

# **Banks Holdings Limited**

Consolidated Financial Statements

**December 31, 2019**

(expressed in Barbados dollars)



# Grant Thornton

An instinct for growth™

---

**Grant Thornton Ltd**

Suite 2, Berne Building  
The Courtyard  
Hastings  
P.O. Box 94W  
Christ Church BB15156  
Barbados W.I.

T + 1 246 537 3445

F + 1 246 537 8934

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Banks Holdings Limited

#### Qualified Opinion

We have audited the accompanying consolidated financial statements of **Banks Holdings Limited** (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for Qualified Opinion

We were appointed as auditors of the Group on September 16, 2019 and thus did not observe the counting of the physical inventories as at December 31, 2018. We were unable to satisfy ourselves by alternative means concerning the existence of inventory quantities held as at December 31, 2018, which are stated in the consolidated statement of financial position at a value of \$35,884,911. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Since the opening inventories enter into the determination of the consolidated financial performance and consolidated cash flows for the year, we were also unable to determine whether adjustments might have been necessary in respect of the cost of sales and hence the net income for the year reported in the consolidated statement of income, consolidated statement of other comprehensive income and the cash flows from operating activities reported in the consolidated statement of cash flows.

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' *Code of Ethics for Professional Accountants* ("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 qualified opinion.



# Grant Thornton

An instinct for growth<sup>TM</sup>

## **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 statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### **Revenue recognition**

#### *Description of the Matter*

Revenue is one of the key performance measures used to assess business performance. There is a risk that the amount of revenues presented in the consolidated financial statements is higher than the amount that was actually earned by the Group. Revenue from sale of goods is recognised when control over the goods has been transferred to the customers (i.e. generally when the customer has acknowledged receipt of the goods). In our view, revenue recognition is significant to our audit because the amount is material to the consolidated financial statements. It also involves voluminous transactions, requires proper observation of cut-off procedures and testing the validity of transactions, and directly impacts the Group's profitability.

The Group's disclosures about its revenues and related receivables, and revenue recognition policies are included in Notes 5, 6 and 11.

#### *How the Matter was Addressed in the Audit*

Our audit procedures performed to address the risk of material misstatement relating to revenue recognition included the following:

- Obtained an understanding of the Group's processes and controls over revenue recognition, approval and documentation;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with IFRS 15;
- Performed substantive analytical review procedures over revenues such as but not limited to, yearly and monthly analyses of sales and sales mix composition based on our expectations, investigation of variances from our expectations, and verifying that the underlying data used in the analyses were reliable;
- Tested on a sample basis, the sales invoices, delivery receipts and cash receipts of sales transactions throughout the current year to determine the validity and occurrence of sales;



# Grant Thornton

An instinct for growth™

## **Key Audit Matters ...continued**

### **Revenue recognition ...continued**

#### *How the Matter was Addressed in the Audit ...continued*

- Examined evidence of subsequent collections, and corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately prior and subsequent to the current period to determine whether the related sales transactions were recognised in the proper reporting period; and
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with IFRS.

## **Responsibilities of Management and Those Charged with Governance 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.

Those charged with governance are 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.





# Grant Thornton

An instinct for growth™

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** *...continued*

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.
- 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.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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.



# Grant Thornton

An instinct for growth<sup>™</sup>

## **Other Matters**

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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jefferson E. Hunte.

*Grant Thornton Ltd*

**Chartered Accountants**

**April 9, 2021**

**Barbados**

# Banks Holdings Limited

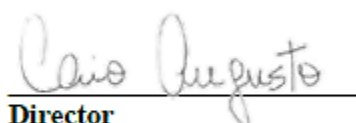
## Consolidated Statement of Financial Position As at December 31, 2019


(expressed in Barbados dollars)

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term deposits (note 10)	171,172,548	194,332,340
Receivables and prepayments (note 11)	27,501,117	135,647,771
Investments (note 13)	33,507,405	18,817,358
Inventories (note 12)	34,546,222	35,884,911
	<b>266,727,292</b>	<b>384,682,380</b>
<b>Current liabilities</b>		
Accounts payable and accruals (note 14)	38,730,510	183,045,726
Provision for deposits owed to customers	1,052,455	1,257,458
Income tax payable (note 9)	196,592	84,275
	<b>39,979,557</b>	<b>184,387,459</b>
<b>Working capital</b>	<b>226,747,735</b>	<b>200,294,921</b>
<b>Investments in associated companies</b> (note 15)	<b>36,506,202</b>	<b>35,510,236</b>
<b>Property, plant and equipment</b> (note 16)	<b>102,196,786</b>	<b>105,463,069</b>
<b>Investment properties</b> (note 17)	<b>17,405,000</b>	<b>18,800,000</b>
<b>Deferred tax asset</b> (note 9)	<b>1,181,500</b>	<b>381,889</b>
<b>Pension plan asset</b> (note 18)	<b>16,681,000</b>	<b>21,186,000</b>
<b>Post-employment medical liability</b> (note 19)	<b>(927,000)</b>	<b>(822,000)</b>
<b>Accounts payable and accruals</b> (note 14)	<b>(803,090)</b>	<b>—</b>
	<b>398,988,133</b>	<b>380,814,115</b>
<b>Equity</b>		
Share capital (note 20)	145,565,985	145,565,985
Capital reserves (note 21)	30,717,004	36,299,750
Retained earnings	212,939,874	189,011,068
<b>Attributable to equity holders of the parent</b>	<b>389,222,863</b>	<b>370,876,803</b>
Non-controlling interests	9,765,270	9,937,312
<b>Total equity</b>	<b>398,988,133</b>	<b>380,814,115</b>

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

Approved by the Board of Directors on April 9, 2021.

  
Director

  
Director

# **Banks Holdings Limited**

## **Consolidated Statement of Income**

### **For the year ended December 31, 2019**

(expressed in Barbados dollars)

	<b>2019</b> \$	<b>2018</b> \$
<b>Sales</b> (note 6)	<b>182,089,110</b>	191,761,656
<b>Cost of sales</b> (note 7)	<b>(142,054,584)</b>	(141,145,541)
<b>Gross profit</b>	<b>40,034,526</b>	50,616,115
<b>Other income</b>	<b>7,951,490</b>	2,604,784
<b>Selling, general and administrative expenses</b> (note 7)	<b>(35,876,245)</b>	(37,694,087)
<b>Profit from operations before undernoted items</b>	<b>12,109,771</b>	15,526,812
Unrealised fair value gains on investments (note 13)	<b>14,690,047</b>	–
Change in fair value of investment properties (note 17)	<b>(1,395,000)</b>	(250,000)
Interest expense	<b>(1,385,525)</b>	(305,506)
Interest income	<b>3,502</b>	2,446
Loss on disposal of investments in associated companies (note 15)	–	(41,234)
Gain on disposal of investment in a subsidiary (note 28)	–	79,118,422
<b>Income from operations – parent and subsidiaries</b>	<b>24,022,795</b>	94,050,940
Share of loss of associated companies (note 15)	<b>(196,047)</b>	(1,070,663)
<b>Income before taxation from continuing operations</b>	<b>23,826,748</b>	92,980,277
Taxation (note 9)	<b>252,098</b>	(6,491,433)
<b>Net income for the year from continuing operations</b>	<b>24,078,846</b>	86,488,844
<b>Discontinued operations</b>		
Loss for the period from discontinued operations (note 28)	–	(1,497,852)
	<b>24,078,846</b>	84,990,992
<b>Attributable to:</b>		
Equity holders of the parent	<b>23,928,806</b>	84,931,788
Non-controlling interests	<b>150,040</b>	59,204
	<b>24,078,846</b>	84,990,992
<b>Earnings per share</b>		
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent (note 23)	<b>0.368</b>	1.307

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



# Banks Holdings Limited

## Consolidated Statement of Comprehensive Income For the year ended December 31, 2019

(expressed in Barbados dollars)

	2019 \$	2018 \$
<b>Net income for the year</b>	<b>24,078,846</b>	84,990,992
<b>Other comprehensive (loss)/income, net of tax</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Re-measurement (losses)/gains on defined benefit plans and post-employment medical liability (notes 18 and 19)	(8,008,000)	5,957,220
Revaluation surplus (note 16)	1,759,505	—
Income tax effect (note 9)	343,667	1,970,886
Other comprehensive (loss)/income for the year, net of tax	(5,904,828)	7,928,106
<b>Total comprehensive income for the year, net of tax</b>	<b>18,174,018</b>	92,919,098
<b>Attributable to:</b>		
Equity holders of the parent	18,346,060	92,634,187
Non-controlling interests	(172,042)	284,911
	<b>18,174,018</b>	92,919,098

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

# Banks Holdings Limited

## Consolidated Statement of Changes in Equity For the year ended December 31, 2019

(expressed in Barbados dollars)

	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Share capital	Capital reserves	Retained earnings	Total	interests	
	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2017</b>	<b>145,565,985</b>	<b>34,851,571</b>	<b>243,986,770</b>	<b>424,404,326</b>	<b>9,652,401</b>	<b>434,056,727</b>
Net income for the year	—	—	84,931,788	84,931,788	59,204	84,990,992
Other comprehensive income (note 21)	—	7,702,399	—	7,702,399	225,707	7,928,106
<b>Total comprehensive income</b>	<b>—</b>	<b>7,702,399</b>	<b>84,931,788</b>	<b>92,634,187</b>	<b>284,911</b>	<b>92,919,098</b>
Transfers during the year (note 21)	—	(6,254,220)	6,254,220	—	—	—
<b>Transactions with owners</b>						
Dividends (note 20)	—	—	(146,161,710)	(146,161,710)	—	(146,161,710)
<b>Balance as at December 31, 2018</b>	<b>145,565,985</b>	<b>36,299,750</b>	<b>189,011,068</b>	<b>370,876,803</b>	<b>9,937,312</b>	<b>380,814,115</b>
Net income for the year	—	—	23,928,806	23,928,806	150,040	24,078,846
Other comprehensive income (note 21)	—	(5,582,746)	—	(5,582,746)	(322,082)	(5,904,828)
<b>Total comprehensive income</b>	<b>—</b>	<b>(5,582,746)</b>	<b>23,928,806</b>	<b>18,346,060</b>	<b>(172,042)</b>	<b>18,174,018</b>
<b>Balance as at December 31, 2019</b>	<b>145,565,985</b>	<b>30,717,004</b>	<b>212,939,874</b>	<b>389,222,863</b>	<b>9,765,270</b>	<b>398,988,133</b>

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

# Banks Holdings Limited

## Consolidated Statement of Cash Flows

For the year ended December 31, 2019

(expressed in Barbados dollars)

	2019 \$	2018 \$
<b>Cash flows from operating activities</b>		
Income before taxation from continuing operations	23,826,748	92,980,277
Loss before taxation from discontinued operations (note 28)	—	(1,497,852)
Income before taxation	23,826,748	91,482,425
<b>Adjustments for:</b>		
Unrealised fair value gains on investments (note 13)	(14,690,047)	—
Depreciation (note 16)	12,187,456	12,431,249
Pension plan income (note 18)	(3,204,000)	(1,012,384)
Change in fair value of investment properties (note 17)	1,395,000	250,000
Interest expense	1,385,525	305,506
Dividend income	(792,898)	(364,674)
Loss on disposal of property, plant and equipment	241,347	161,334
Share of loss of associated companies (note 15)	196,047	1,070,663
Post-employment medical liability (credit)/expense (note 19)	(146,000)	114,000
Provision for inventory obsolescence (note 7)	49,229	334,364
Post medical payments	(46,000)	—
Interest income	(3,502)	(2,446)
Pension plan contribution	(2,000)	(5,000)
Gain on disposal of investment in subsidiary (note 28)	—	(79,118,422)
Loss on disposal of investments in associated companies (note 15)	—	41,234
<b>Operating profit before working capital changes</b>	<b>20,396,905</b>	<b>25,687,849</b>
Decrease/(increase) in receivables and prepayments	108,146,654	(9,364,892)
Decrease/(increase) in inventories	1,289,460	(9,676,314)
(Decrease)/increase in accounts payable and accruals	(6,105,950)	14,419,601
Decrease in provision for deposits owed to customers	(205,003)	(49,718)
Cash generated from operations	123,522,066	21,016,526
Interest received	3,502	2,446
Corporation taxes paid (note 9)	(91,529)	(392)
Interest paid	(1,286,068)	(305,506)
Net cash from operating activities	122,147,971	20,713,074
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (note 16)	(6,131,752)	(5,719,541)
Investment in associated companies (note 15)	(1,933,488)	—
Dividends received	1,534,373	708,259
Proceeds from disposal of property, plant and equipment	—	89,467
Proceeds from sale of investments in associated companies (note 15)	—	68,000
Net cash used in investing activities	(6,530,867)	(4,853,815)
<b>Cash flows from financing activities</b>		
Payment of dividends	(138,479,922)	(5,319,514)
Repayments of lease liabilities (note 14)	(197,517)	—
Interest paid on lease liabilities (note 14)	(99,457)	—
Net cash used in financing activities	(138,776,896)	(5,319,514)
<b>Increase in cash and short-term deposits</b>	<b>(23,159,792)</b>	<b>10,539,745</b>
Cash and short-term deposits at beginning of year	194,332,340	183,792,595
Cash and short-term deposits at end of year (note 10)	171,172,548	194,332,340

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

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 1 Nature of operations

The principal activity of Banks Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) consists of the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing of carbonated and non-carbonated beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products.

### 2 General information, compliance with International Financial Reporting Standards (IFRS) and going concern assumption

In 2015, approximately 95% of the Company’s share capital was acquired by SLU Beverages Ltd. (“SLU”), a company incorporated and domiciled in St. Lucia. SLU is a subsidiary of Cerveceria Nacional Dominicana (“CND”) headquartered in the Dominican Republic. The ultimate parent is AB-Inbev, a company incorporated and domiciled in Brazil. The registered office of the Company is the Pine, St. Michael, Barbados.

The consolidated financial statements of the Group have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment properties and investments, which are carried at fair value. The measurement bases are fully described in the summary of accounting policies. The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis.

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 judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5(y).

### 3 Subsidiary and associated companies

#### a) Subsidiary companies

#### % of Ownership

	2019	2018
Banks (Barbados) Breweries Limited	100%	100.00%
Banks Distribution Limited	100%	100.00%
Barbados Dairy Industries Limited	84.43%	84.43%
Plastic Containers Limited	65%	65.00%

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 3 Subsidiary and associated companies ...continued

b) Associated companies	% of Ownership		Principal place of business
	2019	2018	
Citrus Products of Belize Limited	46.58%	46.58%	Belize
Chemical Industries Limited	40.00%	40.00%	Barbados
Tower Hill Merchants Limited	36.70%	36.70%	England
GCG Services Limited	33.33%	33.33%	Barbados
Newtech Incorporated	26.20%	26.20%	Barbados
Delivery and Handling Services Limited	50.00%	—	Barbados

### 4 New or revised standards or interpretations

*New standards and amendments to standards effective for the financial year beginning January 1, 2019*

#### *IFRS 16, Leases*

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as leases under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being January 1, 2019. At this date, the Group has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any period or accrued lease payments that existed at the date of transition.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to the lease liability recognised under IFRS 16 was 11.9%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 4 New or revised standards or interpretations ...continued

*New standards and amended standards effective for the financial year beginning January 1, 2019  
...continued*

The following is a reconciliation of the consolidated financial statement line items from IAS 17 to IFRS 16 at January 1, 2019.

	Carrying amount at December 31, 2018 \$	Reclassification \$	Remeasurement \$	IFRS 16 carrying amount at January 1, 2019 \$
Property and equipment	105,463,069	–	1,086,044	106,549,113
Accounts payable and accruals – current portion	(183,045,726)	–	(282,954)	(183,328,680)
Accounts payable and accruals – non-current portion	–	–	(803,090)	(803,090)
<b>Total</b>	<b>(77,582,657)</b>	<b>–</b>	<b>–</b>	<b>(77,582,657)</b>

### *IFRIC 23, Uncertainty over Income Tax Treatments*

The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

Management determines that the impact of IFRIC 23 on the consolidated financial statements of the Group is not significant.

### *Other amendments to standards*

Other standards and amendments that are effective for the first time in January 2019 are as follows:

- IFRS 9, Prepayment Features with Negative Comparison (Amendments to IFRS 9);
- IAS 28, Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- IFRS 10 (Amendments), Consolidated Financial Statements, and IAS 28 (Amendments), Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture;
- Annual Improvements to IFRS 2015-2017 Cycle; and
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **4 New or revised standards or interpretations ...continued**

*New standards and amended standards effective for the financial year beginning January 1, 2019  
...continued*

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group*

At the date of authorisation of these financial statements, several new, but not yet effective standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have impacted and been adopted early by the Group.

### **5 Summary of significant accounting policies**

#### **a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other equity holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### a) Basis of consolidation ...continued

Profit or loss of each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### b) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental cost directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for asset held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the expected sale within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area; or
- Is a subsidiary acquired with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income or loss. Additional disclosures are provided in Note 28. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **5 Summary of significant accounting policies ...continued**

#### **c) Revenue recognition**

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and
- collection of the consideration in exchange of the goods and services is probable.

The Group derives revenue from sale of goods at a point in time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities, if any, for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### **d) Expenses**

Expenses are recognised in the consolidated statement of income upon utilisation of the service or as incurred.

#### **e) Foreign currency translation**

##### ***Functional and presentation currency***

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

# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **5 Summary of significant accounting policies ...continued**

#### **e) Foreign currency translation ...continued**

##### ***Foreign currency transactions and balances***

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### **f) Taxation**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from and/or obligations to fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Barbados.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expenses in the consolidated statement of income, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land and buildings) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### g) Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Work-in-progress and finished goods comprise the direct cost of production and an attributable proportion of direct overheads appropriate to location and condition. Net realisable value is the price at which the stock can be realised in the normal course of business after deducting cost to complete and sell.

Supplies are valued at cost. Provisions are made for obsolete, slow moving and defective items as considered appropriate in the circumstances.

#### h) Property, plant and equipment

Depreciation of property, plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

Freehold buildings	40 years
Leasehold buildings	20, 33 1/3 and 50 years
Plant and machinery and spares	3 to 20 years
Furniture, fittings and other equipment	3 to 10 years
Motor vehicles	5 years
Containers	3 to 10 years
Right of use assets	1.33 years to 5 years

Freehold land and freehold buildings are revalued every five years on the basis of their market value which is determined by independent real estate appraisers.

Increases in the carrying amount arising on revaluation of freehold land and buildings are recognised in the consolidated statement of other 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 other comprehensive income and reduce the revaluation surplus in equity; all other decreases are charge in the consolidated statement of income.

Capital work in progress represents assets under construction and is stated at cost. These include the design and direct costs to the extent that they are directly attributable to the acquisition or construction of the property, and any other directly attributable costs of bringing the property to working condition. Capital work in progress is not depreciated until such time that the relevant assets are ready for use.

#### i) Segmental reporting

The Group derives its revenue in two major segments – (1) the brewing and bottling of alcoholic and non-alcoholic beverage and manufacture of carbonated and non-carbonated drinks and (2) the manufacturing and processing of dairy products and fruit juices. The Group's operations are located in Barbados.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### i) Segmental reporting ...continued

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.

#### j) Investments in associated companies

Investments, where the Group has significant influence, are classified as associated companies and are accounted for under the equity method of accounting. The investment in associated companies is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment value. The consolidated statement of income reflects the share of the results of operations of the associates.

Where there has been a change recognised directly in other comprehensive income, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

#### k) Provision for deposits owed to customers

The quantity of containers in customers' possession, on which the provision for deposits is based, is estimated by management, having regard to the level of sales and the turnaround of containers.

#### l) Employee retirement benefits

##### *Short-term employee benefits*

Short-term employee benefits, including holiday entitlement, are current liabilities included in other payables and accruals, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

##### *Post-employment benefits*

The Group operates a defined benefit plan, the assets of which are held in a separate fund administered by Trustees. The Group meets the balance of the cost of funding the plan and the Group pays contributions of 0.1% of the employee's salary. The funding requirements are based on regular actuarial valuations of the pension plan every three years, and the assumptions used to determine the funding may differ to those set out in Note 18.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### l) Employee retirement benefits ...continued

The Group also operates a contributory defined contribution pension scheme. Contributions are charged to the consolidated statement of comprehensive income in the year to which they relate.

The Group also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from the Group to Guardian Life. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued by independent qualified actuaries.

#### m) Leases

As described in Note 4, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

##### (i) Accounting policy applicable from January 1, 2019

###### *Group as a lessee*

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

###### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### m) Leases ...continued

##### (i) Accounting policy applicable from January 1, 2019 ...continued

###### *Group as a lessee ...continued*

###### *Measurement and recognition of leases as a lessee*

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedient. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use asset has been included in property, plant and equipment and lease liabilities have been included in accounts and other payables.

###### *Group as a lessor*

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as operating leases.

# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **5 Summary of significant accounting policies ...continued**

#### **m) Leases ...continued**

##### *(i) Accounting policy applicable before January 1, 2019*

The Group accounts for its leases as follows:

##### *Group as a lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in the consolidated statement of income on a straight-line basis over the lease term.

##### *Group as a lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### **n) Cash**

Cash comprises of cash at banks and in hand and short-term deposits net of bank overdrafts, if any.

#### **o) Grants**

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual instalments.



# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **5 Summary of significant accounting policies ...continued**

#### **p) Investment properties**

Properties that are held by the Group to earn third party rental income and/or for capital appreciation are classified as investment properties.

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Transfers are made to investment property when there is a change in use, evidenced by ending of owner occupation.

Gains and losses arising from the changes in fair values of investment properties are included in the consolidated statement of income in the year in which they arise. Fair values are based on market value which is determined by independent valuers and/or directors' valuation taking into consideration asset replacement and land tax valuations and valuations of similar properties.

Investment properties are derecognised either when they have been disposed of or whether they are permanently withdrawn from use and no further economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in income in the period of derecognition.

#### **q) Impairment of other non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated cash flows are discounted to their present value taking into account the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### s) Financial instruments

##### i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### ii) Measurement methods

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the consolidated statement of income.

##### iii) Classification and initial measurement of financial assets

At initial recognition, the Group initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expenses in the consolidated statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### s) Financial instruments ...continued

##### iii) Classification and initial measurement of financial assets ...continued

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the current and prior periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in the consolidated statement of income are presented within finance costs, finance income or other financial items, except for loss allowance of trade and other receivables, which is presented within selling, general and administrative expenses.

##### iv) Subsequent measurement of financial assets

###### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### s) Financial instruments ...continued

##### iv) Subsequent measurement of financial assets ...continued

###### *Financial assets at amortised cost ...continued*

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and short-term deposits and trade and other receivables are included within this category of financial instruments.

###### *Financial assets at FVTPL*

Equity instruments are instruments that do not contain contractual obligations to pay the instrument holder and that evidence residual interests in the issuer's net assets. The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. A gain or loss on equity investment that is subsequently measured at FVTPL is recognised in profit or loss.

##### v) Impairment of financial assets

The Group uses IFRS 9's impairment requirement which assesses on a forward-looking basis, the expected credit losses – the 'expected credit loss model' on its financial assets carried at amortised cost and with the exposure arising from financial guarantees. Instruments within the scope of the new requirements include, trade receivables and other debt-type financial assets measured at amortised cost, other receivables, contract assets, if any, recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### s) Financial instruments ...continued

##### v) Impairment of financial assets ...continued

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses loss allowance of trade and other receivables on a collective basis as they possess shared credit risk characteristics based on the days past due. Refer to Note 27(a)(ii) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group categorises trade receivables for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. When recoveries are made, these are recognised in the consolidated statement of income.

##### vi) Classification and subsequent measurement and derecognition of financial liabilities

###### (i) Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost.

###### (ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

# **Banks Holdings Limited**

## **Notes to Consolidated Financial Statements**

**December 31, 2019**

---

(expressed in Barbados dollars)

### **5 Summary of significant accounting policies ...continued**

#### **t) Offsetting of financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **u) Provisions**

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the likelihood of an outflow of resources is remote.

#### **v) Events after the reporting date**

Post year-end events that provide additional information about the Group's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

#### **w) Earnings per share**

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares outstanding during the period after giving retroactive effect to stock dividends declared, stock splits and reverse stock splits during the period, if any.

Diluted earnings per share are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### x) Equity, capital reserves and retained earnings

Share capital represents the proceeds of shares that have been issued.

Capital reserves comprises the revaluation surplus from revaluating land and buildings, re-measurement of defined benefit plan, other reserves of an associated company and adjustments relating to currency translation on associates.

Retained earnings include cumulative balance of net income or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments.

All transactions with shareholders of the parent company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

#### y) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

##### *Provision for expected credit losses on receivables*

The Group uses a provision matrix to calculate expected credit losses for receivables. The provision rates are based on days past due for groupings of customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed pattern default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the expected credit losses on the Group's receivables is disclosed in Note 27(a)(ii).



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### y) Significant accounting judgements, estimates and assumptions ...continued

##### *Estimated impairment of inventories*

Management recognises a provision for inventory losses when the realisable values of inventory items become lower than cost due to obsolescence or other causes. Obsolescence is based on the physical condition of inventory items. Obsolescence is also established when inventory items can no longer be utilised. Obsolete goods when identified are charged to the consolidated statement of income. The Group believes such estimates represent a fair charge for the level of inventory losses in a given year. The Group's policy is to review on an annual basis the condition of its inventory.

##### *Deferred tax assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### *Employee retirement benefits*

The present value of the defined benefit funded obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in note 18.

##### *Valuation of properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. In addition, it measures land and buildings at revalued amount with changes to fair value being recognised in other comprehensive income. For investment properties, a valuation methodology based on reference to market-based evidence was used. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Notes 16 and 17.

##### *Distinction between investment properties and owner-managed properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 5 Summary of significant accounting policies ...continued

#### y) Significant accounting judgements, estimates and assumptions ...continued

##### *Extension options for leases*

When the entity has the option to extend a lease, management uses its judgment to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. No potential lease payments have not been included in the lease liabilities as it is not reasonably certain the extension option will be exercised.

### 6 Sales

All of the Group's sales are recognised at a point in time, being the time of delivery to and acceptance by the customer, for both 2019 and 2018.

The Group's sales disaggregated by primary geographical market is as follows:

	2019 \$	2018 \$
<b>Country</b>		
Barbados	172,778,807	179,943,352
St. Lucia	2,320,629	2,265,485
Antigua and Barbuda	2,095,346	2,667,110
Guyana	1,113,749	1,490,847
St. Kitts and Nevis	1,072,310	995,768
Other countries	997,434	1,904,115
Grenada	792,574	895,304
St. Vincent and the Grenadines	522,586	655,568
United States of America	395,675	344,846
Trinidad and Tobago	—	394,951
Curacao	—	204,310
	<b>182,089,110</b>	<b>191,761,656</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 7 Operating expenses by nature

The details of operating expenses by nature are shown below.

	2019 \$	2018 \$
Materials	90,934,438	89,946,575
Staff costs (note 8)	25,981,061	34,659,718
Production overhead	16,062,183	18,074,983
Advertising and promotions	14,571,373	12,584,529
Depreciation (note 16)	12,187,457	11,682,689
Administrative and office expenses	9,021,908	1,991,490
Taxes and licenses	7,384,266	7,408,192
Professional fees	890,049	563,985
Royalties	674,195	588,879
Vehicle expenses	641,119	1,138,227
Inventory obsolescence (note 12)	49,229	334,364
Impairment (recovery)/loss of trade receivables (note 27)	(38,672)	160,850
Changes in inventories	(427,777)	(294,853)
	<b>177,930,829</b>	<b>178,839,628</b>

These expenses are classified in the consolidated statement of income as follows:

	2019 \$	2018 \$
Cost of sales	142,054,584	141,145,541
Selling, general and administrative expenses	35,896,245	37,694,087
	<b>177,930,829</b>	<b>178,839,628</b>

### 8 Staff costs

The breakdown of this account follows:

	2019 \$	2018 \$
Salaries, wages and allowances	25,508,316	31,196,855
NIS contributions	2,363,792	2,375,030
Bonus and gratuity	1,310,325	1,779,500
Other staff costs	148,628	154,717
Post-employment medical (note 19)	(146,000)	166,000
Pension – defined benefit plans (note 18)	(3,204,000)	(1,012,384)
	<b>25,981,061</b>	<b>34,659,718</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 9 Taxation

	2019 \$	2018 \$
<b>Consolidated statement of income</b>		
The taxation charge on net income of continuing operations consist of:		
Current tax expense charge for the year	203,846	91,528
Deferred tax (credit)/charge for the year	(455,944)	6,399,905
<b>Total taxation (credit)/charge on net income of continuing operations</b>	<b>(252,098)</b>	<b>6,491,433</b>

The tax on the income before taxation differs from the theoretical amount that would arise using the basic corporation tax rate as follows:

	2019 \$	2018 \$
Income before taxation from continuing operations	23,826,748	92,980,277
Taxed at statutory rates of 5.5% (2018: 30%)	1,310,471	27,894,083
Gain on sale of assets	–	(24,291,443)
Effect of different tax rate in certain subsidiaries	(111,405)	(591,787)
Tax effect of capital allowances	(1,646,742)	484,612
Losses unutilised/(utilized)	22,092	391,801
Tax effect of (non-taxable income)/non-deductible expenses	(13,404)	1,023,206
Others	186,890	147,551
Effect of change in tax rate on deferred tax assets	–	1,433,410
	<b>(252,098)</b>	<b>6,491,433</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 9 Taxation ...continued

	2019 \$	2018 \$
<b>Deferred tax asset:</b>		
Balance at beginning of year	381,889	4,810,908
Deferred tax charge recognised in the consolidated statement of income on continuing operations:		
Accelerated depreciation for accounting purposes	224,078	(5,223,671)
Unutilized tax losses	418,756	377,576
Post-employment medical liability	(10,560)	9,850
Pension plan asset	(176,330)	(130,250)
Effect of change in tax rate	—	(1,433,410)
	<b>455,944</b>	<b>(6,399,905)</b>
Deferred tax credit/(charge) recognised in other comprehensive income:		
Post-employment medical liability	16,335	(81,300)
Pension plan asset	424,105	(1,277,100)
Revaluation reserve	(96,773)	—
Effect of change in tax rate	—	3,329,286
	<b>343,667</b>	<b>1,970,886</b>
Balance at end of year	<b>1,181,500</b>	<b>381,889</b>
	2019 \$	2018 \$

#### The deferred tax asset is analysed as follows:

Unutilized tax losses	1,536,162	1,117,406
Pension plan asset	(917,455)	(1,165,230)
Accelerated depreciation for income tax purposes	608,581	384,503
Revaluation reserve	(96,773)	—
Post-employment medical liability	50,985	45,210
	<b>1,181,500</b>	<b>381,889</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 9 Taxation ...continued

The Group has unutilised tax losses of \$27,930,218 (2018: \$20,316,478) available to be carried forward by certain subsidiaries and applied against future taxable income of those companies. The losses have not been agreed by the Revenue Commissioner of the Barbados Revenue Authority, but they are not in dispute. The losses and their expiry dates are as follows:

Income year	Amount \$	Expiry date
2011	1,308,900	2020
2012	1,867,650	2021
2015	8,020,478	2022
2016	268,648	2023
2017	2,850,500	2024
2018	6,000,302	2025
2019	7,613,740	2026
	<b>27,930,218</b>	

### Income tax payable/(recoverable)

The movement of income tax payable/(recoverable) as at December 31, is shown below.

	2019 \$	2018 \$
Balance at beginning of year	84,275	(6,861)
Current tax expense	203,846	91,528
Income tax paid	(91,529)	(392)
Balance at end of year	<b>196,592</b>	84,275

### 10 Cash and short-term deposits

	2019 \$	2018 \$
Cash on hand	5,304	5,304
Cash at banks	171,058,853	194,218,645
Short-term deposits	108,391	108,391
	<b>171,172,548</b>	194,332,340

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 10 Cash and short-term deposits ...continued

Cash at banks is held with several local commercial banks in non-interest bearing accounts. The amounts held in these accounts facilitate the short-term commitments and day-to-day operations of the Group.

#### Short-term deposits

Short-term deposits represent 90 days term deposits maturing on January 16, 2020 with an interest rate of 0.20% (2018: 0.20%).

### 11 Receivables and prepayments

	2019 \$	2018 \$
Trade receivables, gross	21,703,217	24,870,156
Allowance for impairment	(112,529)	(310,457)
Trade receivables, net	21,590,688	24,559,699
Other receivables	5,087,665	2,897,211
Prepayments	822,764	676,651
Receivable from KOSCAB (Barbados) (note 28)	—	107,514,210
	27,501,117	135,647,771

#### Trade receivables

The Group's trade receivables are amounts due from customers for the goods sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless, they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are disclosed in Note 27(a)(ii).

#### Receivables from related parties

Included within the trade and other receivables balances are receivables from associated companies and other related parties under common ownership amounting to \$9,409,151 (2018: \$9,006,118) (note 22).

Due to the short-term nature of the Group's trade receivables, their carrying amount is considered to be the same as their fair value.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 12 Inventories

	2019 \$	2018 \$
Raw materials	21,193,444	20,641,219
Fuel and factory supplies	7,193,537	6,664,664
Finished goods	4,873,378	8,737,003
Marketing materials	2,463,562	1,847,202
Work-in progress	1,147,769	664,943
	<b>36,871,690</b>	38,555,031
Provision for inventory obsolescence	<b>(2,325,468)</b>	(2,670,120)
	<b>34,546,222</b>	35,884,911

The movement in the provision for inventory obsolescence is shown below.

	2019 \$	2018 \$
Balance at beginning of year	2,670,120	2,335,756
Provision for the year (note 7)	49,229	334,364
Write-off during the year	(393,881)	—
	<b>2,325,468</b>	2,670,120

The provision for inventory obsolescence for the year is included in cost of sales.

### 13 Investments

	2019 \$	2018 \$
Financial assets at FVTPL	<b>33,507,405</b>	18,817,358

Financial assets at FVTPL include the equity investment in Banks DIH Limited together with listed equity securities. The Group accounts for these investments at FVTPL and did not make the irrevocable election to account for it at FVOCI.

The Group recognised unrealised fair value gains on financial assets at FVTPL amounted to \$14,690,047 during the year (2018: \$nil).

During the year, dividends received from Banks DIH Limited amounted to \$792,898 (2018: \$nil).



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 14 Accounts payable and accruals

	2019 \$	2018 \$
Trade payables	17,983,780	21,773,014
Accruals and other payables	15,959,855	18,276,571
Dividends payable (note 20)	4,516,219	142,996,141
Lease liabilities	1,073,746	—
	<hr/>	<hr/>
Total accounts payable and accruals	39,533,600	183,045,726
	<hr/>	<hr/>
Current	38,730,510	183,045,726
Non-current	803,090	—
	<hr/>	<hr/>
	39,533,600	183,045,726
	<hr/>	<hr/>

Included within the trade payables and dividends payable balances of \$9,750,962 and \$nil (2018: \$21,773,014 and \$142,996,141) are intercompany payables totalling \$5,990,721 (2018: \$142,408,797) (note 22).

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 30 – 120-day terms; and
- Other payables are non-interest bearing and are settled within three to six months.

#### Leases

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2019 \$	2018 \$
Current	270,656	—
Non-current	803,090	—
	<hr/>	<hr/>
	1,073,746	—
	<hr/>	<hr/>

The Group have leases for the equipment and motor vehicles and are reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities. The Group classifies its right-of-use asset in a separate class in the property, plant and equipment (see note 16).

The lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased asset as security. Further, the Group must keep the office building in a good state of repair and return the property in its original condition at the end of the lease. Also, the Group must

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 14 Accounts payable and accruals ...continued

#### Leases ...continued

insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contract.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on consolidated statement of financial position:

Right-of-use asset	No. of right-of-use asset leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Motor vehicles	15	0.5 years to 4.58 years	0.5 years to 4.58 years	15	—	—	—
Equipment	8	2 years	2 years	8	—	—	—

The lease liability is unsecured and future minimum lease payments at December 31, 2019 are as follows.

	Within 1 year \$	1 – 5 years \$	Total \$
Lease payments	384,767	1,141,676	1,526,443
Finance charges	(114,111)	(338,586)	(452,697)
Net present values	<b>270,656</b>	<b>803,090</b>	<b>1,073,746</b>

The Group did not enter into any short-term lease arrangements during the year with no commitment as at December 31, 2019.

As at December 31, 2019, the Group has no commitment to a lease which has not yet commenced.

Total cash outflows for repayments of lease liabilities and interest portion of the lease liabilities for the year ended December 31, 2019 were \$197,517 and \$99,457, respectively.

The right-of-use asset and accumulated depreciation as at December 31, 2019 and the related depreciation expense for the year then ended is shown separately under property and equipment account (see note 16).

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 15 Investments in associated companies

	2019 \$	2018 \$
Cost of investments	38,652,928	37,460,914
Decrease in equity value over cost from acquisition to end of year	(2,146,726)	(1,950,678)
	<u>36,506,202</u>	<u>35,510,236</u>

Movement in investments in associated companies during the year is as follows:

	2019 \$	2018 \$
Balance at beginning of the year	35,510,236	37,033,718
Purchase of investment during the year	1,933,488	—
Share of net loss	(196,047)	(1,070,663)
Dividends received	(741,475)	(343,585)
Disposal of associates	—	(109,234)
	<u>36,506,202</u>	<u>35,510,236</u>

In 2018, the Group disposed of all of its 20% stake in BCB Communications Inc. for \$68,000. The resulting loss of \$41,234 is included in the 2018 consolidated statement of income. There was no transaction of the same nature in 2019.

The following illustrates the Group's carrying amount of investment in associated companies.

	2019 \$	2018 \$
Citrus Products of Belize Limited	29,600,977	30,730,037
Other associated companies in aggregate	6,905,225	4,780,199
	<u>36,506,202</u>	<u>35,510,236</u>

Other associated companies consist of the remaining associated companies as disclosed in Note 3(b).

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 15 Investments in associated companies ...continued

The following illustrates the summarized financial information of the Group's material associates:

Summarized statements of financial position as at December 31, 2019 are as follows:

	<b>Citrus Products of Belize Limited</b>	<b>Other associated companies</b>
	\$	\$
Current assets	403,305,002	25,473,659
Non-current assets	67,580,260	784,127
Current liabilities	(23,836,014)	(12,273,598)
Non-current liabilities	(14,797,684)	(82,373)
Net assets	<u>432,251,564</u>	<u>13,901,815</u>

Summarized statements of financial position as at December 31, 2018 are as follows:

	<b>Citrus Products of Belize Limited</b>	<b>Other associated companies</b>
	\$	\$
Current assets	33,102,779	16,878,694
Non-current assets	68,833,168	945,844
Current liabilities	(19,946,119)	(3,744,475)
Non-current liabilities	(13,072,404)	(144,564)
Net assets	<u>68,917,424</u>	<u>13,935,499</u>

The following illustrates the Group's share of the (loss)/income of associated companies.

	<b>2019</b>	<b>2018</b>
	\$	\$
Citrus Products of Belize Limited	(1,129,060)	(1,889,385)
Other associated companies	<u>933,013</u>	<u>818,722</u>
	<u>(196,047)</u>	<u>(1,070,663)</u>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 15 Investments in associated companies ...continued

Summarized statements of comprehensive income for the year ended December 31, 2019:

	<b>Citrus Products of Belize Limited \$</b>	<b>Other Associated Companies \$</b>
Revenue	<b>60,703,080</b>	<b>45,076,652</b>
Total net and comprehensive (loss)/income for the year	<b>(2,423,916)</b>	<b>2,478,666</b>

Summarized statements of comprehensive income for the year ended December 31, 2018:

	<b>Citrus Products of Belize Limited \$</b>	<b>Other Associated Companies \$</b>
Revenue	<b>72,415,363</b>	<b>43,934,136</b>
Total net and comprehensive (loss)/income for the year	<b>(4,056,215)</b>	<b>2,280,191</b>

The principal activities of the material associate company, Citrus Products of Belize Limited, is the manufacturing and distribution of a range of citrus products.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 16 Property, plant and equipment

	Freehold land \$	Freehold buildings \$	Buildings on leasehold land \$	Plant and machinery \$	Furniture, fittings and other equipment \$	Motor vehicles \$	Containers \$	Capital works in progress \$	Right of use asset \$	Total \$
<b>At December 31, 2017</b>										
Cost or valuation	11,918,877	30,852,481	23,594,889	118,064,270	12,046,144	4,192,543	20,845,569	3,800,268	–	225,315,041
Accumulated depreciation	–	(2,571,455)	(13,372,699)	(69,550,476)	(11,080,491)	(2,121,889)	(14,941,013)	–	–	(113,638,023)
<b>Net book value</b>	<b>11,918,877</b>	<b>28,281,026</b>	<b>10,222,190</b>	<b>48,513,794</b>	<b>965,653</b>	<b>2,070,654</b>	<b>5,904,556</b>	<b>3,800,268</b>	<b>–</b>	<b>111,677,018</b>
<b>Year ended December 31, 2018</b>										
Opening net book value	11,918,877	28,281,026	10,222,190	48,513,794	965,653	2,070,654	5,904,556	3,800,268	–	111,677,018
Additions	–	–	18,231	–	–	–	–	5,701,310	–	5,719,541
Transfers	–	–	798,335	2,577,424	–	–	3,602,097	(6,977,856)	–	–
Adjustments, cost	–	300	(65,453)	(2,630,870)	(47,222)	25,433	(353,309)	46,972	–	(3,024,149)
Adjustments, accumulated depreciation	–	390	(6,984)	2,777,097	(143,691)	(25,705)	423,042	–	–	3,024,149
Disposals	–	–	–	(2,653,463)	(24,543)	(259,740)	–	–	–	(2,937,746)
Writeback of depreciation	–	–	–	2,450,223	18,626	218,096	–	–	–	2,686,945
Depreciation charges (note 7)	–	(771,320)	(1,146,867)	(7,652,778)	(298,003)	(271,824)	(1,541,897)	–	–	(11,682,689)
<b>Closing net book value</b>	<b>11,918,877</b>	<b>27,510,396</b>	<b>9,819,452</b>	<b>43,381,427</b>	<b>470,820</b>	<b>1,756,914</b>	<b>8,034,489</b>	<b>2,570,694</b>	<b>–</b>	<b>105,463,069</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 16 Property, plant and equipment ...continued

	Freehold land \$	Freehold buildings \$	Buildings on leasehold land \$	Plant and machinery \$	Furniture, fittings and other equipment \$	Motor vehicles \$	Containers \$	Capital works in progress \$	Right of use asset \$	Total \$
<b>At December 31, 2018</b>										
Cost or valuation	11,918,877	30,852,781	24,346,002	115,357,361	11,974,379	3,958,236	24,094,357	2,570,694	–	225,072,687
Accumulated depreciation	–	(3,342,385)	(14,526,550)	(71,975,934)	(11,503,559)	(2,201,322)	(16,059,868)	–	–	(119,609,618)
<b>Net book value</b>	<b>11,918,877</b>	<b>27,510,396</b>	<b>9,819,452</b>	<b>43,381,427</b>	<b>470,820</b>	<b>1,756,914</b>	<b>8,034,489</b>	<b>2,570,694</b>	<b>–</b>	<b>105,463,069</b>
<b>Year ended December 31, 2019</b>										
Opening net book value	11,918,877	27,510,396	9,819,452	43,381,427	470,820	1,756,914	8,034,489	2,570,694	–	105,463,069
Effect of IFRS 16	–	–	–	–	–	–	–	–	1,271,263	1,271,263
Revaluation surplus	1,194,123	565,382	–	–	–	–	–	–	–	1,759,505
Additions	–	–	179,775	2,434,399	24,028	–	1,316,442	2,177,108	–	6,131,752
Transfers	–	–	99,415	802,378	–	–	–	(901,793)	–	–
Adjustments, cost	–	(4,113,705)	–	–	–	–	–	–	–	(4,113,705)
Adjustments, accumulated depreciation	–	4,113,705	–	–	–	–	–	–	–	4,113,705
Disposals	–	–	–	(381,622)	–	–	–	(3,529)	(225,225)	(610,376)
Writeback of depreciation	–	–	–	329,023	–	–	–	–	40,006	369,029
Depreciation charges (note 7)	–	(771,320)	(1,186,068)	(7,649,430)	(178,356)	(249,828)	(1,838,342)	–	(314,112)	(12,187,456)
<b>Closing net book value</b>	<b>13,113,000</b>	<b>27,304,458</b>	<b>8,912,574</b>	<b>38,916,175</b>	<b>316,492</b>	<b>1,507,086</b>	<b>7,512,589</b>	<b>3,842,480</b>	<b>771,932</b>	<b>102,196,786</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 16 Property, plant and equipment ...continued

	Freehold land \$	Freehold buildings \$	Buildings on leasehold land \$	Plant and machinery \$	Furniture, fittings and other equipment \$	Motor vehicles \$	Containers \$	Capital works in progress \$	Right of use asset \$	Total \$
<b>At December 31, 2019</b>										
Cost or valuation	13,113,000	27,304,458	24,625,192	118,212,516	11,998,407	3,958,236	25,410,799	3,842,480	1,046,038	229,511,126
Accumulated depreciation	—	—	(15,712,618)	(79,296,341)	(11,681,915)	(2,451,150)	(17,898,210)	—	(274,106)	(127,314,340)
<b>Net book value</b>	<b>13,113,000</b>	<b>27,304,458</b>	<b>8,912,574</b>	<b>38,916,175</b>	<b>316,492</b>	<b>1,507,086</b>	<b>7,512,589</b>	<b>3,842,480</b>	<b>771,932</b>	<b>102,196,786</b>



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 16 Property, plant and equipment ...continued

If the freehold land and freehold buildings were stated on the historical cost basis, the amounts would be as follows:

	Freehold land \$	Freehold buildings \$	Total \$
<b>At December 31, 2018</b>			
Opening net book value	6,005,286	14,873,632	20,878,918
Depreciation	—	(405,645)	(405,645)
<b>Closing net book value</b>	<b>6,005,286</b>	<b>14,467,987</b>	<b>20,473,273</b>
<b>At December 31, 2019</b>			
Opening net book value	6,005,286	14,467,987	20,473,273
Depreciation	—	(405,645)	(405,645)
<b>Closing net book value</b>	<b>6,005,286</b>	<b>14,062,342</b>	<b>20,067,628</b>

In 2018, the sale and transfer of freehold land and buildings from the Group to KOSCAB (Barbados) was completed in June 2018. Accordingly, the revaluation surplus attributable to land and building totalling \$5,807,129 was transferred from capital reserves to retained earnings (see note 21).

The Group's freehold land and buildings at Wildey and Newton were revalued at a fair value of \$40,417,458 based on valuations performed by an accredited independent valuer in December 2019. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the properties. The fair value of the land and building was determined using the market comparable approach and replacement cost approach.

Fair hierarchy disclosures are in Note 27(d).

<b>Significant valuation inputs:</b>	<b>\$</b>
Price per square foot (land)	11 – 17
Price per square foot (building)	58 – 174

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 17 Investment properties

	2019 \$	2018 \$
Balance at beginning of the year	18,800,000	19,050,000
Change in fair value of investment properties	(1,395,000)	(250,000)
Balance at end of the year	17,405,000	18,800,000

As of December 31, 2019, the Group's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuers.

The fair value of the land and buildings was determined using the market comparable approach, which is based on the price a property would sell in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash and achievable in a reasonable time.

Included in profit from operations are the following amounts arising on investment properties:

	2019 \$	2018 \$
Rental income	1,049,560	1,188,060
Operating expenses	(59,216)	(52,403)
Profit arising from investment properties carried at fair value	990,344	1,135,657

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 27(d).

<b>Significant valuation inputs:</b>	\$
Price per square foot (land)	20 – 32
Price per square foot (building)	150 – 220

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 18 Pension plan asset

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

	2019 \$	2018 \$
Fair value of plan assets	39,831,649	37,637,649
Present value of funded obligations	(23,150,649)	(16,451,649)
Net asset recognised in the consolidated statement of financial position	16,681,000	21,186,000

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

	2019 \$	2018 \$
Current service cost	45,000	238,000
Interest cost	2,063,000	2,300,616
Expected return on plan assets	(4,803,000)	(3,637,000)
Other adjustments	(625,000)	—
Administrative fees	116,000	86,000
Total	(3,204,000)	(1,012,384)

The amount recognised in other comprehensive income is shown below.

	2019 \$	2018 \$
Loss/(gain) from change in assumptions	6,605,000	(9,444,000)
Expected return on plan assets	4,803,000	3,637,000
Actual return on plan assets	(3,697,000)	832,000
Gain from experience	—	(336,000)
Other comprehensive loss/(gain)	7,711,000	(5,311,000)

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 18 Pension plan asset ...continued

Movements in the net asset are as follows:

	2019 \$	2018 \$
Balance at beginning of the year	21,186,000	14,857,616
Net income recognised in the consolidated statement of income	3,204,000	1,012,384
Contributions paid	2,000	5,000
Other comprehensive income	(7,711,000)	5,311,000
Balance at end of the year	16,681,000	21,186,000

Changes in the present value of the funded obligations are as follows:

	2019 \$	2018 \$
Balance at beginning of the year	16,451,649	25,080,033
Actuarial loss/(gain) on obligation	6,605,000	(9,780,000)
Interest cost	2,063,000	2,300,616
Administrative fees	116,000	86,000
Employee contributions	97,000	161,000
Current service cost	45,000	238,000
Other adjustments	(625,000)	—
Benefits paid	(1,602,000)	(1,634,000)
Balance at end of the year	23,150,649	16,451,649

Changes in the fair value of plan assets are as follows:

	2019 \$	2018 \$
Fair value of plan assets at beginning of the year	37,637,649	39,937,649
Actual return on plan assets	3,697,000	(832,000)
Contributions by employer and employees	99,000	166,000
Benefits paid	(1,602,000)	(1,634,000)
Fair value of plan assets at end of the year	39,831,649	37,637,649

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 18 Pension plan asset ...continued

A quantitative sensitivity analysis for significant assumptions on the present value of the funded obligations as at December 31, is shown below.

	<b>Increase</b> \$	<b>Decrease</b> \$
Change in discount rate by 1%	(5,936,000)	6,718,000
Change in salary increase by 0.5%	1,169,000	(1,057,000)

Life expectancy at age 60 for current pensioners:

Male – 23.4

Female – 26.0

The weighted duration of the defined obligation was 15 years.

The Group expects to contribute \$3,000 (2018: \$5,000) to its defined benefit pension plans in 2020.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	<b>2019</b> %	<b>2018</b> %
Bonds	<b>33</b>	33
Real estate	<b>19</b>	19
Mortgages	<b>19</b>	17
Equities	<b>15</b>	15
Mutual funds	<b>14</b>	14
Others	–	2

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

### Experience history

	<b>2019</b> %	<b>2018</b> %
Principal actuarial assumptions as at December 31:		
Discount rate at end of year	<b>10.25</b>	13.00
Future promotional salary increases	<b>5</b>	2.00
Future inflationary salary increases	<b>3</b>	3.00
Future increases in NIS ceiling for earnings	<b>4.25</b>	4.25
Future pension increases	<b>3.75</b>	3.75
Mortality	<b>UP94-AA</b>	UP94-AA

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 18 Pension plan asset ...continued

Through its defined benefit plan, the Group is exposed to various risks:

- Longevity risk;
- Inflation risk;
- Interest rate risk due to the liabilities being of longer duration than the debt securities; and
- Investment risk in order to counter the inflation risk and improve the investment return.

### 19 Post-employment medical liability

	2019 \$	2018 \$
Present value of unfunded obligations	<u>927,000</u>	<u>822,000</u>
Liability recognised in the consolidated statement of financial position	<u>927,000</u>	<u>822,000</u>

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

	2019 \$	2018 \$
Interest cost	106,000	113,000
Current service cost	24,000	53,000
Other adjustments	<u>(276,000)</u>	<u>—</u>
Total, included in staff costs	<u>(146,000)</u>	<u>166,000</u>

The amount recognised in the consolidated statement of comprehensive income is shown below.

	2019 \$	2018 \$
Loss/(gain) from experience	<u>297,000</u>	<u>(646,220)</u>
Other comprehensive income/(loss)	<u>297,000</u>	<u>(646,220)</u>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 19 Post-employment medical liability ...continued

Movements in the net liability recognized in the consolidated statement of financial position are as follows:

	2019 \$	2018 \$
Net liability at beginning of year	822,000	1,354,220
Net (credit)/expense recognised in the consolidated statement of income	(146,000)	166,000
Benefits paid	(46,000)	(52,000)
Other comprehensive income	297,000	(646,220)
Net liability at end of year	927,000	822,000

Changes in the present value of the unfunded obligations are as follows:

	2019 \$	2018 \$
Balance at beginning of year	822,000	1,354,220
Interest cost	106,000	113,000
Current service cost	24,000	53,000
Benefits paid	(46,000)	(52,000)
Actuarial loss/(gain)	297,000	(646,220)
Other adjustments	(276,000)	—
Balance at end of year	927,000	822,000

Principal actuarial assumptions used for accounting purposes at December 31, were as follows:

	2019 %	2018 %
Discount rate at end of year	10.25	13.00
Future medical claims/premium inflation	4.25	4.25

A one percentage point change in the assumed rate of the following assumptions would have the following effect on the present value of the obligation:

	Increase \$	Decrease \$
Change of medical inflation by 1%	388,000	(305,000)
Change of discount rate by 1%	(298,000)	338,000

The weighted duration of the defined benefit obligation was 11 years.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 19 Post-employment medical liability ...continued

Assuming no changes in the premium rates the Group expects to pay premiums of \$70,000 during the 2020 financial year (2018: \$67,435).

### 20 Share capital

#### Authorized

The Company is authorized to issue an unlimited number of shares of one class designated as common shares.

#### Stated and issued

	Number		Stated	
	2019	2018	2019	2018
			\$	\$
At the beginning and end of the year	<b>64,960,760</b>	64,960,760	<b>145,565,985</b>	145,565,985

#### Dividends

In 2018, the Group's Board of Directors approved the declaration of cash dividends amounting to \$146,161,710. As at December 31, 2019, unpaid dividends amounting to \$4,516,219 is shown as part of accounts payable and accruals in the consolidated statement of financial position (2018: \$142,996,141) (see note 14).

### 21 Capital reserves

	Revaluation surplus \$	Defined benefit plans \$	Other reserves \$	Total \$
Balance as at December 31, 2017	26,616,009	10,137,271	(1,901,709)	34,851,571
Transfer of revaluation surplus for freehold land and buildings (note 16)	(5,807,129)	—	—	(5,807,129)
Transfer of subsidiary reserves on disposal	—	(447,091)	—	(447,091)
Re-measurement gain on defined benefit plans and post-employment medical liability, net of tax	—	7,702,399	—	7,702,399
Balance as at December 31, 2018	<b>20,808,880</b>	<b>17,392,579</b>	<b>(1,901,709)</b>	<b>36,299,750</b>



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 21 Capital reserves ...continued

	Revaluation surplus \$	Defined benefit plans \$	Other reserves \$	Total \$
<b>Balance as at December 31, 2018</b>	<b>20,808,880</b>	<b>17,392,579</b>	<b>(1,901,709)</b>	<b>36,299,750</b>
Revaluation surplus, net of tax (note 16)	1,662,732	—	—	1,662,732
Re-measurement gain on defined benefit plans and post-employment medical liability, net of tax	—	(7,245,478)	—	(7,245,478)
<b>Balance as at December 31, 2019</b>	<b>22,471,612</b>	<b>10,147,101</b>	<b>(1,901,709)</b>	<b>30,717,004</b>

#### Other reserves

These reserves are comprised primarily of the Group's share on other reserves of an associated company and adjustments relating to currency translation on associates.

### 22 Related party balances and transactions

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, parent company and its key management personnel, directors and shareholders.

Included in accounts receivable and accounts payables are the following related party balances:

	2019 \$	2018 \$
<b>Receivables</b>		
Associated companies	616,877	199,590
Other related parties	8,792,274	8,806,528
	<b>9,409,151</b>	<b>9,006,118</b>
<b>Payables</b>		
Parent company	441,579	138,379,707
Associated companies	6,066,855	2,875,032
Other related parties	3,242,528	1,154,058
	<b>9,750,962</b>	<b>142,408,797</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 22 Related party balances and transactions ...continued

During the year, the Group entered into the following transactions with its associates and related companies:

	2019 \$	2018 \$
Sales to associated companies	17,114	291,601
Sales to other related parties	—	37,202
Purchases from associated companies	2,817,625	14,242,073
Purchases from other related parties	1,886,916	4,460,601
Purchases from parent	215,622	305,473

The sales to and purchases from related parties are made under normal market prices. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables and the Group has not made any provision for doubtful debts relating to amounts owed by related parties for the year ended December 31, 2019.

Compensation paid to key management of the Group:

	2019 \$	2018 \$
Short-term employment benefits	1,904,707	2,000,221
Post-employment benefits	41,480	42,387
	<u>1,946,187</u>	<u>2,042,608</u>

### 23 Earnings per share

	2019 \$	2018 \$
Net income for the year	23,928,806	84,931,788
Divided by weighted average number of outstanding shares	<u>64,960,760</u>	<u>64,960,760</u>
Basic and diluted earnings per share	<u>0.368</u>	<u>1.307</u>

Basic earnings per share from continuing operations are calculated based on earnings of \$23,928,806 (2018: \$84,931,788) and a weighted average of 64,960,760 (2018: 64,960,760) shares in issue during the year.

The Group has no dilutive potential ordinary shares as of December 31, 2019 and 2018.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 24 Operating lease commitments

The lease expense for the year was \$nil (2018: \$267,910)

Future minimum lease payments under the non-cancellable leases are as follows as of December 31, 2018

	<b>2018</b>
	<b>\$</b>
Within one year	232,129
After one year but not more than five years	<u>138,055</u>
	<u>370,184</u>

Future minimum lease receivables under the non-cancellable leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Within one year	<u>432,000</u>	<u>432,000</u>

### 25 Material partly-owned subsidiary

Financial information of Barbados Dairy Industries Limited, a subsidiary that has a material non-controlling interest, is provided below:

Summarized statement of income:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Sales	<b>48,906,825</b>	54,865,957
Cost of sales	<b>(44,247,833)</b>	(47,140,319)
Other income	<b>94,942</b>	38,566
Selling, general and administrative expenses	<b>(4,026,863)</b>	(3,695,771)
Interest expense	<b>(243,692)</b>	(123,186)
	<u></u>	<u></u>
Income before taxation	<b>483,379</b>	3,945,247
Taxation	<b>63,287</b>	(3,458,969)
	<u></u>	<u></u>
Net income for the year	<b>546,666</b>	486,278
	<u></u>	<u></u>
Profit allocated to material non-controlling interests	<b>85,116</b>	75,714

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 25 Material partly-owned subsidiary ...continued

Summarized statement of financial position:

	2019 \$	2018 \$
Current assets	42,508,781	43,110,162
Non-current assets	22,977,272	23,847,765
Current liabilities	(16,056,896)	(15,111,645)
Non-current liabilities	(1,479,439)	(2,374,625)
Total equity	47,949,718	49,471,657
Attributable to non-controlling interests	7,465,771	7,702,737

Summarized cash flow information:

	2019 \$	2018 \$
Operating	6,816,001	1,236,794
Investing	(2,690,104)	(609,406)
Financing	(1,255,923)	(1,148,922)
Increase/(decrease) in cash for the year	2,869,974	(521,534)

### 26 Commitments and contingencies

#### Capital commitments

There was no capital expenditure approved by the Directors for the ensuing financial year and no amount was contracted for at the period end date.

#### Legal claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of business. These include claims filed against the Group for unfair or wrongful dismissal of employees, breaches of contracts and damages for personal injuries, and other related matters. No provision has been made in the consolidated financial statements as of December 31, 2019, in respect of these claims as the amount and outcome is not presently determinable.

As of the date of approval of the consolidated financial statements, the Group does not believe that any of the litigation matters will have a material effect on its consolidated profit or loss or consolidated statement of financial position.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 26 Commitments and contingencies ...continued

#### Other contingencies

Effective December 2019, the Group had its shares suspended on the Barbados Stock Exchange Inc. (BSE) pursuant to Rule 3.01.5 1(a) and (b) of the Rules of the BSE as a consequence of the requirement to submit the quarterly and annual audited financial statements to the Financial Services Commission (FSC) and annual audited consolidated financial statements to the BSE within the time period stipulated by those regulatory bodies. Management is in the process of re-aligning its internal processes in order to rectify these instances of non-compliance.

### 27 Financial risk management

#### a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group has not entered into forward contracts to reduce risk exposures. The Group's risk management focuses on actively seeking to minimise potential adverse effects on its financial performance.

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

#### i) Market risk

##### i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates primarily in the Barbados market and is therefore not subject to significant foreign currency risk. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

The Group has transactional currency exposures. Approximately 10% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 70% of purchases are denominated in a currency other than the functional currency. However, the majority of the Group's transactions are in United States dollars which has a fixed exchange rate to the functional currency. Fluctuations in currencies other than United States dollars are not considered significant.

Foreign currency exposure also arises from investments by the Group in currencies other than the unit's functional currency.

# Banks Holdings Limited

Notes to Financial Statements

December 31, 2019

(expressed in Barbados dollars)

## 27 Financial risk management ...continued

### a) Financial risk factors ...continued

#### i) Market risk ...continued

##### i) Foreign currency risk ...continued

The aggregate value of financial assets and liabilities are denoted in Barbados dollars, except for the following:

	USD \$	BDS \$	EURO \$	XCD \$	GPB \$	GYD \$	Total \$
<b>As at December 31, 2019</b>							
<b>Assets</b>							
Cash and short-term deposits	600,160	170,572,388	—	—	—	—	171,172,548
Trade and other receivables	7,220,317	16,293,563	3,164,473	—	—	—	26,678,353
Investments	—	—	—	—	—	33,507,405	33,507,405
<b>Total financial assets</b>	<b>7,820,477</b>	<b>186,865,951</b>	<b>3,164,473</b>	<b>—</b>	<b>—</b>	<b>33,507,405</b>	<b>231,358,306</b>
<b>Liabilities</b>							
Accounts payable and accruals	8,327,649	27,714,344	1,486,464	2,005,143	—	—	39,533,600
Provision for deposits owed to customers	—	1,052,455	—	—	—	—	1,052,455
<b>Total financial liabilities</b>	<b>8,327,649</b>	<b>28,766,799</b>	<b>1,486,464</b>	<b>2,005,143</b>	<b>—</b>	<b>—</b>	<b>40,586,055</b>

# Banks Holdings Limited

Notes to Financial Statements

December 31, 2019

(expressed in Barbados dollars)

## 27 Financial risk management ...continued

### a) Financial risk factors ...continued

#### i) Market risk ...continued

##### i) Foreign currency risk ...continued

	USD \$	BDS \$	EURO \$	XCD \$	GPB \$	GYD \$	Total \$
<b>As at December 31, 2018</b>							
<b>Assets</b>							
Cash and short-term deposits	39,487,882	154,844,458	—	—	—	—	194,332,340
Trade and other receivables	116,731,326	18,236,360	—	—	—	3,434	134,971,120
Investments	—	—	—	—	—	18,817,358	18,817,358
<b>Total financial assets</b>	<b>156,219,208</b>	<b>173,080,818</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,820,792</b>	<b>348,120,818</b>
<b>Liabilities</b>							
Accounts payable and accruals	12,770,465	162,833,987	748,143	6,687,274	5,857	—	183,045,726
Provision for deposits owed to customers	—	1,257,458	—	—	—	—	1,257,458
<b>Total financial liabilities</b>	<b>12,770,465</b>	<b>164,091,445</b>	<b>748,143</b>	<b>6,687,274</b>	<b>5,857</b>	<b>—</b>	<b>184,303,184</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### a) Financial risk factors ...continued

##### i) Market risk ...continued

##### ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest is earned on short-term deposits. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event unexpected movements arise. The Group's financial assets and liabilities are non-interest bearing with the exception of short-term deposits which earn interest based on market rates as disclosed in Note 10.

##### iii) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified in the consolidated statement of financial position as financial assets at FVTPL. The Group's portfolio includes equity securities that are quoted on the Guyana Stock Exchange, and its exposure to equity securities price risk is not material because the total of these securities is insignificant in relation to its consolidated statement of financial position and because of the limited volatility in this market. The Group does not hold equity securities that are quoted on the world's major securities markets. If market prices as at December 31, 2019 had been 10% higher/lower with all other variables held constant, the change in equity securities would have been insignificant.

##### ii) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The Group's credit risk arises from cash at banks, as well as credit exposures to customers and receivables. Cash at banks are only held with well-known reputable banks and financial institutions. If no independent rating exists for customers, management assesses the credit quality of customers on an individual basis, taking into account their financial position, credit history and other factors. The utilization of credit limits is regularly monitored. Services rendered to customers are settled primarily in cash and cheques.

The Group has made adequate allowance for impairment for any potential credit losses and the amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### a) Financial risk factors ...continued

##### ii) Credit risk ...continued

###### *Credit risk management*

Credit risk arises from cash, contractual cash flows of financial assets carried at amortised cost as well as credit exposure to customers, including outstanding receivables.

The credit risk in respect of cash balances with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of the customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit term ranges between 30 to 60 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of aging analysis, together with credit limits per customer.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by groups of similar customers, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial position, as summarized below.

	2019 \$	2018 \$
Cash at banks and short-term investments	171,167,244	194,327,036
Trade and other receivables	26,678,353	134,971,120
	<u>197,845,597</u>	<u>329,298,156</u>

###### *Impairment of trade receivables*

The Group's trade receivables for sale of goods is subject to the expected credit loss model. While cash at banks and short-term deposits and other receivables at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

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

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### a) Financial risk factors ...continued

##### ii) Credit risk ...continued

##### *Impairment of trade receivables ...continued*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sale of goods over a period of thirty-six (36) months before December 31, 2019 or January 1, 2019, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group also considered the Gross Domestic Product and the unemployment rate of the territories in which it sells goods to be the most relevant factors, and accordingly, if needed, adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, was determined as follows for trade receivables:

	Current \$	1 to 60 days past due \$	61 to 90 days past due \$	More than 90 days past due \$	Total \$
<b>December 31, 2019</b>					
Expected loss rate	0.13%	0.69%	2.67%	100%	
Gross carrying amount	19,819,455	1,557,223	257,392	69,147	21,703,217
Loss allowance	<b>25,765</b>	<b>10,745</b>	<b>6,872</b>	<b>69,147</b>	<b>112,529</b>
<b>December 31, 2018</b>					
Expected loss rate	0.054%	0.177%	0.584%	100%	
Gross carrying amount	24,403,192	146,915	23,165	296,884	24,870,156
Loss allowance	<b>13,178</b>	<b>260</b>	<b>135</b>	<b>296,884</b>	<b>310,457</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements December 31, 2019

---

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### a) Financial risk factors ...continued

##### ii) Credit risk ...continued

##### *Impairment of trade receivables ...continued*

The closing balance of the trade receivable loss allowance as at December 31, reconciles with the trade receivables loss allowance opening balance as follows:

	2019 \$	2018 \$
<b>Loss allowance as at January 1,</b>	<b>310,457</b>	149,607
Loss allowance (reversed)/recognised during the year (note 7)	(38,672)	160,850
Trade receivables written-off during the year	(159,256)	—
<b>Loss allowance as at December 31</b>	<b>112,529</b>	310,457

##### *Impairment of other receivables*

Other receivables are financial assets measured at amortised cost and considered to have low credit risk. During the year, no loss allowance is recognised as management believes that there is no risk of collecting those financial assets due to their short-term duration and the counterparties have access to sufficiently highly liquid assets in order to repay the receivable if demanded at the reporting date.

##### *Geographic*

The Group's counterparties are located in Barbados, Belize and other Caribbean territories.

##### iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Group utilizes available credit facilities such as loans, overdrafts and other financing options.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, based on contractual undiscounted payments.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements December 31, 2019

---

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### a) Financial risk factors ...continued

##### iii) Liquidity risk ...continued

#### As at December 31, 2019

	Within 1 year \$	2 to 5 years \$	Total \$
Accounts payable and accruals	38,844,620	1,141,676	39,986,296
Provision for deposits owed to customers	1,052,455	—	1,052,455
Total	<b>39,897,075</b>	<b>1,141,676</b>	<b>41,038,751</b>

#### As at December 31, 2018

	Within 1 year \$	2 to 5 years \$	Total \$
Accounts payable and accruals	183,045,726	—	183,045,726
Provision for deposits owed to customers	1,257,458	—	1,257,458
Total	<b>184,303,184</b>	<b>—</b>	<b>184,303,184</b>

#### b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' values.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2019.

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### c) Fair value of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the consolidated financial statements:

	Carrying amount		Fair value	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and short-term deposits	171,172,548	194,332,340	171,172,548	194,332,340
Trade and other receivables	26,678,353	134,971,120	26,678,353	134,971,120
	<b>197,850,901</b>	329,303,460	<b>197,850,901</b>	329,303,460
<b>Financial liabilities</b>				
Accounts payable and accruals	39,533,600	183,045,726	39,533,600	183,045,726
Provision for deposits owed to customers	1,052,455	1,257,458	1,052,455	1,257,458
	<b>40,586,055</b>	184,303,184	<b>40,586,055</b>	184,303,184

The carrying amounts of financial assets and liabilities comprise the Group's cash and short-term deposits, trade and other receivables, accounts payable and accruals and provision for deposits owed to customers approximate their fair values because of their short-term maturities.

#### d) Fair value hierarchy

The Group measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 27 Financial risk management ...continued

#### d) Fair value hierarchy ...continued

Level 1: quoted (unadjusted) prices in active markets for identifiable assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

#### *Fair value measurement of financial assets*

As at December 31, the Group held the following financial instruments carried at fair value on the consolidated statement of financial position:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at December 31, 2019</b>				
Investments	33,507,405	—	—	33,507,405
<b>As at December 31, 2018</b>				
Investments	18,817,358	—	—	18,817,358

#### *Fair value measurement of non-financial assets*

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at December 31, 2019</b>				
Freehold land and buildings	—	—	40,417,458	40,417,458
Investment properties	—	—	17,405,000	17,405,000
	—	—	57,822,458	57,822,458
<b>As at December 31, 2018</b>				
Freehold land and buildings	—	—	39,429,273	39,429,273
Investment properties	—	—	18,800,000	18,800,000
	—	—	58,229,273	58,229,273

During the reporting year ended December 31, 2019, there were no transfers between Level 1 and 2 fair value adjustments (2018: nil).

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 28 Disposal group classified as held for sale

On November 15, 2016, the Company entered into an agreement for the sale of 100% minus one share of the issued and outstanding shares of Barbados Bottling Company Limited for USD \$53 million. With Barbados Bottling Company Limited being classified as discontinued operations, the soft drinks segment is no longer included in the segment note.

In June 2018, the purchase and sale transaction was completed. Accordingly, the Group recognised a gain on sale of a subsidiary amounting to \$79,118,422 which is shown in the 2018 consolidated statement of income.

The details of the sale of the subsidiary is as follows:

	<b>2018</b> \$
Consideration received or receivable:	
Trade receivables (see Note 11)	107,514,210
Carrying amount of net assets sold	<u>(25,217,034)</u>
Gain on sale before transfer costs	82,297,176
Transfer costs	<u>(3,178,754)</u>
Gain on sale of a subsidiary	<b><u>79,118,422</u></b>
Amounts included in accumulated other comprehensive income	
Re-measurement gains on defined benefit plans	(81,250)
Income tax effect	<u>—</u>
	<b><u>(81,250)</u></b>

The analysis of the results of discontinued operations including transactions with related parties is as follows:

	<b>(Five months)</b> <b>2018</b> \$
Sales	18,671,175
Cost of sales	<u>(14,885,119)</u>
Gross profit	3,786,056
Other income	32,004
Interest expense	(13,071)
Selling, general and administrative expenses	(4,554,281)
Depreciation expense	<u>(748,560)</u>
Net loss for the period	<b><u>(1,497,852)</u></b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 28 Disposal group classified as held for sale ...continued

The results of operations in 2018 attributable to discontinued operations, excluding transactions with related parties for the period ended December 31, 2018, shown in the consolidated statement of income, is shown below.

	2019 \$	2018 \$
Loss for the period from discontinued operations	—	(1,497,852)

### 29 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. Segment performance is evaluated based on revenue and profit or loss before tax and is measured consistently with profit or loss in the consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

2019 Operating segments	Manufacture and processing of dairy products and fruit juices \$	Other segments \$	Adjustments and eliminations \$	Total \$
Sales	48,906,825	204,378,748	(71,196,463)	182,089,110
Cost of sales	(44,247,833)	(169,030,616)	71,223,865	(142,054,584)
Gross profit	4,658,992	35,348,132	27,402	40,034,526
Other income/(losses)	94,942	16,915,461	(9,058,913)	7,951,490
Selling, general and administrative expenses	(4,026,863)	(38,807,694)	6,958,312	(35,876,245)
Segment profit before undernoted items	727,071	13,455,899	(2,073,199)	12,109,771
Fair value gains on investments	—	14,690,047	—	14,690,047
Interest income	—	3,502	—	3,502
Interest expense	(243,692)	(4,519,200)	3,377,367	(1,385,525)
Change in fair value of investment properties	—	(1,395,000)	—	(1,395,000)
Segment profit before taxation	483,379	22,235,248	1,304,168	24,022,795



# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

(expressed in Barbados dollars)

### 29 Segmental reporting ...continued

2019 Operating segments ...continued	Manufacture and processing of dairy products and fruit juices \$	Other Segments \$	Adjustments and Eliminations \$	Total \$
Share of loss of associated companies				(196,047)
<b>Income before taxation</b>				<b>23,826,748</b>
<b>2019 Segment assets</b>	<b>65,486,053</b>	<b>543,586,180</b>	<b>(204,880,655)</b>	<b>404,191,578</b>
Investments in associated companies				36,506,202
<b>Total assets</b>				<b>440,697,780</b>
<b>Segment liabilities</b>	<b>17,536,335</b>	<b>198,108,171</b>	<b>(173,934,859)</b>	<b>41,709,647</b>
<b>2018 Operating segments</b>				
<b>Sales</b>	<b>54,865,957</b>	<b>212,382,767</b>	<b>(75,487,068)</b>	<b>191,761,656</b>
<b>Cost of sales</b>	<b>(47,140,319)</b>	<b>(166,793,006)</b>	<b>72,787,784</b>	<b>(141,145,541)</b>
<b>Gross profit</b>	<b>7,725,638</b>	<b>45,589,761</b>	<b>(2,699,284)</b>	<b>50,616,115</b>
<b>Other income</b>	<b>38,566</b>	<b>14,484,365</b>	<b>(11,918,147)</b>	<b>2,604,784</b>
<b>Selling, general and administrative expenses</b>	<b>(3,695,771)</b>	<b>(46,631,091)</b>	<b>12,632,775</b>	<b>(37,694,087)</b>
<b>Segment profit before undernoted items</b>	<b>4,068,433</b>	<b>13,443,035</b>	<b>(1,984,656)</b>	<b>15,526,812</b>
Interest income	—	1,316,233	(1,313,787)	2,446
Interest expense	(123,186)	(1,496,107)	1,313,787	(305,506)
Change in fair value of investment properties	—	(250,000)	—	(250,000)
Gain on disposal of investments in subsidiary and associated companies	—	86,209,779	(7,132,591)	79,077,188
<b>Segment profit before taxation</b>	<b>3,945,247</b>	<b>99,222,940</b>	<b>(9,117,247)</b>	<b>94,050,940</b>

# Banks Holdings Limited

## Notes to Consolidated Financial Statements

December 31, 2019

---

(expressed in Barbados dollars)

### 29 Segmental reporting ...continued

<b>2018 Operating segments</b> <i>...continued</i>	<b>Manufacture and processing of dairy products and fruit juices</b> \$	<b>Other segments</b> \$	<b>Adjustments and eliminations</b> \$	<b>Total</b> \$
Share of loss of associated companies				<u>(1,070,663)</u>
<b>Income before taxation</b>				<u>92,980,277</u>
<b>2018 Segment assets</b>	<u>66,957,927</u>	<u>644,446,871</u>	<u>(180,891,460)</u>	<u>530,513,338</u>
Investments in associated companies				<u>35,510,236</u>
<b>Total assets</b>				<u>566,023,574</u>
<b>Segment liabilities</b>	<u>17,486,270</u>	<u>316,364,686</u>	<u>(148,641,497)</u>	<u>185,209,459</u>

### 30 Comparatives

The classification of certain items in the consolidated financial statements has been changed from the prior period to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reformatted and reclassified in order to achieve comparability with the current period.

### 31 Subsequent events

Management has assessed subsequent events through to the date of approval when these consolidated financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) began to spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organisation (WHO) on January 30, 2020. WHO subsequently declared COVID-19 a pandemic on March 11, 2020. The effect of this pandemic did not have an impact on the consolidated financial statements as at December 31, 2019. The effect of the virus regarding the operations of the Group is unknown at this time.