Excellence
is not a destination
it is a continuous
Journey
that never ends

Brian Tracy

2019 ANNUAL REPORT

GODDARD ENTERPRISES LIMITED

GODDARD ENTERPRISES LIMITED

Mission Statement

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

"Excellence
is not a destination
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Journey
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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the EIGHTY-FIRST Annual Meeting of the shareholders of Goddard Enterprises Limited (the "Company") will be held at the Walcott Warner Theatre, Errol Barrow Centre for Creative Imagination, The University of the West Indies, Cave Hill Campus, St. Michael, on Friday, 31 January 2020 at 5.30 p.m. for the following purposes:-

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

2. To receive a Presentation from Mrs. C. Natasha Small, Chief Financial Officer of the Company, on the Overview of the Company's Financial Performance for the year ended 30 September 2019.

3. To receive and consider the Consolidated Financial Statements of the Company for the year ended 30 September 2019 together with the Reports of the Directors and the Auditor thereon.

4. To consider, and if thought fit, to pass as an ordinary resolution, the confirmation of the amended By-Laws of the Company, made by the Directors of the Company on 2 December 2019, to be adopted as the By-Law No. 1 of the Company.

5. To consider, and if thought fit, to pass as a special resolution, the following resolution:-

   WHEREAS the Company was continued on 25 April 1986;

   AND WHEREAS the Directors of the Company (the "Directors") deem it desirable to amend the Articles of Continuance of the Company further to i) increase the minimum number of directors from five to seven; and ii) reduce the maximum number of directors from fifteen to eleven;

   NOW THEREFORE BE IT RESOLVED THAT:-

   i) the Articles of Continuance of the Company dated 24 April 1986 be amended further to i) increase the minimum number of directors from five to seven; and ii) reduce the maximum number of directors from fifteen to eleven;

   ii) any Director or Officer of the Company be and is hereby authorised and directed to sign and file Articles of Amendment with the Registrar of Corporate Affairs for and on behalf of the Company in accordance with Section 203 of the Companies Act, Chapter 308 of the Laws of Barbados (the "Act") and to sign any other document and do any other thing which may be necessary or useful to give effect to the foregoing resolution; and

   iii) the Directors may revoke this resolution before it is acted upon, without further approval of the shareholders, in accordance with Section 197(2) of the Act.

6. To elect Directors.

7. To appoint an Auditor for the ensuing year and to authorise the Directors to fix its remuneration.

8. To consider, and if thought fit, to pass as an ordinary resolution, the following resolution:

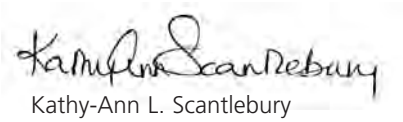
   BE IT RESOLVED THAT:

   The Employees of the Company be and are hereby authorised to purchase common shares in the Company under the Company's Savings Related Employee Share Purchase Scheme and the Bonus Share Purchase Scheme up to a total maximum value of 10% of their basic salary plus BDS$10,000.00 per annum, subject to a discount of up to 15% of the market price prevailing at the time of the offer to purchase.

9. To receive a Presentation from Mr. Anthony H. Ali, Managing Director of the Company, on the Strategic Outlook for the Company for 2020.

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

By Order of the Board of Directors



Kathy-Ann L. Scantlebury
Corporate Secretary

The full text of the amended By-Law No. 1 of the Company to be submitted to the Meeting with respect to the matter referred to in paragraph 4 above is set out herein at Appendix A.

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

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

27 December 2019

CORPORATE INFORMATION

Board of Directors

Mr. A. Charles Herbert, B.Sc. (Hons.), F.I.A.*	– Chair
Mr. William P. Putnam, B.Sc., M.B.A.**	– Deputy Chair
Mr. Anthony H. Ali, B.Sc. (Hons.), M.B.A.	– Managing Director
Dr. José S. López Alarcon, Ph.D., D.B.A., M.B.A., M.S.	– Non-Executive Director
Ms. Vere P. Brathwaite, B.Sc. (Hons.), LL.B. (Hons.)	– Non-Executive Director
Ms. Laurie O. Condon, B.A.	– Non-Executive Director
Mr. J. Dereck Foster	– Non-Executive Director
Mr. Christopher G. Rogers	– Non-Executive Director
Mr. Stephen T. Worme, B.E.Sc., M.B.A.	– Non-Executive Director

Management Committee

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

Governance Committee

Mr. A. Charles Herbert
Ms. Vere P. Brathwaite
Ms. Laurie O. Condon
Mr. William P. Putnam

Audit & Risk Committee

Mr. William P. Putnam
Mr. A. Charles Herbert
Mr. Stephen T. Worme

Compensation & Human Resources Committee

Mr. Stephen T. Worme
Dr. José S. López Alarcon
Ms. Vere P. Brathwaite
Mr. Christopher G. Rogers

Company Secretary

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

Auditor

Ernst & Young Ltd.

Attorneys-At-Law

Clarke Gittens Farmer

Bankers

CIBC FirstCaribbean International Bank (Barbados) Limited

Registered Office

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

* *Appointed Chair on 7 October 2019*
** *Resigned as Chair and appointed Deputy Chair on 7 October 2019*
*** *Retired on 30 September 2019*
**** *Appointed on 1 January 2019*
***** *Joined on 1 October 2019*

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FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED 30 SEPTEMBER

(Expressed in Barbados Dollars)

	2019	2018	Restated 2017	2016	2015
Revenue – millions of dollars	**868.3**	805.9	748.1	767.5	924.5
Profit from operations before other gains/(losses) – net – millions of dollars	**48.5**	55.6	63.7	62.4	55.3
Profit from operations – millions of dollars	**64.4**	70.1	84.3	77.7	82.1
Income before taxation – millions of dollars	**62.2**	61.9	71.7	71.1	73.5
Earnings per share – cents	**13.8**	12.6	17.1	16.2	20.8
Dividends per share – cents	**4.5***	6.0	6.0	5.5	5.0
Dividend cover (times covered)	**3.1**	2.1	2.9	3.0	4.2
Net asset value per share – dollars	**2.54**	2.46	2.38	2.23	2.09
Closing share price on BSE** – dollars	**3.27**	4.12	2.75	2.08	1.65
After tax return on shareholders' equity	**5.6%**	5.3%	7.7%	7.8%	10.5%
Price/earnings ratio	**23.7**	32.7	16.1	12.8	7.9

* First interim dividend per share – 1.5 cents
Second interim dividend per share – 1.5 cents
Third interim dividend per share – 1.5 cents (note 31)
Final dividend per share – to be declared

** Barbados Stock Exchange

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FINANCIAL HIGHLIGHTS

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – $MILLIONS

(Expressed in Barbados Dollars)

	2019 $	2018 $	Restated 2017 $	2016 $	2015 $
Trade receivables and prepaid expenses	**110.3**	121.0	98.2	97.3	114.7
Inventories	**149.7**	133.3	116.4	115.5	121.2
Other current assets	**111.9**	97.1	137.9	138.5	113.6
Total current assets	**371.9**	351.4	352.5	351.3	349.5
Less current liabilities	**(234.5)**	(234.2)	(207.7)	(202.7)	(213.4)
Working capital	**137.4**	117.2	144.8	148.6	136.1
Property, plant and equipment and investment property	**402.1**	395.5	343.0	334.7	337.4
Financial investments, intangible assets, investments in associated companies, due from associated companies, deferred income tax assets, pension plan assets and long-term receivables	**292.0**	296.7	260.2	219.4	209.8
	831.5	809.4	748.0	702.7	683.3
Represented by:					
Shareholders' equity	**577.0**	558.4	537.6	503.9	487.0
Non-controlling interests	**105.5**	110.7	108.6	94.8	95.8
Long-term liabilities	**141.0**	129.7	91.2	91.1	85.6
Deferred income tax liabilities	**4.5**	6.6	5.6	4.0	3.2
Pension plan liabilities	**3.5**	4.0	5.0	8.9	11.7
	831.5	809.4	748.0	702.7	683.3

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FINANCIAL HIGHLIGHTS

SUMMARISED CONSOLIDATED STATEMENTS OF INCOME – $MILLIONS

(Expressed in Barbados Dollars)

	2019 $	2018 $	Restated 2017 $	2016 $	2015 $
Revenue from contracts with customers	**868.3**	805.9	748.1	767.5	924.5
Income before taxation:					
Parent company and subsidiaries	**52.3**	58.6	74.0	67.1	70.2
Share of income from associated companies	**9.9**	3.3	(2.3)	4.0	3.3
	62.2	61.9	71.7	71.1	73.5
Taxation	**(15.6)**	(17.9)	(17.2)	(14.6)	(11.6)
Non-controlling interests	**(15.3)**	(15.4)	(15.8)	(18.7)	(13.4)
Net income for the year attributable to equity holders of the Company	**31.3**	28.6	38.7	37.8	48.5

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BOARD OF DIRECTORS

A. CHARLES HERBERT
CHAIR

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

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

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WILLIAM P. PUTNAM
DEPUTY CHAIR

DR. JOSÉ S. LÓPEZ ALARCON
NON-EXECUTIVE DIRECTOR

VERE P. BRATHWAITE
NON-EXECUTIVE DIRECTOR

LAURIE O. CONDON
NON-EXECUTIVE DIRECTOR

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

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

ANTHONY H. ALI
MANAGING DIRECTOR

J. DERECK FOSTER
NON-EXECUTIVE DIRECTOR

CHRISTOPHER G. ROGERS
NON-EXECUTIVE DIRECTOR

STEPHEN T. WORME
NON-EXECUTIVE DIRECTOR

KATHY-ANN L. SCANTLEBURY
CORPORATE SECRETARY

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

DIRECTORS' REPORT

Consolidated Financial Overview 2018/2019

The Board of Directors of Goddard Enterprises Limited ("GEL") is pleased to present the financial review for the year ended 30 September 2019.

Following strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year as a result of a number of conflicting factors affecting major economies. A modest recovery in emerging markets and developing economies continues to be constrained by subdued investment, which is dampening prospects and impeding progress toward achieving critical development goals. China's growth declined following a combination of regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States of America ("USA"). Chinese growth has been steadily edging down since the beginning of 2017, hitting its lowest level in ten years in the third quarter of 2018. On an annual basis, the pace of expansion has slowed from 6.9% in 2017 to 6.6% in 2018, and is expected to fall further to 6.3% in 2019. Trade tensions increasingly took a toll on business confidence and financial conditions tightened for vulnerable emerging markets.

The European Union's economy lost more momentum than expected as consumer and business confidence weakened. Car production in Germany was disrupted by the introduction of new emission standards and external demand softened, especially from emerging Asian markets. IHS Markit, a London based global information firm, predicts a further decline to 1.5% in 2019. Political uncertainty, including Brexit, is contributing to a decline in global business sentiment.

Estimates predict that growth in the USA economy is expected to be around 2.0%. In 2018, USA growth was well above at 2.9%, though the acceleration was almost entirely due to a large dose of fiscal stimulus in the form of tax cuts and spending increases.

The Economic Survey of Latin America and the Caribbean 2019 Report pointed to "less momentum from world economic activity and global trade; greater volatility and financial fragility; a questioning of the multilateral system; and an increase in geopolitical tensions" as the reasons driving the downward-looking forecast in our relative markets. According to the Report, an unfavourable international scenario will spark a drop in the region's growth to 0.5% this year – lower than the 0.9% registered in 2018. Likewise, low internal growth is attributed to a lack of momentum in investments and exports as well as a fall in public spending and private consumption. Compared with previous years, the 2019 slowdown will affect twenty-one of the thirty-three countries in the region. On average, South America is expected to grow by 0.2%, Central America by 2.9% and the Caribbean by 2.1%.

Within the Caribbean, there is mixed optimism as Jamaica, Dominica and Guyana all report significant growth in Gross Domestic Product ("GDP"). Challenged by decreasing productivity in the oil and gas sector, Trinidad and Tobago was downgraded by Standard & Poors ("S&P") with a stable outlook. In Barbados, the Government has so far achieved all of its fiscal targets under its Barbados Economic Recovery and Transformation ("BERT") Programme, a programme designed to resuscitate and transform the Barbados economy. This progress has unlocked a further disbursement of funds from the International Monetary Fund ("IMF") and the country is set to stay the course.

For the financial year ended 30 September 2019, Group revenue increased by 7.7% over the prior year to $868.3 million. This net increase was largely attributed to the inclusion of results for Ecuador Kakao Processing Proecuakao S.A. ("Ecuakao"), our cocoa processing facility in Ecuador, for the full financial period (as opposed to nine months last year) as well as increased sales from the plant. The Catering Division recorded a significant increase in revenue when compared with the prior year which helped to improve the overall net Group revenue. Revenue for the year would have been higher if it were not impacted by less than budgeted sales within the Automotive Division.

Other gains/(losses) – net increased by $1.4 million or 9.6% compared with the prior year. This includes a gain of $2.3 million on disposal of our Insurance Associate and an insurance refund of $1.8 million.

Our share of Income of Associated Companies rose by $6.6 million. This was primarily due to the divestments of our Finance and Insurance Associates which recorded losses last year and a $2.4 million increase in our share of profit from Caribbean Distribution Partners Limited.

Overall net income for the year was $46.6 million, an improvement of 6.0% over that of last year.

Looking at the Group's Consolidated Balance Sheet, our working capital ratio was 1.59. The total assets of the Group were financed by 36% debt. Our net asset value per share is $2.54 compared with $2.46 in 2018, an increase of 8 cents per share. The share price moved from $4.12 at 30 September 2018 to $3.27 at 30 September 2019.

Board Chair Changes

On 7 October 2019, on conclusion of the 2019 fiscal year, Mr. William P. Putnam stepped down as Chair of the Board of Directors of GEL (the "Board"). Mr. A. Charles Herbert was appointed as Chair of the Board on 7 October 2019. On that same date, Mr. Putnam was appointed as Deputy Chair of the Board.

The Board extends its appreciation to Mr. Putnam for his inspired leadership and dedicated guidance during his chairmanship of the Board.

Appreciation and Condolences

Following the year end, on 16 November 2019, we learnt of the sad passing of Mr. Ian Keith Castilho. Mr. Castilho joined the Board on 29 January 2010 and remained a member of the Board until his resignation for reasons of ill-health on 19 October 2019.

He served on the Audit & Risk Committee immediately following his appointment to the Board in 2010 until December 2012. During 2012-2013, he rendered guidance to the Building Committee which was constituted to oversee the construction of the Goddard Building. In January 2013, he was appointed as Deputy Chair of the Board and served in that capacity for three years until 2 February 2016. He was also appointed to chair the Compensation and Human Resources Committee ("Compensation Committee") in 2013 and did so until early 2017. During his chairmanship of the Compensation Committee, he led the Committee's oversight of the implementation of the Company's Economic Profit Scheme. In January 2018, Mr. Castilho was appointed Corporate Governance Committee Chair and led the Committee's work in governance and policy development for the Group.

The Board recalls the immense contribution made by Mr. Castilho to its deliberations and extends condolences to his widow Sylvia and his family.

Retirement of Mr. John George Stewart Massiah, President, Goddard Catering Group

On 30 September 2019, Mr. Stewart Massiah, Divisional General Manager, Catering and Ground Handling Division ("Division"), retired from his executive duties of President of the Goddard Catering Group Inc. ("GCG"), after forty-five years' dedicated service. He joined the GEL Group in 1974 as Operations Supervisor and served in various managerial capacities in both Barbados and Jamaica prior to being appointed to the role of Vice-President, Operations, GCG, in 1992. He held the position of President of GCG for eleven years, during which time he was unrelenting in his drive and passion to continually grow and enhance the performance of the Division. Mr. Massiah has rendered dedicated and invaluable service to the Company, the Board, having served on it for two years, and the GEL Group as a whole. The Board places on record its sincerest appreciation to Mr. Massiah for his tremendous contribution to the Group over the last forty-five years, particularly to the development of the Division. We extend to him best wishes for a happy and healthy retirement.

New Group Appointments

Mr. Paulo Teixeira, Head of the Latin American Division of LSG Sky Chefs Inc ("LSG"), since 2008, has taken a leading role in the GEL/LSG Catering Joint Venture from 1 October 2019. He joined LSG in 1997 and has twenty-one years' experience in the industry.

With the continued growth and expansion of the GEL Group, we have appointed Dr. Diana Pacheco Medina in the role of Chief People Officer for the Group. She brings a wealth of experience to the Group with her degrees in commercial, financial and labour law and organisational development and her experience working for a global pharmaceutical company with responsibility for Human Resources ("HR") in the Americas.

Managing Director's Outlook

2019 was a challenging year for the Group. Stagnant economies in Trinidad and Tobago, Barbados and the Organisation of the Eastern Caribbean States ("OECS") limited organic growth as these markets struggled to perform. We continued to push our overall Corporate Strategy of 3 R's – "Re-Organise, Reduce, and Replicate". Significant time was focused on the acquisitions made in the previous year in Guyana and Ecuador to get these businesses performing as contemplated in the acquisition process. The Group also focused its attention on the acquisition of ground handling operations in Costa Rica and Saint Lucia.

On the Organisational Development side, we continue to conduct 360 degree leadership analysis on the Management team and develop succession planning. We rolled out our newly designed corporate values across the entire Group through a programme called "LOV – Living Our Values". We also initiated programmes focused on Inspirational Leadership and the development of GEL's Training Academy. These programmes are aimed at developing the right type of leader that the Group needs in order to continue to deliver excellent service, drive innovation and push the strategic planning process down further into the organisation. We recognise that our number one asset is "PEOPLE" and in order to maximise our return on this asset we need the right leadership that cultivates an environment of employee engagement.

Our commitment remains: to create a culture of Innovation and Entrepreneurship and with a sense of Urgency, to continually strive for Excellence while instilling a Passion for Customer Service to further enhance shareholder value.

Mr. Anthony Ali
Managing Director

Mr. Ian Alleyne
Divisional General Manager

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MANUFACTURING AND SERVICES DIVISION

Purity Bakeries – a division of GEL ("Purity") reported sales in line with the prior year. However, increases in wages and other manufacturing expenses led to a reduction in the gross margins. In addition, rising administrative expenses resulted in a reduced operational profit. Purity has taken steps to enhance its production. It has purchased additional pieces of key production equipment in an effort to improve product availability and to increase distribution and sales.

Precision Packaging Inc. had a decline in performance compared with the previous year. Production was hampered by equipment failure and maintenance issues. Sales were stymied by negative connotations associated with plastics and new legislative measures surrounding the use of such products. We are in the process of adding compostable products to our offerings in keeping with new Government regulations.

McBride (Caribbean) Limited ("MCL") had a marginal improvement in revenue over the year despite challenging environmental and economic conditions. Operating profit was adversely impacted by bad debt recorded for outstanding VAT receivables. MCL's efforts to enter new markets in Latin America were realised in 2019 with the establishment of a branch in the Dominican Republic in January and the subsequent commencement of exports in March. Additional Latin American markets will be developed in the coming year. MCL has invested in new production upgrades and safety equipment to support its projected increased demand and to enhance plant safety.

Hipac Limited experienced increased sales over the previous year. However, profitability declined due to the rising cost of raw material inputs, driven by heavy demand by China on the world market for protein. This purchasing trend from China is expected to continue during the next financial year. The company successfully implemented measures to make its FARMER'S CHOICE ham a year-round commodity through quarterly campaigns. The first phase of the restructuring of the canning facilities was completed with the cessation of production of vienna sausages and a greater focus on canned luncheon meats. A canned vegetarian sausage has been formulated and will be launched to replace the vienna sausages for the 2020 financial year.

Caribbean Label Crafts Limited ("CLC") and Label Crafts Jamaica Limited ("LCJ") experienced mixed fortunes during 2019. Sales at CLC declined by 8.0% from prior year mainly due to business lost in the Latin American market and competitive issues in the Caribbean Community market. While the company was able to contain costs, results were disappointing when compared with 2018. LCJ, in the face of increased competition in the digital label market in Jamaica, increased its sales by 15.0% over the prior year. The company moved to a larger industrial building in April 2019 and installed its new ultra-violet inkjet digital press at the same time. This new technology will improve the company's competitiveness in the market and create opportunities for exports while the larger premises will allow for expansion into a full service digital and conventional label converting operation in 2020. While results were not as good as 2018 due to moving and installation costs, we expect a much improved performance in 2020 now that the company has settled into its new location.

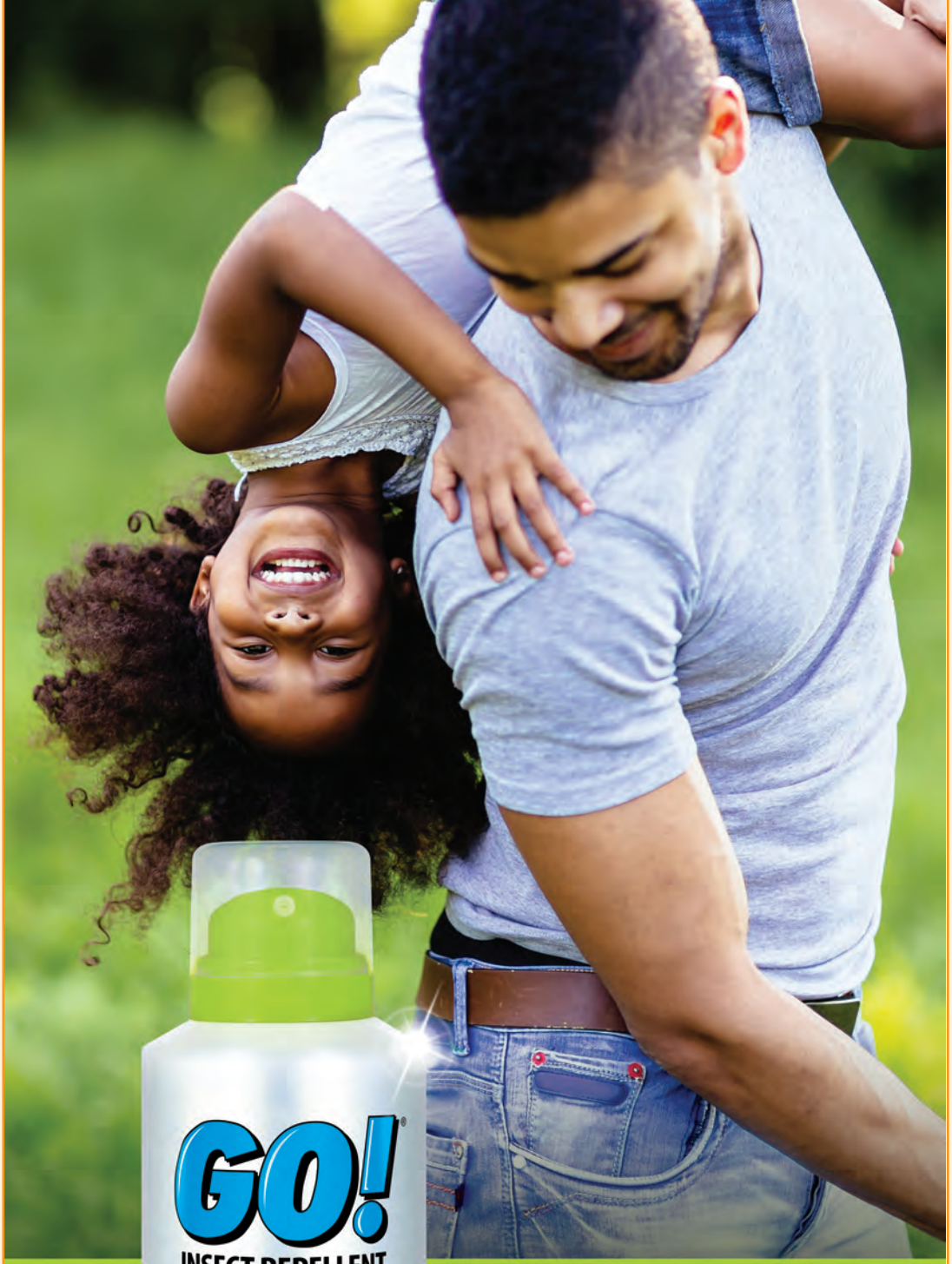
The 2019 result for Ecuakao was disappointing. This was primarily due to the local market purchase prices remaining more expensive than budgeted as well as the unstable volumes sold from month to month. However, there were substantial improvements made this year in terms of production efficiencies and in securing higher volumes of commercial business for the upcoming year. Better results are expected for the 2020 financial year, as we should not be hit again by low production months which accounted for most of our losses.

A view of our facilities at McBride (Caribbean) Limited in Barbados.

Cocoa beans being prepared at our Ecuakao plant in Ecuador.

...for a happy, healthy home!

: www.usebeep.info f: Use Beep



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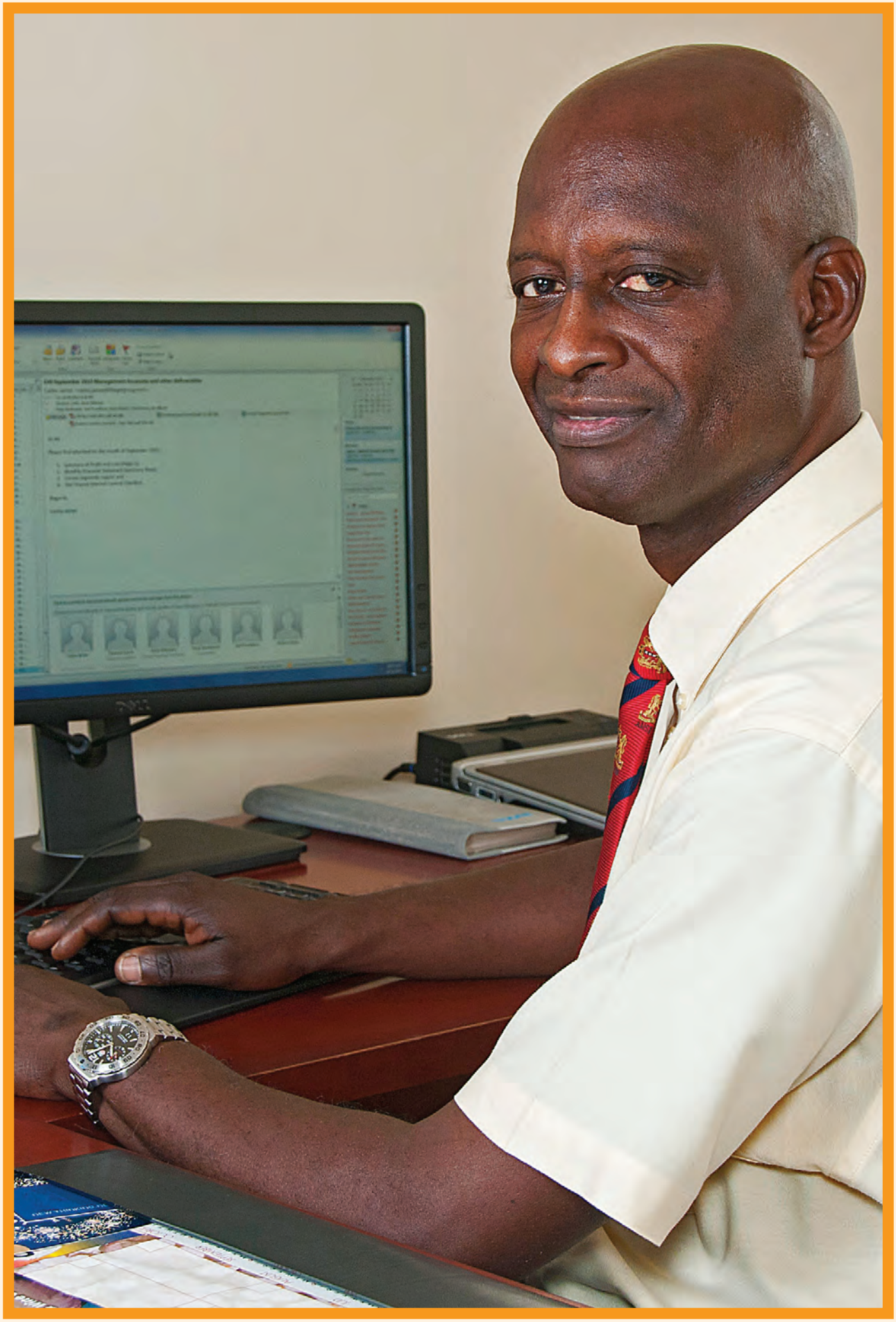
: www.usego.info



Mr. Ian Alleyne
Divisional General Manager

AUTOMOTIVE, BUILDING SUPPLIES AND SERVICES DIVISION

The performance of the Automotive, Building Supplies and Services Division was similar to prior year's performance with revenue and profitability both on par with the previous period.

The Automotive department had another year of declining results. Courtesy Garage Limited in Barbados continued to be affected by the austerity measures that were imposed under the BERT Programme mentioned earlier. Sales of new units were below prior year. However, we were able to maintain revenue from the sale of spare parts and from the workshop. Fidelity Motors Limited in Jamaica had a marginal increase in new unit sales. The renovated showroom was officially opened in July 2019 in compliance with Nissan's Retail Environment Design Initiative and Visual Identity Recognition Standards and we expect some positive sales results in keeping with the increase in market size and the improving economic conditions in Jamaica. The Automotive business operations in the OECS of Saint Lucia, Saint Vincent and the Grenadines and Grenada were all negatively affected by increases in the importation of used vehicles which by virtue of their cost profiles attract lower levels of duties.

Our newly renovated building housing Fidelity Motors Limited in Jamaica.

A view of the new Do IT BEST Sunbilt store which opened in Cul de Sac in Saint Lucia in January 2019.

The Building Supplies department had a good year of performance with increases in profitability in all of the four territories, Barbados, Saint Lucia, Saint Vincent and the Grenadines and Grenada, in which we operate. In January 2019, we opened a new facility in Cul de Sac in Saint Lucia under the DO IT BEST brand. The department has taken steps to streamline processes, introduce common Key Performance Indicators, implement joint purchasing and take advantage of the shipping and logistical services occasioned by our acquisition of a controlling interest in Xpress Freight Services Inc. in Doral, Florida. The department is gearing up to enhance its operations in Barbados and throughout the territories in which we operate.

The Shipping department recorded a decline in performance compared with the prior year. Our relationship with Tropical Shipping came to an end in Barbados and Saint Vincent and the Grenadines on 1 April 2019. At the same time, we entered into an arrangement with King Ocean Services as a replacement for the business previously done with Tropical Shipping in both territories. This partnership will afford us the opportunity to diversify the business especially in Barbados where previously we were entirely dependent on stevedoring. It will also allow us to further strengthen the relationship with King Ocean Services who we represent in Saint Lucia and Grenada.

Our General Insurance business in Saint Lucia, Saint Vincent and the Grenadines and Grenada had an improved year of performance due mainly to better claims experiences and increases in profit commissions.

The Pharmacies in Saint Lucia and Saint Vincent and the Grenadines produced a profit that was below that achieved in the prior year. Sales and gross margins were similar to the prior period but an increase in expenses led to a decline in the net profit for the year in each territory.

In spite of the difficult economic situation and the increasing levels of competition that exist in most of the territories in which we operate, the Division is making an effort to improve its operating efficiencies and to enhance growth in order to deliver an improved result in the 2020 financial year.

NISSAN

Innovation that excites

NEW SHIPMENT ARRIVED

INTRODUCING FRONTIER X-GEAR

Surround yourself with confidence

BRAKE ASSIST - helps apply maximum braking force if it detects hard braking and senses you are in an emergency situation

ANTI-LOCK BRAKE SYSTEM - helps you maintain steering control around obstacles while braking heavily

ELECTRONIC BRAKE DISTRIBUTION - sends extra force to the rear brakes when you have additional weight of passengers or cargo in the back

VEHICLE DYNAMIC CONTROL - helps you maintain your steered path

TWILIGHT GREY

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Mr. J. G. Stewart Massiah
Divisional General Manager

CATERING AND GROUND HANDLING DIVISION

The GCG Group which consists of the Catering and Ground Handling businesses produced an improved result for the 2019 financial year over 2018. Aiding in this result were settlement funds received from our insurance claim following the effects of Hurricane Irma in 2017. These effects are still being felt at our St Maarten operations, where the local Airport continues to operate under a temporary facility.

The Venezuelan operations continue to be impacted by hyperinflation and devaluation adjustments. However, these non-cash adjustments did not affect the viability of the operations and we continue to service our customers in both Caracas and Isla Margarita.

In Trinidad and Tobago, restructuring measures over the past two years led by Management have resulted in improved performance following the acquisition of new offshore contracts. Our Management team continues to focus on business development and is also assisting with the newly formed catering company in Guyana.

The GCG Group is comprised of thirty-six operations in twenty-four countries across the Caribbean and Latin America and serviced 124,000 flights and produced over 24,200,000 meals during the year in review. Our team of over 4,300 dedicated staff made this all possible.

Our Ground Handling operations in Jamaica saw year over year growth and performed satisfactorily despite ongoing competitive pressures. In early 2019, we moved into a world class cargo facility in Montego Bay, Jamaica to enhance our portfolio of services offered to our customers. As mentioned earlier, we acquired two ground service companies in 2019, one in Costa Rica and the other in Saint Lucia. Further expansion is being sought in this area in the fiscal year 2020.

A mouth-watering chicken satay with creamy spicy peanut sauce and garnished with fresh local chives prepared by GCG Catering.

One of the tantalising dishes prepared by GCG Catering: a seared chicken breast wrapped in prosciutto in a wine reduction.

Our Industrial Catering operations continue to receive our focus. During the year, we commenced services to a large production plant in Honduras. In Uruguay, the catering of the Punta de Rieles prison is almost to full operating capacity.

GCG EVENTS continues to service its customers and growth is expected across the Caribbean and Latin America. The retail portfolio continues to receive our focus. The beginning of operations for a new "Zulu Express" concept at the Airport in Guatemala is estimated to take place during the first quarter of the 2020 fiscal year.

Our focus remains on the continued development of a strong GCG Group Procurement and Logistics department. This focus along with our initial implementation of zero-based budgeting is producing cost reductions in several areas of the GCG Group. Our Health, Safety and Lean Manufacturing initiatives remain key to our growth and success and are continually receiving the required support and attention. We have set a goal of 100% sustainable packaging use in our Division and positive movement towards that goal continues.

We have embarked on a digital transformation review to investigate new ways to become more efficient with new technologies and drive future growth.

The GCG Group would like to thank its Staff, Management and Associates for their dedication and efforts during the past year. At the end of September 2019, GCG said farewell to Mr. Stewart Massiah, the Division's President, after forty-five years of service. We hope he enjoys his well-deserved retirement.

Ms. Tracey Shuffler
Chief Executive Officer, CDP

CARIBBEAN DISTRIBUTION PARTNERS LIMITED

Caribbean Distribution Partners Limited ("CDP"), our fast-moving consumer goods ("FMCG") joint venture with Agostini's Limited, had another strong performance achieving a 22.6% increase in profit after tax.

CDP finished the year with revenues of just under $650.0 million with several of the companies showing top line growth in what continues to be a challenging backdrop of regional economies showing slow to temperate growth over the last year.

Our strategy of developing and distributing strong brands across the region, both in our countries of operation as well as in a growing number of export markets, is working well and has allowed us to strengthen existing and forge new strategic partnerships which bode well for our future development.

Hanschell Inniss Limited, our Barbados based operation, had a challenging year against a backdrop of increased operating costs due to changes in several utility rates now in effect in that country. The company would have also experienced a significant write down of its deferred tax asset due to reductions in the corporate tax bands. Despite the write down this year, the lower tax rates should bring some benefit to the company going forward. The company would have completed a significant upgrade of its main offices and warehouse in Fontabelle, much to the delight of staff, suppliers and other stakeholders. Despite ongoing challenges in the Barbados economy, several of our brands continue to lead in their categories and have shown resilience despite muted consumer spending.

One of our two Trinidad based businesses, Hand Arnold – a division of CDP Trinidad Limited ("CDP Trinidad"), continues to deliver excellent results, delivering a record profit level achieved through top line growth as well as strong margins. Our MOO! brand of fresh milk continues to gain traction in a competitive domestic market but also in export markets as the business continues to expand its reach.

Following the decision to wrap up operations at Vembev – a division of CDP Trinidad, our dedicated beverage business based in Trinidad, Hand Arnold would have taken over the marketing and distribution of the CDP owned PEARDRAX and CYDRAX brands. We look forward to strong results from the addition of these iconic brands as the team at Hand Arnold focuses on integrating them into their well-established distribution system. During the year, Hand Arnold expanded its Customs team to meet the needs of other Group companies, thereby operating a centralised service. A newly constructed cold storage facility will be managed by Hand Arnold and will facilitate greater efficiencies in cold chain distribution for the Group.

Vemco – a division of CDP Trinidad, also had a good year, expanding its business with some of the former Vembev brands including the PEPSI range of products, JuC, GATORADE and STARBUCKS. Most recently, LIPTON iced teas have been launched. This year, the team was appointed to distribute the UPFIELD brands including BLUE BAND, GOLDEN RAY and FLORA, to name a few. Vemco's warehousing and offices at Aranguez were further expanded during the year as the business grew and required additional facilities for its widened portfolio. Vemco's manufacturing team has remained committed to the development and expansion of our world class brands and our team continues to engage the transformations required to meet market demand.

Our beverage distribution division in Trinidad, Vembev, was restructured at the start of the financial year and was able to significantly reduce its operating costs by over $3.0 million. However, due to the inability to achieve the required return on invested capital as a stand alone division, a decision was taken to wrap up its operations and integrate distribution of its brands into Vemco and Hand Arnold as previously mentioned. We expect to achieve cost savings and improved efficiencies as a result of this strategic decision.

Coreas Distribution Limited ("Coreas"), our Saint Vincent and the Grenadines based company, had another strong performance, showing consistent growth year on year as the leading FMCG company in that market. During the year, Coreas opened a retail outlet at the upscale Glossy Bay Marina on Canouan. It also expanded and upgraded the retail operation on Mustique which caters to a loyal base of resident and repeat long stay customers. This year, we will commence construction of a new distribution centre at Diamond Woods which will allow Coreas to have more efficient warehousing operations while accommodating staff in upgraded offices.

Our Saint Lucia operation, Peter & Company Limited, had encouraging operating results in a market which continues to have active competition in distribution and retail, our two main areas of business. However, we have added to our retail footprint with an additional outlet in Bois D'Orange in the north of the Island serving customers in the high traffic S&S Mall. The strength of our brands has allowed us to grow in the traditional trade where demand continues to grow.

CARIBBEAN DISTRIBUTION PARTNERS LIMITED... continued

Independence Agencies Limited, based in Grenada, achieved a record level of sales this year which was commendable considering that the first quarter of the year was a relatively sluggish start. The retail outlet, CK's Super Valu, had a new bank of freezers and chillers installed during the year which has boosted our sales in the outlet quite significantly. After forty-five years of dedicated service, Mr. Kenrick Sylvester retired from the company at the end of October 2019 and the company has welcomed the incoming Chief Executive Officer, Mr. Juan Bailey.

DeSinco Limited, our Guyana based company, had another good year with growth in several key brands, including SWISS, MILEX, and MOO!, which have all gained traction with consumers in this relatively buoyant market. We expect to add further strategic lines to the business this year, helping to position DeSinco Limited as a strong FMCG distributor in the market.


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Real
Mayonnaise
Original
Swiss
Real
Mayonnaise
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EVE
TOMATO KETCHUP
CORNED BEEF
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SOYABEAN OIL
PARBOILED Rice
EVE
First Family of Fine Foods


Swiss
BARBEQUE Sauce
Original
Swiss
Tomato Ketchup
Original
Swiss
Real Mayonnaise
25% MORE
Swiss
PREPARED
Mustard

FINANCIAL SERVICES DIVISION

Following months of negotiations between Bridgetown Cruise Terminals Inc. ("BCTI") and the Barbados Port Inc. ("BPI") a new lease agreement was finalised and signed. This new lease took effect from 1 January 2019 and gives BCTI the right to operate the cruise terminal through to 31 December 2021. Under the new lease arrangement, the share of the passenger head tax paid to BCTI is reduced on a tiered basis, from $1.65 per passenger to $0.50 per passenger with effect from 1 January 2019, $0.25 per passenger from 1 January 2020 and no head tax from 1 January 2021. The impact of the reduced head tax was a 38.7% reduction in head tax revenues when compared with the prior year. Overall revenues declined by 21.1% against the prior year, after accounting for the netting of maintenance costs and revenues. This netting contributed to a recorded decline of 33.5% in the administrative expenses. Two items contributed to the reduction in the administrative expenses. First, a 51.2% reduction in rent to the BPI given the change under the new lease agreement to eliminate the profit-based rent and replace it with a $1.00 annual rent. Secondly, the reduction in legal fees by 55.8% given the increase that had been incurred in the prior year in addressing the issues between the BPI and BCTI with respect to the lease. The full effect on net income when compared to the prior year has been a decline of 4.1%.

Mrs. C. Natasha Small, Chief Financial Officer (left) with Mrs. R. Anne Wilkinson, Group Financial Controller and Mr. Terrence Lynch, Group Accountant (standing).

Ms. Sonia Inniss, Chief Information Officer, (left), Ms. Tiffani Straker, Group IT Manager – Projects & Systems and Mr. Terry Scantlebury, Group IT Manager – Business Solutions (standing).

Mr. Donald Joseph,
GEL Group IT Manager –
Infrastructure

Mr. Robbie Medina,
GEL Group IT Manager –
Support Services

INFORMATION TECHNOLOGY

New Acquisitions and Ongoing Implementations

We saw the acquisition of new ground handling companies in the Catering Division in the financial year 2018-2019. Some of these companies required multi-system implementations as their previous owners operated shared services before our acquisition. While we needed to onboard these companies over short deadlines, we were largely successful in completing the implementations without major disruption or delay.

Continuing projects included the rollout of Microsoft 365 which has now completed the migration of email and the rollout of the Teams application. Work has started on the next phase which includes the migration of Microsoft Office files to OneDrive, the rollout of SharePoint and the set-up of online back-ups. This part of the project will be phased to consider hardware refresh cycles as equipment upgrades are required for these activities.

The Group's financial consolidation software implementation made progress this year. Configuration is largely complete and users have been trained for the data validation stage. Implementation will continue in the current financial year with completion expected in the next financial year.

IT Strategy and Governance

The Catering Division completed its strategy consultation and is now preparing for the next steps. An integrated software platform was recommended to improve automation, integration and efficiency across several functions. Several projects were identified that need to be executed in parallel with the overall project. One of these projects will capture and re-engineer processes. This is now in the planning stage, while a second project to assess and ultimately upgrade infrastructure has started and will continue over the duration of the implementation.

In the Building Supplies Division, a vendor was chosen to start a consultation on organisational strategy. This exercise will include an examination of IT systems in the Division and will recommend improvements. The strategy consultation is expected to be completed in early 2020.

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

A new standard on the use of firewalls and content filtering for the internet was approved in the last financial year. In addition, a new standard for antivirus software is being rolled out across the Group. These changes are expected to enhance information security which continues to be an area of focus for the team. Plans in this area for the coming year include; security audits, penetration tests and the implementation of policies on endpoint security and digital communication with the continued rollout of Microsoft 365.

New Initiatives

For the past three years, the Business Solutions team has developed and promoted the use of dashboards to visualise data across the subsidiaries in the Group. To date, we have twenty-seven active dashboards either in use or in development which track data as diverse as sales to web analytics.

This year saw our debut of a new analysis tool, simulation modelling, with a trial of the technique used to investigate the behaviour of queues in our Catering Division. The team is exploring new techniques in data mining and master data services to improve the organisation and analysis of its data.

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

HUMAN RESOURCES AND COMMUNITY RELATIONS

During the last fiscal year, we focused on redefining the road map for our people, so that they become fully aligned with the goals of the Group. In order to have a comprehensive approach that enabled our "One People Strategy", we changed the structure of the HR Team and the Divisional HR Managers are now reporting directly to the Chief People Officer, while the subsidiary HR teams in our different businesses and locations continue to report directly to their respective local General Managers, with a dotted line into the Corporate HR Leadership team.

As the GEL People Leadership team, we agreed and defined that: Our People Vision is "Focused on our people. Results oriented" enabled by Our People Strategy which is always to; Align, Check and Execute in our role as a business partner to the organisation.

Under the umbrella of our People Vision and Strategy, we focused on designing and executing new programmes in tandem with refining and relaunching initiatives from 2018. One such initiative was our core values which underpins the shaping of our DNA as an enabler to "Living our Values – (LOV)". The aim of our "L.O.V" campaign was to incorporate our values into the daily activities across the Group. Thus, every month during the year, we focused on a specific value aligned to all the activities, behaviours and recognitions all associated with building a valued led organisation across the business. The derived benefit from the re-introduction of our core values allowed us to check and enhance how we live that specific value of the month and to effectively execute the incorporation of our values into our DNA. It is also important to note that this campaign was the first one that was executed in exactly the same way across the entire Group, so we were able to connect all of our employees across the different companies of the Group.

In tandem with the relaunching of our core values, we also developed and piloted the rollout of our Learning Academy within the Automotive, Building Supplies and Services Division which delivered a learning programme focused on "Inspirational Leadership" and "Service Excellence". The Learning Academy will be used as a forum to enable the creation of a continuous learning organisation aligned with our core values aimed at increasing our levels of leadership, management and business competencies across the Group. This is a critical step which needs to be fostered by each employee in an effort to improve our organisational culture and employee engagement.

During this fiscal year, we specially focused on talent mapping and succession planning. As part of this process, we reviewed the entire Economic Profit bonus population of 175 employees through the evaluation of talent cards which enabled us to build respective action plans to develop our top talent and high performers and to implement performance improvement plans for the non-performers. Our next steps included training the entire HR Team in the 9 Box Methodology, which will be implemented during the next fiscal year to enable the talent mapping and succession planning review on a yearly basis. In addition to the launching of our exciting People programmes, we also reviewed the Code of Conduct and presented a new publication under the theme, the "way we do things at GEL". We know that a proper and powerful Code of Conduct is a tool, not only to regulate our stakeholder relationship, but also for recruiting and attracting top talent and retaining our employees.

Regarding the employee engagement strategy, we continue tracking the action plans we defined during last year for some specific areas, having seen some improvements. For next fiscal year, we will run the employee engagement survey with AON, and we will build broader action plans that will cover the entire Group.

It is important for us to stay abreast of all legislative changes that govern the relationship between our employees and the Company. As such, all HR officers and senior managers in Barbados were trained in the application of the Employment Rights Act and the rudiments of applying the disciplinary process outlined in that Act.

The HR team continued its work on a number of other programmes including the review of our current policies and their respective upload onto our intranet. The Company's Whistleblowing Policy which features a confidential reporting system accessible to all employees via the internet and telephone platforms in both Spanish and English, was successfully implemented and is available to all our employees. Across the Group, our Industrial Relations' climate remained sound during the course of the year and relationships with the workers' representatives remained cordial. Our employees' wellness continues to be a key focal area and the Corporate Wellness Programme for all companies in Barbados continues in a successful and satisfactory way. GEL has been reinforcing that employees who focus on their personal well-being are happier and healthier which not only benefits them and their families, but also leads to a more productive organisation overall.

During this calendar year, the Wellness Programme was rebranded as the "GEL WELL" Programme and continued to focus on the organisation of monthly wellness meetings attended by Wellness Champions from each location along with biometric

HUMAN RESOURCES AND COMMUNITY RELATIONS... continued

screening across all companies, a diabetes prevention workshop and a cancer awareness campaign. All participants of the Programme were encouraged to continue to focus on healthy eating, a challenge which was taken on by some companies as they started a fruit and water only day, no elevator days and various other activities so as to encourage staff to improve their overall health.

We continued our effort to support the Parkinson Memorial Secondary School, specifically through our Summer Internship Programme. This summer, we placed twenty-three students across our subsidiaries and from all accounts they enjoyed their internships. They were also exposed to motivational sessions led by the Group's employees. A student led and managed Junior Credit Union has been launched at the School in collaboration with GEL and the Barbados Public Workers' Co-Operative Credit Union Limited. Employees of GEL have volunteered to be mentors to some students and a Mentorship Programme was created. As a result, parents, students and mentors will undergo training to fully understand their roles in the programme.

We continue the selection of the most adequate HR information system for the Group and we expect to achieve full implementation by the end of 2020. Additionally, the Pension and Payroll Department for the Barbados companies commenced discussions with its payroll system provider with a view to disbursing payslips electronically.

Needless to say, we still have some key areas to focus on in the new fiscal year. We continue to embrace the cultural nuances that complement the diversity of our Group, built on a set of core values that will transform the engagement of our people and the way we conduct our business.

CORPORATE SOCIAL RESPONSIBILITY

Through its many subsidiaries, GEL regularly donates to and assists worthy causes in the various countries in which it operates. In 2019, this continued under the following areas of focus – Education, Culture, Sports and Community Development.

Flood Relief in Trinidad and Tobago

On 17 October 2018, Trinidad and Tobago experienced severe weather conditions as a result of three full days of non-stop rainfall which made many areas inaccessible and led to several communities having to be evacuated because of flooding. The situation was officially declared a national disaster by 22 October 2018.

Over twenty-five staff members of Allied Caterers Ltd. and Katerserv Ltd. and their families were affected directly by the flooding, and were in distress for days, unable to leave their flooded homes or receive relief. The Government shared estimates that some thirty-five hundred households were affected by flooding across Trinidad and Tobago over that October weekend.

Employees on and off roster came together to help affected colleagues. They built disaster relief kits that included food, water, cleaning supplies, toiletries and medicine for those staff members with small children who had been unable to access such items. They also needed manpower to help clean and sanitise homes, so they pulled together more staff and set up a cleaning crew.

The team of Allied Caterers Ltd. and Katerserv Ltd. heading into one of the rain soaked districts to assist.

A staff member packing a truck to deploy disaster relief kits to those in need in one of the affected districts.

Employees worked tirelessly, along with disaster officials, and stuck to it until everyone had returned to some degree of normalcy. Additionally, the team was able to provide assistance to a school in the Piarco area with the excess supplies, together with kind donations from Caribbean Airlines Ltd.

Both Allied Caterers Ltd. and Katerserv Ltd. have committed to continue to educate those employees who live in flood-prone areas, so they are more adequately prepared in the event of another disaster.

Parkinson Memorial Secondary School Students benefit from Summer Internships

Mr. Anthony Ali, Managing Director, GEL, (right), interacting with a student of the Parkinson Memorial Secondary School and his mother, during the parent/student session prior to the start of the Summer Internship Programme.

Over the summer, for the second year in a row, GEL's Group of companies in Barbados hosted twenty-three Parkinson Memorial Secondary School students in a Summer Internship Programme stationed at nine businesses across the Group.

Ms. Julia Edey, the School's Guidance Counsellor, was effusive in her praise, thanking GEL for the opportunity and noting the improvement seen in the students as a result of the Programme. She was speaking at an Orientation and Meet & Greet session attended by the interns and their parents, representatives from the School as well as GEL's team members.

"They returned more motivated about their future; more focused on their academic work and more enthusiastic,"

CORPORATE SOCIAL RESPONSIBILITY... continued

stated Ms. Edey. Mr. Ian Holder, Principal of the School, thanked GEL for its involvement and said that it was one of his happiest moments as a Principal to welcome the relationship with GEL. He said that the students were eager to be involved in the Programme, particularly after hearing the glowing reviews from last year's group of students. He also noted that GEL's employees, as well as Mr. Anthony Ali, the Group's Managing Director, were involved in volunteer efforts around the School, such as painting and power washing parts of the School.

Presentation of Books to the Parkinson Memorial Secondary School

In celebration of International Women's Day 2019 ("IWD 2019"), students of the Parkinson Memorial Secondary School in Barbados were encouraged to read more books written by female Barbadian and Caribbean authors.

Mrs. Valerie Lovell, GEL's Head Office People Co-Ordinator (second from right), presents the books to Ms. Catherine Mitchell, Librarian, Parkinson Memorial Secondary School, while from left, Mr. Ian Holder, Principal, and Ms. Julia Edey, Guidance Counsellor (right), witness the presentation.

A number of books were presented to the School by GEL to mark the occasion of IWD 2019 and to highlight the literary work of Barbadian and Caribbean women. The presentation was also aimed at further inspiring the students of the School to write creatively as they are potential authors.

In accepting the donation of books, Ms. Catherine Mitchell, Librarian of the School, shared the fact that a few years ago the School lost all of its West Indian and Caribbean titles when a fire devastated the building in which the library was housed. She therefore expressed her gratitude to the Company for the books.

In presenting the books to the School, Mrs. Valerie Lovell, GEL's Head Office People Co-Ordinator, stated that GEL recognised the fact that more Caribbean writers needed to publish more books and that local consumers needed to read more of the books published in the region as they often give a perspective on Caribbean life.

Mr. Philbert Lewis, General Manager of Hubbard's (left), making the presentation to Mr. Richard Duncan, Managing Director, Grenada Co-Operative Bank.

Hubbard's contributes to the Carlton Home Drug Rehabilitation Centre

Jonas Browne & Hubbard (Grenada) Limited ("Hubbard's") continues to demonstrate a strong commitment to social development in Grenada, this time through financial assistance to assist in the rebuilding of the Carlton Home Drug Rehabilitation Centre.

The company has had a long association with the Carlton Home since 1983 and recently, in April 2019, the company was again at the forefront, in collaboration with the Grenada Co-Operative Bank, as a benefactor for the Carlton Home's rebuilding project.

Hubbard's involvement in the rebuilding of this institution is evidence of the company's faithfulness to its corporate social responsibility. This investment will help in alleviating the suffering among drug addicts and persons with other forms of addiction, instil responsibility in individuals to engage in more health-conscious behaviours and reduce the socio-economic costs to Grenada as it relates to drug addiction.

Hubbard's donates to the St. Peter's R. C. School

There is a new project at the St. Peter's Roman Catholic School, Gouyave, St. John, Grenada, for the students there, with a simultaneous aim of feeding and teaching students.

The project, a garden to grow local fruits and vegetables, would allow for numerous teaching opportunities, from basic nutrition and biology to simple economics. It allows the students the satisfaction that comes from seeing things grow and produced from one's own efforts. The success of the project, however, would rely on the School's ability to irrigate the garden and store water for the plants. On this premise therefore, Hubbard's was approached for assistance.

Mr. Wayne James, Manager, Hubbard's Building Supplies Division, Grand Anse, visited the School in April 2019 to present a 400-gallon water tank, which the company agreed to donate following a request letter from the School's Principal.

Mr. Wayne James, Manager, Hubbard's Building Supplies Division (right), making the presentation to Mr. Ian George, Principal, St. Peter's Roman Catholic School.

"Our schools are where the future of the country lies. Healthy children mean healthy adults prepared to enter the work force. We wish Mr. George and the School every success with their noteworthy project," stated Mr. James.

M&C Drugstore donates wheelchairs to Victoria Hospital in Saint Lucia

Victoria Hospital in Saint Lucia was the recipient of nineteen wheelchairs thanks to the generosity of M&C Drugstore Limited ("M&C Drugstore"). At the presentation, Dr. Alisha Eugene, Officer in Charge/Medical Director of the Victoria Hospital, said that her organisation was very pleased with the timely donation and believed that it would play a significant part in the public health system. She stated further that, "we need the wheelchairs to move patients from one department to another and up and down the hill. So, the wear and tear on the wheelchairs is something that happens regularly, and we always need more wheelchairs to allow us to move people as the patient load increases."

Senator the Honourable Mary Isaac, Minister for Health and Wellness in Saint Lucia, expressed gratitude to the M&C Drugstore. Ms. Fredreika Joseph-Leon, General Manager, M&C Drugstore, said her organisation was pleased that they can contribute to a part of Saint Lucia's health needs and after consultation with her team, decided that the people who could best benefit, would be the patients at the Victoria Hospital.

Ms. Fredreika Joseph-Leon, General Manager, M&C Drugstore (second from left), with Health Officials and Victoria Hospital's Representatives.

Donation to the Vauxhall High School

The Home Economics students of the Vauxhall High School located in Kingston, Jamaica, were the recipients of a number of items donated by GCG (Jamaica) Ltd. They were presented with tin sheets, saucepans, serving and mixing spoons, pie pans, cutlery, and other items for their department to assist with the development of their Home Economics studies.

Ms. Cheridah Douglas, Marketing, Sales and Event Executive, GCG (Jamaica) Ltd. (left), with some of the teachers and students of Vauxhall High School after the presentation.

CORPORATE SOCIAL RESPONSIBILITY... continued

Variety Club's "Row for Charity" Event

The "GEL Gellyfish" team from GEL's Head Office participated in the Variety Club's "Row for Charity" event on 23 June 2019 at Carlisle Bay, St. Michael, Barbados. The Gellyfish team placed sixth out of fifteen teams in Race #2 and was supported by several colleagues, friends and family. Team members also participated in the fitness challenge. An enjoyable time was had by all.

Ms. Stephanie Edghill, GEL's Accounts Payable Clerk, flipping the tyre during the fitness challenge as team-mate Mr. Terrence Lynch, GEL's Group Accountant, supports and encourages her.

Team "GEL Gellyfish" representing at the "Row for Charity" event.

GEL's NIFCA Literary Arts Competition

GEL continued its long-standing sponsorship of the National Independence Festival of Creative Arts ("NIFCA") Literary Arts Competition this year.

Mrs. Ayesha Gibson-Gill, Cultural Officer, Literary Arts, National Cultural Foundation ("NCF"), (second left), presents the current Winning Words Anthology to Ms. Glenda Gilkes, Group People Manager, GEL, while Ms. Shakira Bourne, Award Winning Author (left), Mr. Peter 'Adonijah' Alleyne, Chief Judge (second right), and Ms. Andrea Wells, Chief Cultural Officer, NCF (right), look on.

Literary Arts is the discipline that serves as the bedrock for many others since it encourages writing skills for plays, drama and theatre arts, screen plays for the film discipline and many of the other creative arts.

GEL continues to sponsor the NIFCA Literary Arts Competition as there are several success stories of writers, who have now been recognised regionally and internationally, that came through the Competition. Many of them used the Competition to validate their writing skills and obtain constructive critique from the judges.


BE TAKEN BY FLAVOUR
Purchase any chilled, bone-in,
Black Forest or Turkey Ham and experience
the otherworldly flavour of Farmer's Choice
Farmer's Choice
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CORPORATE GOVERNANCE OVERVIEW

The Board of Directors

The Board of Directors of the Company (the "Board") espouses best practices in corporate governance. The Board has developed strong corporate governance policies and procedures which are continuously reviewed and strengthened to ensure their soundness to enhance the prudent operation of the Group's business.

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

Committee Structure

The Board has established three standing Committees to assist it with achieving its mandate. These are the Audit & Risk, Corporate Governance and Compensation and Human Resources Committees. The Charters for each Committee can be viewed on the Company's Website: www.goddardenterpriseslimited.com. The members of each Committee are as listed earlier in the Report at page 6 and also on the Company's Website. Each Committee has worked assiduously during 2019 to attain its objectives mandated by the Board for the year.

Evaluation of the Board

During the 2018-2019 financial year, the Board conducted short evaluations at the end of each Board meeting, using a confidential questionnaire uploaded to its board portal software. These questionnaires were designed to allow the Board to gauge the effectiveness of each of its meetings.

In October 2019, the Board undertook a robust evaluation exercise aimed at assessing the effectiveness of the Board's performance. This year's evaluation was conducted by an independent third party and included a comprehensive questionnaire on the Board's systems, a confidential peer review process and individual director interviews. Following the completion of the Board evaluation, debriefing sessions were held with the Board Chair, the Deputy Chair and each Director on the recommendations in his respective report. In addition, a schedule for the implementation of those recommendations of the overall Board Assessment Report on which the Board will focus in 2020 has been set.

Meeting Attendance

The Barbados Stock Exchange requires listed companies to disclose the attendance record of directors at meetings. The attendance at both the Board and Committee meetings held during the year for the period 1 October 2018 to 30 September 2019 is submitted in the Appendix B at page 159 of this Report.

Amendments to the Company's By-Laws

Arising from the Board evaluation this year, the Board undertook a full and comprehensive review of the Company's By-Laws to incorporate international best corporate governance practice, codify practice where not previously included and make for an overall more efficient board.

The main amendments to the Company's By-Laws and the rationale for the particular changes are summarised below.

	Description of Proposed Change	Rationale	By-Law reference
1	Increase minimum number of directors from 5-7, reduce maximum number of directors from 15-11	International best practice, appropriate given the size and growth trajectory of the Company and the number of Board Committees	4.2
2	Provide that the Managing Director is an ex officio Board member	The Managing Director's appointment as Managing Director is a mandate entirely of the Board	4.2
3	Provide for appointment of directors for one year terms	Enhance accountability of the Board	4.4
4	Add process for removal of directors and expand circumstances for cessation of directorship	Enhance director accountability to higher standards	4.4.1, 4.4.2, 4.4.3
5	Remove the appointment by directors of their alternatives	Conflicted with the Companies Act	old deleted 4.5
6	Include process of annual appointment of Board Chair, and Deputy Board Chair, at the discretion of the Board	Enhance transparency of process	4.7, 4.8
7	Include process of annual composition and chairmanship of Board Committees	Enhance transparency of process	4.10
8	Empower i) any 3 Board members to convene a Board meeting on failure of the Board Chair to do so; and ii) any 2 Committee members to convene a Committee meeting on failure of the Committee Chair to do so	International best practice	6.2
9	Change quorum from five to a majority of directors	International best practice	6.3
10	Provide for voting and communication among directors by electronic means including Board portal software	Codify practice	6.4, 6.7
11	Provide for the type of business to be conducted at annual meetings	Entrenches law	12.2
12	Provide for faxed or emailed notices, information to be available on the Company's website	Enhance communication with shareholders	12.4, 18.1, 20.1
13	Provide for deposit of securities for safekeeping	Codify practice	15
14	Provide that books and records to be regularly and properly kept	Entrenches legal requirement	19
15	Provide for banking powers, financial disclosure	International practice, legal requirement	21
16	Provide for the appointment of auditors	Entrenches law	22
17	Removal of signature of documents by directors	International practice	24
18	Empower directors to preserve rules and regulations for management and operation of the Company for confirmation of shareholders	Entrenches law	26

Increase of Minimum and Reduction of Maximum Number of Directors- Amendment of Articles of Continuance

As mentioned above, two key changes to the By-Laws of the Company made by the Directors on 2 December 2019 were to increase the minimum number of directors from five to seven and reduce the maximum number of directors from fifteen to eleven. These changes will necessitate an amendment to the Company's Articles of Continuance. The text of the proposed special resolution to amend the Company's Articles of Continuance is included in the Notice of Meeting.

The Directors believe that these changes are justified on the basis of the size and growth trajectory of the Company and that they will make for a more efficient board, given the number of Committees of the Board.

Annual Election of Directors

In accordance with the amendments to the By-Laws of the Company agreed by the Board at its 2 December 2019 meeting, the Board has implemented a policy of election of directors annually for one year terms. Each Director of the Company has provided the Company with his or her written acknowledgment and consent to this By-Law change. The amended By-Law No. 1 also provides that the Managing Director shall be an ex officio member of the Board of Directors.

Three Directors, Messrs. A. Charles Herbert, Christopher G. Rogers and Stephen T. Worme retire by rotation at the end of the eighty-first annual meeting, and being eligible, offer themselves for re-election, on the recommendation of the Board, for a term expiring at the close of the annual meeting following their election.

With the exception of Mr. Anthony H. Ali, Managing Director, each of the remaining Directors of the Board namely: Dr. José S. López Alarcon, Ms. Vere P. Brathwaite, Ms. Laurie O. Condon, Mr. J. Dereck Foster and Mr. William P. Putnam has resigned from the Board of Directors with effect from the end of eighty-first annual meeting, notwithstanding the length of their unexpired term. The Board is recommending the election to its membership of the said Dr. López Alarcon, Ms. Brathwaite, Ms. Condon, Mr. Foster and Mr. Putnam as non-executive directors each for a term of one year.

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

It is further proposed that Dr. López Alarcon, Ms. Brathwaite, Ms. Condon, Mr. Foster, Mr. Herbert, Mr. Putnam, Mr. Rogers and Mr. Worme along with Mr. Ali, ex officio Board member, constitute the Board of Directors of the Company until the close of the next annual meeting of shareholders.

Appointment of Auditor

During the year, the Audit & Risk Committee invited proposals for the conduct of the Group's External Audit and Taxation Services for the financial years ending 30 September 2020-2024 from Deloitte, KPMG and Ernst & Young Ltd. As PricewaterhouseCoopers SRL ("PwC") had been appointed to conduct the Group's Internal Audit Services, no proposal was considered from PwC for external audit services.

The Audit & Risk Committee considered the proposals and received comprehensive presentations from the three firms and assessed them using extensive criteria. On completion of the analysis, the Audit & Risk Committee recommended to the Board that the firm of Ernst & Young Ltd, the Group's incumbent Auditor, be recommended to shareholders for appointment as the Company's Auditor, on the basis of the competitiveness of its fee proposal and the strong relationship held. The Board accepted the recommendation.

Your Directors therefore recommend that Ernst & Young Ltd be appointed as the Company's Auditor for the ensuing year ending 30 September 2020 at a fee to be negotiated. Your Directors recommend that they be authorised to negotiate the Auditor's fee on a Group basis.

Proposed Change to participation in the Company's Employee Share Purchase Schemes

Currently, the Company has two main Employee Share Purchase Schemes. First, the Bonus Share Purchase Scheme, which allows Group Employees resident in Barbados to purchase shares in the Company annually up to a limit of three-quarters of their profit-sharing bonus to a maximum of BDS$7,500.00.

The second scheme is the Savings Related Employee Share Purchase Scheme, by which Group Employees are entitled to purchase shares in the Company annually up to a maximum value of 10% of their basic salary. At the meeting of shareholders held on 29 January 2016, shareholders extended the application of the Savings Related Employee Share Purchase Scheme to non-executive directors of the Company and enabled each participating non-executive director to purchase shares in the Company up to a maximum of BDS$40,000.00 per annum.

Some of the Group's Employees, not resident in Barbados, are excluded from purchasing shares in the Company with their profit-sharing bonus. It is therefore proposed to extend the Bonus Share Purchase Scheme to allow Group Employees, not resident in Barbados, to purchase shares in the Company using their profit-sharing bonus, even in instances where there is no tax incentive to do so as there is in Barbados.

The Directors therefore propose that, and recommend that Shareholders vote to allow, Group Employees to purchase shares in the Company under both the Bonus Share Purchase Scheme and the Savings Related Employee Share Purchase Scheme (together "the Schemes") up to a total maximum value of 10% of their basic salary plus BDS$10,000.00 per annum. The shares so purchased under the Schemes will continue, at the discretion of the Board, to be subject to a discount of up to 15% of the market price prevailing at the time of the offer to purchase. The Board considers that this is a more equitable way for Group Employees to participate in the purchase of shares in the Company under the Schemes during any particular year as they deem fit.

Dividend Declaration

At its 2 December 2019 meeting, the Board declared a third interim dividend of 1.5 cents per share on the issued and outstanding shares of the Company for the year ended 30 September 2019. The Company paid first and second interim dividends for the 2019 financial year each of 1.5 cents per share on 30 August and 29 November 2019 respectively. The third interim dividend will be paid on 28 February 2020.

Acknowledgement

The Board acknowledges and thanks all Group Employees for your commitment and dedicated hardwork during the just concluded financial year. We appreciate the continued patronage of our customers evident in the year. We express our gratitude to our Shareholders for your support of and confidence in us.

On behalf of the Board of Directors

A. Charles Herbert
Chair

Anthony H. Ali
Managing Director

27 December 2019

M&C Drugstore
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ANALYSIS OF COMMON SHAREHOLDERS

As at 30 September 2019

Category	Number of shareholders	%	Number of common shares held	%
Group Employees	457	21%	5,421,966	2%
Local Individuals	1,300	61%	34,964,928	15%
Non-Resident Persons	239	11%	55,697,255	25%
Local Companies and Institutions	150	7%	130,892,104	58%
Totals	**2,146**	**100%**	**226,976,253**	**100%**

ADDITIONAL INFORMATION

For the year ended 30 September 2019 required in accordance with the Listing Agreement with the Barbados Stock Exchange

a) Principal Countries of subsidiary operations and particulars of each company in which an interest of 20% or more is held are disclosed on pages 49 to 52.

b) Directors' interest in the share capital of Goddard Enterprises Limited as at 30 September 2019:

Names of Directors	Number of common shares held beneficially at 30 September 2019
J. S. L. Alarcon	5,215
A. H. Ali	146,680
V. P. Brathwaite (Ms.)	NIL
L. O. Condon (Ms.)	7,220
J. D. Foster	77,364
A. C. Herbert	687,780
W. P. Putnam	2,045,063
C. G. Rogers	81,364
S. T. Worme	115,964

c) No change in Directors' beneficial interests took place between 30 September 2019 and 27 December 2019.

d) Particulars of any person, other than a Director, holding more than 5% of the share capital of Goddard Enterprises Limited and the amount of interest so held as at 27 December 2019.

Shareholders		Number of common shares held
Neptune Investments Limited		13,831,997
Sagicor Group	Beneficial	20,200
	Non-Beneficial	26,188,644
	Total Sagicor Group Holding	**26,208,844**

SUBSIDIARY COMPANIES

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

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


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

SUBSIDIARY COMPANIES... continued

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

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

ASSOCIATED COMPANIES

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

Beverage Distributors:	Vembev – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
Biotechnology:	Mirexus Biotechnologies Inc. – Canada	43%
General Trading:	Bryden & Partners Limited – St. Lucia	50%
	Caribbean Distribution Partners Limited – Trinidad and Tobago	50%
	Coreas Distribution Limited – St. Vincent	50%
	Desinco Limited – Guyana	20%
	Facey Trading Limited	50%
	Hand Arnold – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
	Hanschell Inniss Limited	50%
	Independence Agencies Limited – Grenada	28%
	Orange Wood Distributors Limited – St. Lucia	50%
	Peter & Company Limited – St. Lucia	50%
	Vemco – a division of CDP Trinidad Limited – Trinidad and Tobago	50%
Laundry Services:	Country Road Investments Inc. – Trading as Tropical Laundries	50%
Petroleum Industry Services:	International Petroleum & Maritime Academy Inc. – Guyana	33%
	TOTAL-BASE Services Guyana Inc. – Guyana	33%
	Totaltec Oilfield Services Limited – United Kingdom	33%
Property Rentals:	Bridgetown Cruise Terminals Inc.	20%
Restaurant, Airline, Airport and Industrial Catering:	Allied Caterers Limited – Trinidad and Tobago	31%
	GAS Group Aviation Support Services, S.A. – Costa Rica	41%
	GCG Group (Guyana) Inc. – Guyana	24%
	GCG Services Ltd.	34%
	GCG Virgin Islands, Inc. – Trading as The Delly Deck – St. Thomas, USVI	38%
	Goddard Catering Group Bermuda Limited – Bermuda	20%
	Goddard Catering Group Paraguay S.A. – Paraguay	47%
	Goddard Catering Group Quito, S.A. – Ecuador	36%
	Goddard Catering Group St. Thomas Corporation – St. Thomas, USVI	38%
	Island Grill (Barbados) Limited	36%
	Island Grill (St. Lucia) Ltd. – St. Lucia	36%
	Katerserv Ltd. – Trinidad and Tobago	31%
	Tobago Inflite Catering Ltd. – Trinidad and Tobago	26%
Tiles & Waste Disposal:	Anti-Septic Limited – Trading as Terrific Tiles	50%

GODDARD
ENTERPRISES
LIMITED

GODDARD ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

Excellence is not a destination...

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Goddard Enterprises Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2019, consolidated statement of income and the 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 opinion.

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Adoption of new accounting standards	
The Group adopted IFRS 9, *Financial Instruments* effective 1 October 2018. The standard changes the evaluation of impairment of receivables and credit losses on other financial assets from an incurred approach to an expected credit loss ("ECL") model. This model requires significantly greater management judgment and incorporation of forward-looking information. IFRS 9 requires the Group to record an allowance for ECLs for all receivables from, loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts. The estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying judgmental overlays to ECL model outputs. The Group also adopted IFRS 15, *Revenue from contracts* effective 1 October 2018. The standard requires the recognition of revenue based on what the Group is entitled to receive, and this is achieved using a 5-step model. Both standards were adopted using the modified retrospective approach as at 1 October 2018.	For IFRS 9, *Financial Instruments* we performed the following: • We evaluated the model and assumptions developed by the Group in order to estimate ECLs, and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of input data to the model used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and staging. We assessed external source data and assumptions, particularly with respect to forward looking information (FLI). • We involved our EY valuation specialists to assess the appropriateness of the models and the assumptions used, including analyzing modelling accuracy and consistency of impairment parameters. They also assessed the reasonableness of the FLI. • We assessed the reasonableness of all qualitative adjustments or overlays derived outside of specific model output. • We assessed the adequacy of disclosures in the consolidated financial statements. For IFRS 15, *Revenue from contracts* we evaluated the analyses performed by management using the 5-step model and changes made to record revenue and any related accounts. We also assessed the adequacy of disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Investments in associated companies	
Investments in associates represents 16% of the gross assets on the consolidated statement of financial position. The Group includes investments for which management was required to demonstrate significant influence versus control over the investees. In addition, the Group also divested of one of its significant investments in associates during the year. As detailed in Note 2 Summary of Significant Accounting Policies, under the equity method of accounting for associates, these associates are initially stated at cost, and are adjusted thereafter for the Group's share of its associates' post-acquisition profits or losses which is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves which is recognised in other comprehensive income and accumulated in reserves.	We analyzed the Group's determination of its investments in associates and the accounting for the share of earnings of the underlying associates for the year ended 30 September 2019 which included the following audit procedures: • We evaluated the reasonableness of Management's assessment of control versus significant influence. • We issued instructions and performed independent reviews of the working papers of the non-EY auditors of the Group's material associates. • We performed analytical reviews based on our expectations on the management information relied on by the Group, and inspected documentation to corroborate key representations by management. • We tested the reasonableness of the year end calculations of the Group's share of its associates' post-acquisition profits or losses and its share of post-acquisition movements in reserves reflected in the consolidated accounts, including compliance with accounting policies consistent with Group reporting, where applicable. • We assessed Management's assumptions over the carrying values of the associates and related balances. • Additionally, we considered whether the Group's disclosures related to these investments were appropriately reflected in the notes to the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

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

Other information included in the Group's 2019 Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goddard Enterprises Limited

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

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

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

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

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

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

Other Legal and Regulatory Requirements

This report is made solely to the Group's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

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

Ernst + Young Ltd

Barbados
27 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019
(Expressed in thousands of Barbados Dollars)

	Notes	2019	2018
Current assets			
Cash	6	79,835	65,705
Trade and other receivables	7	94,630	104,687
Prepaid expenses		15,702	16,350
Due by associated companies	8	21,437	19,699
Reinsurance assets	9	5,198	6,819
Current income tax assets		5,468	4,835
Inventories	10	149,680	133,343
		371,950	351,438
Current liabilities			
Borrowings	11	99,106	101,028
Trade and other payables	12	119,077	111,312
Due to associated companies	8	2,061	3,686
Current income tax liabilities		5,909	8,210
Insurance contracts	13	8,382	9,981
		234,535	234,217
Working capital		137,415	117,221
Property, plant and equipment	14	371,463	365,163
Investment property	15	30,694	30,370
Intangible assets	16	30,578	23,265
Investments in associated companies	17	165,513	175,298
Due by associated companies	8	2,737	4,469
Financial investments	18	70,414	65,134
Deferred income tax assets	19	2,515	4,129
Pension plan assets	20	8,654	10,829
Long-term trade and other receivables	7	11,578	13,564
		831,561	809,442
Borrowings	11	141,011	129,646
Deferred income tax liabilities	19	4,495	6,601
Pension plan liabilities	20	3,520	4,038
Net assets employed		682,535	669,157
Financed by:			
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	47,421	46,353
Other reserves	22	80,035	76,550
Retained earnings		449,559	435,525
		577,015	558,428
Non-controlling interests		105,520	110,729
		682,535	669,157

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

Approved by the Board of Directors on 27 December 2019.

A. Charles Herbert
Chairman

Anthony H. Ali
Managing Director

CONSOLIDATED STATEMENT of CHANGES IN EQUITY

For the year ended 30 September 2019
(Expressed in thousands of Barbados Dollars)

	Attributable to equity holders of the Company				
	Share capital (Note 21)	Other reserves (Note 22)	Retained earnings	Non-controlling interests	Total
Balance as at 1 October 2017	45,169	80,942	411,535	108,559	646,205
Net income for the year	–	–	28,598	15,368	43,966
Other comprehensive income/(loss)	–	(4,578)	8,022	(1,899)	1,545
Total comprehensive income for the year	–	(4,578)	36,620	13,469	45,511
Investment in subsidiary company	–	–	–	(279)	(279)
Increase in advances to non-controlling interests	–	–	–	1,269	1,269
Value of employee services	–	186	–	–	186
Issue/(repurchase) of common shares – net	1,184	–	(179)	–	1,005
Dividends declared	–	–	–	(12,289)	(12,289)
Dividends – (note 31)	–	–	(12,451)	–	(12,451)
	1,184	186	(12,630)	(11,299)	(22,559)
Balance as at 30 September 2018	**46,353**	**76,550**	**435,525**	**110,729**	**669,157**
Balance as at 1 October 2018 (previously stated)	46,353	76,550	435,525	110,729	669,157
Effect of changes in accounting policies (note 2 a) i))	–	–	(3,069)	(346)	(3,415)
Balance as at 1 October 2018 (restated)	46,353	76,550	432,456	110,383	665,742
Net income for the year	–	–	31,347	15,235	46,582
Other comprehensive income/(loss)	–	3,277	(639)	1,240	3,878
Total comprehensive income for the year	–	3,277	30,708	16,475	50,460
Acquisition of a subsidiary company (note 34)	–	–	–	(8,282)	(8,282)
Decrease in advances to non-controlling interests	–	–	–	(1,694)	(1,694)
Value of employee services	–	208	–	–	208
Issue of common shares	1,068	–	–	–	1,068
Dividends declared	–	–	–	(11,362)	(11,362)
Dividends – (note 31)	–	–	(13,605)	–	(13,605)
	1,068	208	(13,605)	(21,338)	(33,667)
Balance as at 30 September 2019	**47,421**	**80,035**	**449,559**	**105,520**	**682,535**

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 30 September 2019
(Expressed in thousands of Barbados Dollars)

	Notes	2019	2018
Revenue from contracts with customers	24	868,300	805,852
Cost of sales	25	(502,187)	(461,426)
Gross profit		366,113	344,426
Underwriting income		5,833	5,588
Selling, marketing and administrative expenses	25	(323,417)	(294,367)
Profit from operations before the following:		48,529	55,647
Other gains/(losses) – net	26	15,877	14,492
Profit from operations		64,406	70,139
Finance costs	28	(12,171)	(11,534)
		52,235	58,605
Share of income of associated companies	17	9,917	3,321
Income before taxation		62,152	61,926
Taxation	29	(15,570)	(17,960)
Net income for the year		46,582	43,966
Attributable to:			
Equity holders of the Company		31,347	28,598
Non-controlling interests		15,235	15,368
		46,582	43,966
Earnings per share attributable to the equity holders of the Company during the year (expressed in cents per share) – basic and diluted	30	13.8	12.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2019
(Expressed in thousands of Barbados Dollars)

	Notes	2019	2018
Net income for the year		46,582	43,966
Other comprehensive income:			
Items net of tax that may be recycled to income in the future:			
Unrealised losses on available-for-sale financial investments:			
– Group		–	(311)
– Associated companies		–	(109)
Currency translation differences:			
– Group		1,763	(5,477)
– Associated companies		1,846	(503)
Hyperinflationary adjustments		1,026	(676)
Items net of tax that will not be recycled to income in the future:			
Unrealised gains on investments at fair value through other comprehensive income:			
– Group		89	–
– Associated companies		1	–
Increase/(decrease) in revaluation surplus:			
– Group		–	(1,899)
– Associated companies		(82)	2,385
Remeasurement of employee benefits:			
– Group	38	(935)	7,663
– Associated companies	38	170	472
Other comprehensive income for the year		3,878	1,545
Total comprehensive income for the year		50,460	45,511
Attributable to:			
Equity holders of the Company		33,985	32,042
Non-controlling interests		16,475	13,469
		50,460	45,511

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2019
(Expressed in thousands of Barbados Dollars)

	Notes	2019	2018
Cash flows from operating activities			
Income before taxation		62,152	61,926
Adjustments for:			
Depreciation	14	23,926	22,958
Amortisation of intangible assets	16	1,307	1,387
Impairment of intangible assets	16	–	6,887
(Gain)/loss on disposal of property, plant and equipment	26	(621)	671
Gain arising on acquisition of assets		–	(12,930)
(Gain)/loss on disposal of an associated company	26	(2,301)	616
Exchange adjustments		727	(3,624)
Expected credit losses on non-working capital balances		869	–
Hyperinflationary adjustments		1,008	(1,601)
Interest income	26	(2,308)	(2,384)
Finance costs incurred	28	12,171	11,534
Share of income of associated companies	17	(9,917)	(3,321)
Pension plan expense	20	1,863	2,337
Employee share schemes expenses	27	208	186
Loss on disposal of investment property	26	100	–
Fair value (gains)/losses on revaluation of investment property	15	(968)	1,798
Operating profit before working capital changes		88,216	86,440
Net change in non-cash working capital balances related to operations	36	25	(29,723)
Cash generated from operations		88,241	56,717
Finance costs paid		(12,171)	(11,534)
Income and corporation taxes paid		(14,311)	(13,710)
Pension plan contributions paid	20	(1,540)	(2,952)
Net cash from operating activities		60,219	28,521
Cash flows from investing activities			
Acquisition of interest in a subsidiary company	34	(19,563)	(331)
Acquisition of interest in an associated company	17	(3,060)	(25,629)
Proceeds from disposal of an associated company	17	24,373	4,423
Acquisition of assets		–	(32,960)
Purchase of property, plant and equipment	14	(34,055)	(44,570)
Proceeds on disposal of property, plant and equipment		2,397	2,914
Proceeds on disposal of investment property		520	–
Transfer from held for sale to investment property		–	(666)
Purchase of financial investments		(8,771)	(13,027)
Proceeds on disposal of financial investments		3,035	6,351
Proceeds from repayment of loan to an associated company		1,453	1,378
Long-term loans advanced		(411)	(1,409)
Transfers from trade and other receivables to long-term trade and other receivables		(2,135)	(4,280)
Proceeds from repayment of long-term loans		1,758	652
Unsecured and secured loans received/(issued) – net		99	(2,517)
Interest received		2,308	2,384
Dividends received from associated companies	17	2,096	5,396
Net cash used in investing activities		(29,956)	(101,891)
Cash flows from financing activities			
Issue of common shares	21	1,068	1,198
Repurchase of common shares		–	(193)
Long-term loans received	11	33,199	66,601
Repayments of long-term loans	11	(22,241)	(18,329)
Dividends paid to non-controlling interests		(11,362)	(12,289)
Loans (repaid to)/received from non-controlling interests		(1,694)	1,269
Dividends paid to shareholders		(13,605)	(12,451)
Net cash (used in)/from financing activities		(14,635)	25,806
Net increase/(decrease) in cash and cash equivalents		15,628	(47,564)
Cash and cash equivalents – beginning of year		47,622	95,186
Cash and cash equivalents – end of year	6	63,250	47,622

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2019

(Expressed in thousands of Barbados Dollars)

Note

1. General information

Goddard Enterprises Limited ("the Company") is incorporated under the Laws of Barbados. The principal activities of the Company and its subsidiaries (together "the Group") include airline, industrial and restaurant catering, ground handling services, general trading, meat and cocoa processing, printing and print brokering, baking, packaging, automobile and automotive parts sales, insurance, real estate, shipping agents and stevedoring, freighting services, manufacturing of aerosols and liquid detergents and investments. Associated companies are involved in general trading, beverage distribution, waste disposal, laundry services, research, development and manufacturing of natural biomaterials, petroleum industry services, property rentals, investments and general insurance (see pages 49 – 52). The Group operates throughout the Caribbean and North, Central and South America.

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

The Company is listed on the Barbados Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 December 2019. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

2. Significant accounting policies

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

a) Basis of preparation

The consolidated financial statements of Goddard Enterprises Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention, as modified by the revaluation of land and buildings, investment property and financial investments (notes 2(e), 2(f) and 2(i)).

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

Standards, interpretations and amendments to existing standards effective in the 2019 financial year

i) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2018. The following interpretations and standards became effective and were adopted in the current year.

The Group applied IFRS 15 and phase II of IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 October 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to contracts not completed at this date.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IFRS 15 Revenue from contracts with customers... continued
The Group also applied the practical expedient of aggregating the effect of all of the modifications that occurred in contracts that were modified before 1 October 2018 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.

The cumulative effect of initially applying IFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

The effect of adopting IFRS 15 as at 1 October 2018 was as follows:

	Increase/ (decrease)
Assets	
Trade and other receivables	190
Investment in associated companies	(34)
Total assets	156
Liabilities	
Trade and other payables	531
Net assets	(375)
Total adjustment on equity:	
Retained earnings	(366)
Non-controlling interest	(9)
Total equity	(375)

In addition, the adoption of IFRS 15 as at 1 October 2018 resulted in an increase of $341 in the Group's operating cash flows.

The nature of the adjustments as at 1 October 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 30 September 2019 and the consolidated statement of income for the year ended 30 September 2019 are described below:

Sale of goods with variable consideration
Some contracts for the sale of goods provide customers with a right of return and volume rebates. Before adopting IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred recognition of revenue until the uncertainty was resolved. Under IFRS 15, rights of return and volume rebates give rise to variable consideration.

Rights of return
Before the adoption of IFRS 15, returns were not anticipated and therefore were recognised as a reduction to revenue in the period that the return occurred, with a corresponding adjustment to cost of sales. Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group estimates expected returns using the expected value method under IFRS 15. For goods expected to be returned, the Group presented a refund liability (note 12) and a right of return asset (note 7) to

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IFRS 15 Revenue from contracts with customers... continued

Rights of return... continued
recover products from a customer. The remeasurement resulted in refund liabilities of $272 and right of return assets of $190 in the consolidated statement of financial position as at 1 October 2018. As a result of these adjustments, retained earnings as at 1 October 2018 decreased by $82.

As at 30 September 2019, IFRS 15 increased right of return assets and refund liabilities by $25 and $41 respectively. It also decreased revenue from contracts with customers and cost of sales by $41 and $25, respectively, for the year ended 30 September 2019.

Volume rebates
Before the adoption of IFRS 15, the Group recognized an expense in cost of sales volume rebates when those rebates occurred and not when the sales to which the rebates relate occurred.

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. Upon adoption of IFRS 15, there was no impact to refund liabilities for the expected future rebates as at 1 October 2018.

Service type warranties
In certain non-standard contracts, the Group provides warranties beyond fixing defects that existed at the time of sale which were previously accounted for under IAS 37. Under IFRS 15, such warranties are accounted for as service-type warranties and as separate performance obligations to which the Group allocates a portion of the transaction price. Upon adoption of IFRS 15, there was no impact to contract liabilities within current liabilities related to unfulfilled extended warranties as at 1 October 2018.

Bundled sales
Before the adoption of IFRS 15, the Group accounted for bundled sales items such as, for example, sales of vehicles with extended service contracts, as separate deliverables and allocated consideration to each deliverable using their relative stand-alone selling prices. Under IFRS 15, the Group assessed that there were also separate performance obligations in contracts for bundled sales and re-assessed the allocation of the transaction price based on their relative stand-alone selling prices. This resulted in an increase/decrease in the amount allocated to certain performance obligations.

Therefore, deferred revenue increased by $259 with a corresponding decrease in retained earnings by the same amount as at 1 October 2018. In addition, the Group reclassified $224 from accruals to contract liabilities as at 1 October 2018.

As at 30 September 2019, IFRS 15 increased contract liabilities by $260 and decreased revenue from contracts with customers by $260 for the year ended 30 September 2019.

Loyalty points programme
Before the adoption of IFRS 15, the loyalty programme offered by the Group resulted in the allocation of a portion of the transaction price to the loyalty programme using the fair value of the points issued but not yet redeemed or expired. The Group concluded that under IFRS 15, the loyalty points give rise to a separate performance obligation because they provide a material right to the customer and a portion of the transaction price was allocated to the loyalty points awarded to customers. The Group determined that, considering the relative stand-alone selling prices, the amount allocated to the loyalty points was not materially different when compared to the previous accounting policy, therefore no adjustment was made. The Group reclassified $193 from accruals to contract liabilities as at 1 October 2018.

As at 30 September 2019, IFRS 15 increased contract liabilities by $136 and decreased revenue from contracts with customers by $136 for the year ended 30 September 2019.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

Other adjustments
In addition to the adjustments described above, other items of the primary financial statements such as investment in associated companies, non-controlling interests, and retained earnings were adjusted as necessary.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 October 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from, the adoption of IFRS 9 have been recognized directly in the retained earnings and other components of equity.

The effect of adopting IFRS 9 as at 1 October 2018 was as follows:

	As previously reported	Re-measurement	As adjusted per IFRS 9
Assets			
Trade and other receivables	118,251	116,390	(1,861)
Due by associated companies	24,168	23,657	(511)
Investments in associated companies	175,298	174,803	(495)
Financial investments	65,134	64,961	(173)
Total net assets adjusted	**382,851**	**379,811**	**(3,040)**
Equity			
Retained earnings	435,525	432,822	(2,703)
Non-controlling interests	110,729	110,392	(337)
Total equity adjusted	546,254	543,214	(3,040)

Classification and measurement
Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 October 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IFRS 9 Financial Instruments... continued

Classification and measurement... continued
Listed and unlisted equity investments classified as available-for-sale as at 30 September 2018 have been reclassified and measured as FVOCI beginning 1 October 2018. The Group elected to classify irrevocably its listed and non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

The change in classification of the Group's equity investments had no impact on the financial investment reserves related to those investments as at 1 October 2018.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

Impairment
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets (see note 2 i)).

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Impairment per IAS 39 at 30 September 2018	Re-measurement	ECL per IFRS 9 at 1 October 2018
Loans and receivables under IAS 39/			
Financial assets at amortized cost under IFRS 9	–	173	173
Trade and other receivables	4,004	1,861	5,865
Due by associated companies	–	511	511
	4,004	2,545	6,549

Other adjustments
In addition to the adjustments described above, other items such as investment in associated companies and non-controlling interests were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 October 2018.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4
The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters
Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose.

IAS 28 – Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IAS 28 – Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice... continued
If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

With the exception of IFRS 9 and 15, these amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. With the exception of IFRS 9 and 15, these amendments did not have any impact on the Group's consolidated financial statements.

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

IFRS 16 Leases (effective 1 January 2019)
IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)... continued

The interpretation specifically addresses the following:

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation – (effective 1 January 2019)
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' ("the SPPI criterion") and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement – (effective 1 January 2019)
The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during the reporting period.

Determining the current service cost and net interest
When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest if generally calculated by multiplying the net defined benefit liability/(asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability/(asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability/(asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability/(asset)

Effect on asset ceiling requirements
A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

Effect on asset ceiling requirements... continued
The amendments clarify that an entity first determines any past service cost, or gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

Amendments to IAS 28 - Long-term interests in associates and joint ventures – (effective 1 January 2019)
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

In applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28.

IFRS 17 Insurance Contracts (effective 1 January 2021)
In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ("IFRS 4") that was issued in 2005. The Board intends to establish a Transition Resource Group ("TRG") for IFRS 17 that will be tasked with analysing implementation-related questions on IFRS 17.

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

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

Annual Improvements to IFRS Standards 2015-2017 Cycle
The following amendments are applicable to annual periods beginning on or after 1 January 2019.

2. Significant accounting policies... continued

a) Basis of preparation... continued

iii) Improvements to International Financial Reporting Standards

IFRS – Subject of Amendment
IFRS 3 Business Combinations – Previously held interests in a joint operation.
IFRS 11 Joint Arrangements – Previously held interests in a joint operation.
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity.
IAS 23 Borrowing Costs – Borrowing costs eligible for capitalization.

The following amendments are applicable to annual periods beginning on or after 1 January 2020:

Amendments to the Conceptual Framework for Financial Reporting
Amendments to IFRS 3 – Definition of a Business
Amendments to IAS 1 and 8 – Definition of Material

b) Consolidation

i) Subsidiaries

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies... continued

b) Consolidation

ii) Transactions and non-controlling interests

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

iii) Associates

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

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

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

c) Segment reporting

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

d) Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the financial investments reserve in equity.

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

2. Significant accounting policies... continued

d) Foreign currency translation... continued

iii) Group companies

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

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

iv) Hyperinflationary accounting

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

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

At the date of issuance of the prior year's consolidated financial statements, The Central Bank of Venezuela had not published an official inflation index for the year ended 30 September 2018. However, on 28 May 2019, The Central Bank of Venezuela published an official inflation index for both the 2018 and 2019 years. The Group recognised the effect of this official inflation index in its consolidated financial statements prospectively according to IAS 8 'Accounting policies, changes in accounting estimates and errors'. For the year ended 30 September 2019 and 2018, the official inflation published by The Central Bank of Venezuela was 39,213.75% and 45,050.55% respectively.

e) Property, plant and equipment

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

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

2. Significant accounting policies... continued

e) Property, plant and equipment... continued

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

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

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

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

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

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

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

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

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

f) Investment property

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

g) Intangible assets

i) Goodwill

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

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

2. Significant accounting policies... continued

g) Intangible assets... continued

ii) Other intangible assets

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

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

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

h) Impairment of non-financial assets

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

i) Financial instruments

As described in note 2 a) i), the Group adopted IFRS 9 using the modified retrospective approach on 1 October 2018, as permitted by the transition provisions in IFRS 9. As a result of the adoption of this new standard, the Group changed its accounting policies as outlined below.

Classification and measurement

IFRS 9 requires the Group to classify and measure financial assets based on their contractual cash flow characteristics and the Group's business model for managing financial assets. All financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Group becomes party to the contractual provisions of a financial instrument.

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

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

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

Adoption of IFRS 9 by the Group did not result in any major changes to the classification of financial instruments. With the exception of equity instruments, the Group's financial assets and financial liabilities continue to be measured at amortised cost.

i) Financial assets and liabilities measured at amortized cost

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

2. Significant accounting policies... continued

i) Financial instruments... continued

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

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

Impairment

IFRS 9 introduces an impairment model that requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost, off balance sheet commitments and financial guarantees.

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

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

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

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

Definition of default

The Group determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

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

Write-off

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

2. Significant accounting policies... continued

i) Financial instruments... continued

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

Measurement of impairment

The measurement of ECL reflects:

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

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

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

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

ii) Financial assets designated at FVOCI (equity instruments)

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

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

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

j) Inventories

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

2. Significant accounting policies... continued

k) Cash and cash equivalents

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

l) Trade payables

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

m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method. Associated costs are classified as finance costs in the consolidated statement of income. Borrowings due within twelve months of the consolidated statement of financial position date are classified as current liabilities. Preference shares which are mandatorily redeemable by the holder of the shares are classified as liabilities. The dividends on these preference shares are recognised in the consolidated statement of income within finance costs.

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

n) Current and deferred income tax

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

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

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

o) Employee benefits

i) Pension obligations

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

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan

2 Significant accounting policies... continued

o) Employee benefits... continued

i) Pension obligations... continued

assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the consolidated statement of income.

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

ii) Profit-sharing bonus plan

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

p) Share-based payments

The Group operates two cash-settled share-based plans. There is a bonus share purchase scheme which is only offered to full time employees of the Group in Barbados and a broad based employee share purchase scheme for all full time employees.

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

q) Provisions

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

r) Revenue recognition

Revenue from Contracts

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

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

2. Significant accounting policies... continued

r) Revenue recognition... continued

Sale to third parties

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

Variable consideration

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

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

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

Significant financing component

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

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

Warranty obligations

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

2. Significant accounting policies... continued

r) Revenue recognition... continued

Rendering of services

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

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

Group as principal and agent

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

2. Significant accounting policies... continued

r) Revenue recognition... continued

Cost to obtain a contract

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

s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment or investment property in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

t) Derivative financial instruments

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

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

u) Insurance contracts

Recognition and measurement

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

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

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

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

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

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

2. Significant accounting policies... continued

u) Insurance contracts... continued

Recognition and measurement... continued

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

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

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

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

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

Claims provision and related reinsurance recoveries

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

Receivables and payables

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

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

Premiums and unearned premiums

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

2. Significant accounting policies... continued

u) Insurance contracts... continued

Premiums and unearned premiums... continued

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

Deferred acquisition costs

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

Claims and claims expenses

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

v) Dividend distributions

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

3. Risk management

a) Financial risk factors

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

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

i) Market risk

1) Foreign exchange risk

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

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

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

3. Risk management... continued

a) Financial risk factors... continued

i) Market risk...continued

1) Foreign exchange risk... continued

The table below illustrates the theoretical impact on equity and net income of a 5% depreciation in the Jamaican dollar and Latin American currencies when compared to the Barbados dollar as at 30 September 2019.

Effect of a 5% depreciation of	Effect on equity	Effect on net income
Jamaican dollar	220	(115)
Latin American currencies	(348)	(519)

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

2) Price risk

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

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

If the BSE, CSX and ECSE had increased or decreased by 5% with all other variables held constant, the financial investments reserve within equity would increase or decrease by $615 (2018 – $603) as a result of gains or losses on equity securities designated as FVOCI.

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

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

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

3. Risk management... continued

a) Financial risk factors... continued

ii) Credit risk... continued

The maximum exposure to credit risk is as follows:

	2019		2018	
	$	%	$	%
Cash	79,835	33	65,705	28
Trade and other receivables	106,208	44	118,251	50
Due by associated companies	24,174	10	24,168	10
Financial investments (debt instruments)	30,974	13	28,298	12
Reinsurance assets (outstanding claims)	367	–	482	–
	241,558	100	236,904	100

Independent ratings exist for customers in the Group's catering operations. If no independent rating exists, customers are grouped according to credit history. Ratings available for the Group's significant cash and cash equivalents and financial investments are included in notes 6 and 18 respectively.
The Group has a large number of customers dispersed across the Caribbean and Latin America. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, statement of financial position, credit quality and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or by using major credit cards. For banks and financial institutions only well-known and reputable parties are accepted.

The total outstanding trade balances of the Group's five largest receivable positions at the reporting date constitute 17.9% (2018 – 14.6%) of the total gross trade receivable amount and individually they accounted for between 3.0% and 4.4% (2018 – 1.9% and 5.6%) of the total gross trade receivables. Expected credit losses have been applied as applicable and as a result management does not expect any additional losses from non-performance by customers.

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 1 October 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. Risk management... continued

a) Financial risk factors... continued

ii) Credit risk... continued

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

	Up to 90 days	91 to 180 days	Over 181 days	Total
Estimated credit loss rate (%)	1.39	11.02	42.79	6.08
Estimated total gross carrying amount at default	62,884	10,800	6,578	80,262
Expected credit loss	874	1,191	2,815	4,880

iii) Liquidity risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 September 2019					
Borrowings	100,773	29,447	79,207	52,607	262,034
Trade and other payables	118,781	–	–	–	118,781
Due to associated companies	2,061	–	–	–	2,061
Insurance contracts	1,347	–	–	–	1,347
	222,962	29,447	79,207	52,607	384,223
At 30 September 2018					
Borrowings	107,675	27,562	72,024	53,068	260,329
Trade and other payables	110,627	–	–	–	110,627
Due to associated companies	3,686	–	–	–	3,686
Insurance contracts	1,425	–	–	–	1,425
	223,413	27,562	72,024	53,068	376,067

3. Risk management... continued

a) Financial risk factors... continued

iii) Liquidity risk ... continued

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 September 2019					
Cash	79,835	–	–	–	79,835
Trade and other receivables	93,968	3,534	7,160	1,346	106,008
Due by associated companies	21,643	3,038	–	–	24,681
Reinsurance assets	367	–	–	–	367
Financial investments (investments at amortised cost)	23,991	3,688	4,361	1,841	33,881
	219,804	10,260	11,521	3,187	244,772
At 30 September 2018					
Cash	65,705	–	–	–	65,705
Trade and other receivables	104,439	854	6,193	1,346	112,832
Due by associated companies	19,987	1,742	3,038	–	24,767
Reinsurance assets	482	–	–	–	482
Financial investments (investments at) amortised cost)	19,687	2,685	2,335	3,024	27,731
	210,300	5,281	11,566	4,370	231,517

iv) Cash flow and fair value interest rate risk

Although the Group has some interest bearing assets, the Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2019 and 2018 the Group's borrowings at variable rates were denominated in Barbados dollars, Eastern Caribbean dollars, United States dollars and Colombian pesos. To manage against interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, renewing options and alternative financing. In a period of low interest rates the Group negotiates for fixed rates on borrowings for a period of at least five years.

At 30 September 2019, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been $659 (2018 – $501) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

3. Risk management... continued

a) Financial risk factors... continued

v) Country risk

On 19 May 2017, Foreign Exchange Agreement No. 38 was published, which specifically regulates the Foreign Exchange Rate System of the Market's Floating Complementary Exchange Rate ("DICOM"). Foreign currency auctions through the aforementioned system may be carried out with positions held by individuals and legal entities of the private sector that wish to present their bid and offer positions. Auctions may also be carried out by the Central Bank of Venezuela. The DICOM system is administered, regulated and directed by the Currency Auctions Committee, which is constituted and governed in accordance with the provisions of the aforementioned Agreement. The amounts and conditions of the amounts of the respective auction is determined at each opportunity by the Currency Auctions Committee. The DICOM corresponding to each auction is published on the website of the Central Bank of Venezuela. On 7 September 2018, this Foreign Exchange Agreement No. 38 was superseded by the Foreign Exchange Agreement No. 1. Under this mechanism the Bolivar has devalued significantly, moving from a conversion rate of Bolivars 62.17 to US$1.00 in the prior year to a conversion rate of Bolivars 20,746 to US$1.00 at year end. The Group has used the DICOM exchange rate to convert the net assets of its subsidiary in Margarita, Venezuela resulting in a translation loss of $388 (2018 - gain of $14) which was recognised in the consolidated statement of comprehensive income. The revenues, operating income and statement of financial position totals of this entity is not considered significant to the Group. However management is currently seeking avenues by which to mitigate any further exchange risk.

As at 1 October 2018, the Group's subsidiary in Caracas, Venezuela changed its functional currency from Bolivars to United States dollars ("USD"). The change was made to reflect that USD has become the predominant currency in this subsidiary, accounting for a significant part of its cash flows, cash flow management and financing. This change has been implemented prospectively.

b) Fair value of financial assets and liabilities

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

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

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

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

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

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

3. Risk management... continued

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

	Level 1	Level 2	Level 3	Total
2019				
Financial instruments measured at fair value through other comprehensive income:				
Equity securities	2,548	9,763	–	12,311
2018				
Available-for-sale securities:				
Equity securities	2,254	9,808	–	12,062

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

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

c) Capital risk management

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

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

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

During 2019 and 2018, the Group's strategy was to achieve a debt to equity ratio of 40:60. The debt to equity ratios at 30 September 2019 and 2018, are as follows:

	2019	2018
Total debt	383,561	374,502
Total equity	682,535	669,157
Debt to equity ratio	36:64	36:64

Statutory compliance

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

Section 34 of the Insurance Act states that a general insurer will be deemed to be insolvent if its assets do not exceed the sum of its liabilities by the greater of $148 or twenty percent (20%) of its premium income in respect of its general insurance business in its last preceding financial year. Premium income of a company shall be assessed as the net amount, after deductions for any premiums paid by the company for reinsurance in that year in respect of all general insurance business carried on by the company. The company was deemed solvent as at 30 September 2019 and 2018.

3. Risk management... continued

c) Capital risk management... continued

Section 80 of the Insurance Act requires that a general insurer (carrying on motor vehicle and insurance business other than long-term insurance) shall deposit with the Registrar either the greater of $56 or an amount equal to forty percent (40%) of its net premium income in respect of business transacted during the last preceding financial year. The company was in compliance with this requirement as of 30 September 2019 and 2018.

Section 88 of the Insurance Act requires that the company establishes a motor vehicle insurance fund equal to its liability and contingency reserves for motor vehicle insurance business less amounts held on deposit with the Registrar. The company was in compliance with this requirement as of 30 September 2019 and 2018.

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

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

	2019	2018
Regulatory capital held	2,370	2,370
Minimum regulatory capital	555	555

d) Insurance risk

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

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

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

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

3. Risk management... continued

d) Insurance risk... continued

Reinsurance arrangements

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

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

4. Critical accounting estimates and judgements

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

a) *Revaluation of properties*

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

b) *Property, plant and equipment*

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

c) *Consolidation of flight kitchen operations*

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

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

4. Critical accounting estimates and judgements... continued

c) Consolidation of flight kitchen operations... continued

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

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

d) Recognition and measurement of intangible assets

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

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

e) Impairment of intangible assets

i) Goodwill

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

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

ii) Other intangible assets

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

f) Impairment of financial assets

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

g) Employee benefits

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

h) Deferred taxes

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

4. Critical accounting estimates and judgements... continued

i) Revenue from contracts with customers

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

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

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

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

ii) Principal versus agent considerations

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

- The Group is not primarily responsible for fulfilling the promise to provide the shipping services.
- The Group has no discretion in establishing the price for the shipping services. The Group's consideration in these contracts is only based on commissions that are a fixed fee or a percentage of the cost of shipping services.

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

iii) Estimating variable consideration and assessing the constraint

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

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

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

4. Critical accounting estimates and judgements... continued

i) Revenue from contracts with customers... continued

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

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

The stand-alone selling price of the product sold is estimated based on the retail price. A contract liability is recognised until the points are redeemed or expire.

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

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

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

5. Segmental reporting

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

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

5. Segmental reporting... continued

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

Operating segments

	Automotive, building supplies and services	Caribbean Distribution Partners Ltd.	Manufac-turing and services	Catering and ground handling	Financial services	Elimina-tions/ unallocated	Total
2019							
Revenue from contracts with customers							
External sales	369,968	–	223,824	280,341	–	(5,833)	868,300
Inter-segment sales	3,746	–	2,890	284	–	(6,920)	–
Associated companies' sales	–	649,522	17,494	88,800	20,289	(776,105)	–
Total revenue	373,714	649,522	244,208	369,425	20,289	(788,858)	868,300
Segment result							
Profit/(loss) from operations	18,148	–	8,173	39,215	–	(17,007)	48,529
Other gains/(losses) – net	4,936	–	791	3,399	–	6,751	15,877
Finance costs	(5,802)	–	(231)	(190)	–	(5,948)	(12,171)
Share of income/(loss) of associated companies	–	10,648	555	1,193	(699)	(1,780)	9,917
Income/(loss) before non-controlling interests and taxation	17,282	10,648	9,288	43,617	(699)	(17,984)	62,152
Non-controlling interests	(2,156)	–	(195)	(23,123)	–	25,474	–
Income/(loss) before taxation	15,126	10,648	9,093	20,494	(699)	7,490	62,152
Taxation							(15,570)
Net income for the year							46,582
Other information							
Operating assets	327,401	–	152,576	138,725	–	133,558	752,260
Intangible assets	17,091	–	1,244	12,243	–	–	30,578
Investments in associated companies	–	118,350	15,011	9,709	756	21,687	165,513
Unallocated corporate assets	–	–	–	–	–	117,745	117,745
Consolidated corporate assets	344,492	118,350	168,831	160,677	756	272,990	1,066,096
Capital expenditure	12,372	–	7,003	13,287	–	1,393	34,055
Depreciation	7,083	–	6,507	8,556	–	1,780	23,926
Amortisation of intangible assets	1,115	–	–	192	–	–	1,307
Employee numbers – subsidiary companies only	1,450	–	791	3,499	–	62	5,802

5. Segmental reporting... continued

Operating segments... continued

	Automotive, building supplies and services	Caribbean Distribution Partners Ltd.	Manufac-turing and services	Catering and ground handling	Financial services	Elimina-tions/ unallocated	Total
2018							
Revenue							
External sales	372,713	–	177,839	257,264	–	(1,964)	805,852
Inter-segment sales	2,729	–	2,432	472	–	(5,633)	–
Associated companies' sales	–	630,838	18,252	73,093	149,034	(871,217)	–
Total revenue	375,442	630,838	198,523	330,829	149,034	(878,814)	805,852
Segment result							
Profit/(loss) from operations	20,154	–	12,816	39,888	–	(17,211)	55,647
Other gains/(losses) – net	2,185	–	5,390	3,765	–	3,152	14,492
Finance costs	(5,450)	–	(287)	(126)	–	(5,671)	(11,534)
Share of income/(loss) of associated companies	–	8,260	582	834	(3,782)	(2,573)	3,321
Income/(loss) before non-controlling interests and taxation	16,889	8,260	18,501	44,361	(3,782)	(22,303)	61,926
Non-controlling interests	(1,717)	–	(278)	(23,600)	–	25,595	–
Income/(loss) before taxation	15,172	8,260	18,223	20,761	(3,782)	3,292	61,926
Taxation							(17,960)
Net income for the year							43,966
Other information							
Operating assets	319,254	–	144,848	132,840	–	132,857	729,799
Intangible assets	18,206	–	1,244	3,815	–	–	23,265
Investments in associated companies	–	106,780	14,531	6,909	23,530	23,548	175,298
Unallocated corporate assets	–	–	–	–	–	115,297	115,297
Consolidated corporate assets	337,460	106,780	160,623	143,564	23,530	271,702	1,043,659
Capital expenditure	16,129	–	39,837	14,316	–	10,601	80,883
Depreciation	6,764	–	5,729	8,828	–	1,637	22,958
Amortisation of intangible assets	1,195	–	–	192	–	–	1,387
Impairment of intangible assets	–	–	6,887	–	–	–	6,887
Employee numbers – subsidiary companies only	1,416	–	766	3,135	–	65	5,382

5. Segmental reporting... continued

Operating segments... continued

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

	2019	2018
Total income before non-controlling interests and taxation for reportable segments	80,136	84,229
Eliminations/unallocated		
Unallocated group companies	(17,984)	(22,319)
Intercompany eliminations	–	16
Total eliminations/unallocated	(17,984)	(22,303)
Total income before taxation	62,152	61,926

Reportable segment assets are reconciled to total assets as follows:

	2019	2018
Total assets for reportable segments	793,106	771,957
Unallocated assets		
Operating assets for unallocated group companies	155,245	156,405
Current income tax assets	5,468	4,835
Investment property	30,694	30,370
Financial investments	70,414	65,134
Deferred income tax assets	2,515	4,129
Pension plan assets	8,654	10,829
Total unallocated assets	272,990	271,702
Total assets	1,066,096	1,043,659

Geographical information

	External sales		Non-current assets	
	2019	2018	2019	2018
Barbados	193,136	203,965	179,081	204,778
St. Lucia	99,842	98,622	80,540	71,742
Grenada	89,634	85,417	48,442	48,892
Other Caribbean	126,074	124,448	224,560	204,390
Latin America	174,164	153,210	75,853	77,142
Other	185,450	140,190	4,087	5,185
Total	868,300	805,852	612,563	612,129

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

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

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

5. Segmental reporting... continued

Geographical segments

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

5. Segmental reporting... continued

Geographical segments... continued

	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2018					
Revenue					
External sales	274,222	356,530	173,838	1,262	805,852
Inter-segment sales	4,507	1,126	–	(5,633)	–
Associated companies' sales	170,122	671,130	31,647	(872,899)	–
Total revenue	448,851	1,028,786	205,485	(877,270)	805,852
Segment result					
Profit/(loss) from operations	25,139	26,398	21,490	(17,380)	55,647
Other gains/(losses) – net	2,136	611	8,593	3,152	14,492
Finance costs	(1,265)	(4,484)	(114)	(5,671)	(11,534)
Share of (loss)/income of associated companies	(3,125)	6,895	1,150	(1,599)	3,321
Income/(loss) before non-controlling interests and taxation	22,885	29,420	31,119	(21,498)	61,926
Non-controlling interests	(2,970)	(9,479)	(13,222)	25,671	–
Income before taxation	19,915	19,941	17,897	4,173	61,926
Taxation					(17,960)
Net income for the year					43,966
Other information					
Operating assets	167,958	306,075	122,332	133,434	729,799
Intangible assets	7,179	13,936	1,448	702	23,265
Investments in associated companies	36,759	129,781	4,307	4,451	175,298
Unallocated corporate assets	–	–	–	115,297	115,297
Consolidated corporate assets	211,896	449,792	128,087	253,884	1,043,659
Capital expenditure	9,621	18,942	41,686	10,634	80,883
Depreciation	7,659	8,055	5,606	1,638	22,958
Amortisation of intangible assets	641	746	–	–	1,387
Impairment of intangible assets	–	–	6,887	–	6,887
Employee numbers – subsidiary companies only	966	2,363	1,975	68	5,382

6. Cash and cash equivalents

	2019	2018
Cash	79,835	65,705
Bank overdraft (note 11)	(16,585)	(18,083)
	63,250	47,622

Significant concentrations of cash are as follows:

	2019	2018
CIBC FirstCaribbean International Bank (unrated)	34,353	15,890
CIBC (Long Term Issue Credit Rating A+ by Standard & Poor's)	7,790	22,263

7. Trade and other receivables

	2019	2018
Trade receivables	80,262	86,168
Right of return assets (note 24)	215	–
Other receivables	26,471	25,372
Loans receivables	6,841	10,715
Trade and other receivables	113,789	122,255
Less: Provision for expected credit losses	(7,581)	–
Less: Provision for impairment of receivables	–	(4,004)
Trade and other receivables – net	106,208	118,251
Less: Long-term portion – loans and other receivables (net)	(11,578)	(13,564)
Current portion	94,630	104,687

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

	2019	2018
Balance at beginning of the year	4,004	3,620
Effect of adoption of IFRS 9	1,861	–
Subsidiary acquired during the year	190	–
Increase in the provision during the year	3,922	–
Provision for impairment of receivables	–	1,344
Receivables written off during the year	(1,837)	(368)
Recoveries during the year	(537)	(586)
Exchange adjustment	(22)	(6)
Balance at end of the year	7,581	4,004

Direct write-offs for impaired receivables net of recoveries to the consolidated statement of income were $365 (2018 – $382).

7. Trade and other receivables... continued

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

	2019	2018
Current (neither past due or impaired)	47,015	70,695
Past due but not impaired – up to 90 days	15,862	7,285
Past due but not impaired – 91 to up to 180 days	9,781	2,459
Past due but not impaired – over 180 days	3,914	2,642
Credit impaired trade receivables	3,690	3,087
	80,262	86,168
Less: Provision for expected credit losses (note 24)	4,880	–
Less: Provision for impairment of trade receivables	–	3,087
	75,382	83,081

8. Due by/to associated companies

Of these amounts, $17,937 (2018 – $14,591) is interest free, unsecured and due on demand and $4,176 (2018 – $5,891) carries interest at a rate of 5.5% (2018 – 5.5%) and is repayable in three years. Due by/to associated companies is constituted as follows:

	2019	2018
Due by associated companies (due within twelve months)	21,437	19,699
Due by associated companies (due after twelve months)	2,737	4,469
Due to associated companies	(2,061)	(3,686)
	22,113	20,482

On the adoption of IFRS 15, a provision for expected credit losses in respect of amounts due by associated companies of $510 was recorded. A decrease of $135 in this provision was recorded during the year. No provision for impairment was recorded in 2018.

9. Reinsurance assets

	2019	2018
Outstanding claims	367	482
Deferred reinsurance costs	4,831	6,337
	5,198	6,819

10. Inventories

	2019	2018
Finished goods	126,373	108,836
Raw materials	21,738	23,922
Work in progress	2,652	1,597
	150,763	134,355
Less: Provision for obsolescence	(1,083)	(1,012)
	149,680	133,343

The cost of inventories written down and recognised as an expense and included in cost of sales amounted to $2,502 (2018 – $2,857).

11. Borrowings

	2019	2018
Non-current		
Bank term loans at interest rates between 3.25% to 9.85% (2018 – 3.50% to 12.86%) repayable in regular instalments maturing at various intervals through 2033 (2018 – through to 2028) – see note (a)	**141,011**	129,646
Current		
Bank term loans at interest rates between 3.25% to 9.85% (2018 – 3.50% to 12.86%) repayable in regular instalments maturing at various intervals through 2033 (2018 – through to 2028) – see note (a)	**49,163**	49,686
Short-term loans repayable on demand – see note (b)	**924**	825
Preference shares – redeemable up to 2023 at a dividend rate of 6.50% (2018 – 6.50%) payable semi-annually – see note (c)	**32,434**	32,434
Bank overdraft (interest rates of 5.00% to 11.25%) (2018 – 5.00% to 10.25%) (note 6) – see note (a)	**16,585**	18,083
	99,106	101,028
Total	**240,117**	230,674

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

b) The short-term loans are unsecured and bear interest at rates varying between 3% and 5% (2018 – 3% and 5%) per annum.

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

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

Antigua: Floating charge debenture over business assets stamped for $1,037 (2018 – $1,037).

Barbados: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of certain subsidiary companies stamped to secure $59,714 (2018 – $55,247), guarantee bond and postponement of claims by Goddard Enterprises Limited for full liability, assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Lucia: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of certain subsidiary companies stamped to secure $23,792 (2018 – $12,660), assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Vincent: Equitable mortgage on deed of conveyance over land and buildings of a subsidiary company, assignment of fire and perils insurance over business assets and postponement of claim by Goddard Enterprises Limited for full liability.

11. Borrowings... continued

Jamaica: A registered first demand debenture and first demand mortgage over land and buildings providing a fixed and floating charge over assets stamped to secure $6,960 (2018 – $5,318) and guarantee of Goddard Enterprises Limited to cover full liability.

Grenada: First legal mortgage over land and buildings stamped to secure $2,963 (2018 – $3,111).

Colombia: Mortgage on property stamped to secure $773 (2018 – $3,012).

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

	2019	2018
No exposure	143,705	189,070
Less than 1 year	25,213	19,706
1 – 5 years	60,983	14,787
Over 5 years	10,216	7,111
	240,117	230,674

The fair value of the Group's fixed rate borrowings at the year end was $128,203 (2018 – $152,764).

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

	2019	2018
Barbados dollar	67,349	72,131
Eastern Caribbean dollar	112,826	91,628
Jamaica dollar	5,479	5,001
United States dollar	48,632	55,075
Colombia peso	796	713
Trinidad and Tobago dollar	5,035	6,126
	240,117	230,674

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

	2019	2018
Opening bank term loans	179,332	131,422
Loans received	33,199	66,601
Loans repaid	(22,241)	(18,329)
Exchange adjustments	(116)	(362)
Closing bank term loans	190,174	179,332

12. Trade and other payables

	2019	2018
Trade payables	45,659	50,367
Accrued liabilities	72,033	60,945
Refund liabiities	313	–
Contract liabilities	1,072	–
	119,077	111,312

13. Insurance contracts

	2019	2018
Provision for losses and loss adjustment expenses	1,347	1,425
Unearned premiums	7,035	8,556
	8,382	9,981

14. Property, plant and equipment

	Freehold land and buildings	Construction in progress	Leasehold buildings	General equipment	Total
At 30 September 2017					
Cost or valuation	247,367	–	46,943	242,829	537,139
Accumulated depreciation	(12,911)	–	(35,152)	(175,058)	(223,121)
Net book amount	234,456	–	11,791	67,771	314,018
Year ended 30 September 2018					
Opening net book amount	234,456	–	11,791	67,771	314,018
Exchange differences	(769)	–	(330)	(1,122)	(2,221)
Additions	7,906	11,377	1,467	23,820	44,570
Acquisition of assets	18,614	–	–	17,699	36,313
Disposals	(554)	–	(358)	(2,673)	(3,585)
Reclassifications	(3,016)	–	3,507	(491)	–
Revaluations	(1,899)	–	–	–	(1,899)
Hyperinflationary revaluation	–	–	84	841	925
Depreciation charge (note 25)	(3,339)	–	(2,396)	(17,223)	(22,958)
Closing net book amount	251,399	11,377	13,765	88,622	365,163
At 30 September 2018					
Cost or valuation	262,231	11,377	56,010	270,861	600,479
Accumulated depreciation	(10,832)	–	(42,245)	(182,239)	(235,316)
Net book amount	251,399	11,377	13,765	88,622	365,163
Year ended 30 September 2019					
Opening net book amount	251,399	11,377	13,765	88,622	365,163
Exchange differences	(927)	–	(196)	(1,610)	(2,733)
Additions	4,766	5,938	1,571	21,780	34,055
Subsidiary acquired during the year (note 34)	–	–	–	662	662
Disposals	–	–	(6)	(1,770)	(1,776)
Reclassifications	8,501	(8,501)	19	(19)	–
Hyperinflationary revaluation	–	–	–	18	18
Depreciation charge (note 25)	(3,791)	–	(2,150)	(17,985)	(23,926)
Closing net book amount	259,948	8,814	13,003	89,698	371,463
At 30 September 2019					
Cost or valuation	275,246	8,814	57,043	280,623	621,726
Accumulated depreciation	(15,298)	–	(44,040)	(190,925)	(250,263)
Net book amount	259,948	8,814	13,003	89,698	371,463

14. Property, plant and equipment... continued

Depreciation expense of $4,197 (2018 – $3,905) and $19,729 (2018 – $19,053) respectively has been included in cost of sales and selling, marketing and administrative expenses.

Operating lease rental expenses amounting to $7,136 (2018 – $7,357) have been included in selling, marketing and administrative expenses.

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

	2019	2018
Cost	152,419	153,717
Accumulated depreciation	(32,424)	(30,295)
	119,995	123,422

Land and buildings up to a total value of $67,494 (2018 – $67,280) have been provided as security for various bank borrowings.

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

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

15. Investment property

	2019	2018
Balance – beginning of year	30,370	29,024
Fair value gains/(losses) on revaluation of investment property (note 26)	968	(1,798)
Transfer from non-current assets held for sale	–	666
Disposal of investment property	(620)	–
Exchange adjustment	(24)	(212)
Acquisition of investment property	–	2,690
Balance – end of year	30,694	30,370

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

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

Rental income from investment properties amounted to $2,725 (2018 – $2,442) and direct operating expenses totalled $11 (2018 – $14) for the year.

16. Intangible assets

	Goodwill	Trade names	Customer relationships	Other	Total
At 30 September 2017					
Cost	26,387	12,462	11,712	162	50,723
Accumulated amortisation	–	(5,018)	(4,719)	(109)	(9,846)
Accumulated impairment	(16,927)	–	–	–	(16,927)
Net book amount	9,460	7,444	6,993	53	23,950
Year ended 30 September 2018					
Opening net book amount	9,460	7,444	6,993	53	23,950
Acquisition of intangible assets	702	–	–	6,887	7,589
Amortisation charge (note 26)	–	(604)	(772)	(11)	(1,387)
Impairment (note 26)	–	–	–	(6,887)	(6,887)
Closing net book amount	10,162	6,840	6,221	42	23,265
At 30 September 2018					
Cost	27,089	12,462	11,712	7,049	58,312
Accumulated amortisation	–	(5,622)	(5,491)	(120)	(11,233)
Accumulated impairment	(16,927)	–	–	(6,887)	(23,814)
Net book amount	10,162	6,840	6,221	42	23,265
Year ended 30 September 2019					
Opening net book amount	10,162	6,840	6,221	42	23,265
Acquisition of intangible assets (note 34)	8,620	–	–	–	8,620
Amortisation charge (note 26)	–	(524)	(772)	(11)	(1,307)
Closing net book amount	18,782	6,316	5,449	31	30,578
At 30 September 2019					
Cost	35,709	12,462	11,712	7,049	66,932
Accumulated amortisation	–	(6,146)	(6,263)	(131)	(12,540)
Accumulated impairment	(16,927)	–	–	(6,887)	(23,814)
Net book amount	18,782	6,316	5,449	31	30,578

16. Intangible assets... continued

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

	Allocation beginning of year	Additions	Allocation end of year
Automotive, building supplies and services	6,638	–	6,638
Manufacturing and services	1,243	–	1,243
Catering and ground handling	2,281	8,620	10,901
	10,162	**8,620**	**18,782**

The recoverable amount of a cash-generating unit is determined based on its value-in-use calculations. These calculations use pre-tax cash flow projections prepared by management for the next five years.

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

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

	2019	
	Discount factor	Residual growth rate
Automotive, building supplies and services	9.2% – 12.9%	2.0% – 4.0%
Manufacturing and services	12.5%	2.5%
Catering and ground handling	10.0%	2.5%

17. Investments in associated companies

The movement in investments in associated companies is as follows:

	2019	2018
Investments in associated companies – beginning of year	175,298	154,539
Effect of adopting IFRS 9 and 15	(529)	–
	174,769	154,539
Investments made during the year	3,060	25,629
Disposal of an associated company	(22,072)	(5,039)
Share of net income less dividends received for the year	7,821	(2,076)
Other comprehensive income	1,935	2,245
Investments in associated companies – end of year	165,513	175,298

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

17. Investments in associated companies... continued

During the year, the Group acquired a 40.8% shareholding in GAS Group Aviation Support Services S.A. ("GAS") for $3,060. GAS is a company incorporated in Costa Rica which provides ground handling services to airlines.

During the year, the Group disposed of one of its associates, namely Sagicor General Insurance Inc. ("Sagicor General"). The resulting gain on disposal, which is included in other gains/(losses) – net in the Group's consolidated statement of income, is as follows:

	2019
Sales proceeds less cost to sell	24,373
Less carrying value of investment in associate	(22,072)
Gain on disposal	2,301

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

Summarised statement of financial position for the associated companies:

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

17. Investments in associated companies... continued

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

	CDP	Sagicor General	Other	Total
2018				
Assets				
Current assets	236,290	195,058	71,641	502,989
Non-current assets	187,829	58,787	59,076	305,692
	424,119	253,845	130,717	808,681
Liabilities				
Current liabilities	123,935	187,638	42,166	353,739
Non-current liabilities	76,769	15,032	22,075	113,876
	200,704	202,670	64,241	467,615
Net assets	223,415	51,175	66,476	341,066
Average proportion of the Group's ownership	48%	45%	41%	46%
Carrying amount of investments before intangibles	106,780	23,029	27,027	156,836
Intangibles on investments in associated companies	–	–	18,462	18,462
Carrying amount of investments	106,780	23,029	45,489	175,298

Summarised statement of income for the associated companies:

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

17. Investments in associated companies... continued

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

	CDP	Sagicor General	Other	Total
2018				
Revenue	630,838	130,213	112,418	873,469
Income/(loss) before taxation	23,086	(3,897)	(6,723)	12,466
Taxation	(5,713)	56	(1,540)	(7,197)
Net income/(loss) for the year	17,373	(3,841)	(8,263)	5,269
Other comprehensive income/(loss)	4,356	(1,069)	(59)	3,228
Total comprehensive income/(loss)	21,729	(4,910)	(8,322)	8,497
Group's share of income/(loss) for the year	8,260	(1,728)	(3,211)	3,321
Group's share of dividends received for the year	(3,505)	–	(1,891)	(5,396)

18. Financial investments

	2019	2018
Investments measured at fair value through other comprehensive income	**39,440**	–
Available-for-sale investments	–	36,836
Investments measured at amortised cost	**30,974**	28,298
	70,414	65,134

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

1 October 2018

	Stage 1	Stage 2	Stage 3	Total
Investments at amortised cost				
Government	27,113	–	–	27,113
Corporate bonds	1,185	–	–	1,185
Total gross carrying amount	28,298	–	–	28,298
Expected credit loss allowance	(173)	–	–	(173)
Total carrying amount	28,125	–	–	28,125

18. Financial investments... continued

30 September 2019

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

Significant concentrations of financial investments are as follows:

	2019	2018
Investments at amortised cost:		
Government of St. Lucia Bonds (unrated)	3,342	4,906
Government of St. Lucia Treasury Notes (unrated)	3,098	4,882
Government of St. Vincent Treasury Notes (unrated)	–	1,481
East Caribbean Financial Holding Co. – Bank of St. Lucia (unrated)	2,599	2,587
First Citizens Investment Services Ltd. (unrated)	7,270	7,265
Government of Antigua Treasury Notes (unrated)	2,044	889
Government of St. Vincent Treasury Bonds (unrated)	1,593	–
Government of Grenada Treasury Bills (unrated)	1,785	1,081
Commonwealth of Bahamas Bond (unrated)	1,139	1,111
Eastern Caribbean Home & Mortgage Bank Corporate Note (unrated)	1,471	1,185

Investments measured at fair value through other comprehensive income:

	2019	2018
CIBC FirstCaribbean International Bank (unrated)	1,241	1,241
OAM Asian Recovery Fund (unrated)	5,917	5,816
OAM European Value Fund (unrated)	3,778	3,923
Mutual Financial Services Inc. (unrated)	1,595	1,538
Sagicor Financial Corporation (unrated)	1,119	860
Mirexus Biotechnologies Inc. (unrated)	20,769	18,088
Unidad Punta de Rieles S.A. (unrated)	3,467	3,855

Debt securities carry fixed interest rates ranging from 1.5% to 7.15% (2018 – 1.5% to 7.15%) and maturity dates between 2020 and 2057 (2018 – 2019 and 2057).

No investments at amortised cost were past due at the reporting date.

The Group has subscribed to a convertible promissory note in its associate Mirexus Biotechnologies Inc. ("Mirexus") amounting to $20,572 (CDN$13,565) (2018 – $17,926 (CDN$11,565)) accruing interest at 1% (2018 – 1%) per annum. The full aggregate balance of the loan (both principal and accrued interest) is subject to mandatory conversion into common shares of Mirexus at a price per share of CDN$2.87 upon maturity in June 2022. The interest accrues on a daily basis via an increase to the principal amount but is never settled in cash. As at 30 September 2019, Mirexus, the issuer, has accounted for the transaction as an issuance of equity based on the substance of the transaction. As a result of this

18. Financial investments... continued

and the fact that the Group currently does not exercise control over Mirexus, the investment has been classified as fair value through other comprehensive income and shown separately from the investment in associated companies.

Debt securities amounting to $7,933 (2018 – $7,801) were used as securities for the statutory deposits and motor insurance fund for the Group's insurance company.

19. Deferred income tax assets/(liabilities)

	2019	2018
Deferred income tax liabilities (net) – beginning of year	(2,472)	(506)
Deferred income tax credit/(charge) to other comprehensive income	399	(1,378)
Deferred income tax credit/(charge) (note 29)	(33)	(581)
Exchange adjustment	126	(7)
Deferred income tax liabilities (net) – end of year	(1,980)	(2,472)

	2019	2018
Represented by:		
Deferred income tax assets	2,515	4,129
Deferred income tax liabilities	(4,495)	(6,601)
Deferred income tax liabilties (net) – end of year	(1,980)	(2,472)

The deferred income tax assets consist of the following components:

	2019	2018
Delayed tax depreciation	8,404	8,570
Taxed provisions	1,551	949
Pension plan assets (net of liabilities)	280	(967)
Unutilised tax losses	11,790	10,490
Other	1,441	409
	23,466	19,451
Deferred income tax assets at applicable corporation tax rates	2,515	4,129

The deferred income tax liabilities consist of the following components:

	2019	2018
Accelerated tax depreciation	(18,791)	(19,636)
Taxed provisions	(3,653)	(2,699)
Pension plan assets (net of liabilities)	(5,414)	(5,824)
Unutilised tax losses	–	1,020
Other	(1,635)	(1,093)
	(29,493)	(28,232)
Deferred income tax liabilities at applicable corporation tax rates	(4,495)	(6,601)

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

	2019	2018
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	2,289	3,921
Deferred income tax assets to be recovered within 12 months	226	208
	2,515	4,129
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	(4,457)	(6,366)
Deferred income tax liabilities to be settled within 12 months	(38)	(235)
	(4,495)	(6,601)

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

	2019	2018
Delayed tax depreciation	(8)	(8)
Unutilised tax losses	6,120	6,258
Intangible assets	(4,792)	(5,433)
	1,320	817
Deferred income tax assets at applicable corporation tax rates	51	205

20. Pension plans

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

The benefits that members receive at retirement under the defined contribution plans depend on their account balances at retirement and the cost of purchasing an annuity. Most of the defined benefit pension plans are non-contributory and allow for additional voluntary contributions with benefits dependent on either the career average salary or the final average salary in the last three years of membership. The defined benefit plans are fully integrated with the benefits provided by any national insurance or social security schemes in the different countries that are covered by the plans. Annual valuations of the defined benefit pension plans are performed by independent actuaries and the companies' contributions are adjusted according to the actuaries' recommendations. The last full actuarial valuations of the plans were performed as at 30 September 2017. Interim actuarial valuations of the plans were performed as at 30 September 2019.

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

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

20. Pension plans... continued

In respect of the defined contribution pension plans operated by the Group, the amounts recognised in the consolidated statement of income are $2,794 (2018 – $2,789).

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

Pension plan assets

	2019	2018
Fair value of plan assets	112,802	114,760
Present value of funded obligations	(104,148)	(103,931)
Net assets – end of year	8,654	10,829

Pension plan liabilities

	2019	2018
Fair value of plan assets	19,439	18,503
Present value of funded obligations	(22,959)	(22,541)
Net liabilities – end of year	(3,520)	(4,038)

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

	2019	2018
Fair value of plan assets – beginning of year	133,263	124,342
Employer contributions	1,540	2,952
Employee contributions	1,215	1,126
Benefits paid	(5,405)	(4,813)
Transfer value received	–	1,485
Plan administration expenses	(362)	(225)
Remeasurements:		
Return on plan assets	1,990	8,396
Fair value of plan assets – end of year	132,241	133,263

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

	2019	2018
Present value of funded obligations – beginning of year	126,472	122,495
Current service cost	2,001	2,061
Contributions paid	1,215	1,126
Interest cost	9,642	9,460
Benefits paid	(5,405)	(4,813)
Benefits transferred	–	1,485
Remeasurements:		
Experience gains	(6,818)	(5,342)
Present value of funded obligations – end of year	127,107	126,472

20. Pension plans... continued

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

	2019	2018
Net asset/(liability) – beginning of year	6,791	(2,865)
Net pension expense included in the consolidated statement of income	(1,863)	(2,337)
Remeasurements included in the consolidated statement of comprehensive income	(1,334)	9,041
Contributions paid	1,540	2,952
Net asset – end of year	5,134	6,791

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

	2019	2018
Current service cost	2,001	2,061
Net interest on the net defined benefit liability/asset	(500)	(173)
Plan administration expenses	362	225
Amount not recognised because of limit placed on the economic value of surplus	–	224
Net amount recognised in the consolidated statement of income	1,863	2,337

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

	2019	2018
Remeasurements:		
Experience gains	(6,818)	(5,342)
Return on plan assets excluding amounts included in interest expense	8,152	1,237
Adjustment due to IFRIC 14	–	(4,936)
Net amount recognised in the consolidated statement of comprehensive income	1,334	(9,041)

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

	2019	2018
Discount rate	7.5% - 7.8%	7.5% - 7.8%
Expected return on plan assets	7.5% - 7.8%	7.5% - 7.8%
Future promotional salary increases	3.0% - 5.0%	3.0% - 5.0%
Future inflationary salary increases	0.0% - 3.8%	0.0% - 3.8%
Future pension increases	2.0% - 3.8%	2.0% - 3.8%
Proportion of employees opting for early retirement	0.0%	0.0%
Future changes in NIS ceiling	2.0% - 5.0%	2.0% - 5.0%
Mortality	UPM94	UPM94

20. Pension plans... continued

Plan assets are comprised as follows:

	2019	2018
Bonds Fund	**8.4%**	9.6%
Equity Fund	**75.4%**	74.2%
Balanced Fund	**14.8%**	13.1%
Other	**1.4%**	3.1%
Total	**100.0%**	100.0%

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

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

Expected contributions to the defined benefit pension plans for the year ending 30 September 2020 are $2,188.

The weighted average duration of the defined benefit obligations within the Group ranges from 10.34 to 26.43 years (2018 – 12.58 to 26.85 years).

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

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1.0%	14,610	18,489
Salary growth rate	0.5%	3,711	3,344
Life expectancy	1 year	6,520	–

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

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

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

20. Pension plans... continued

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

	2019	2018
Less than 1 year	4,438	4,374
Between 1 - 2 years	4,877	4,883
Between 2 - 5 years	16,845	17,073
Over 5 years	43,149	41,824
	69,309	68,154

21. Share capital

Authorised

The Company is authorised to issue:

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

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

Issued and fully paid

	2019	2018
Common shares	47,421	46,353

	2019		2018	
	Number of shares	$	Number of shares	$
Balance – beginning of year	226,607,708	46,353	56,544,431	45,169
Shares issued during the year – see a)	368,545	1,068	124,873	1,198
Shares repurchased during the year	–	–	(17,377)	(14)
Share subdivision	–	–	169,955,781	–
Balance – end of year	226,976,253	47,421	226,607,708	46,353

Changes during the year were as follows:

a) In November 2018, employees of the Company and its Barbados subsidiary companies were offered shares in part payment of bonus payable in December 2018, as permitted by law. A total of 103,138 shares were issued at a price of $3.23 each. These shares qualified for the 2018 interim dividend paid in February 2019. Subsequently, in May 2019, 265,407 shares were allotted under the employee share purchase scheme at $2.77 per share. These shares qualified for the 2019 interim dividend paid in August 2019.

22. Other reserves

	Financial investments reserve	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at 1 October 2017	5,017	101,141	(29,714)	2,109	2,389	80,942
Other comprehensive income/(loss):						
Unrealised losses on available-for-sale financial investments:						
– Group	(311)	–	–	–	–	(311)
– Associated companies	(109)	–	–	–	–	(109)
Currency translation differences:						
– Group	–	–	(2,979)	–	–	(2,979)
– Associated companies	–	–	(503)	–	–	(503)
Hyperinflationary revaluations	–	(345)	–	–	–	(345)
Share of revaluation surplus:						
– Group	–	(2,716)	–	–	–	(2,716)
– Associated companies	–	2,385	–	–	–	2,385
Other comprehensive income/(loss) for the year	(420)	(676)	(3,482)	–	–	(4,578)
Value of employee services:						
– Other share-based plans	–	–	–	186	–	186
Balance at 30 September 2018	4,597	100,465	(33,196)	2,295	2,389	76,550
Balance at 1 October 2018	4,597	100,465	(33,196)	2,295	2,389	76,550
Other comprehensive income/(loss):						
Disposal of associate	(313)	(1,014)	1,348	–	–	21
Unrealised gains on financial investments at FVOCI:						
– Group	89	–	–	–	–	89
– Associated companies	1	–	–	–	–	1
Currency translation differences:						
– Group	–	–	879	–	–	879
– Associated companies	–	–	1,846	–	–	1,846
Hyperinflationary revaluations	–	523	–	–	–	523
Share of revaluation surplus:						
– Associated companies	–	(82)	–	–	–	(82)
Other comprehensive income/(loss) for the year	(223)	(573)	4,073	–	–	3,277
Value of employee services:						
– Other share-based plans	–	–	–	208	–	208
Balance at 30 September 2019	**4,374**	**99,892**	**(29,123)**	**2,503**	**2,389**	**80,035**

22. Other reserves... continued

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

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

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

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

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

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

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

23. Share option plan

The Board of Directors made a decision to discontinue the Executive Share Option Plan in 2018.

	2019		2018	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding – beginning of year	–	–	909	5.501
Expired	–	–	(909)	5.501
Outstanding – end of year	–	–	–	–

24. Revenue from contracts with customers

a) Disaggregated revenue information

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

b) Contract balances

	30 September 2019	1 October 2018
Trade receivables – net	75,382	81,594
Contract liabilities	1,072	676

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The acquisition of a subsidiary resulted in an increase in trade receivables of $1,927 at acquisition date (note 34). In 2019, $4,880 (1 October 2018 – $4,574) was recognised as a provision for expected credit losses on trade receivables (note 7).

Contract liabilities include billings to customers for which no revenue was recognised and loyalty points not yet redeemed. The outstanding balances of these accounts increased from 1 October 2018 to 30 September 2019 due to increase in service contracts sold to customers in the automotive sector of $260 and loyalty points of $136.

Set out below is the amount of revenue recognised from:

	2019
Amounts included in contract liabilities at the beginning of the year	396

c) Right of return assets and refund liabilities

	30 September 2019	1 October 2018
Right of return assets (note 7)	215	190
Refund liabilities		
– Arising from rights of return	(313)	(272)

24. Revenue from contracts with customers... continued

d) Performance obligations

Automotive sector

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

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

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

Building supplies sector

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

Shipping sector

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

Food distribution sector

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

Manufacturing sector

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

Catering sector

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

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

24. Revenue from contracts with customers... continued

d) Performance obligations... continued

Ground handling sector

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

25. Expenses by nature

	2019	2018
Cost of sales	502,187	461,426
Selling and marketing expenses	52,662	48,777
Administrative expenses	270,755	245,590
	323,417	294,367
	825,604	755,793

	2019	2018
Depreciation (note 14)	23,926	22,958
Employee benefits expense (note 27)	205,564	189,538
Changes in inventories of finished goods and work in progress	(13,894)	(17,351)
Raw materials and consumables used	478,395	444,513
Transportation	5,031	2,941
Advertising costs	7,766	8,463
Expected credit loss on financial assets (see below)	3,636	–
Provision for impairment of receivables	–	1,140
Other expenses	115,180	103,591
Total cost of sales and selling, marketing and administrative expenses	825,604	755,793

Expected credit loss on financial assets are as follows:

	2019	2018
Expected credit loss on trade and other receivables	3,750	–
Reduction in expected credit loss on due by associates	(135)	–
Expected credit loss on financial investments	21	–
	3,636	–

26. Other gains/(losses) – net

	2019	2018
Gain/(loss) on disposal of property, plant and equipment	621	(671)
Interest income	2,308	2,384
Rental income	8,707	8,715
Dividends from other companies	106	202
Amortisation charge (note 16)	(1,307)	(1,387)
Impairment of intangible assets (note 16)	–	(6,887)
Gain/(loss) on disposal of an associated company	2,301	(616)
Fair value gains/(losses) on revaluation of investment property (note 15)	968	(1,798)
Loss on disposal of investment property	(100)	–
Bargain purchase gain on acquisition of assets	–	12,930
Insurance refund	1,775	846
Hyperinflationary adjustments	498	774
	15,877	14,492

27. Employee benefits expense

	2019	2018
Salaries and other employee benefits	205,356	189,352
Share-based payments	208	186
	205,564	189,538

28. Finance costs

	2019	2018
Interest expense:		
Bank borrowings	9,082	7,815
Dividend on redeemable preference shares	2,108	2,108
Other borrowings	981	1,611
	12,171	11,534

29. Taxation

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

	2019	2018
Current income tax	15,537	17,379
Deferred income tax (note 19)	33	581
	15,570	17,960

29. Taxation... continued

The Group's effective tax rate of 25.0% (2018 – 29.0%) differs from the statutory Barbados tax rate of 5.5% (2018 – 30%) as follows:

	2019	2018
Income before taxation	62,152	61,926
Taxation calculated at 5.5% (2018 – 30.0%)	3,418	18,578
Effect of different tax rates in other countries	10,484	(639)
Foreign income subject to different tax rate	(151)	(1,957)
Tax effect of different tax rates on deferred tax assets and liabilities	1,386	454
Tax effect of associated companies' results reported net of taxes	(546)	(996)
Income not subject to taxation	(728)	(1,192)
Expenses not deductible for tax purposes	4,915	4,355
Taxation allowances	(1,530)	(812)
Decrease/(increase) in deferred tax assets not recognised	440	(335)
Amounts (over)/under provided in prior years	(765)	210
Amounts (under)/over provided in current year	(30)	17
Irrecoverable tax on foreign income	297	294
Tax effect of change in tax rate	(1,948)	252
Effect of losses incurred	104	(259)
Effect of losses expired	224	(10)
	15,570	17,960

Tax losses

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

Year of income	Amount	Year of expiry
2012	5,681	2021
2014	1,413	2023
2014	1	2020
2015	1,128	2022
2016	187	2023
2016	84	2022
2017	3,018	2024
2018	2,122	2025
2019	4,156	2026
2019	120	2025
	17,910	

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

30. Earnings per share

Basic

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

	2019	2018
Net income for the year attributable to equity holders of the Company	31,347	28,598
Weighted average number of common shares in issue (thousands)	226,766	226,547
Basic earnings per share	13.8¢	12.6¢

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares in issue during the year to assume conversion of the redeemable preference shares. In 2019 and 2018, diluted earnings per share exclude the impact of redeemable preference shares as the effect would be anti-dilutive. As a result, both the basic and diluted earnings per share are the same.

31. Dividends per share

The dividends paid in 2019 and 2018 were $13,605 ($0.015 per share – second interim for 2018; $0.015 – third interim for 2018; $0.015 per share – final for 2018; and $0.015 per share – first interim for 2019) and $12,451 ($0.08 per share – interim for 2017; $0.08 per share – final for 2017; and $0.015 per share first interim for 2018).

At the Directors' meetings of 7 October and 2 December 2019, interim dividends in respect of the 2019 financial year of $0.015 and $0.015 per share, respectively were declared. These financial statements do not reflect these dividends payable which will be accounted for in equity as an appropriation of retained earnings in the next financial year.

32. Contingent liabilities

a) Certain subsidiaries have bonds of $31,007 (2018 – $22,947) in favour of the Comptroller of Customs covering delivery of goods prior to payment of duty.

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

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

33. Commitments

Capital commitments

Approvals for capital expenditure to be incurred over the next year, for which no provision has been made in these consolidated financial statements, amounted to $40,989 (2018 – $41,800) at the year-end date.

Lease commitments

a) The Group's flight kitchen operations lease land/properties at various international airports and their environs for periods of up to 25 years, at the following minimum rentals for the next five years:

	2019	2018
Not later than 1 year	2,801	2,553
Later than 1 year and no later than 5 years	8,802	7,230
	11,603	9,783

b) The Group has leased space at various international airports for the purpose of operating restaurants for periods of up to 8 years at the following rental rates for the next five years.

	2019	2018
Not later than 1 year	109	144
Later than 1 year and no later than 5 years	418	313
	527	457

c) Buildings are also situated on lands leased from St. Lucia Air and Sea Ports Authority for a 20 year period expiring in 2032. The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	2019	2018
Not later than 1 year	48	48
Later than 1 year and no later than 5 years	190	190
	238	238

d) Lease of land at Bois D'Orange, St. Lucia which expires in October 2021:

	2019	2018
Not later than 1 year	400	400
Later than 1 year and no later than 5 years	433	833
	833	1,233

e) The Group has leased vehicles from a finance company. The future aggregate minimum lease payments for the remainder of the leases are as follows:

	2019	2018
Not later than 1 year	492	570
Later than 1 year and no later than 5 years	1,020	1,138
	1,512	1,708

34. Business combinations

Caribbean Dispatch Services Limited

On 19 August 2019, Inflite Holdings (St. Lucia) Ltd., a subsidiary of the Group, acquired 100% of the shares in Caribbean Dispatch Services Limited ("CDSL"), for $20,000. This resulted in goodwill of $16,902. CDSL, located in St. Lucia, provides ground handling services to airlines.

The fair values of the assets and liabilities of CDSL at acquisition were as follows:

	Carrying amount	Fair value
Current assets		
Cash	437	437
Trade and other receivables (note 24)	1,927	1,927
Prepaid expenses	37	37
Current income tax	193	193
Inventories	15	15
	2,609	2,609
Current liabilities		
Trade and other payables	173	173
Working capital	2,436	2,436
Property, plant and equipment (note 14)	662	662
Total net assets	3,098	3,098

The cash outflow arising on this acquisition was as follows:

	$
Fair value of net assets	3,098
Group's share of goodwill (51%) arising on acquisition (note 16)	8,620
Non-controlling interest's share (49%) of goodwill arising on acquisition	8,282
Purchase consideration paid	20,000
Less: Cash and cash equivalents assumed on acquisition	(437)
Net outflow on acquisition	19,563

The revenue from contracts with customers and net income included in the consolidated statement of income since 19 August 2019 contributed by CDSL was $1,533 and $249 respectively.

The Group is still in the process of finalizing the fair value adjustments for the acquisition in CDSL and therefore provisional amounts have been used to account for this acquisition.

35. Related party disclosures

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

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

35. Related party disclosures... continued

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

All subsidiary undertakings are included in the consolidation. The total non-controlling interests for the year is $105,520 of which $55,194 is for group companies in the catering and ground handling division, $38,342 for group companies in the automotive, building supplies and services division and $7,836 for group companies in the manufacturing and services division. The remaining non-controlling interests in respect of the remaining group companies, is not considered to be material. See the consolidated statement of changes in equity for transactions with non-controlling interests.

35. Related party disclosures... continued

b) The Group's significant associates at 30 September 2019 were as follows:

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

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

	2019	2018
i) Sales of goods and services	**58,800**	59,319
ii) Purchases of goods and services	**6,255**	7,950
iii) Management fee income	**2,102**	1,375
iv) Rental income	**1,781**	2,656
v) Dividend income (note 17)	**2,096**	5,396

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash with the exception of a balance of $4,176 (2018 – $5,891) which is interest bearing (note 8). There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

35. Related party disclosures... continued

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

	2019	2018
Compensation		
Salaries and other short-term employee benefits	5,191	4,081
Post-employment benefits	264	257
Share-based payments	89	91
	5,544	4,429

There were no loans to key management in 2019 and 2018.

36. Cash flows

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

	2019	2018
Decrease/(increase) in trade and other receivables	12,089	(21,307)
Decrease/(increase) in prepaid expenses	685	(616)
(Increase)/decrease in due by associated companies	(1,885)	1,265
Decrease/(increase) in reinsurance assets	1,621	(649)
Increase in inventories	(16,322)	(16,969)
Decrease in non-current assets held for sale	–	3,177
Increase in trade and other payables	7,061	3,694
(Decrease)/increase in due to associated companies	(1,625)	1,056
(Decrease)/increase in insurance contracts	(1,599)	626
	25	(29,723)

37. Material partly-owned subsidiaries

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

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

Company	Country of Incorporation	% Interest 2019	% Interest 2018
Inflite Holdings (Cayman) Limited	Cayman Islands	49%	49%
Inflite Holdings (St. Lucia) Ltd.	St. Lucia	49%	49%
Jonas Browne and Hubbard (Grenada) Limited	Grenada	48%	48%

37. Material partly-owned subsidiaries... continued

Summarised statement of financial position:

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

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2018			
Assets			
Current assets	60,680	39,113	26,535
Non-current assets	53,115	30,229	66,586
	113,795	69,342	93,121
Liabilities			
Current liabilities	34,331	15,655	12,745
Non-current liabilities	1,862	2,152	1,821
	36,193	17,807	14,566
Net assets	77,602	51,535	78,555
Attributable to non-controlling interests	38,043	23,163	37,409

37. Material partly-owned subsidiaries... continued

Summarised statement of total comprehensive income:

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

	Inflite Holdings (Cayman) Limited	Inflite Holdings (St. Lucia) Ltd.	Jonas Browne and Hubbard (Grenada) Limited
2018			
Revenue	168,429	88,833	83,085
Net income for the year	13,644	15,495	2,670
Other comprehensive (loss)/income	(5,411)	950	–
Total comprehensive income	8,233	16,445	2,670
Attributable to non-controlling interests	3,551	8,258	1,271

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

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

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

	Gross	Tax	Net of Tax
2018			
Remeasurement of employee benefits:			
– Group	9,041	(1,378)	7,663
– Associated companies	697	(225)	472
All other components of other comprehensive income	(6,590)	–	(6,590)
Other comprehensive income for the year	3,148	(1,603)	1,545

39. Subsequent events

Subsequent to the year-end, the Company signed an agreement to purchase the net assets of Seawell Air Services Ltd., an airline ground handling services company incorporated in Barbados.

APPENDIX A
BARBADOS
THE COMPANIES ACT
BY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of:
GODDARD ENTERPRISES LIMITED

TABLE OF CONTENTS

BARBADOS
THE COMPANIES ACT
BY-LAW NO. 1
... continued

BE IT ENACTED as the general by-law of GODDARD ENTERPRISES LIMITED (hereinafter called the "Company") as follows:

1 DEFINITIONS, INTERPRETATION AND SEVERABILITY

1.1 In this by-law and all other by-laws of the Company, unless the context otherwise requires:

(a) "Act" means the Companies Act, Chapter 308 of the Laws of Barbados, as from time to time amended and every statute substituted therefor and, in the case of such substitution, any references in the by-laws of the Company to provisions of the Act shall be read as references to the provisions substituted therefor in the new statute or statutes.

(b) "Articles" mean the Articles of Continuance of the Company as amended.

(c) "By-laws" mean any by-law of the Company from time to time in force.

(d) "Board of Directors" or the "Board" means the board of directors of the Company.

(e) "Chair of the Board" means the chairperson of the board of directors of the Company.

(f) "Committee of the Board" means a committee of the board of directors of the Company.

(g) "Company" means Goddard Enterprises Limited, the company that has passed these by-laws under the Act or that is deemed to have passed these by-laws under the Act.

(h) "Employee" means an employee of the Company.

(i) "Officer" means an officer of the Company appointed pursuant to paragraph 11.

(j) "Regulations" mean any Regulations made under the Act, and all regulations substituted therefor and, in the case of such substitution, any references in the by-laws of the Company to provisions of the Regulations shall be read as references to the provisions substituted therefor in the new regulations;

(k) "Securities Act" means the Securities Act, Chapter 318A of the Laws of Barbados.

(l) "Shareholder" means a shareholder of the Company.

(m) "Shareholders" mean the collective shareholders of the Company.

1.2 All terms contained in the by-laws and defined in the Act or the Regulations shall have the meanings given to such terms in the Act or the Regulations.

1.3 The singular includes the plural and the plural includes the singular; the word "person" includes bodies corporate, companies, partnerships, syndicates, trusts and any association of persons; and the word "individual" means a natural person.

1.4 Words importing any gender include every gender.

1.5 The headings in this by-law are solely for convenience and are not to be used as an aid in the interpretation of this by-law.

1.6 The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law. If any of the provisions contained in this by-law are inconsistent with those contained in the Articles or the Act, the provisions contained in the Articles or the Act, as the case may be, shall prevail.

2 REGISTERED OFFICE

2.1 The registered office of the Company shall be in Barbados at such address as the Board of Directors may fix from time to time by resolution.

3 SEAL

3.1 The common seal of the Company shall be such as the Board of Directors may by resolution from time to time adopt.

3.2 The Company is authorised to have for use in any country other than Barbados or for use in any district or place not situated in Barbados, an official seal or seals which must comply with section 25(2) of the Act.

4 BOARD OF DIRECTORS

4.1 **POWERS:** Subject to any unanimous shareholder agreement, the business and affairs of the Company shall be managed by the Board of Directors.

4.2 **NUMBER:** There shall be a minimum of seven and a maximum of eleven Directors, at most two of whom are Officers or Employees of the Company or any of its affiliates. The Managing Director shall be an ex officio member of the Board of Directors.

4.3 **ELECTION:** Directors shall be elected by the Shareholders on a show of hands unless a ballot is demanded, in which case such election shall be by ballot. No person shall be elected to be a Director of the Company who is disqualified under the provisions of the Act, the Articles or paragraph 4.4.1 hereof. It shall be the duty of the Board of Directors to prepare a proposed slate of directors to be considered at the annual meeting of Shareholders, having regard to contribution, competencies, and regular renewal.

4.4 **TENURE:** Unless his or her tenure is sooner determined, a Director shall hold office from the date on which he or she is elected or appointed until the close of the first annual meeting of the Shareholders of the Company following his or her election. Directors shall be eligible for re-election if qualified.

4.4.1 A Director shall cease to be a Director:

(a) if he or she becomes bankrupt, or suspends payment to, or compounds with, his or her creditors, or is declared insolvent;

(b) if he or she is found by a court or tribunal to be of unsound mind;

(c) if by notice in writing to the Secretary of the Company, he or she resigns his or her office and any such resignation shall be effective at the time it is sent to the Company or at the time specified in the notice, whichever is later;

(d) on his or her death or incapacity;

(e) if he or she is removed from office by the Shareholders; or

(f) if he or she is an Officer of the Company, on the date that his or her appointment as an officer is effectively revoked or services terminated.

4.4.2 A Director may be disqualified from continuing to act as a Director:

(a) subject to the discretion of the Board, if he or she is charged with a criminal offence;

(b) if he or she is convicted of a criminal offence, excluding minor traffic violations; or

(c) on fundamental breach or repeated violation of relevant sections of the Company's Code of Conduct of the Board of Directors.

4.4.3 Where a Director may be disqualified from acting as a Director given some circumstance outlined in paragraph 4.4.2 hereof, the Board of Directors may convene a meeting to consider the matter. The notice of the Board meeting shall set out the reasons for the proposed removal of the Director and shall be served on all members of the Board, including the Director who is found to be so disqualified. The Director who is found to be disqualified shall be entitled to give the Board a written submission opposing his or her removal and/or explaining the particular circumstance, not less than five days before the date of the meeting of the Board called to consider the matter. The Board shall consider the written submission of the Director before making a final decision on whether to recommend the Director's removal to the Shareholders of the Company.

4.4.4 Subject to sections 70 and 71 of the Act, the Shareholders of the Company may, by ordinary resolution passed at a special meeting of the Shareholders, remove any Director from office and a vacancy created by the removal of a Director may be filled at the meeting of the Shareholders at which the Director is removed.

4.4.5 Vacancies among the Directors of the Company, including a vacancy occurring pursuant to paragraph 4.4.4 hereof, may be filled by a quorum of the Directors of the Company under section 72 of the Act.

4.5 CORPORATE DIRECTORS: A person, who is a director of the Company but who is not an individual, shall by such procedure as may be appropriate for the management of the business and affairs of such person appoint an individual to act as such person's representative as a director of the Company with power to exercise all of the powers of a director of the Company but the person appointing any such individual shall remain fully liable as a director of the Company notwithstanding any such appointment. A duly certified copy of the resolution or document whereby any such appointment is made shall be filed with the Company before any such individual acts as representative as aforesaid. Any person appointing an individual under the provisions of this paragraph may from time to time revoke the appointment of any such individual and appoint another in his place or stead.

4.6 CONTRACTUAL INTEREST: A Director who is party to a material contract or proposed material contract with the Company, or is a director or officer of any body, or has a material interest in any body, that is a party to a material contract or proposed material contract with the Company shall make the disclosure required by sections 89(2) and 90 of the Act. Except as provided by the Act, no such Director shall attend any such part of a meeting of the Board of Directors or vote on any resolution to approve any such contract.

4.7 CHAIR OF THE BOARD: The Board of Directors shall annually appoint a Chair of the Board. The Chair of the Board shall be appointed by the Board of Directors at the first meeting of the Board of Directors after the annual meeting of Shareholders. A Chair of the Board shall, when present, preside at all meetings of the Board of Directors and of the Shareholders. The Chair of the Board shall hold office for a one-year term, unless sooner determined at the absolute discretion of the Board, and may be re-elected by the Board of Directors for any additional one-year term, provided he or she is re-elected as a Director. Any vacancy in the office of Chair of the Board occurring prior to an annual meeting of Shareholders, including but not limited to resignation, shall be filled by appointment by the Board, such appointee to hold office until the next annual meeting of Shareholders or until his or her successor is duly appointed, whichever is first.

4.8 **DEPUTY CHAIR OF THE BOARD:** The Board of Directors shall annually appoint a Deputy Chair of the Board. The Deputy Chair of the Board shall be appointed by the Board of Directors at the first meeting of the Board of Directors after the annual meeting of Shareholders. If the Chair of the Board resigns, is absent, or is unable or refuses to act, the Deputy Chair shall preside at all meetings of the Board and of the Shareholders and may perform and exercise the duties and powers of the Chair of the Board. If a Deputy Chair exercises any such duties or powers, the resignation, absence or inability of the Chair of the Board shall be presumed with reference thereto. The Deputy Chair shall perform such other duties as shall from time to time be imposed on him or her by the Board and as delegated to him or her from time to time by the Chair. The Deputy Chair of the Board shall hold office for a one-year term, unless sooner determined at the absolute discretion of the Board, and may be re-elected by the Board of Directors for any additional one-year term, provided he or she is re-elected as a Director. Any vacancy in the office of Deputy Chair of the Board occurring prior to an annual meeting of Shareholders, including but not limited to resignation, shall be filled by appointment by the Board, such appointee to hold office until the next annual meeting of Shareholders or until his or her successor is duly appointed, whichever is first.

4.9 **DELEGATION OF POWERS:** The Board of Directors may, subject to section 80(2) of the Act, delegate powers to Committees of the Board, the Managing Director or other Officers of the Company, in accordance with the provisions of sections 80 and 93 of the Act.

4.10 **COMMITTEES OF THE BOARD:** Committees may be established by the Board of Directors as follows:

(a) The Board of Directors may appoint from their number a Committee of the Board and may delegate to the Committee of the Board any of the powers of the Board of Directors excepting those powers set out in the Act that are not permitted to be delegated; and

(b) Subject to the limitations on delegation set out in the Act, the Board of Directors may establish any Committee of the Board it determines necessary for the execution of the Board's responsibilities. The Board of Directors shall determine the composition and terms of reference for any such Committee of the Board. The Board of Directors may dissolve any Committee of the Board by resolution at any time.

4.11 **ADVISORS, AGENTS AND ATTORNEYS:** The Board of Directors may by resolution appoint advisors to the Board of Directors to advise on any aspects of the management of the Company, and may from time to time appoint agents or attorneys for the Company, with such powers as may be thought fit.

5 BORROWING POWERS OF THE BOARD OF DIRECTORS

5.1 The Board of Directors may from time to time, for the purposes of the Company,

(a) borrow money upon the credit of the Company;

(b) issue, reissue, sell or pledge debentures of the Company;

(c) subject to section 53 of the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and

(d) mortgage, charge, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

5.2 The Board of Directors may from time to time by resolution delegate to any Officer of the Company all or any of the powers conferred on the Directors by paragraph 5.1 hereof to the full extent thereof or such lesser extent as the Board of Directors may in any such resolution provide.

5.3 The powers conferred by paragraph 5.1 hereof shall be in supplement of and not in substitution for any powers to borrow money for the purposes of the Company possessed by the Board of Directors or Officers independently of a borrowing by-law.

6 MEETINGS OF THE BOARD OF DIRECTORS AND OF COMMITTEES OF THE BOARD

6.1 **PLACE OF MEETING:** Meetings of the Board of Directors and of any Committee of the Board may be held within or outside Barbados.

6.2 **NOTICE:** A meeting of the Board of Directors may be convened at any time by the Chair of the Board or the Secretary when directed or authorised in writing by the Chair of the Board. Where the Chair of the Board refuses to convene a meeting of the Board, then any three members of the Board, shall issue a signed written notice to the Board of Directors and the Secretary, which directs the Secretary to convene the Board meeting.

6.2.1 A meeting of a Committee of the Board of Directors may be convened at any time by the Chair of the Committee of the Board or the Secretary when directed or authorised in writing by the Chair of the Committee of the Board. Where the Chair of the Committee of the Board refuses to convene a meeting of the Committee which he chairs, then any two members of the Committee of the Board, shall issue a signed written notice to the Committee of the Board, to the Board of Directors and to the Secretary, which directs the Secretary to convene the Committee meeting.

6.2.2 Subject to section 76 (1) of the Act, the notice of any such meeting of the Board or Committee of the Board need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in paragraph 20.1 hereof not fewer than two days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place. A member of the Board of Directors or of a Committee of the Board may in any manner waive notice of a meeting of the Board of Directors or of a Committee of the Board, and attendance of a Director at a meeting of the Board or of a Committee of the Board shall constitute a waiver of notice of the meeting except where a member of the Board of Directors or of a Committee of the Board attends a meeting of the Board of Directors or of a Committee of the Board for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

6.2.3 It shall not be necessary to give notice of a meeting of the Directors to a newly elected or appointed Director for a meeting held immediately following the election of Directors by the Shareholders or the appointment to fill a vacancy among the Directors.

6.3 **QUORUM:** A majority of Directors of the total number of members of the Board of Directors or of a Committee of the Board shall constitute a quorum for the transaction of business and, notwithstanding any vacancy among the Directors, a quorum may exercise all the powers of the Board or of a Committee of the Board. No business shall be transacted at a meeting of the Board or of a Committee of the Board unless a quorum is present.

6.3.1 A Director may, if all the Directors consent, participate in a meeting of the Board of Directors or of any Committee of the Board by means of such video, telephonic or other communication facilities as permit all persons participating in the meeting to communicate adequately with one another, and a Director participating in such a meeting by such means is deemed to be present at that meeting.

6.4 **VOTING:** Questions arising at any meeting of the Board of Directors or of a Committee of the Board shall be decided by a majority of votes. Voting by Directors may occur in person, by telephone, or by the use of a dedicated board portal software or through electronic communication. In case of an equality of votes, the Chair of the Board or the Chair of the Committee of the Board or the Chair of the meeting of the Board or a Committee of the Board, respectively, in addition to his or her original vote, shall have a second or casting vote.

6.5 **RESOLUTION IN WRITING:** Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all of the members of the Board or of a Committee of the Board entitled to vote on that resolution at a meeting of the Board or any Committee of the Board is as valid as if it had been passed at a meeting of the Board or any Committee of the Board, respectively. A resolution in writing may be delivered by e-mail or facsimile or the dedicated board portal software. An electronic copy of a resolution in writing shall be sufficient to establish the signature of the person and to constitute the authority in writing of such person to the resolution in writing.

6.6 **MINUTES OF THE MEETINGS OF THE BOARD OR A COMMITTEE OF THE BOARD:** The minutes of the meetings of the Board and the minutes of each Committee of the Board shall not be available to the Shareholders of the Company, but shall be available to the Board of Directors and each Committee of the Board, each of whose members shall receive a copy of such minutes.

6.7 **COMMUNICATION AMONG DIRECTORS:** The Board of Directors and each Committee of the Board may make use of a dedicated board portal software and of electronic or digital communication facilities to facilitate communication amongst Directors.

7 REMUNERATION OF NON-EXECUTIVE DIRECTORS

7.1 The remuneration to be paid to the non-executive Directors shall be such as the Shareholders may from time to time determine. The Board of Directors may award additional remuneration to any non-executive Director undertaking any special directorship services on the Company's behalf other than the routine work ordinarily required of a Director, and the confirmation of any such resolution or resolutions by the Shareholders shall not be required. The Directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company.

8 SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL

8.1 The Board of Directors in its discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the Shareholders or at any special meeting of the Shareholders called for the purpose of considering the same and, subject to the provisions of section 89 of the Act, any such contract, act or transaction that is approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Articles or any other by-law) shall be as valid and as binding upon the Company and upon all the Shareholders as though it had been approved, ratified or confirmed by every Shareholder of the Company.

9 FOR THE PROTECTION OF DIRECTORS AND OFFICERS

9.1 No Director or Officer of the Company shall be liable to the Company for:-

(a) the acts, receipts, neglects or defaults of any other Director or Officer or Employee or for joining in any receipt or act for conformity;

(b) any loss, damage or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company or for or on behalf of the Company;

(c) the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested;

(d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom any moneys, securities or effects shall be lodged or deposited;

(e) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company;

(f) any other loss, damage or misfortune whatsoever that may happen in the execution of the duties of his or her respective office or trust or in relation thereto;

unless the same happens by or through the Director's or Officer's failure to exercise the powers and to discharge the duties of his or her office honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

9.2 Nothing herein contained shall relieve a Director or Officer from the duty to act in accordance with the Act or regulations made thereunder, or relieve the Director or Officer from liability for a breach thereof.

9.3 The Directors for the time being of the Company shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Company, except such as are submitted to and authorised or approved by the Board of Directors.

9.4 If any Director or Officer of the Company is employed by or performs services for the Company otherwise than as a Director or Officer, or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Company, the fact of his being a Shareholder, Director or Officer of the Company shall not disentitle such Director or Officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services, provided that the Board of Directors has approved such services.

10 INDEMNITIES TO DIRECTORS AND OFFICERS

10.1 Subject to section 97 of the Act, except in respect of an action by or on behalf of the Company to obtain a judgment in its favour, the Company shall indemnify a Director or Officer of the Company, while he or she carries out his or her required duties and responsibilities when acting in such capacity as Director or Officer, a former Director or Officer of the Company or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and his or her personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of such company, if:

(a) he or she acted honestly and in good faith with a view to the best interests of the Company; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

11 OFFICERS

11.1 **APPOINTMENT:** The Board of Directors shall, as often as may be required, appoint a Secretary or Secretaries and a Managing Director. The Managing Director may as often as may be required, if deemed advisable by the Board of Directors, appoint any or all of the following Officers who shall also be Employees: a Deputy Managing Director, a Chief Financial Officer and/or Financial Controller and/or Accountant and/or Treasurer; one or more Assistant Secretaries or one or more Assistant Financial Controllers and/or Accountants and/or Treasurers. None of the Officers, except the Managing Director, need be a Director. Two or more of the aforesaid offices may be held by the same person. In case and whenever the same person holds the office of Secretary and/or Financial Controller and/or Accountant and/or Treasurer, he or she may, but need not be, known as the Secretary-Financial Controller and/or Accountant and/or Treasurer. The Managing Director may, from time to time, appoint such other Officers and agents as he or she deems necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the Managing Director. The Board of Directors may remove the Managing Director from office.

11.2 **REMUNERATION:** The remuneration of the Managing Director shall be determined by resolution of the Board of Directors and the remuneration of all other Officers shall be determined by the Managing Director.

11.3 **POWERS AND DUTIES:** All Officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the Board of Directors or the Managing Director, as the case may be.

11.4 **DELEGATION:** In case of the absence or inability to act of the Managing Director, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate all or any of the powers of the Managing Director to any other Officer or to any Director.

11.5 **MANAGING DIRECTOR:** The Managing Director shall exercise such powers and have such authority as may be delegated to him or her by the Board of Directors in accordance with the provisions of section 80 of the Act.

11.6 **SECRETARY:** The Secretary or joint Secretary shall give or cause to be given notices for all meetings of the Board, any Committee of the Board and the Shareholders when directed to do so and shall have charge of the minute books and common seal of the Company and, subject to the provisions of paragraph 14.2 hereof, of the records (other than accounting records) referred to in section 170 of the Act.

11.7 **CHIEF FINANCIAL OFFICER AND/OR FINANCIAL CONTROLLER AND/OR ACCOUNTANT AND/OR TREASURER:** Subject to the provisions of any resolution of the Board of Directors, a Chief Financial Officer and/or Financial Controller and/or Accountant and/or Treasurer shall have the care and custody of all the funds and securities of the Company and shall deposit the same in the name of the Company in such bank or banks or with such other depositary or depositaries as the Managing Director may direct. He or she shall keep or cause to be kept the accounting records referred to in section 172 of the Act. He or she may be required to give such bond for the faithful performance of his or her duties as the Board of Directors in its uncontrolled discretion may require but no Director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Company to receive any indemnity thereby provided.

11.8 **ASSISTANT SECRETARY AND ASSISTANT FINANCIAL CONTROLLER AND/OR ACCOUNTANT AND/OR TREASURER:** An Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and an Assistant Financial Controller and/or Accountant and/or Treasurer or, if more than one, the Assistant Financial Controllers and/or Accountants and/or Treasurers in order of seniority, shall respectively perform all the duties of a Secretary and a Financial Controller and/or Accountant and/or Treasurer, respectively, in the absence or inability or refusal to act of a Secretary or a Financial Controller and/or Accountant and/or Treasurer, as the case may be.

11.9 **GENERAL MANAGER OR MANAGER:** The Managing Director may from time to time appoint one or more General Managers or Managers and may delegate to him or her or them full power, with prior written approval of the Board of Directors, to manage and direct the business and affairs of the Company (except such matters and duties as by law must be transacted or performed by the Directors or by the Shareholders) and to employ and discharge agents and employees of the Company, or may delegate to him or her or them any lesser authority. A General Manager or Manager shall conform to all lawful orders given to him or her by the Managing Director of the Company and shall at all reasonable times give to the Managing Director all information the Managing Director may require regarding the affairs of the Company. Any agent or Employee appointed by a General Manager or Manager may be discharged by the Managing Director.

11.10 **VACANCIES:** If the office of Managing Director or Secretary becomes vacant by reason of death, resignation, disqualification or otherwise, the Board of Directors shall appoint a person to fill such vacancy. If the office of any Officer of the Company, other than the office of Managing Director or Secretary, becomes vacant by reason of death, resignation, disqualification or otherwise, the Managing Director shall appoint a person to fill such vacancy.

12 SHAREHOLDERS' MEETINGS

12.1 **ANNUAL MEETING:** Subject to the provisions of section 105 of the Act, the annual meeting of the Shareholders shall be held on such day in each year and at such time as the Board of Directors may by resolution determine at any place within Barbados or, if all the Shareholders entitled to vote at such meeting so agree, outside Barbados.

12.2 **ANNUAL MEETING BUSINESS:** The business transacted at an annual meeting of Shareholders shall include:

(a) consideration of the financial statements;
(b) report of the Auditor who has been appointed to conduct a review engagement;
(c) reappointment or new appointment of the Auditor to conduct a review engagement for the coming year;
(d) election of directors; and
(e) such other or special business as may be set out in the notice of meeting.

No other item of business shall be included on the agenda for the annual meeting of Shareholders unless a Shareholder's proposal has been given to the Company prior to the giving of notice of the annual meeting of Shareholders in accordance with the Act, so that such item of business can be included in the notice of annual meeting of Shareholders.

12.3 **SPECIAL MEETINGS:** Special meetings of the Shareholders may be convened by order of the Chair of the Board, the Deputy Chair of the Board, or by the Board of Directors at any date and time and at any place within Barbados or, if all the Shareholders entitled to vote at such meeting so agree, outside Barbados.

12.3.1 The Board of Directors shall, on the requisition of the holders of not less than five percent of the issued shares of the Company that carry a right to vote at the meeting requisitioned, forthwith convene a meeting of Shareholders, and, in the case of such requisition, the following provisions shall, subject to section 129 of the Act, have effect:-

(1) The requisition must state the purposes of the meeting and must be signed by the requisitionists and be sent to each Director and to the Registered Office of the Company, and may consist of several documents of like form each signed by one or more of the requisitionists.

(2) If the Board of Directors does not, within twenty-one days after receiving the requisition, proceed to convene a meeting, the requisitionists or any of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of such receipt.

(3) Unless subsection (3) of section 129 of the Act applies, the Board of Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Act within fourteen days from the receipt of the requisition.

(4) Any meeting convened under this paragraph by the requisitionists shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the by-laws and Divisions E and F of Part I of the Act.

(5) A requisition by joint holders of shares must be signed by all such holders.

12.4 **NOTICE:** A printed, written, typewritten, faxed or e-mailed notice stating the day, hour and place of meeting shall be given by serving such notice on each Shareholder entitled to vote at such meeting, on each Director and on the Auditor of the Company in the manner specified in paragraph 20.1 hereof, not fewer than twenty-one days nor more than fifty days (in each case exclusive of the day on which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business is to be transacted shall state (a) the nature of that business in sufficient detail to permit the Shareholder to form a reasoned judgment thereon, and (b) the text of any special resolution to be submitted to the meeting.

12.5 **WAIVER OF NOTICE:** A Shareholder and any other person entitled to attend a meeting of Shareholders may in any manner waive notice of a meeting of Shareholders and attendance of any such person at a meeting of Shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12.6 **OMISSION OF NOTICE:** The accidental omission to give notice of a meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any Shareholder, Director or the Auditor of the Company shall not invalidate any resolution or any proceedings taken at any meeting of the Shareholders.

12.7 **VOTES:** Every question submitted to any meeting of Shareholders shall be decided by a show of hands unless a person entitled to vote at the meeting shall demand a ballot and, if the Articles so provide, in the case of an equality of votes, the Chair of the meeting shall on a ballot have a casting vote in addition to any votes to which he or she may be otherwise entitled.

12.7.1 At every meeting at which he or she is entitled to vote, every Shareholder, proxy holder or individual authorised to represent a Shareholder, who is present in person shall have one vote on a show of hands. Upon a ballot at which he or she is entitled to vote, every Shareholder, proxy holder or individual authorised to represent a Shareholder shall, subject to the Articles, have one vote for every share held by the Shareholder.

12.7.2 At any meeting, unless a ballot is demanded, a declaration by the Chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

12.7.3 When the Chair of the Board and Deputy Chair of the Board are absent, the persons who are present and entitled to vote shall choose another Director as Chair of the meeting; but if no Director is present, or all the Directors present decline to take the chair, the persons who are present and entitled to vote shall choose one of their number to be Chair of the meeting.

12.7.4 A ballot may, either before or after any vote by a show of hands, be demanded by any person entitled to vote at the meeting. If, at any meeting, a ballot is demanded on the election of a Chair of the Board or on the question of adjournment, it shall be taken forthwith without adjournment. If, at any meeting, a ballot is demanded on any other question or as to the election of Directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment, as the Chair of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

12.7.5 If two or more persons hold shares jointly, one of those holders present at a meeting of Shareholders may, in the absence of the other, vote the shares; but, if two or more of those persons who are present, in person or by proxy, vote, they must vote as one on the shares jointly held by them.

12.8 **PROXIES:** Votes at meetings of Shareholders may be given either personally or by proxy or, in the case of a Shareholder who is a body corporate or association, by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of Shareholders of the Company, and a body corporate or association so represented shall be deemed to be present in person.

12.8.1 A proxy shall be executed by the Shareholder or his or her attorney authorised in writing, and is valid only at the meeting in respect of which it is given or any adjournment thereof. A proxy may be deposited with the Company personally, by fax or by email.

12.8.2 A person appointed by proxy need not be a Shareholder.

12.8.3 Subject to the provisions of Part V of the Regulations, a proxy may be in the following form:

The undersigned Shareholder of GODDARD ENTERPRISES LIMITED hereby appoints [insert name] of [insert address], or, failing him or her, [insert name], of [insert address], as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the [insert number] meeting of the Shareholders of the said Company to be held on the [insert day] day of [insert month], 20 [insert year], and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this [insert day] day of [insert month], 20 [insert year]

Signature of Shareholder:

12.9 **ADJOURNMENT:** The Chair of any meeting may, with the consent of the meeting, adjourn the same from time to time to a fixed time and place, and no notice of such adjournment need be given to the Shareholders, unless the meeting is adjourned by one or more adjournments for an aggregate of thirty days or more, in which case notice of the adjourned meeting shall be given as for an original meeting. Any business that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same may be brought before or dealt with at any adjourned meeting for which no notice is required.

12.10 **QUORUM:** Subject to the Act, a quorum of Shareholders is present at a meeting of Shareholders if at least ten Shareholders holding between them at least ten percent of the shares entitled to vote at the meeting, are present in person or by proxy. If there is only one Shareholder entitled to vote at any meeting, he or she shall constitute a meeting if present in person or by proxy as provided by section 123(4) of the Act. If a quorum is present at the opening of any meeting of the Shareholders, the Shareholders present or represented may proceed with the business of the meeting notwithstanding a quorum is not present throughout the meeting. If a quorum is not present within thirty minutes of the time appointed for a meeting of Shareholders, the meeting stands adjourned to the same day two weeks thereafter at a time and place specified by the Board of Directors; and, if at the adjourned meeting a quorum is not present within thirty minutes of the appointed time, the Shareholders present constitute a quorum.

12.11 **RESOLUTION IN LIEU OF MEETING:** Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the Shareholders entitled to vote on that resolution at a meeting of the Shareholders is, subject to section 128 of the Act, as valid as if it had been passed at a meeting of the Shareholders.

13 SHARES

13.1 **ALLOTMENT AND ISSUANCE:** Subject to the Act, the Articles and any unanimous shareholder agreement, shares of the Company may be allotted and issued by resolution of the Board of Directors at such times and on such terms and conditions and to such persons or class of persons as the Board of Directors determines.

13.1.1 The Directors may from time to time issue new common shares of the Company credited as fully paid up for such amount of any cash dividend as the Directors may lawfully declare in accordance with the provisions of any law permitting same.

13.2 **SHAREHOLDING STATEMENTS:** Any issue or transfer of shares may be automatically credited to accounts maintained for Shareholders in the register of Shareholders of the Company and in place of a share certificate a statement (a "shareholding statement") shall be provided showing details of transactions each time the Shareholder acquires or disposes of shares during the period covered by the shareholding statement. The shareholding statement will be sent semi-annually or annually to the Shareholder by The Barbados Central Securities Depository Inc as Registrar and Transfer Agent for the Company.

13.3 **EFFECT OF LATER SHAREHOLDING STATEMENT:** The issue by the Registrar and/or Transfer Agent to a Shareholder of a shareholding statement bearing a later date cancels and replaces any shareholding statement in favour of the same Shareholder bearing an earlier date.

13.4 **JOINT SHAREHOLDERS:** If two or more persons are registered as joint holders of any shares of the Company, the Company shall not be bound to issue more than one shareholding statement in respect thereof and the delivery of one shareholding statement to whichever of such persons is named first in the records of the Company shall be sufficient delivery to all of the joint holders of such shares, and such first-named person may give effectual receipts for the shareholding statement issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

13.5 **DECEASED SHAREHOLDERS:** In the event of the death of a holder or one of the joint holders of any shares or debentures of the Company, the Company shall not be required to make any entry in the register of Shareholders or debentures in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Company and its Registrar and/or Transfer Agent.

14 TRANSFER OF SHARES AND DEBENTURES

14.1 **TRANSFER:** The shares or debentures of the Company may be transferred by a written instrument of transfer signed by the transferor and naming the transferee.

14.2 **REGISTERS:** Registers of shares and debentures issued by the Company shall be kept at the Registered Office of the Company or at such other place in Barbados as may from time to time be designated by resolution of the Board of Directors.

14.3 **REGISTRATION OF SECURITIES:** Without prejudice to the Company's discretion to keep its register of securities in such format as it deems fit, the Company may register securities issued by it with The Barbados Central Securities Depository Inc under the provisions of the Securities Act and may issue and transfer such securities by way of a computerised accounting system.

14.4 **SHAREHOLDER INDEBTED TO THE COMPANY:** If so provided in the Articles, the Company has a lien on a share registered in the name of a Shareholder or his or her personal representatives for a debt of that Shareholder to the Company. By way of enforcement of such lien, the Board of Directors may refuse to permit the registration of a transfer of such share.

14.5 **REGISTRARS AND TRANSFER AGENTS:** The Directors may from time to time appoint a Registrar to maintain the register of securities and a Transfer Agent to maintain the register of transfers but one person may be appointed both Registrar and Transfer Agent, and the Directors may at any time terminate any such appointment.

15 DEPOSIT OF SECURITIES FOR SAFEKEEPING

15.1 The securities of the Company shall be deposited for safekeeping with one or more bankers, trust companies or other financial institutions to be selected by the Board of Directors. Any and all securities so deposited may be withdrawn, from time to time, only on the written order of the Company signed by such Officer or Officers, agent or agents of the Company, and in such manner, as shall from time to time be determined by resolution of the Board of Directors, and such authority may be general or confined to specific instances. The institutions which may be so selected as custodians of the Board of Directors shall be fully protected in acting in accordance with the directions of the Board of Directors, and shall in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof.

16 DIVIDENDS

16.1 The Directors may from time to time by resolution declare and the Company may pay dividends on the issued and outstanding shares in the capital of the Company subject to the provisions (if any) of the Articles and sections 51 and 52 of the Act.

16.1.1 In case several persons are registered as the joint holders of any shares, any one of such persons may give effectual receipts for all dividends and payments on account of dividends.

17 VOTING IN OTHER COMPANIES

17.1 All shares or debentures carrying voting rights in any other body corporate that are held from time to time by the Company may be voted at any and all meetings of shareholders, or debenture holders, as the case may be, of such other body corporate, in such manner and by such person or persons as the Board of Directors shall from time to time determine. The Officers may, for and on behalf of the Company, from time to time:-

(a) execute and deliver proxies; and

(b) arrange for the issuance of voting certificates or other evidence of the right to vote;

in such names as they may determine without the necessity of a resolution or other action by the Board of Directors.

18 INFORMATION AVAILABLE TO SHAREHOLDERS

18.1 Except as provided by the Act, no Shareholder shall be entitled to any information respecting any details or conduct of the Company's business, which, in the opinion of the Board of Directors, would be inexpedient in the best interests of the Company to communicate to the public. Information to which the Shareholders shall be entitled shall also be made available to Shareholders on the website of the Company.

18.2 The Board of Directors may, from time to time, subject to rights conferred by the Act, determine whether and to what extent, and at what time and place, and under what conditions or regulations, the documents, books and registers and accounting records of the Company or any of them shall be open to the inspection of Shareholders, and no Shareholder shall have any right to inspect any document or book or register or accounting record of the Company except as conferred by statute or authorised by the Board of Directors or by a resolution of the Shareholders.

19 BOOKS AND RECORDS

19.1 The Board of Directors shall see that all necessary books and records of the Company required by the by-laws of the Company or by any applicable statute or law are regularly and properly kept.

20 NOTICES

20.1 **METHOD OF GIVING NOTICE:** Any notice, communication, information or other document (the "notice") required by the Act, the Regulations, the Articles, the by-laws or otherwise to be delivered, given or sent to, or to be served on any Shareholder, debenture holder, Director, member of a Committee of Directors, Officer, or Auditor (the "person") shall be sufficiently delivered, given or sent if:

a) delivered personally to the person to whom it is to be sent;

b) delivered to the person's recorded address as shown in the records of the Company or those of the Company's Registrar and Transfer Agent;

c) sent to the person at his or her recorded address by prepaid ordinary or air mail;

d) sent to the person at his or her recorded address by any means of prepaid transmitted or recorded communication;

e) sent to the person by facsimile or other means of electronic transmission; or

f) sent in the form of an electronic record.

20.2 WAIVER OF NOTICE: Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.

20.3 UNDELIVERED NOTICES: If a notice or document is sent to a Shareholder or debenture holder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the Shareholder or debenture holder cannot be found, it shall not be necessary to send any further notices or documents to the Shareholder or debenture holder until he or she informs the Company in writing of his or her new address.

20.4 SHARES AND DEBENTURES REGISTERED IN MORE THAN ONE NAME: All notices or other documents with respect to any shares or debentures registered in the names of more than one person shall be given to whichever of such persons is named first in the records of the Company and any notice or other document so given shall be sufficient notice or delivery to all the holders of such shares or debentures.

20.5 PERSONS BECOMING ENTITLED BY OPERATION OF LAW: Subject to section 184 of the Act, every person who by operation of law, transfer or by any other means whatsoever becomes entitled to any share is bound by every notice or other document in respect of such share that, previous to his or her name and address being entered in the records of the Company, is duly given to the person from whom he or she derives his or her title to such share.

20.6 DECEASED SHAREHOLDER: Subject to section 184 of the Act and paragraph 20.1 hereof, any notice or other document delivered or sent by prepaid mail, cable, telex, facsimile or electronic mail, or left at the address of any Shareholder as the same appears in the records of the Company shall, notwithstanding that such Shareholder is deceased, and whether or not the Company has notice of his or her death, be deemed to have been duly served in respect of the shares held by him or her (whether held solely or with any other person) until some other person is entered in his or her stead in the records of the Company as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his or her personal representatives and on all persons, if any, interested in such shares.

20.7 SIGNATURE TO NOTICES: The signature of any Director or Officer of the Company to any notice or document to be given by the Company may be written, stamped, typewritten, printed or electronically affixed or partly written, stamped, typewritten, printed or electronically affixed.

20.8 COMPUTATION OF TIME: Where a notice extending over a number of days or other period is required under any provisions of the Articles or the by-laws the day of sending the notice shall, unless it is otherwise provided, be counted in such number of days or other period.

20.9 PROOF OF SERVICE: Where a notice required under paragraph 20.1 hereof is delivered personally to the person to whom it is addressed or delivered to his or her address as mentioned in paragraph 20.1 hereof, service shall be deemed to be at the time of delivery of such notice.

20.9.1 Where such notice is sent by post, service of the notice shall be deemed to be effected forty-eight hours after posting if the notice was properly addressed and posted by prepaid mail.

20.9.2 Where the notice is sent by facsimile or other electronic transmission, or in the form of an electronic record, service is deemed to be effected on the date on which the notice was sent.

20.9.3 A certificate of an Officer of the Company in office at the time of the making of the certificate or of any Transfer Agent of shares of any class of the Company as to facts in relation to the delivery or sending of any notice shall be conclusive evidence of those facts.

20.10 ACKNOWLEDGEMENT OF RECEIPT: Subject to this paragraph 20 and any applicable law, the Company may, in the form of an electronic record, send to Shareholders any notice required by law to be sent to Shareholders. A Shareholder may notify the Company in writing at any time of his or her desire to receive any notice from the Company in the form of an electronic record and where the Company is in receipt of such written notification, the Company shall deliver, send or mail all further notices to that Shareholder in accordance with paragraph 20.1 hereof, until further notice from that Shareholder. Where an electronic record is sent to such a Shareholder, the Shareholder shall be deemed to have acknowledged receipt of the same, and the Company shall be deemed to have received such acknowledgment, at the time of sending the notice.

20.11 REQUESTS FOR HARD COPY FORMS: Notwithstanding paragraph 20.10 hereof, where a Shareholder receives a notice from the Company otherwise than in a hard copy form, such Shareholder shall be entitled to request the Company to send him a hard copy form of the notice, and where the Company is in receipt of such a request from the Shareholder, the Company shall deliver, send or mail the hard copy form in accordance with paragraph 20.1 hereof within twenty-one days of the receipt of such request.

20.11.1 A Shareholder may notify the Company in writing at any time of his or her desire to receive any notice from the Company in hard copy form and where the Company is in receipt of such written notification, the Company shall deliver, send or mail all further notices to that Shareholder in accordance with paragraph 20.1 hereof, until further notice from that Shareholder.

21 FINANCIAL MATTERS

21.1 FINANCIAL YEAR: The Board of Directors may from time to time by resolution establish the financial year of the Company.

21.2 BANKING: The Board of Directors shall by resolution from time to time designate the bank in which the money, bonds or other securities of the Company shall be placed for safekeeping. The Board of Directors may direct by resolution that the banking business of the Company or any part thereof shall be transacted with one or more banks, trust companies or other firms or institutions carrying on business of a banking nature.

21.3 FINANCIAL DISCLOSURE: The Company and its Directors and Officers, as the case may be, shall prepare or cause to be prepared and shall approve financial statements and shall distribute and submit the same to the Shareholders ahead of each annual meeting of Shareholders.

22 AUDITORS

22.1 The Shareholders, at each annual meeting of Shareholders, shall appoint an Auditor to audit the accounts of the Company for report to the Shareholders at the next annual meeting of Shareholders. The Auditor shall hold office until the next annual meeting of Shareholders, provided that the Board of Directors may fill any casual vacancy in the office of the Auditor. The remuneration of the Auditor shall be fixed by the Board of Directors. The Auditor shall be entitled to receive all notices and other communications relating to meetings of Shareholders that any Shareholder is entitled to receive and to attend, but not vote, at all such meetings.

23 CHEQUES, DRAFTS AND NOTES

23.1 All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such Officers or persons and in such manner as the Board of Directors may from time to time designate by resolution.

24 EXECUTION OF INSTRUMENTS

24.1 Contracts, documents or instruments in writing requiring the signature of the Company may be signed by the Chair, Deputy Chair or Managing Director together with a Secretary or a Chief Financial Officer or a Financial Controller or Accountant or Treasurer, and all contracts, documents and instruments in writing so signed shall be binding upon the Company without any further authorisation or formality. The Board of Directors shall have power, from time to time and by resolution, to appoint any Officers or persons on behalf of the Company either to sign certificates for shares in the Company and contracts, documents and instruments in writing generally, or to sign specific contracts, documents or instruments in writing.

24.1.1 The common seal of the Company may be affixed to certificates, contracts, documents and instruments in writing signed as aforesaid or by any Officer or persons appointed pursuant to paragraph 24.1 hereof.

24.1.2 An official seal which the Company may have as it is authorised to do by paragraph 3.2 hereof may be affixed to any document to which the Company is party in the country, district or place where such official seal can be used by a person appointed for that purpose by the Company by an instrument in writing under the common seal and a person who affixes an official seal of the Company to a document shall do so in accordance with section 25(6) of the Act.

24.1.3 Subject to section 134 of the Act, the Chair, Deputy Chair or Managing Director together with a Secretary or a Chief Financial Officer or a Financial Controller or Accountant or Treasurer, shall have authority to sign and execute (under seal of the Company or otherwise) all instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any land, shares, stocks, bonds, debentures, rights, warrants or other securities or property of the Company.

25 SIGNATURES

25.1 The signature of the Chair, Deputy Chair, Managing Director, a Secretary, a Chief Financial Officer, a Financial Controller, an Accountant, a Treasurer, an Assistant Secretary or an Assistant Financial Controller or Accountant or Treasurer or any Officer or person, appointed pursuant to paragraph 24.1 hereof by resolution of the Board of Directors may, if specifically authorised by resolution of the Board of Directors, be printed, engraved, lithographed or otherwise mechanically or electronically reproduced upon any certificate for shares in the Company or contract, document or instrument in writing, bond, debenture or other security of the Company executed or issued by or on behalf of the Company. Any document or instrument in writing on which the signature of any such Officer or person is so reproduced shall be deemed to have been manually signed by such Officer or person whose signature is so reproduced and shall be as valid to all intents and purposes as if such document or instrument in writing had been signed manually and notwithstanding that the Officer or person whose signature is so reproduced has ceased to hold office at the date on which such document or instrument in writing is delivered or issued.

26 RULES AND REGULATIONS

26.1 The Board of Directors may prescribe such rules and regulations not inconsistent with these by-laws relating to the management and operation of the Company as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual meeting of Shareholders, when they shall be confirmed and, failing such confirmation at such annual meeting of Shareholders, shall at that time cease to have any force and effect.

27 ADOPTION AND AMENDMENT OF BY-LAWS

27.1 This and any other by-law of the Company may be enacted, amended or repealed by the Directors of the Company, but any enactment, amendment or repeal shall be effective only until the next annual meeting of Shareholders unless confirmed thereat or at a prior special meeting of Shareholders duly called for that purpose, by ordinary resolution, in conformity with section 61(2) of the Act.

28 EFFECTIVE DATE

28.1 This by-law shall come into force and take effect from 2 December 2019 subject to the confirmation by the Shareholders of the Company.

Passed by the Board of Directors of the Company at a meeting duly called and held on the 2nd day of December, 2019, and confirmed [without variation] at a meeting of the Shareholders of the Company held on the [insert day] day of [insert month and year].

AMENDED this 2nd day of December, 2019.

Corporate
Seal

Chair Managing Director

APPENDIX B –
BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2019

NAME OF DIRECTOR	BOARD MEETINGS ATTENDED FOR THE YEAR	COMMITTEE MEETINGS ATTENDED FOR THE YEAR	TOTAL	OVERALL PERCENTAGE
Dr. José S. López Alarcon	6 of 6	3 of 3	9 of 9	100%
Mr. Anthony H. Ali	8 of 8	11 of 11	19 of 19	100%
Ms. Vere P. Brathwaite	8 of 8	7 of 7	15 of 15	100%
Ms. Laurie O. Condon	6 of 6	2 of 2	8 of 8	100%
Mr. J. Dereck Foster	8 of 8	N/A	8 of 8	100%
Mr. A. Charles Herbert	8 of 8	8 of 8	16 of 16	100%
Mr. William P. Putnam	8 of 8	7 of 7	15 of 15	100%
Mr. Christopher G. Rogers	8 of 8	4 of 4	12 of 12	100%
Mr. Stephen T. Worme	8 of 8	9 of 9	17 of 17	100%

MANAGEMENT PROXY CIRCULAR

COMPANY No. 1330

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

This Management Proxy Circular accompanies the notice of the eighty-first annual meeting of the shareholders of Goddard Enterprises Limited (the "Company") to be held on Friday, 31 January 2020 at 5.30p.m. at the Walcott Warner Theatre, Errol Barrow Centre for Creative Imagination, The University of the West Indies, Cave Hill Campus, St. Michael (the "meeting") and is furnished in connection with the solicitation by the management of the Company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

A shareholder who is entitled to vote at the meeting has the right by means of the enclosed form of proxy to appoint a person to represent him at the meeting and may do so by inserting the name of such person in the space indicated on the form. The completed proxy form must be returned to the Company no later than 4.00 p.m. on Thursday, 30 January 2020.

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

RECORD DATE AND VOTING SHARES

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the meeting. Therefore, in accordance with the Companies Act, the statutory record date applies. Accordingly, only shareholders of record at the close of business on the day immediately preceding the day on which the notice of the meeting is given will be entitled to receive notice of the meeting. Only such registered holders of shares of the Company will be entitled to vote at the meeting. In the event of a poll, each shareholder is entitled to one vote for each share held. As at the date hereof, there are 226,976,253 common shares of the Company issued and outstanding.

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

The Consolidated Financial Statements of the Company for the year ended 30 September 2019 and the Auditor's Report thereon are included in the 2019 Annual Report.

CONFIRMATION OF THE AMENDED BY-LAW NO. 1 OF THE COMPANY

Several amendments to the By-Laws of the Company (numbered By-Law Nos. 1, 2, 3 and 4) as amended from time to time are being proposed for confirmation by the Shareholders to be known as the By-Law No. 1 of the Company. The amendments were recommended by the Governance Committee and approved by the Board and have been made with a view to adopting international best corporate governance practice, enhancing the Board's accountability and ensuring transparency of the Board's processes.

We set out below for your reference the main amendments to the By-Laws of the Company.

	Description of Proposed Change	Rationale	By-Law reference
1	Increase minimum number of directors from 5-7, reduce maximum number of directors from 15-11	International best practice, appropriate given the size and growth trajectory of the Company and the number of Board Committees	4.2
2	Provide that the Managing Director is an ex officio Board member	The Managing Director's appointment as Managing Director is a mandate entirely of the Board	4.2
3	Provide for appointment of directors for one year terms	Enhance accountability of the Board	4.4
4	Add process for removal of directors and expand circumstances for cessation of directorship	Enhance director accountability to higher standards	4.4.1, 4.4.2, 4.4.3
5	Remove the appointment by directors of their alternatives	Conflicted with the Companies Act	old deleted 4.5
6	Include process of annual appointment of Board Chair, and Deputy Board Chair, at the discretion of the Board	Enhance transparency of process	4.7, 4.8
7	Include process of annual composition and chairmanship of Board Committees	Enhance transparency of process	4.10
8	Empower i) any 3 Board members to convene a Board meeting on failure of the Board Chair to do so; and ii) any 2 Committee members to convene a Committee meeting on failure of the Committee Chair to do so	International best practice	6.2
9	Change quorum from five to a majority of directors	International best practice	6.3
10	Provide for voting and communication among directors by electronic means including Board portal software	Codify practice	6.4, 6.7
11	Provide for the type of business to be conducted at annual meetings	Entrenches law	12.2
12	Provide for faxed or emailed notices, information to be available on the Company's website	Enhance communication with shareholders	12.4, 18.1, 20.1
13	Provide for deposit of securities for safekeeping	Codify practice	15
14	Provide that books and records to be regularly and properly kept	Entrenches legal requirement	19
15	Provide for banking powers, financial disclosure	International practice, legal requirement	21
16	Provide for the appointment of auditors	Entrenches law	22
17	Removal of signature of documents by directors	International practice	24
18	Empower directors to preserve rules and regulations for management and operation of the Company for confirmation of shareholders	Entrenches law	26

The Companies Act requires the Directors to submit any amendment of a by-law made by the Board to the shareholders for confirmation, amendment or rejection at the next meeting of shareholders after the amendment is made. The amendments to the By-Laws of the Company were made by resolution of the Board of Directors on 2 December 2019.

The Directors recommend that the Shareholders vote for the confirmation of the amended By-Law No. 1 of the Company as set out in the Appendix A to the Annual Report to be known as By-Law No. 1 of the Company.

AMENDMENT TO THE COMPANY'S ARTICLES OF CONTINUANCE

The amendments to paragraph 4.2 of the By-Laws of the Company made by the Board on 2 December 2019 to increase the minimum number of directors from five to seven and reduce the maximum number of directors from fifteen to eleven will occasion an amendment to the Articles of Continuance of the Company. The Directors believe that such changes are appropriate given the size and growth trajectory of the Company and the number of Committees of the Board. The text of the proposed special resolution required to effect the amendment is included in the Notice of Meeting. A majority of not less than two-thirds of the votes cast by shareholders at the meeting, whether in person or by proxy, will constitute approval of the proposed special resolution.

ELECTION OF DIRECTORS

The Board of Directors of the Company currently comprises nine Members. On 2 December 2019, the Board amended the By-Laws of the Company to provide that directors of the Company will hold office for a term expiring not later than the close of the annual meeting of shareholders following their appointment or election.

Three Directors, Messrs. A. Charles Herbert, Christopher G. Rogers and Stephen T. Worme, retire by rotation at the end of the eighty-first annual meeting, and being eligible seek re-election to the Board for a term of one year each. Save and except for Mr. Anthony H. Ali, who is an ex officio member of the Board of Directors, all other Directors of the Company have tendered their resignations from the Board with effect from the close of the eighty-first annual meeting and being qualified, and on recommendation of the Board, seek election by the shareholders each for a term of one year. The number of persons to be elected as directors of the Company at the meeting is therefore eight.

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

Nominee for Director	Present Principal Occupation
Dr. José S. López Alarcon	Non-Executive Director
Ms. Vere P. Brathwaite	Non-Executive Director
Ms. Laurie O. Condon	Non-Executive Director
Mr. J. Dereck Foster	Non-Executive Director
Mr. A. Charles Herbert	Non-Executive Director
Mr. William P. Putnam	Non-Executive Director
Mr. Christopher G. Rogers	Non-Executive Director
Mr. Stephen T. Worme	Non-Executive Director

It is proposed that the term of office for each of the above-named nominees will expire at the close of the annual meeting of shareholders following his or her election or until his or her successor is elected or appointed. It is further proposed that the above-named nominees along with Mr. Anthony H. Ali, Managing Director, constitute the Board of Directors of the Company until the close of the next annual meeting of shareholders.

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

APPOINTMENT OF AUDITOR

During the 2019 financial year, your Directors put the Group's External Audit and Taxation Services for the financial years ending 30 September 2020-2024 out to tender. The Audit & Risk Committee received and analysed comprehensive presentations from Deloitte, KPMG and Ernst & Young Ltd using extensive criteria. No presentation was analysed from PricewaterhouseCoopers SRL, who had been awarded the tender to provide Internal Audit Services to the Group.

On completion of its analysis, the Audit & Risk Committee recommended to the Board that the Company's incumbent Auditor, Ernst & Young Ltd, be recommended to shareholders for appointment as the Company's Auditor. The Board has accepted the recommendation of the Audit & Risk Committee.

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

AMENDMENTS TO THE COMPANY'S SHARE PURCHASE SCHEMES

Currently the Group has two main Employee Share Purchase Schemes:

i) the Bonus Share Purchase Scheme, by which Group Employees resident in Barbados are entitled to purchase shares annually in the Company up to a limit of three-quarters of their profit-sharing bonus to a maximum of BDS$7,500.00; and

ii) the Savings Related Employee Share Purchase Scheme, by which Group Employees are entitled to purchase shares annually in the Company up to a maximum value of 10% of their basic salary.

It is proposed to extend the Bonus Share Purchase Scheme to allow Group Employees to purchase shares in the Company using their profit-sharing bonus, even in instances where there is no tax incentive to do so as in Barbados. The Directors therefore propose to allow Group Employees to purchase shares in the Company under both the Bonus Share Purchase Scheme and the Savings Related Employee Purchase Scheme (together "the Schemes") up to a total maximum value of 10% of their basic salary plus BDS$10,000.00 per annum. The shares so purchased under the Schemes will continue, at the discretion of the Board, to be subject to a discount of up to 15% of the market price prevailing at the time of the offer to purchase.

The Directors recommend that Shareholders vote to allow Employees of the Company to purchase shares in the Company under the Schemes up to a total maximum value of 10% of their basic salary plus BDS$10,000.00 per annum, subject to a discount of up to 15% of the market price prevailing at the time of the offer to purchase.

DISCRETIONARY AUTHORITY

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

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

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

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

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

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

27 December 2019

Kathy-Ann L. Scantlebury
Corporate Secretary

FORM OF PROXY

COMPANY No. 1330

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

. . . . . .

of . . . . . .

or failing him . . . . . .

of . . . . . .

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 81st annual meeting of the shareholders of the Company to be held on 31 January 2020 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

. . . . . .
Name of Shareholder(s)

. . . . . .
Signature of Shareholder(s)

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

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

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

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

3. Proxy appointments are required to be deposited at the registered office of the Company no later than 4:00 p.m. on Thursday, 30 January 2020.

GODDARD ENTERPRISES LIMITED

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