,976,253	47,421	226,607,708	46,353
Shares issued during the year – see a) and b)	384,235	1,131	368,545	1,068
Balance – end of year	227,360,488	48,552	226,976,253	47,421

Changes during the year were as follows:

a) In November 2019, employees of the Company and its Barbados subsidiary companies were offered shares in part payment of bonus payable in December 2019, as permitted by law. A total of 121,775 shares were issued at a price of $2.78 each. These shares qualified for the 2019 interim dividend paid in February 2020. Subsequently, in June 2020, 126,342 shares were allotted under the employee share purchase scheme at $2.76 per share.

b) In March 2020, 136,118 shares were allotted to Russell Investments Ltd. in consideration of minority shares in Courtesy Garage Ltd. The total transaction cost was $444.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

(Expressed in thousands of Barbados Dollars)

23. Other reserves

	Financial investments reserve	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at 1 October 2018	4,597	100,465	(33,196)	2,295	2,389	76,550
Other comprehensive income/(loss):						
Disposal of associate	(313)	(1,014)	1,348	–	–	21
Unrealised gains on financial investments at FVOCI:						
– Group	89	–	–	–	–	89
– Associated companies	1	–	–	–	–	1
Currency translation differences:						
– Group	–	–	879	–	–	879
– Associated companies	–	–	1,846	–	–	1,846
Hyperinflationary revaluations	–	523	–	–	–	523
Share of revaluation surplus:						
– Associated companies	–	(82)	–	–	–	(82)
Other comprehensive income/(loss) for the year	(223)	(573)	4,073	–	–	3,277
Value of employee services:						
– Other share-based plans	–	–	–	208	–	208
Balance at 30 September 2019	**4,374**	**99,892**	**(29,123)**	**2,503**	**2,389**	**80,035**
Balance at 1 October 2019	4,374	99,892	(29,123)	2,503	2,389	80,035
Other comprehensive income/(loss):						
Losses/(gains) transferred to retained earnings on disposal of financial investments						
– Group	15	–	–	–	–	15
Unrealised losses on financial investments at FVOCI:						
– Group	(19,367)	–	–	–	–	(19,367)
– Associated companies	(2)	–	–	–	–	(2)
Currency translation differences:						
– Group	–	–	(1,547)	–	–	(1,547)
– Associated companies	–	–	(2,425)	–	–	(2,425)
Hyperinflationary revaluations	–	(569)	–	–	–	(569)
Share of revaluation surplus:						
– Associated companies	–	(162)	–	–	–	(162)
Other comprehensive loss for the year	(19,354)	(731)	(3,972)	–	–	(24,057)
Value of employee services:						
– Other share-based plans	–	–	–	113	–	113
Balance at 30 September 2020	**(14,980)**	**99,161**	**(33,095)**	**2,616**	**2,389**	**56,091**

(Expressed in thousands of Barbados Dollars)

23. Other reserves... continued

Unrealised gains and losses arising on the remeasurement of financial assets are recorded in the financial investments reserve in equity. On disposal of the asset the previously recorded unrealised gain or loss is transferred from the financial investments reserve to retained earnings.

Increases in the carrying amount arising on revaluation of land and buildings are accumulated in revaluation surplus in equity. Decreases that offset previous increases of the same asset reduce the revaluation surplus in equity.

Translation differences on non-monetary financial assets such as equities designated as fair value through other comprehensive income are included in the financial investments reserve in equity.

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
ii) income and expenses for each statement of income are translated at average exchange rates; and
iii) all resulting exchange differences are recognised in translation reserve in equity.

Any discounts offered under the bonus share purchase scheme and the employee share purchase scheme are recognised in the share-based payments expense in selling, marketing and administrative expenses and credited to the share-based payments reserve in equity.

In certain subsidiaries there is a legal requirement to appropriate towards a statutory reserve based on a specific formula.

During the year, the Board approved the closure of its subsidiary in Margarita. As a result, $390 of inflation gains and $1,097 of currency translation losses were transferred to the consolidated statement of income.

24. Revenue from contracts with customers

a) Disaggregated revenue information

2020

Segments	Automotive, building supplies and services	Manufacturing	Catering and ground handling	Total
Type of good or service				
Automotive sector	98,333	–	–	98,333
Building supplies sector	139,801	–	–	139,801
Shipping sector	17,028	–	–	17,028
Food distribution sector	50,063	–	–	50,063
Manufacturing sector	–	294,498	–	294,498
Catering sector	–	–	169,145	169,145
Ground handling sector	–	–	16,858	16,858
Other sector	40,394	–	–	40,394
Total revenue from contracts with customers	345,619	294,498	186,003	826,120

(Expressed in thousands of Barbados Dollars)

24. Revenue from contracts with customers... continued

a) Disaggregated revenue information... continued

2019

Segments	Automotive, building supplies and services	Manufacturing	Catering and ground handling	Total
Type of good or service				
Automotive sector	114,465	–	–	114,465
Building supplies sector	142,966	–	–	142,966
Shipping sector	17,321	–	–	17,321
Food distribution sector	47,386	–	–	47,386
Manufacturing sector	–	223,824	–	223,824
Catering sector	–	–	257,879	257,879
Ground handling sector	–	–	22,462	22,462
Other sector	41,997	–	–	41,997
Total revenue from contracts with customers	364,135	223,824	280,341	868,300

b) Contract balances

	30 September 2020	30 September 2019
Trade receivables – net	64,603	75,382
Contract liabilities	980	1,072

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The acquisition of assets resulted in an increase in trade receivables of $2,411 at acquisition date (note 34). In 2020, $6,922 (2019 – $4,880) was recognised as a provision for expected credit losses on trade receivables (note 7).

Contract liabilities include billings to customers for which no revenue was recognised and loyalty points not yet redeemed. The outstanding balances of these accounts decreased during the year due to a net decrease in service contracts sold to customers in the automotive sector of $131 and a net increase in loyalty points of $39.

c) Right of return assets and refund liabilities

	30 September 2020	30 September 2019
Right of return assets (note 7)	238	215
Refund liabilities		
– Arising from rights of return (note 12)	(338)	(313)

d) Performance obligations

Automotive sector

For the sale of motor vehicles and vehicle parts, the performance obligation is satisfied upon delivery of the vehicle or the vehicle parts to the customer. Payment is due upon delivery and is usually completed through a financial institution via a vehicular loan in the case of motor vehicle sales. In the case of credit customers, payment is due within 30 days of delivery. Customers are granted assurance-type warranties that cover manufacturers' defects only.

24. Revenue from contracts with customers... continued

d) Performance obligations... continued

Automotive sector... continued
For vehicle repairs and servicing, the performance obligation is satisfied upon the completion of repairs or servicing, which is usually completed within one day. Payment is due upon delivery of the repaired or serviced vehicle, or within 30 days, in the case of credit customers.

Vehicle servicing packages are also sold to customers. These performance obligations are satisfied over time, with payment being required at the inception of the contract.

Building supplies sector
The performance obligation is satisfied upon delivery of various building supplies products. The terms of payment can be cash, cash on delivery, or credit for a period of 30 days. In one of our subsidiaries, extended credit of up to 365 days is given on select building supplies. The performance obligation is completed upon delivery of the relevant products. For some building supplies products, an assurance-type warranty of one to three years is provided, which covers manufacturers' defects only.

Shipping sector
Performance obligations in this sector typically completed within a day or a few days and therefore are recognised as if they are satisfied at a point in time for simplicity. These performance obligations include the supervision of loading or unloading of containers on a vessel, the co-ordination of all activities relating to the processing of voyages through various ports and the monitoring of the movement of containers. Payment is due within 30 days of completion of the relevant service.

Food distribution sector
The performance obligation is satisfied upon delivery of various consumer products. The terms of payment can be cash, cash on delivery, or credit for a period up to 30 days. Where there are returns due to damaged or expired products or sales errors, customers are entitled to full refunds. Such returns usually occur within one month of delivery. Companies in this sector have no warranties.

Manufacturing sector
The performance obligation is satisfied upon delivery of manufactured products purchased for resale. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit ranging from 7 to 45 days. Where there are returns due to damaged or faulty products or sales errors, customers are entitled to full refunds. Such returns usually occur within one month of delivery.

Catering sector
The performance obligation is satisfied upon delivery of various catering (meals) and services (delivery of meals). The terms of payment can vary customer to customer but usually credit is extended with terms varying between 30 and 90 days. In certain subsidiaries, in the industrial catering sector credit of up to 180 days is given on meals provided. The performance obligation is completed upon delivery of the relevant products (meals) and delivery service. Catering services are either the delivery of meals and other raw materials to the aircraft, or industrial catering to industrial cafeteria-type services.

The Catering division also operates some quick service food outlets (Grab’n’Go type), in which cash or credit cards are received for the products sold.

Ground handling sector
The performance obligation is satisfied upon delivery of various services to the airlines. These services may include but are not limited to providing baggage handling and loading, aircraft stairs, air conditioning units to the aircraft, push-back tug services and in some locations, passenger check-in services. The terms of payment can vary customer to customer but usually credit is extended with terms varying between 30 and 90 days. The performance obligation is completed upon delivery of the relevant service.

(Expressed in thousands of Barbados Dollars)

25. Expenses by nature

	2020	2019
Cost of sales	517,268	502,187
Selling and marketing expenses	47,710	52,662
Administrative expenses	263,119	270,755
	310,829	323,417
	828,097	825,604

	2020	2019
Depreciation (note 15)	25,150	23,926
Depreciation on right-of-use assets (note 13)	8,159	–
Employee benefits expense (note 27)	195,472	205,564
Changes in inventories of finished goods and work in progress	880	(13,894)
Raw materials and consumables used	477,623	478,395
Transportation	3,795	5,031
Advertising costs	7,930	7,766
Expected credit losses on financial assets (see below)	4,678	3,636
Other expenses	104,410	115,180
Total cost of sales and selling, marketing and administrative expenses	828,097	825,604

Expected credit losses on financial assets are as follows:

	2020	2019
Expected credit losses on trade and other receivables	3,493	3,750
Expected/(reduction in) expected credit losses on due by associates	1,155	(135)
Expected credit losses on financial investments	30	21
	4,678	3,636

26. Other gains/(losses) – net

	2020	2019
Gain on disposal of property, plant and equipment	1,235	621
Interest income	2,227	2,308
Rental income	8,893	8,707
Dividends from other companies	125	106
Amortisation charge (note 17)	(2,906)	(1,307)
Impairment of intangible assets (note 17)	(1,694)	–
Gain on disposal of an associated company	–	2,301
Write down of investments in associated companies (note 18)	(4,837)	–
Fair value gains on revaluation of investment property (note 16)	154	968
Loss on disposal of investment property	–	(100)
Bargain purchase gain on acquisition of assets (note 34)	5,098	–
Insurance refund	–	1,775
Hyperinflationary adjustments	369	498
	8,664	15,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020
(Expressed in thousands of Barbados Dollars)

27. Employee benefits expense

	2020	2019
Salaries and other employee benefits	195,359	205,356
Share-based payments	113	208
	195,472	205,564

28. Finance costs

	2020	2019
Interest expense:		
Bank borrowings	7,692	9,082
Lease liabilities	2,162	–
Dividend on redeemable preference shares	2,108	2,108
Other borrowings	1,053	981
	13,015	12,171

29. Taxation

The taxation charge on net income for the year consists of the following:

	2020	2019
Current income tax	8,365	15,537
Deferred income tax (note 20)	(1,245)	33
	7,120	15,570

The Group's effective tax rate of 63.3% (2019 – 25.0%) differs from the statutory Barbados tax rate of 5.5% (2019 – 5.5%) as follows:

	2020	2019
Income before taxation	11,253	62,152
Taxation calculated at 5.5%	619	3,418
Effect of different tax rates in other countries	(671)	10,484
Foreign income subject to different tax rate	(266)	(151)
Tax effect of different tax rates on deferred tax assets and liabilities	(1,270)	1,386
Tax effect of associated companies' results reported net of taxes	(613)	(546)
Income not subject to taxation	(2,159)	(728)
Expenses not deductible for tax purposes	9,454	4,915
Taxation allowances	(238)	(1,530)
Increase in deferred tax assets not recognised	2,130	440
Amounts over provided in prior years	(231)	(765)
Amounts over/(under) provided in current year	529	(30)
Irrecoverable tax on foreign income	92	297
Tax effect of change in tax rate	(241)	(1,948)
Effect of losses incurred	(15)	104
Effect of losses expired	–	224
	7,120	15,570

(Expressed in thousands of Barbados Dollars)

29. Taxation... continued

Tax losses

Tax losses which are available for set off against future taxable income for income and corporation tax purposes are as follows:

Year of income	Amount	Year of expiry
2012	78	2021
2013	1,459	2022
2014	1,302	2023
2015	1,041	2022
2016	192	2022
2016	187	2023
2017	3,018	2024
2018	2,122	2025
2019	447	2025
2019	6,051	2026
2020	328	2026
2020	24,204	2027
	40,429	

These losses are as computed by the Company and its subsidiary companies in their income and corporation tax returns and have to date neither been confirmed nor disputed by the revenue authorities in the relevant jurisdictions.

30. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Company for the year by the weighted average number of common shares in issue during the year.

	2020	2019
Net income for the year attributable to equity holders of the Company	7,073	31,347
Weighted average number of common shares in issue (thousands)	227,168	226,766
Basic earnings per share	3.1¢	13.8¢

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares in issue during the year to assume conversion of the redeemable preference shares. Diluted earnings per share exclude the impact of redeemable preference shares as the effect would be anti-dilutive. As a result, both the basic and diluted earnings per share are the same.

(Expressed in thousands of Barbados Dollars)

31. Dividends per share

The dividends paid in 2020 and 2019 were $8,017 ($0.015 per share – second interim for 2019; $0.015 – third interim for 2019; $0.005 per share – final for 2019 and $13,605 ($0.015 per share – second interim for 2018; $0.015 per share – third interim for 2018; and $0.015 per share – final for 2018); and $0.015 per share – first interim for 2019).

32. Contingent liabilities

a) Certain subsidiaries have bonds of $46,069 (2019 – $31,007) in favour of the Comptroller of Customs covering delivery of goods prior to payment of duty.

b) As of the consolidated statement of financial position date, certain subsidiaries of the Company have been assessed and reassessed for income tax for income years 2001 through 2004 amounting to $2,481 including interest. Objections to these assessments have been lodged. The subsidiaries were also assessed additional taxes of $856 for income years 1998 to 2000 and 2002 and are awaiting correspondence from the Inland Revenue Department.

c) Certain subsidiaries became defendants in various legal claims and proceedings during the ordinary course of business. Provisions have been established where necessary based on the professional advice received.

33. Commitments

Capital commitments

Approvals for capital expenditure to be incurred over the next year, for which no provision has been made in these consolidated financial statements, amounted to $40,656 (2019 – $40,989) at the year-end date.

34. Business combinations

GCG Ground Services (Barbados) Limited

On 30 September 2020, GCG Ground Services (Barbados) Limited, a subsidiary of the Company, completed the acquisition from Seawell Air Services Limited of all the assets needed to conduct the business of ground handling services to airlines. This resulted in a bargain purchase gain on acquisition of assets of $5,098 due to a willing seller and market conditions.

The fair values of the assets acquired were as follows:

	Fair value
Trade and other receivables (note 24)	2,411
Inventories	232
Property, plant and equipment (note 15)	9,612
Right-of-use assets (note 13)	835
Less: Lease liabilities (note 13)	(835)
Total assets acquired	12,255
The cash outflow arising on this acquisition was as follows:	
Fair value of net assets	12,255
Less: Bargain purchase gain on aquisition (note 26)	(5,098)
Purchase consideration paid	**7,157**

(Expressed in thousands of Barbados Dollars)

35. Related party disclosures

a) The consolidated financial statements include the financial statements of Goddard Enterprises Limited, which is the ultimate parent company, and its subsidiaries listed below:

Company	Principal Place of Business	Effective Shareholder's Interests	Effective Non-Controlling Interests
Admiral Shipping Limited	St. Lucia	100%	–
Caribbean Label Crafts Ltd.	Barbados	51%	49%
Corea & Co. (1988) Limited	St. Vincent	100%	–
Coreas Hazells Inc.	St. Vincent	100%	–
Courtesy Garage Limited	Barbados	99%	1%
Courtesy Rent-a-Car Inc.	Guyana	100%	–
Ecuakao Group Ltd.	Cayman Islands	100%	–
Ecuador Kakao Processing Proecuakao S.A.	Ecuador	100%	–
Ecuakao Trading Company S.A.	Uruguay	100%	–
Fidelity Motors Limited	Jamaica	100%	–
GEL Holdings (St. Lucia) Ltd.	St. Lucia	100%	–
Goddard Catering Group Inc.	United States of America	100%	–
Goddard Ecuador Holdings (Cayman) Ltd.	Cayman Islands	100%	–
Goddard Enterprises (St. Lucia) Ltd.	St. Lucia	100%	–
Goddard Flite Kitchens (Cayman) Limited	Cayman Islands	100%	–
Goddard Flite Kitchens (St. Lucia) Ltd.	St. Lucia	100%	–
Goddard Property Holdings Limited	Barbados	100%	–
Goddards Shipping (Barbados) Limited	Barbados	100%	–
Haggatt Hall Holdings Limited	Barbados	67%	33%
Hanschell Inniss Holdings (Curaçao) N.V.	Curaçao	100%	–
Hipac Limited	Barbados	100%	–
Hutchinson Investments Limited	Antigua	100%	–
Inflite Holdings (Cayman) Limited which holds 100% interest in the following subsidiaries:	Cayman Islands	51%	49%
Calloway Corporation N.V.	Aruba		
Fontana Project – S.A.	Uruguay		
GCG Events Curaçao N.V.	Curaçao		
GCG Food, S.A. de C.V.	El Salvador		
GCG Ground Services, LLC	St. Thomas		
Goddard Catering Group (Guatemala) S.A.	Guatemala		
Goddard Catering Group Bogota Ltda.	Colombia		
Goddard Catering Group Bonaire N.V.	Bonaire		
Goddard Catering Group Caracas S.A.	Venezuela		
Goddard Catering Group Curaçao, N.V.	Curaçao		
Goddard Catering Group El Salvador, S.A. de C.V.	El Salvador		
Goddard Catering Group GCM Ltd.	Cayman Islands		
Goddard Catering Group Guayaquil S.A.	Ecuador		
Goddard Catering Group Honduras, S.A.	Honduras		
Goddard Catering Group Margarita, C.A.	Margarita		
Goddard Catering Group St. Maarten N.V.	St. Maarten		
Goddard Catering Group Uruguay S.A.	Uruguay		
Inversiones Ibero Caribe S.A.S.	Colombia		

(Expressed in thousands of Barbados Dollars)

35. Related party disclosures... continued

Company	Principal Place of Business	Effective Shareholder's Interests	Effective Non-Controlling Interests
Inflite Holdings (St. Lucia) Ltd. which holds 100% interest in the following subsidiaries:	St. Lucia	51%	49%
Airport Restaurants (1996) Limited	Barbados		
Caribbean Dispatch Services Limited	St. Lucia		
GCG Ground Services (Barbados) Limited	Barbados		
Goddard Catering Group (Antigua) Limited	Antigua		
Goddard Catering Group (Barbados) Limited	Barbados		
Goddard Catering Group (Grenada) Limited	Grenada		
Goddard Catering Group (Jamaica) Limited	Jamaica		
Goddard Catering Group (St. Lucia) Ltd.	St. Lucia		
GCG Ground Services (Jamaica) Limited	Jamaica		
Jonas Browne and Hubbard (Grenada) Limited	Grenada	52%	48%
Label Crafts Jamaica Ltd.	Jamaica	51%	49%
M & C Drugstore Limited	St. Lucia	100%	–
M & C General Insurance Company Limited	St. Lucia	100%	–
M & C Home Depot Limited	St. Lucia	100%	–
Marshall Trading Limited	Barbados	100%	–
McBride (Caribbean) Limited	Barbados	100%	–
Minvielle & Chastanet Insurance Brokers (Barbados) Limited	Barbados	100%	–
Minvielle & Chastanet Insurance Brokers Limited	St. Lucia	100%	–
Minvielle & Chastanet Limited	St. Lucia	100%	–
PBH Limited	Barbados	100%	–
Penrith Development Limited	Barbados	100%	–
Peter's Holdings Limited	St. Lucia	100%	–
Precision Packaging Inc.	Barbados	100%	–
Purity Bakeries – a division of Goddard Enterprises Limited	Barbados	–	–
Sea Freight Agencies & Stevedoring Limited	Barbados	100%	–
Sunbilt Limited	St. Lucia	100%	–
Wonder Bakery Limited	St. Lucia	70%	30%
Xpress Freight Services Inc.	United States of America	55%	45%

All subsidiary undertakings are included in the consolidation. The total non-controlling interests for the year is $100,130 of which $47,476 is for group companies in the catering and ground handling division, $39,666 for group companies in the automotive, building supplies and services division and $8,429 for group companies in the manufacturing and services division. The remaining non-controlling interests in respect of the remaining group companies, is not considered to be material. See the consolidated statement of changes in equity for transactions with non-controlling interests.

(Expressed in thousands of Barbados Dollars)

35. Related party disclosures... continued

b) The Group's significant associates at 30 September 2020 were as follows:

Company	Country of Incorporation	Effective Shareholder's Interests
Caribbean Distribution Partners Limited which holds the following subsidiaries:	Trinidad and Tobago	50%
Bryden & Partners Limited – 100%	St. Lucia	
Coreas Distribution Limited – 100%	St. Vincent	
Facey Trading Limited – 100%	Barbados	
CDP Trinidad Limited – 100%	Trinidad and Tobago	
Hand Arnold – a division of CDP Trinidad Limited	Trinidad and Tobago	
Hanschell Inniss Limited – 100%	Barbados	
Vemco – a division of CDP Trinidad Limited	Trinidad and Tobago	
Vembev – a division of CDP Trinidad Limited	Trinidad and Tobago	
Hilbe Investments Limited – 100%	Barbados	
Independence Agencies Limited – 55%	Grenada	
Orange Wood Distributors Limited – 100%	St. Lucia	
Peter & Company Limited – 100%	St. Lucia	
Desinco Limited – 51%	Guyana	
Various interests held ultimately by Goddard Enterprises Limited	Various Caribbean and Latin American countries, Canada and Barbados	20% – 50%

c) The following transactions were carried out by the Group with related parties during the year:

	2020	2019
i) Sales of goods and services	**64,144**	58,800
ii) Purchases of goods and services	**5,542**	6,255
iii) Management fee income	**1,316**	2,102
iv) Rental income	**1,650**	1,781
v) Dividend income (note 18)	**4,918**	2,096

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash with the exception of a balance of $2,975 (2019 – $4,176) which is interest bearing (note 8). There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020
(Expressed in thousands of Barbados Dollars)

35. Related party disclosures... continued

Key management comprises directors, divisional management and other senior Group personnel. Compensation to these individuals was as follows:

	2020	2019
Compensation		
Salaries and other short-term employee benefits	4,411	5,191
Post-employment benefits	275	264
Share-based payments	45	89
	4,731	5,544

There were no loans to key management in 2020 and 2019.

36. Cash flows

The net change in non-cash working capital balances related to operations is as follows:

	2020	2019
Decrease in trade and other receivables	11,703	12,089
Decrease in prepaid expenses	938	685
Increase in due by associated companies	(3,388)	(1,885)
(Increase)/decrease in reinsurance assets	(97)	1,621
Decrease/(Increase) in inventories	1,364	(16,322)
Increase in non-current assets held for sale	(1,754)	–
Increase in trade and other payables	5,284	7,061
Increase/(decrease) in due to associated companies	270	(1,625)
Increase/(decrease) in insurance contracts	88	(1,599)
	14,408	25

37. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by material non-controlling interests:

Company	Country of Incorporation	% Interest 2020	% Interest 2019
Inflite Holdings (Cayman) Limited	Cayman Islands	49%	49%
Inflite Holdings (St. Lucia) Ltd.	St. Lucia	49%	49%
Jonas Browne and Hubbard (Grenada) Limited	Grenada	48%	48%

(Expressed in thousands of Barbados Dollars)

37. Material partly-owned subsidiaries... continued

Summarised statement of financial position:

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2020			
Assets			
Current assets	44,113	41,903	30,762
Non-current assets	48,815	57,862	68,345
	92,928	99,765	99,107
Liabilities			
Current liabilities	25,188	22,423	13,038
Non-current liabilities	6,827	38,301	2,236
	32,015	60,724	15,274
Net assets	60,913	39,041	83,833
Attributable to non-controlling interests	29,971	17,505	39,922

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2019			
Assets			
Current assets	61,949	41,665	28,413
Non-current assets	51,777	34,338	68,755
	113,726	76,003	97,168
Liabilities			
Current liabilities	28,744	19,865	14,620
Non-current liabilities	2,090	20,173	2,038
	30,834	40,038	16,658
Net assets	82,892	35,965	80,510
Attributable to non-controlling interests	39,489	15,906	38,340

(Expressed in thousands of Barbados Dollars)

37. Material partly-owned subsidiaries... continued

Summarised statement of total comprehensive income:

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2020			
Revenue	**115,052**	**70,947**	**88,008**
Net (loss)/income for the year	(15,804)	3,744	4,713
Other comprehensive loss	(2,885)	(481)	–
Total comprehensive (loss)/income	**(18,689)**	**3,263**	**4,713**
Attributable to non-controlling interests	**(9,158)**	**1,599**	**2,244**

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2019			
Revenue	187,838	92,503	87,178
Net income for the year	14,379	13,522	3,343
Other comprehensive income/(loss)	3,312	(326)	–
Total comprehensive income	17,691	13,196	3,343
Attributable to non-controlling interests	8,669	6,466	1,592

38. Income tax effects relating to other comprehensive (loss)/income

	Gross	Tax	Net of Tax
2020			
Remeasurement of employee benefits:			
– Group	1,917	(435)	1,482
– Associated companies	231	(78)	153
All other components of other comprehensive loss	(25,943)	–	(25,943)
Other comprehensive loss for the year	(23,795)	(513)	(24,308)

(Expressed in thousands of Barbados Dollars)

38. Income tax effects relating to other comprehensive (loss)/income... continued

	Gross	Tax	Net of Tax
2019			
Remeasurement of employee benefits:			
– Group	(1,334)	399	(935)
– Associated companies	398	(228)	170
All other components of other comprehensive income	4,643	–	4,643
Other comprehensive income for the year	3,707	171	3,878

39. Subsequent events

Xpress Freight Services Inc.

Subsequent to the year-end, the Company acquired the remaining 45% shareholding in Xpress Freight Services Inc., a provider of ocean and air cargo shipping, frozen cargo consolidation and warehousing and trucking services. Xpress Freight Services Inc., is located in Florida, United States of America.

COVID-19

We continue to monitor the effects of COVID-19 on the Group. We are uncertain at this stage of the effects of the recent announcements of lockdowns in Europe and North America on our businesses. We are prepared, if necessary, to take further action to minimize economic losses. We are hopeful that the recent announcement of vaccines will have a positive effect on our future earnings and cash flows. Given the complexity of the pandemic, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the Group. Any such impact will be reflected in the financial statements for the year ending 30 September 2021 and is considered to be a non-adjusting post balance sheet event.

GODDARD
ENTERPRISES
LIMITED

APPENDIX A –
BOARD AND COMMITTEE MEETING ATTENDANCE
1 October 2019 – 30 September 2020

NAME OF DIRECTOR	BOARD MEETINGS ATTENDED FOR THE YEAR	COMMITTEE MEETINGS ATTENDED FOR THE YEAR	TOTAL	OVERALL PERCENTAGE
Dr. José S. López Alarcon	10 of 10	6 of 6	16 of 16	100%
Mr. Anthony H. Ali	10 of 10	18 of 18	28 of 28	100%
Ms. Vere P. Brathwaite	10 of 10	5 of 6	15 of 16	94%
Ms. Laurie O. Condon	10 of 10	9 of 9	19 of 19	100%
Ms. Marla R. K. Dukharan*	1 of 1	–	1 of 1	100%
Mr. J. Dereck Foster	10 of 10	4 of 4	14 of 14	100%
Mr. A. Charles Herbert	10 of 10	8 of 8	18 of 18	100%
Mr. William P. Putnam	10 of 10	10 of 10	20 of 20	100%
Mr. Stephen T. Worme	10 of 10	7 of 7	17 of 17	100%

* Ms. Marla R. K. Dukharan was appointed to the Board of Directors on 21 September 2020.

MANAGEMENT PROXY CIRCULAR

COMPANY No. 1330

Management is required by the Companies Act, Chapter 308 of the Laws of Barbados (the "Companies Act") to send forms of proxy with the notice convening the meeting. In complying with those provisions, management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the notice of the eighty-second annual meeting of the shareholders of Goddard Enterprises Limited (the "Company") to be held on Friday, 29 January 2021, at 5:30 p.m. at the Company's Registered Office, Top Floor, The Goddard Building, Haggatt Hall, St. Michael (the "meeting") and is furnished in connection with the solicitation by the management of the Company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

A shareholder who is entitled to vote at the meeting has the right by means of the enclosed form of proxy to appoint a person to represent him at the meeting and may do so by inserting the name of such person in the space indicated on the form. The completed proxy form must be returned to the Company no later than 4:30 p.m. on Thursday, 28 January 2021.

A proxy given by a shareholder for use at the meeting may be revoked by the shareholder at any time prior to its use. A proxy may be revoked in any manner permitted by law, including by an instrument in writing executed by the shareholder or his attorney in writing. If the shareholder is a company, the written instrument of revocation must be executed under its corporate seal or by any duly authorised officer or attorney of the company. The instrument of revocation must be deposited at the office of the Company, Top Floor, The Goddard Building, Haggatt Hall, St. Michael at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the meeting on the day of the meeting, or adjournment thereof. Upon deposit in either manner, the proxy is revoked.

RECORD DATE AND VOTING SHARES

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the meeting. Therefore, in accordance with the Companies Act, the statutory record date applies. Accordingly, only shareholders of record at the close of business on the day immediately preceding the day on which the notice of the meeting is given will be entitled to receive notice of the meeting. Only such registered holders of shares of the Company will be entitled to vote at the meeting. In the event of a poll, each shareholder is entitled to one vote for each share held. As at the date hereof, there are 227,360,488 common shares of the Company issued and outstanding.

ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT

The Consolidated Financial Statements of the Company for the year ended 30 September 2020 and the Auditor's Report thereon are included in the 2020 Annual Report.

ELECTION OF DIRECTORS

The Company's By-Laws provide that there shall be a minimum of seven and a maximum of eleven Directors of the Company. The Managing Director shall be an ex officio member of the Company's Board of Directors. The Company's Directors hold office from the date on which they are elected until the close of the first annual meeting of the shareholders of the Company following their election.

As at 7 December 2020, the Board of Directors of the Company comprises nine Members, including the ex officio Board Member.

On 21 September 2020, Ms. Marla R. K. Dukharan was appointed to the Company's Board of Directors to fill the casual vacancy which arose on the resignation of Mr. Christopher G. Rogers and for his unexpired term.

Ms. Dukharan is a leading economist and advisor on the Caribbean and has spent over twenty years working on different areas within the region's financial sector, most recently as Royal Bank of Canada's Group Economist for the Caribbean. She currently serves on the Government of Barbados' Jobs and Investment Council's Finance and Insurance Committee. She is a Member of the Advisory Board to the United Nations Development Programme's Regional Bureau for Latin America and the Caribbean, the Caribbean 2030 Leader's Network and the International Women's Forum. She currently sits on the board of directors of RF Holdings Limited (formerly Royal Fidelity Group). She holds B.Sc., M.Sc. and M. Phil. degrees in Economics from the University of The West Indies, St. Augustine.

Eight Directors retire by rotation at the end of the eighty-second annual meeting in keeping with the Company's By-Laws. It is proposed that eight directors be elected at the meeting. The persons forming the proposed slate of directors, identified in the section below headed "Nominees for Election as Directors of the Company" will be nominated for election at the meeting. Six of the eight nominees are presently Directors of the Company and the other two nominees are new nominees. The two new nominees are Messrs. Daniel W. Farmer and Ryle L. Weekes.

Mr. Farmer is a citizen of Barbados and the United Kingdom. He is currently the Founder and Managing Director of FigTree Financial, a multi-client family office based in Barbados. He also serves as Executive Chairman of Bajan Vending, the largest vending operator in Barbados, which has plans to expand in the Caribbean region. Mr. Farmer has extensive expertise in treasury management, retail and commercial banking, corporate finance, capital markets and estate and personal financial planning. He holds a Bachelor of Science degree in International Finance from the University of Central Florida.

Mr. Weekes, a citizen of Barbados, is currently the President of Cidel Bank & Trust Inc., which administers assets in excess of US$10 billion. He possesses extensive experience in private banking, wealth management, operational and strategic planning, international tax systems and trust and corporate services. Mr. Weekes is a Chartered Financial Analyst and holds a Bachelor of Science degree in Economics and Accounting from the University of The West Indies.

The names of the persons proposed as nominees for election as directors of the Company, and for whom it is intended that votes will be cast for their election as directors pursuant to the form of proxy herewith enclosed, are as follows:

Nominees for Election as Directors of the Company

Dr. José S. López Alcaron	Ms. Laurie O. Condon
Ms. Marla R. K. Dukharan	Mr. Daniel W. Farmer
Mr. J. Dereck Foster	Mr. A. Charles Herbert
Mr. William P. Putnam	Mr. Ryle L. Weekes

It is proposed that the term of office for each of the above-named nominees will expire at the close of the annual meeting of shareholders following his or her election or until his or her successor is elected or appointed.

It is further proposed that the above-named nominees along with Mr. Anthony H. Ali, ex officio Board Member, constitute the Board of Directors of the Company from the close of the eighty-second annual meeting until the close of the next annual meeting of shareholders.

The Board of Directors expresses its gratitude, on behalf of Shareholders, to Mr. Christopher G. Rogers, Mr. Stephen T. Worme and Ms. Vere P. Brathwaite for their service to the Board and the Company over the last eight, fifteen and sixteen years respectively.

The management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a director.

A simple majority of votes cast by Shareholders present and voting at the meeting, whether in person or by proxy, is required to elect the above-named nominees.

The Directors recommend that Shareholders vote for the election of the above-named nominees.

APPOINTMENT OF AUDITOR

It is proposed to nominate the firm of Ernst & Young Ltd, the incumbent Auditor of the consolidated financial statements of the Company, to hold office until the next annual meeting of shareholders.

A simple majority of votes cast by Shareholders present and voting at the meeting, whether in person or by proxy, is required to re-appoint the incumbent Auditor and to authorise Directors to fix the Auditor's remuneration.

The Directors recommend that Shareholders vote for the re-appointment of Ernst & Young Ltd and the authorisation of Directors to fix the Auditor's remuneration.

DISCRETIONARY AUTHORITY

Management knows of no matter to come before the meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any other matter which is not now known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgment of the proxy holders.

Similar discretionary authority is deemed to be conferred with respect to any amendment to any matter identified in the Notice of Meeting.

The contents of this Management Proxy Circular and the sending thereof to all the holders of shares of the Company have been approved by the Directors of the Company.

No director's statement is submitted pursuant to section 71(2) of the Companies Act.

No auditor's statement is submitted pursuant to section 163 (1) of the Companies Act.

No shareholder's statement is submitted pursuant to sections 112 (a) and 113 (2) of the Companies Act.

7 December 2020

Kathy-Ann Scantlebury

Kathy-Ann L. Scantlebury
Corporate Secretary

GODDARD ENTERPRISES LIMITED

FORM OF PROXY

COMPANY No. 1330

The undersigned shareholder(s) of Goddard Enterprises Limited (the "Company") hereby appoint(s)

. . . .

of . . . .

or failing him . . . .

of . . . .

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 82nd annual meeting of the shareholders of the Company to be held on 29 January 2021 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

. . . .
Name of Shareholder(s)

. . . .
Signature of Shareholder(s)

. . . .
Date (DD/MM/YYYY)

Notes

1. (a) A shareholder who is entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

   (b) In the case of a shareholder who is a body corporate or association, votes at meetings of shareholders may be given by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.

2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.

3. Proxy appointments are required to be deposited at the registered office of the Company or emailed to gelinfo@thegelgroup.com no later than 4:30 p.m. on Thursday, 28 January 2021.

GODDARD ENTERPRISES LIMITED

P.O. Box 502, Bridgetown, BB11000, Barbados, West Indies
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