



# ANNUAL REPORT

TO OUR STAFF WHO WORKED TIRELESSLY  
THROUGHOUT THE COVID-19 PANDEMIC TO  
ENSURE THAT THERE WAS ALWAYS A  
CONSTANT SUPPLY OF QUALITY PRODUCTS  
AND RELIABLE SERVICE TO OUR  
CUSTOMERS HERE AT HOME, THROUGHOUT  
THE REGION AND BEYOND.

*Thank You!*



THE WEST INDIA BISCUIT  
COMPANY LTD.

# FINANCIAL STATEMENTS

For the year ended August 31, 2020  
(Expressed in Barbados Dollars)



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# ONE HUNDRED AND ELEVENTH ORDINARY GENERAL MEETING

Notice is hereby given that the One Hundredth and Eleven Ordinary general Meeting of the Shareholders of The West India Biscuit Company Limited (the "Company") will be held at the Registered Office of the Company, Gill's Road, Bridgetown, on Friday, 14th Day of February 2021 at 11:0 a.m. for the following purposes:

1. To receive and consider the Accounts and Reports of the Directors and Auditors for the year ended August 31, 2020.
2. To elect Directors.
3. To appoint Auditors and fix their remuneration.
4. To transact any other business of an Ordinary General Meeting.

By order of the Board of Directors.

Bridgetown  
November 25, 2020

A handwritten signature in black ink, appearing to read "E. Gill", written over a horizontal line.

E. Gill (Ms)  
Secretary



# CORPORATE INFORMATION

Incorporated October 12, 1910

## ***REGISTERED OFFICE***

Gill's Road  
Whitepark Road  
St. Michael, Barbados BB11083  
Telephone: 1-246-227-6200  
Facsimile: 1-246-426-5035  
Email: [admin@wibisco.com](mailto:admin@wibisco.com)  
[www.wibisco.com](http://www.wibisco.com)

## ***BOARD OF DIRECTORS***

Mr. Christopher D. Bynoe – Chairman  
Mr. Michael R Bynoe  
Mr. Robert Bermudez  
Mr. Ricardo Williams  
Mr. Gerald A. King  
Mr. Lorenzo Roach

## ***CORPORATE SECRETARY***

Ms. Elaine Gill

## ***AUDITORS***

Ernst & Young  
One Welches, Welches,  
St. Thomas  
Barbados BB22025

## ***BANKERS***

CIBC FirstCaribbean International Bank (Barbados) Limited  
Warrens, St. Michael, Barbados

## ***REGISTRAR & TRANSFER AGENT***

Corporate Services Limited

## ***ATTORNEYS-AT-LAW***

Hanschell & Company  
Croton Court,  
Corner Pine & Belmont Roads  
Belleville, St. Michael, Barbados



## FINANCIAL HIGHLIGHTS

(expressed in Barbados dollars)

	2020	2019	2018	2017	2016	2015	2014
Turnover - millions of dollars	64.3	61.0	60.9	57.4	54.9	55.0	59.1
Pre-tax profits -millions of dollars	10.8	8.7	10.4	9.7	9.7	8.5	6.5
Net income - millions of dollars	10.3	9.9	9.0	9.0	8.6	7.5	5.9
Earnings per share - cents	342.0	329.5	296.7	296.4	278.6	246.7	193.6
Dividends per share - cents	100.0	80.0	80.0	80.0	80.0	55.0	55.0
Dividend cover	3.4	4.1	3.7	3.7	3.5	4.5	3.5
Net asset value per share - dollars	27.0	24.1	22.4	20.5	18.0	15.5	15.2
Share price - dollars: year ended August 31, 2020	31.0	24.6	20.0	17.43	14.4	10.5	10.5



## CHAIRMAN'S REPORT

The year under review was an unprecedented one. The COVID-19 pandemic has changed the way in which business is being conducted worldwide. Revenues for the financial year were up on prior year by 5.4%. This increase was due primarily to the COVID-19 pandemic which saw a significant lift in cracker sales on the local market in the early stages. Domestic sales saw a turnaround over prior year by 4.6% while exports registered a 7.5% growth over the same period. We have however noted a slow down in both domestic and regional markets in recent months.

The lift in cracker sales contributed to the marginal increase in the gross profit over the corresponding period last year. Operating expenses were flat against prior year.

During COVID-19 the Company continued to work within the guidelines outlined by the Barbados Government and ensured that there was a continuous supply of our products both in the local, regional and international markets. We remain committed to the safety of all our staff members and stakeholders and will continue to ensure that all the protocols will continue to be adhered to.

A new HCS Wrapping Machine was installed and commissioned in October, 2020. It was originally scheduled for installation in April 2020 but was delayed due to the COVID-19 Pandemic. This packaging machine is operating at the rated efficiency for all Teatime products while we anticipate a significant improvement in the output and efficiency levels for the Shirley 105g size in the near future. We continue to receive technical support from the manufacturers during this process.

With what is now an uncertain business landscape, the Management of the Company will continue its robust cost containment exercise to mitigate against the potential fallout of this global pandemic.

The Directors declared an interim dividend of 25 cents per share in March 2020. A final dividend of 75 cents has now been declared, increasing the total dividend for the year to 100 cents per share.

In closing, I would like to thank the management and staff for their continued efforts and commitment, the shareholders for their continued confidence and our customers for their loyal patronage. I also acknowledge the support of the Barbados Workers' Union, with whom we have a mutually satisfactory working relationship.

We remain optimistic that the business can continue to go from strength to strength as we ride the wave of the COVID-19 pandemic. The Company will continue to assess the impact of COVID-19 on its operations.

A handwritten signature in black ink, appearing to read "C. D. Bynoe", written over a horizontal line.

C. D. Bynoe  
Chairman



## DIRECTORS' REPORT

REPORT OF THE DIRECTORS to be presented to the Shareholders at the One Hundred and Tenth Ordinary General Meeting to be held at the Company's Registered Office, Gill's Road, Bridgetown, on February 12, 2021.

The Directors submit herewith the Audited Statement of Accounts for the year ended August 31, 2020.

Net income for the year	\$10,324,791
Balance at August 31, 2019	\$68,531,062
Dividends paid	<u>\$(3,019,169)</u>
Balance at August 31, 2020	<u>\$75,836,684</u>

Mr. Ricardo Williams retire by rotation but is eligible for re-election for a period not exceeding three years.

The retiring Auditors, Ernst & Young, Chartered Accountants, offer themselves for reappointment.

A handwritten signature in blue ink, appearing to read "E. Gill", positioned above a horizontal line.

E. Gill  
Secretary

Bridgetown  
November 25, 2020



# CORPORATE GOVERNANCE OVERVIEW

## Board Composition and Structure

The maximum number of Directors permitted by the Articles of Incorporation of the Company is ten and the minimum is three. The Board of Directors presently consists of five members, three of whom are independent Non-Executive Directors. The remaining two are the Chief Executive Officer and the Group Finance Executive.

The Board of Directors considers that the quality, skills and experience of Directors enhances the Board's effectiveness and the collective Board is required to have the core set of skills essential to the efficient and prudent operation of the Company's business.

The Board's mandate extends to the approval and implementation of the Company's strategic plan and budget and its corporate objectives, approval and monitoring of investment opportunities and major capital expenditure, the review and approval of financial statements and their disclosure, the approval of dividends and the review and monitoring of internal controls, risk management and legal and regulatory compliance. The Board is also responsible to ensure that the Company has the appropriate structures and programs in place to operate within the highest ethics, compliance and corporate governance practices.

## Board Committee Structure

To assist in carrying out its mandate the Board has established two Committees namely the Audit and Corporate Governance Committee. An Audit Committee Charter as well as the Board Mandate can be viewed on the Company's website: [www.wibisco.com](http://www.wibisco.com). The composition of Boards can be seen in the Report on Page 6.

## The Audit Committee

The Audit Committee members are:-

- Christopher D. Bynoe - Chairman
- Gerald A. King
- Ricardo Williams

The mandate of the Audit Committee is to appoint external auditors for subsequent approval by shareholders, oversee the work of external auditors and recommend their compensation to the Board. In addition the Committee is also required to review the annual audit plan, review and approve the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting.

The Committee also oversees the Internal Audit function providing the policy and framework for an effective system of internal controls, ensures compliance with legal, statutory and regulatory requirements and to assure and maintain the independence of the internal audit process.



The Committee is also responsible for providing an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the Audit Committee.

### **The Corporate Governance Committee**

The Corporate Governance Committee members are:-

Mr. Christopher D. Bynoe - Chairman  
Mr. Michael R Bynoe  
Mr. Robert Bermudez  
Mr. Ricardo Williams  
Mr. Gerald A. King

The Corporate Governance Committee's primary role is to develop and recommend to the Board of Directors procedures and policies to establish and to maintain the best standards of corporate governance.

### **Rotation, Election and Re-election of Directors**

In accordance with both the by-laws of the Company and the provisions of the Companies Act Chapter 308 of the Laws of Barbados, one Director, Mr. Ricardo Williams retire by rotation and being eligible, offer himself for re-election for a term not exceeding three years. Ricardo Williams is the Group Financial Director and Corporate Secretary of Bermudez Group Limited. He has had over 31 years' experience in areas of Finance, Audit and Corporate Governance.



## GENERAL MANAGER'S REPORT

The West India Biscuit Company delivered a commendable performance for the financial year ended August 31st, 2020. We were able to deliver a total revenue performance of \$64.3M versus prior year of \$60.9M, up 5.4% above prior year. This performance resulted from the increased sales in crackers experienced during the COVID-19 curfew period, pushing local sales up on prior year by 4.6%. Export sales continued to perform well versus prior year and we ended the year 7.5% ahead of prior year.

The last six months of this financial year saw many operational changes to the business. Our planned plant machinery upgrade had to be delayed due to limitations placed on international travel, which restricted the travel of the technicians required to complete the installation of the equipment. With the ease in travel restrictions, we do anticipate the completion of this upgrade in the first quarter of the new financial year.

Along with the operational challenges, the additional protocols surrounding COVID-19 were quickly implemented and adopted by staff across the organization. This rapid adoption resulted from the dedication exhibited by our staff and the manner in which many of the protocols already existed under our HACCP (Hazard Analysis Critical Control Point) program.

I am happy to report that WIBISCO was once again successful in the completion of its 2020 HACCP audit. This particular audit was completed remotely using technology, and the team was able to demonstrate compliance to the standard and gained recertification for the organization.

The effects of COVID-19 on businesses have seen the cessation of some companies or the reduction in business hours for others. This has resulted in increased levels of unemployment and underemployment for persons, resulting in reduced disposable income for consumers. WIBISCO has not escaped the financial impact of this pandemic, as we have seen revenue declines across much of our product offerings. Despite this, we were able to keep costs within control and ended the year with a profit before tax of \$10.8M versus a prior year's performance of \$8.7M.

The outlook for the future is one of great uncertainty. We have already begun to see the impact of the current economy on sales, as consumers grapple with a decline in disposable income. We have developed strategies with the intention of curtailing the decline we have seen in sales and will be aggressive with our new product offerings and presence in the trade, to remain relevant and competitive.

I take this opportunity to acknowledge the steadfast leadership of our management team, the dedication of our staff, and the support of our Board of Directors, who all contributed in ensuring the success of the organization. Our partnership with our local, regional and international customers remain strong and it is this partnership which has aided in the growth of the organization. In these unprecedented times that we now operate, our cordial relationship with the BWU has allowed for effective communication when required.

regional, and international partners has remained strong, and we thank them for allowing us to partner with them. Our continued cordial relationship with the Barbados Workers Union continues to yield benefits for the organization, and we are appreciative of the efforts taken to create an environment that is mutually beneficial. To our valued consumers of our products, we thank you for your unwavering support and eagerly look forward to exciting you with some new product offerings.

A handwritten signature in blue ink, appearing to read "Lorenzo Roach", written over a horizontal line.

Lorenzo Roach  
General Manager



## **BIO - LORENZO ROACH**

Mr. Lorenzo Roach's career has centered on manufacturing, which he describes as a passion of his. After joining Barbados's leading beverage manufacturing group in 2000 as a Quality Assurance Technician, Mr. Roach spent the next 17 years in various positions throughout that organization's strata. Notably, Mr. Roach was appointed as Beverage Plant Manager for the island's local Coca Cola franchise bottler, having direct responsibility for the full operations of that business. Subsequent to that, Mr. Roach then went on to lead the team at the island's sole dairy and juice production facility as Supply Manager before making the move to WIBISCO.

With a Master's degree in Business Administration (with Distinction) from the University of the West Indies (UWI) and extensive experience across the various disciplines associated with manufacturing, Mr. Roach joins the WIBISCO team eager to contribute to the company's continued success.



# MANAGEMENT TEAM



**LORENZO ROACH**  
General Manager



**ELAINE GILL**  
Finance Manager / Company Secretary



**DIANE PAYNE**  
Commercial Manager



**LAINA JACOB**  
Human Resource Manager



**JASMINE CORBIN**  
Supply Chain Manager



**DELROY WALSH**  
Operations Manager



## **ADDITIONAL INFORMATION REQUIRED IN ACCORDANCE WITH THE BARBADOS STOCK EXCHANGE AGREEMENT**

Additional information for the year ended August 31, 2020, required in accordance with the Barbados Stock Exchange Listing Agreement.

(a) According to the Company's Register at August 31, 2020, the interest of persons who were Directors at that date were as follows:-

C.D. Bynoe	1,000 shares
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(b) At August 31, 2020, the following companies held more than 5% of the share capital of the company:

Bermudez Group Limited  
Russell Investments Ltd.  
Bermudez Biscuit Company Limited



NEW YORK

TORONTO

**WIBISCO** exports many products throughout the Caribbean as well as to Miami, New York, and the UK. Among the Caribbean markets being served are Trinidad and Tobago, Grenada, St. Vincent, Dominica, Montserrat, Antigua and Barbuda, St. Kitts and Nevis, Saint Maarten, Anguilla, The British Virgin Islands, The US Virgin Islands, Jamaica and the Cayman Islands. Arrangements are in place to export even further afield in the near future and our packaging has been upgraded to compete in the international arena.

 **WIBISCO** exports locations

UNITED KINGDOM

MIAMI

CAYMAN ISLANDS

JAMAICA

US/BRITISH VIRGIN ISLANDS

ANGUILLA

SAINT MAARTEN

ANTIGUA & BARBUDA

ST. KITTS & NEVIS

MONTSERRAT

GUADELOUPE

DOMINICA

MARTINIQUE

ST. LUCIA

ST. VINCENT

BARBADOS

GRENADA

TRINIDAD & TOBAGO

*Caribbean Sea*

THE WEST INDIA BISCUIT  
COMPANY LTD.  
**FINANCIAL STATEMENTS**

For the year ended August 31, 2020  
(Expressed in Barbados Dollars)



Ernst & Young Ltd  
P.O. Box 261  
Bridgetown, BB11000  
Barbados, W.I.

Tel: 246 430 3900  
Fax: 246 426 9551  
246 430 3879  
www.ey.com

Street Address  
One Welches  
Welches  
St. Thomas, BB22025  
Barbados, W.I.

## Independent Auditor's Report

To the Shareholders of The West India Biscuit Company Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of The West India Biscuit Company Limited, which comprise the statement of financial position as at 31 August 2020, statement of changes in equity, statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management and the Audit Committee are responsible for the other information. The other information comprises the information included in the annual report, such as the Chairman's Report, General Manager's Report and Biographies, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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



## **Independent Auditor's Report**

To the Shareholders of The West India Biscuit Company Limited **(continued)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Responsibilities of Management and the Audit Committee for the Financial Statements**

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

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

Management and the Audit Committee are responsible for overseeing the Company's financial reporting process.



## **Independent Auditor's Report**

To the Shareholders of The West India Biscuit Company Limited **(continued)**

### **Report on the Audit of the Financial Statements (continued)**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 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 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## **Independent Auditor's Report**

To the Shareholders of The West India Biscuit Company Limited **(continued)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

We communicate with Management and 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management and the Audit Committee, we determine those matters that were of most significance in the audit of the 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 Matters**

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditor's report is John-Paul Kowlessar.

A handwritten signature in black ink that reads 'Ernst &amp; Young Ltd'.

25 November 2020  
Barbados



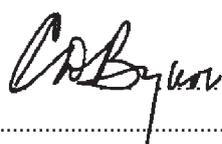
# STATEMENT OF FINANCIAL POSITION

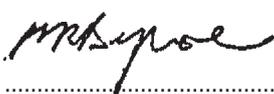
As at August 31, 2020 expressed in Barbados dollars)

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash in hand and at bank	5	29,707,437	27,064,360
Trade and other receivables	6	5,976,170	7,691,101
Due from related companies	7	379,867	606,615
Prepaid expenses		832,218	1,712,133
Inventories	8	6,718,840	5,924,376
Corporation tax recoverable		186,211	186,211
		<u>43,800,743</u>	<u>43,184,796</u>
<b>Current liabilities</b>			
Trade and other payables	9	4,662,195	4,097,133
Due to related companies	7	1,078,209	1,279,058
Current income tax liability		325,074	274,713
		<u>6,065,478</u>	<u>5,650,904</u>
<b>Working capital</b>		37,735,265	37,533,892
<b>Financial assets measured at fair value through Other Comprehensive Income</b>	10	8,970,220	11,720,831
<b>Financial assets measured at amortised cost</b>	10	3,500,000	-
<b>Property, plant and equipment</b>	11	25,593,203	22,422,962
<b>Right of use asset</b>	21	326,944	-
<b>Lease liabilities</b>	21	(333,935)	-
<b>Pension plan asset</b>	12	6,355,383	6,104,346
<b>Deferred tax liability</b>	18	(551,548)	(418,410)
<b>Net assets</b>		<u>81,595,532</u>	<u>77,363,621</u>
Represented by:			
<b>Equity</b>			
Share capital	13	2,998,748	2,998,748
Other reserves	14	2,760,100	5,833,811
Retained earnings		75,836,684	68,531,062
		<u>81,595,532</u>	<u>77,363,621</u>

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

Approved by the Board of Directors on November 25, 2020 and signed on its behalf by:

  
 .....Director

  
 .....Director



## STATEMENT OF CHANGES IN EQUITY

For the year ending August 31, 2020 (expressed in Barbados dollars)

	Share Capital	Equity Investments at FVOCI Reserve	Retained Earnings	Other	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at August 31, 2018</b>	<b>2,998,898</b>	<b>1,154,460</b>	<b>61,002,774</b>	<b>2,567,432</b>	<b>67,723,564</b>
Net Income for the year	-	-	9,949,294	-	9,949,294
Other comprehensive loss	-	3,299,092	-	(1,187,173)	2,111,919
Share retirement	(150)	-	(3,003)	-	(3,153)
Dividends paid (\$0.80 per share)	-	-	(2,418,003)	-	(2,418,003)
<b>Balance at August 31, 2019</b>	<b>2,998,748</b>	<b>4,453,552</b>	<b>68,531,062</b>	<b>1,380,259</b>	<b>77,363,621</b>
Net Income for the year	-	-	10,324,791	-	10,324,791
Other comprehensive loss	-	(2,750,611)	-	(323,100)	(3,073,711)
Dividends paid (\$1.00 per share)	-	-	(3,019,169)	-	(3,019,169)
<b>Balance at August 31, 2020</b>	<b>2,998,748</b>	<b>1,702,941</b>	<b>75,836,684</b>	<b>1,057,159</b>	<b>81,595,532</b>

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



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended August 31, 2020 (expressed in Barbados dollars)

	Notes	2020 \$	2019 \$
<b>Sales</b>	20	64,299,960	60,984,779
<b>Cost of sales</b>		(37,756,099)	(36,436,664)
<b>Gross profit</b>		26,543,861	24,548,115
<b>Other operating income</b>	16	610,767	510,305
<b>Selling and distribution expenses</b>		(9,849,548)	(8,537,792)
<b>Supply chain expenses</b>		(1,961,654)	(1,640,865)
<b>Administrative expenses</b>		(3,574,622)	(3,581,907)
<b>Loss on revaluation of land and buildings</b>		-	(851,171)
<b>Finance cost</b>		(243,494)	(71,522)
<b>Other operating expenses</b>		(708,965)	(1,656,071)
<b>Income before taxation</b>		10,816,345	8,719,092
Taxation	18	(491,554)	1,230,202
<b>Net income for the year</b>		10,324,791	9,949,294
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Fair value (loss)/gain on investments in equity instruments designated as at FVOCI	10	(2,750,611)	3,299,092
Loss on revaluation of land and buildings	11	-	(1,321,544)
Effect of change in tax rate on other reserves		-	173,096
Loss from defined pension plan asset	12	(333,093)	(39,923)
Deferred tax movement on pension asset		9,993	1,198
<b>Total other comprehensive income (loss)</b>		(3,073,711)	2,111,919
<b>Total comprehensive income for the year, net tax</b>		7,251,080	12,061,213
<b>Basic and diluted earnings per share - cents</b>	19	342.0	329.5

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



# STATEMENT OF CASH FLOWS

For the year ended August 31, 2020 (expressed in Barbados dollars)

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Income before taxation		10,816,345	8,719,092
Adjustments for:			
Depreciation	11, 21	1,609,937	1,292,103
Employer contribution paid	12	(652,500)	(641,622)
(Gain)/Loss on disposal of property, plant and equipment		(43,748)	17,766
Loss on revaluation of property		-	851,171
Pension plan charge	12	68,370	186,790
Operating profit before working capital changes		11,798,404	10,425,300
Decrease/(increase) in receivables and prepayments		2,351,034	(2,322,811)
Decrease in due from related companies		226,747	163,957
Increase in inventories		(794,464)	(303,800)
Increase in trade and other payables		808,876	16,093
Decrease in due to related companies		(200,849)	(531,538)
Cash generated from operations		14,189,748	7,447,201
Corporation tax paid		(298,063)	(1,294,888)
Net cash generated from operating activities		13,891,685	6,152,313
<b>Cash flows from investing activities</b>			
Purchase of equity investments	10	(3,500,000)	-
Purchase of property, plant and equipment	11	(4,656,044)	(2,716,348)
Proceeds on disposal of property, plant and equipment		43,748	-
Net cash used in investing activities		(8,112,296)	(2,716,348)
<b>Cash flows from financing activities</b>			
Share repurchase		-	(3,153)
Lease liability principal and interest payments		(117,143)	-
Dividends paid		(3,019,169)	(2,418,003)
Net cash used in financing activities		(3,136,312)	(2,421,156)
<b>Net increase in cash and cash equivalents</b>		2,643,077	1,014,809
<b>Cash and cash equivalents - beginning of year</b>		27,064,360	26,049,551
<b>Cash and cash equivalents - end of year</b>	5	29,707,437	27,064,360

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



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 1. General information

The Company is incorporated under the Laws of Barbados. Its principal activity is the manufacture and sale of biscuits. The company also sells biscuits and snacks manufactured by related parties.

The Company is registered and domiciled in Barbados at Gill's Road, St. Michael.

The Company is listed on the Barbados Stock Exchange and is a 66% subsidiary of Bermudez Group Limited, a company registered in the Republic of Trinidad and Tobago.

## 2. Significant accounting policies

### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through other comprehensive income.

The preparation of 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### New and amended standards and interpretations which are applicable

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 August 2020 except for the standards noted below:

- I. IFRS 16, Leases (Effective 1 January 2019), IFRS 16 specifies how companies will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model thereby eliminating the dual accounting model for lessees, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. There are no longer on-balance sheet finance leases and off-balance sheet operating leases.

In accordance with the transitional provisions of IFRS 16, the Company has adopted the new guidance applying a modified retrospective approach with the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings in the period of initial application, i.e. September 1, 2019. Comparative prior year periods were not restated. Entities applying the modified retrospective approach may also elect to use certain practical expedients.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 2. Significant accounting policies (continued)

### **New and amended standards and interpretations which are applicable** (continued)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee recognising the right to use an asset at the commencement date of the lease, and if lease payments are made over time, also recognising financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise:

- a. assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value; and
- b. depreciation of right-of-use assets separately from interest on lease liabilities in profit or loss.

IFRS 16 substantially carries forward the lessor accounting requirements from IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. For subleases, intermediate lessors should classify subleases based on the right-of-use asset from the head lease, rather than the underlying lease asset as it was under IAS 17, thus there is increased likelihood that a sublease previously classified as operating lease will be classified as a finance lease under IFRS 16.

### ***The effect from adoption of IFRS 16 on the Company's financial statements***

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the balance sheet date as at September 1st, 2019. Under this approach there is no adjustments made to equity and as such the comparative information presented for 2019 is presented in accordance with IAS 17 and is not restated.

As required by the standard, this election has been consistently applied to all leases in which the Company is a lessee.

### ***Company as the lessee***

For all leases, except for short-term leases and leases of low-value assets, previously classified as operating leases:

- as at September 1, 2019 the Company has recognised a lease liability measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at September 1, 2019;



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 2. Significant accounting policies (continued)

### New and amended standards and interpretations which are applicable (continued)

- for all leases the Company has elected to recognise a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to those leases recognised in the statement of consolidated financial position immediately before the date of initial application.

The Company elected the following practical expedients:

- has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous applying IAS 37 immediately before September 1, 2019 as an alternative to performing an impairment analysis. The analysis of the onerous contracts as at August 31, 2019 has not resulted in a need to recognise an impairment allowance. The right-of-use assets as at September 1, 2019 were therefore not adjusted for any impairment;
- not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application. Instead, it has accounted for those leases as short-term leases.

The explanation of the difference between operating lease commitments disclosed as at August 31, 2019 when applying IAS 17 to the lease liabilities recognised as at September 1, 2019 is presented in the table below:

	September 1st, 2019 \$
Operating lease commitments as at August 31, 2019 under IAS 17	355,301
The effect of discounting using the incremental borrowing rate at 1/9/2019	<u>(29,986)</u>
Lease liability as at September 1, 2019	<u>325,315</u>
Short-term portion	113,303
Long-term portion	<u>212,013</u>
	<u>325,316</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 2. Significant accounting policies (continued)

### New and amended standards and interpretations which are applicable (continued)

The initial value of the right-of-use assets is determined as follows:

	September 1st, 2019
	\$
Amount equal to lease liability as at Sept 1, 2019 under IFRS 16	<u>325,315</u>
Right-of-use asset as at September 1, 2019	<u>325,315</u>

The weighted average incremental borrowing rate applied to measure lease liabilities is 6%. This rate was adopted from a review of the current rates offered by the various lessors.

### Standards applicable to Company, issued but not yet effective

The following standard and interpretation was issued but is not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt this standard and interpretation, if applicable, when it becomes effective.

- I. IAS 1, presentation of Financial Statements & IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual periods on or after January 1, 2020. The amendments seek to clarify when information is material and also incorporates guidance about immaterial information. In particular, the amendments clarify:
  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 2. Significant accounting policies (Continued)

### Foreign currency translation and presentation

These financial statements are presented in Barbados dollars which is also the Company's functional currency.

Transactions arising during the year involving foreign currencies are translated into the functional currency at the rates of exchange prevailing on 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 income.

### Revenue recognition

Revenue comprises the fair value for the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue arises from the sale of manufactured and imported cookies, crackers and other confectionaries. Revenue is shown net of value-added tax, returns, rebates, discounts, refunds, incentives, penalty provisions and price concessions, with the amount to be received even though fixed, not contingent on a future event occurring or not occurring and therefore does not lead to variable consideration.

To determine whether to recognise revenue, the Company follows a 5-step approach

- I. Identifying the contract with the customer
- II. Identifying the performance obligation
- III. Determining the transaction price
- IV. Allocating the transaction price to the performance obligations
- V. Recognising revenue when/as performance obligations are satisfied

The Company recognises revenue at a point in time when the Company satisfies performance obligations by transferring the promised goods or services to its customers. Sale of goods is recognised when the Company has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products (though there is a suggested retail price), and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until, for key account customers, the products have been delivered to the specified location, for export customers, the products have left the sea-port and wholesaler notified, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

### Dividend income

Dividend income is recognised when the right to receive payment is established.

### Interest and other income

Interest and other income are recognized on an accrual basis.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 2. Significant accounting policies (Continued)

### Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

#### *Financial assets*

The Company classifies its financial assets in the following categories: amortised cost assets and equity investments at FVOCI. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

#### *Financial liabilities*

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade and other payables and due to related companies.

#### **Impairment of financial assets**

The Company made the irrevocable decision to remeasure the equity investments at fair value through other comprehensive income. The loss or gains on these investments will be recorded in other comprehensive income.

For trade receivables the Company uses the simplified approach in accordance with IFRS 9 which recognises lifetime expected credit losses (ECL). The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For assets classified as Amortized Cost, the Company writes off a loan or receivable when no reasonable expectation of recovering the asset or a portion thereof (e.g., a specified percentage) exists. All other assets at amortised costs are reviewed for impairment using the ECL "general approach".

#### **Provisions**

Provisions are recognised when the Company has a 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.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 3. Risk management

### Financial risk factors

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

Risk management is carried out under policies approved by the Board of Directors. The Board provides guidance for overall risk management.

### Market risk

#### *Foreign exchange risk*

The Company's transactions in foreign currencies are mainly for purchases of raw materials and sale of products.

These transactions are denominated mainly in United States dollars. There is a fixed exchange rate between the Barbados dollar and the United States dollar and there is no significant exposure to foreign exchange risk.

#### *Cash flow and fair value interest rate risk*

The Company has no interest-bearing financial assets; therefore, the Company's income and cash flows are independent of changes in market interest rates.

The Company's interest rate risk arises from bank overdraft. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. When utilised, the bank overdraft bears interest at the rate of 6% (2019 - 6%) per annum. Since the Company has no long-term borrowings, the Company is not exposed to fair value interest rate risk. Exposure to fair value interest rate risk results from fluctuations in the fair value of borrowings in response to changes in market interest rates.

#### *Price risk*

The Company's financial asset measured at fair value through Other Comprehensive Income is exposed to price risk arising from changes in the market value. The effects of a 1% increase or decline in price on the Company's investment would result in a change in the statement of changes in comprehensive income of \$89,632 (2019 - \$117,400).

#### *Credit risk*

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk arises from cash and cash equivalents, deposits with financial institutions as well as credit exposures to wholesale and retail customers, other receivables and contractual cash flows of debt investments carried at amortised cost.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 3. Risk management

### Credit risk (continued)

The Company's policy is to ensure that sales of product on credit are made to customers with appropriate credit history, financial position, credit quality and other factors. The utilisation of credit limits is regularly maintained. Sales to retail customers are generally in cash. Credit risk on trade receivables is limited, as trade receivables are shown net of provision for impairment.

The amount of the Company's maximum exposure to credit risk is indicated by the carrying value of its financial assets.

The maximum credit risk exposure is as follows:

	Notes	2020 \$	2019 \$
Cash in hand and at bank	5	29,707,437	27,064,360
Trade and other receivables	6	5,976,170	7,691,101
Due from related companies	7	379,867	606,615
Financial assets measured at amortised cost	10	3,500,000	-
		<u>39,563,474</u>	<u>35,362,076</u>

### Liquidity risk

In order to manage liquidity risk, 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 Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the schedule are contractual undiscounted cash flows.

	Notes	Less than 1 year 2020 \$	Less than 1 year 2019 \$
Trade and other payables	9	4,662,195	3,853,320
Due to related companies	7	<u>1,078,209</u>	<u>1,279,058</u>
		<u>5,740,404</u>	<u>5,132,378</u>

The table below analyses the Company's financial assets into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 3. Risk management (continued)

### Liquidity risk (continued)

		Less than 1 year	Less than 1 year
	Notes	2020 \$	2019 \$
Cash in hand and bank	5	29,707,437	27,064,360
Trade and other receivables	6	5,976,170	7,691,101
Due from related parties	7	379,867	606,615
Financial assets measured at amortised cost	10	3,500,000	-
		39,563,474	35,362,076

### Capital risk management

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 August 2020 and 2019.

### 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 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 reporting date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current close price. These instruments are included in level 1.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 3. Risk management (continued)

### Fair value of financial assets and liabilities (continued)

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.

Fair value through other comprehensive income financial assets are classified as level 1.

The carrying value of the Company's other financial assets and its financial liabilities are considered by management to approximate their fair value, due to the short-term nature of these instruments. For financial assets and liabilities that are liquid and short term in nature, it is assumed that the carrying value approximates to their fair value. These financial assets and liabilities comprise of cash and bank overdraft, trade and other receivables, due from related companies, trade and other payables, and due to related companies and are listed as level 2.

For financial assets measured at amortised costs which comprise fixed income securities, the fair values were calculated based on cash flows discounted using the yield to maturity. These assets are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs.

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments.

		<b>2020</b>	
		<b>Carrying Value</b>	<b>Fair Value</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents	5	29,707,437	29,707,437
Trade and other receivables	6	5,976,170	5,976,170
Due from related companies	7	379,867	379,867
Equity investment at FVOCI	10	8,970,220	8,970,220
Fixed income securities	10	3,500,000	3,500,000
<b>Liabilities</b>			
Trade and other payables	9	4,662,195	4,662,195
Due to related companies	7	1,078,209	1,078,209



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 3. Risk management (continued)

### Fair value of financial instruments not carried at fair value

	Note	2019	
		Carrying Value	Fair Value
		\$	\$
<b>Assets</b>			
Cash and cash equivalents	5	27,064,360	27,064,360
Trade and other receivables	6	7,691,101	7,691,101
Due from related companies	7	606,615	606,615
Equity investment at FVOCI	10	11,720,830	11,720,830
<b>Liabilities</b>			
Trade and other payables	9	4,097,113	4,097,113
Due to related companies	7	1,279,058	1,279,058

## 4. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses within the next financial year. The items which may have the most effect on the Company's financial statements are set out below:

### Revaluation of property, plant and equipment

The Company periodically 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. The assumptions are that the transaction would be an orderly transaction to take place between market participants. Three valuation techniques which are widely used in accordance with IFRS 13 are the market approach, the cost approach and the income approach.

### Impairment of financial assets

The Company assesses on a forward-looking basis in accordance with IFRS 9 the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment approach applied depends on whether there has been a significant increase in credit risk or default. The Company applies the simplified approach as permitted by IFRS 9 for Trade Receivables which requires expected lifetime losses to be recognised when the receivables have been recognised.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 4. Critical accounting estimates, judgements and assumptions (continued)

### *Pension benefits*

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are disclosed in Note 12. Any changes in these assumptions will impact the carrying amount of pension obligations or assets.

### *Useful-Life Estimates*

The company undertakes an annual review of all assets' useful life to ensure that the depreciation charges are accurately allocated and reflect the economic value that the asset contributes to entity.

### *Provision for Impairment of Inventory*

The Company estimates an allowance for impairment of trade inventory which management bases on known concerns with the age, stock levels held, turnover and saleability of the inventory. The Company also estimates an allowance for impairment of non- trade inventory which management bases on obsolescence.

### *Income taxes*

The Company is subject to income taxes in Barbados. Significant judgement is required in determining the provision for income taxes. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 5. Cash and cash equivalents

For cash flow purposes, cash and cash equivalents is comprised of cash and bank balances, less bank overdraft with an original maturity date of three months or less.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash in hand and at bank	29,707,437	27,064,360
	<u>29,707,437</u>	<u>27,064,360</u>

The Company has a credit operating line with CIBC FirstCaribbean International Bank totalling \$3M (2019 - \$3M). The facility covers loans, bank overdraft and letters of credit. The credit operating line is secured by (i) the equitable mortgage over the property at Gill's Road, White Park, St. Michael (ii) assignment of property insurance and stock at Gill's Road, White Park, St Michael and (iii) two customs bonds of \$30,000 each. Interest on the facility is charged at a rate of 6% (2019 - 6%) per annum.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 6. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established where the Company uses the simplified approach in accordance with IFRS 9 which recognises lifetime expected credit losses (ECL). The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating income'.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	4,154,110	4,770,475
Less: provision for impairment	(250,243)	(13,089)
Trade receivables - net	<u>3,903,867</u>	<u>4,757,386</u>
Other receivables	2,092,602	2,954,014
Less: provision for impairment	(20,299)	(20,299)
	<u>5,976,170</u>	<u>7,691,101</u>

As at 31 August 2020, receivables of \$3,827,483 (2019 - \$4,181,600) was less than 30 days and receivables of \$326,627 (2019 - \$588,875) were past due. The ageing of trade receivables is as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Up to 30 days	3,827,483	-	4,181,600	11,811
30 to 60 days	22,280	-	455,409	183
60 to 90 days	90,177	36,073	32,995	-
Over 90 days	214,170	214,170	100,471	1,095
	<u>4,154,110</u>	<u>250,243</u>	<u>4,770,475</u>	<u>13,089</u>

Movement on the provision for impairment of receivables is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance - beginning of year	33,388	61,176
(Decrease) Increase in provision for impairment of receivables	237,154	(27,788)
Balance - end of year	<u>270,542</u>	<u>33,388</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 7. Related party transactions and balances

During the year, the Company had the following transactions with related companies.

### Sale of goods

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Sale of goods:</b>		
Related parties	6,765,866	6,244,182

### Purchase of goods and services

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Purchase of goods:</b>		
Related parties	12,665,696	12,219,628
<b>Purchase of services:</b>		
- Management services (parent company)	1,505,713	1,212,110

The above transactions constitute sale and purchase of goods and services in the normal course of business.

### Key management compensation

Key management comprises directors and senior management of the Company. Compensation to these individuals was as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and other short - term employee benefits	1,225,365	1,215,570
Post -employment benefits	184,208	85,595
Directors' fees	70,149	63,000

### Year-end balances arising from sales/purchases of goods/services

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Receivables from related companies	379,867	606,615
Payables to related parties	1,078,209	1,279,058



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 8. Inventories

Inventories of raw materials and finished products are stated at the lower of cost and net realisable value. Cost is determined on an average basis and includes duty, transport and handling costs in the case of raw materials and all direct expenditure and production overheads in the case of finished products. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs. Inventories of machinery parts are valued at landing cost. Allowance is made for obsolete, slow-moving and damaged goods.

	<b>2020</b>	<b>2019</b>
	\$	\$
Raw materials	1,304,951	1,071,045
Packages, cartons, etc.	577,239	902,491
Finished goods	2,420,338	1,615,223
Machinery spares	1,299,961	1,417,928
	<u>5,602,489</u>	<u>5,006,687</u>
Provision	-	(7,774)
Goods in transit	1,116,351	925,463
	<u>6,718,840</u>	<u>5,924,376</u>
Total inventories at the lower of cost and net realisable value	6,718,840	5,924,376

Inventory written down and expensed during the year totalled \$562,888 (2019 - \$483,651).

Below is the movement of the provision for inventory.

	<b>2020</b>	<b>2019</b>
	\$	\$
Opening balance	(7,774)	(7,774)
Provision during the year	(105,379)	(300,756)
Amounts written off during the year	113,153	300,756
	<u>-</u>	<u>(7,774)</u>

## 9. Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at cost.

	<b>2020</b>	<b>2019</b>
	\$	\$
Trade payables	889,773	1,240,621
Other payables	3,772,422	2,856,512
	<u>4,662,195</u>	<u>4,097,133</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 10. Financial assets

The Company classifies its equity investments at FVOCI financial assets as fair value through other comprehensive income since these investments are not held for trading and assets held to maturity are classified at amortised cost. This classification is done in accordance with IFRS 9 Financial instruments effective 1 January 2018.

Purchases and/or sales of financial assets are recognised on the trade-date; the date on which the Company commits to purchase or sell the asset. In accordance with IFRS 9 equity investments are measured initially at fair value and any gains or losses are recognised in other comprehensive income. Dividend income derived from these investments are recognised in profit and loss.

Impairment of financial assets under IFRS 9 replaces the “Incurred loss model” under IAS 39 with the “expected credit loss” model. This new model applies to financial assets that are not measured at FVTPL including; loans, lease and trade receivables, debt securities, loan commitments etc. It does not apply to equity investment measured at fair value and therefore potential impairment is a part of the investment’s valuation technique. With this approach the gains and losses derived from the movement in fair value of the assets will be recorded through other comprehensive income in accordance with IFRS 9. These gains or losses cannot be recycled or be reclassified to profit or loss upon derecognition. Assets are classified as at amortised cost since both the following criteria are met in accordance with IFRS 9;

- a. The assets are held within the business model whose objective is to collect the contractual cash flows
- b. The contractual terms give rise to cash flows that are solely payments of the payment and interest

### ***Financial assets at FVOCI***

Equity investments at FVOCI was held at Sagicor Financial Corporation Limited (“SFCL”) which is a locally and regionally recognized company which traded on the local and Trinidad stock exchanges until it was delisted in December 2019. The company was acquired by Alignvest Acquisition II Corporation resulting in a newly formed company Sagicor Financial Company Ltd (“Sagicor”) now listed and traded on The Toronto Stock Exchange. The Company’s equivalent shares during this transfer was 908,703 shares for the 3,942,314 initially held in Sagicor Financial Corporation Limited (“SFCL”).

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

During FY2020 the Company purchased \$1,000,000 of unsecured 4% notes maturing in 2023 from Williams Renewable Energy Limited and \$2,500,000 in nominal amounts of \$500,000 of 3.25% fixed income unsecured notes also maturing in 2023 from Cave Shepherd and Co. Ltd. In accordance with IFRS 9 these financial assets were recognised as at amortised cost. The company did not recognize an ECL for these financial assets at amortized costs on initial recognition as it was deemed immaterial and the assets were considered low risk and fell within Stage 1. There were no immediate signs of increased credit risk or changes in the risk of default and the issuers demonstrated strong capacity to meet its contractual cash flow obligation in the short term.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 10. Financial assets (continued)

### *Financial assets at FVOCI*

Sagicor Financial Corporation

	2020 No. of shares	2020 \$	2019 No. of shares	2019 \$
Balance - beginning of year	3,942,314	11,711,731	3,942,314	8,410,539
Stock swap (BSE delisted)	(3,942,314)	-	-	-
Stock swap (TSX listed)	908,703	-	-	-
Fair value (loss) gain	-	(2,748,511)	-	3,301,192
Balance - end of year	908,703	8,963,220	3,942,314	11,711,731

### **Goddard's Enterprises Ltd**

	2020 No. of shares	2020 \$	2019 No. of shares	2019 \$
Balance - beginning of year	2,800	9,100	2,800	11,200
Purchases	-	-	-	-
Fair value loss	-	(2,100)	-	(2,100)
Balance - end of year	2,800	7,000	2,800	9,100
<b>Total Investment</b>	<b>911,503</b>	<b>8,970,220</b>	<b>3,945,114</b>	<b>11,720,831</b>

### *Financial assets at amortised costs*

#### **Cave Shepherd & Co Ltd**

	2020 \$	2019 \$
Balance - beginning of year	-	-
Purchases of unsecured notes	2,500,000	-
Balance - end of year	2,500,000	-

#### **Williams Renewable Energy Ltd**

	2020 \$	2019 \$
Balance - beginning of year	-	-
Purchases of unsecured notes	1,000,000	-
<b>Balance - end of year</b>	<b>1,000,000</b>	<b>-</b>
	<b>3,500,000</b>	<b>-</b>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 11. Property, plant and equipment

Land and buildings comprise mainly factory, retail outlet and offices. Land and buildings are shown at valuation, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. 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 are stated at historical cost less depreciation except work-in-progress which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets 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 Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income in the period in which they are incurred.

Changes in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income in the statement of comprehensive income.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation surplus in equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income for the year. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in revaluation surplus in equity.

Land and work-in-progress are 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:

Buildings	-	50 years
Plant and machinery	-	5 - 20 years
Furniture and equipment	-	4 - 10 years
Motor vehicles	-	5 - 10 years
Parking lot	-	50 years

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'gain/loss on disposal' in income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 11. Property, plant and equipment (continued)

	Note	Land	Buildings	Plant and machinery	Furniture and equipment	Work-in-progress	Motor vehicles	Parking lot	Total
<b>At August 31, 2020</b>									
Opening net book value		7,261,760	8,015,471	5,069,448	526,535	113,463	717,599	718,686	22,422,962
Additions /transfers		-	80,850	1,592,332	359,482	2,358,597	264,783	-	4,656,044
Cost of disposals		-	-	-	-	-	(142,276)	-	(142,276)
Depreciation charge	15	-	(281,555)	(870,718)	(184,591)	-	(131,031)	(17,907)	(1,485,802)
Accumulated depreciation Disposal		-	-	-	-	-	142,276	-	142,276
Closing net book value		7,261,760	7,814,765	5,791,062	701,426	2,472,060	851,351	700,779	25,593,203
Cost or valuation		7,261,760	11,578,859	16,890,773	3,507,208	2,472,060	2,992,338	883,154	45,586,152
Accumulated depreciation		-	(3,764,094)	(11,099,711)	(2,805,782)	-	(2,140,987)	(182,375)	(19,992,948)
<b>Net book value</b>		7,261,760	7,814,765	5,791,062	701,426	2,472,060	851,351	700,779	25,593,203



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)



## 11. Property, plant and equipment (continued)

	Note	Land	Buildings	Plant and machinery	Furniture and equipment	Work-in-progress	Motor vehicles	Parking lot	Total
		\$	\$	\$	\$	\$	\$	\$	\$
<b>At August 31, 2019</b>									
Opening net book value		6,626,060	8,958,373	5,194,762	629,325	476,521	630,263	673,894	23,189,198
Additions /transfers		2,130,760	12,510	613,583	62,054	(363,058)	198,441	62,058	2,716,348
Cost of disposals		-	-	(17,743)	(626,897)	-	-	-	(644,640)
Depreciation charge	15	-	(277,757)	(721,154)	(164,821)	-	(111,105)	(17,266)	(1,292,103)
Revaluation		(1,495,060)	(677,655)	-	-	-	-	-	(2,172,715)
Accumulated depreciation Disposal		-	-	-	626,874	-	-	-	626,874
Closing net book value		7,261,760	8,015,471	5,069,448	526,535	113,463	717,599	718,686	22,422,962
Cost or valuation		7,261,760	11,498,009	15,298,442	3,147,726	113,463	2,727,553	883,154	37,447,569
Accumulated depreciation		-	(3,482,538)	(10,228,994)	(2,621,191)	-	(2,009,954)	(164,468)	(15,024,607)
<b>Net book value</b>		<b>7,261,760</b>	<b>8,015,471</b>	<b>5,069,448</b>	<b>526,535</b>	<b>113,463</b>	<b>717,599</b>	<b>718,686</b>	<b>22,422,962</b>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 11. Property, plant and equipment (continued)

In 2019, the Company engaged an accredited independent valuer to determine the fair value of its land and buildings. Revalued property uses a Level 2 valuation technique in the hierarchy to determine and disclose fair value. Fair value is determined by reference to market-based evidence. This means that the valuation performed by the valuer was based on active market prices adjusted for any difference in the nature, location or condition of the specific property. The date of the valuation was June 25th, 2019 when the land and buildings were revalued to \$12,400,000. The deficit of the revaluation below the carrying value of the land and buildings was debited to revaluation surplus to the extent of the balance. The difference was debited to the Statement of Comprehensive Income.

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

	2020 \$	2019 \$
Cost	13,325,601	13,244,751
Accumulated depreciation	(3,176,388)	(2,910,139)
Net book value	<u>10,149,213</u>	<u>10,334,612</u>

## 12. Post-employment benefits

### *Pension obligations*

The Company operates defined benefit and defined contribution pension plans for its monthly and weekly paid employees under segregated fund policies with Sagicor Life Inc. The schemes are funded through investments in two mutual funds managed by Sagicor Life Inc. whom are authorised to exercise complete discretion over the investment and reinvestment of the plan's assets and the reinvestment of the proceeds of sale and the variation of investments made.

The Company's contributions made to the plans are based on rates determined by the plans' actuary. Both plans are managed by independent Trustees who are appointed by representatives from the management and staff of the company and operated under the rules of respective trust deeds.

There were no changes to the trust deeds.

The solvency of the plans is assessed by independent actuaries every three years to determine the funding requirements for the plans. The financial statements of the plans are audited annually by independent external auditors. Contributions are determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 12. Post-employment benefits (continued)

### Pension obligations (continued)

The asset/liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The last full triennial actuarial valuation was conducted as of September 1st, 2018 and revealed at that date a fund surplus of \$4,420,000.

### **Defined benefit plan**

The Company operates a defined benefit plan comprising both weekly and monthly paid members of the Company as at 31 December 2012 at which date the plan was effectively closed to new entrants. The benefit plan is divided into two sections; In accordance with the rules of the defined benefit (Section One - weekly paid staff), members contribute the rate of 3% of Pensionable Earnings and the employer pays the balance of the cost of Section One of the Plan for a maximum of 35 years.

Members of Section Two (monthly paid staff) of the Plan are not required to make contributions to the Plan however they are allowed to make additional voluntary contributions while the employer pays the balance of the cost of Section Two of the Plan.

### **Defined contribution plan**

The Company operates a defined contribution plan for all future employees of the Company who enrol as members of the plan on or after 1 January 2013. Members of the defined contribution plan contribute a rate of 2% of pensionable earnings up to the amount of the National Insurance (NIS) Ceiling and 5% on the Pensionable Earnings in excess of the National Insurance Ceiling whereas, the company contributions are based on the following scale:

Length of Membership	Pensionable Earnings < NIS Ceiling	Pensionable Earnings > NIS Ceiling
<10 years	2%	5%
10 - 20 years	4%	10%
> 20 years	6%	15%

### **Key assumptions and quantitative sensitivity analyses**

The cost of the defined pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future promotional salary increases, future salary increases, future increases to pensions and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 12. Post-employment benefits (continued)

### *Key assumptions and quantitative sensitivity analyses* (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The mortality rate is based on 1994 Uninsured Pensioner Mortality Generational Table at 2020 with projection scale AA. Mortality tables tend to change only at intervals in response to demographic changes.

Future salary and pension increases are based on historical data and union negotiated terms.

### *Principal actuarial assumptions used for accounting purposes*

	2020	2019
	%	%
Discount rate at the end of year	8.00	8.00
Expected return on plan assets	7.00	7.00
Future salary increases	4.50	4.50
Future pension increases	3.00	3.00

### *Risk factors that may impact the company*

The defined benefit pension plan exposes the Company to:

- Longevity risk
- Inflation risk since the benefits to the current employees are based on the last five years prior to retirement
- Interest rate risk due to the liabilities being of longer duration than the dated securities
- Investment risk in order to counter the inflation risk and improve the investment return.

A quantitative sensitivity analysis for significant assumptions as at August 31, 2020 is as shown below:

Assumptions	Sensitivity Level	Impact on defined benefit obligation \$
Discount rate	(+1)/-1%	(1,880,976) / 2,610,380
Future salary increases	(+.5)/-.5%	650,038 / (546,529)
Life expectancy	Increase by 1 year	672,045



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 12. Post-employment benefits(continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Less than 1 year	371,939	368,956
Between 1 – 2 years	394,889	403,020
Between 2 – 5 years	1,491,950	1,415,438
Over 5 years	3,924,152	3,674,589

*The following is the expected asset split of the plan assets*

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Mortgages	7.14	8.00
Bonds	26.13	24.30
Equities	50.68	55.09
Property	6.66	6.28
Other	9.39	6.33
	<u>100.00</u>	<u>100.00</u>

### **Expected contributions**

The best estimate of expected pension plan contribution to be paid for the year ending 31 August 2020 is \$652,500 (31 August 2019: \$641,622).

### **Defined benefit obligations maturity profile**

The average duration of the defined benefit plan obligation at the end of the reporting period is 16.53 years (2019: 17.76 years).



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 12. Post-employment benefits(continued)

Amounts recognised in comprehensive income in respect of the plans are as follows.

	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Benefit costs</b>		
Current service costs	537,799	530,303
Interest costs	1,043,688	968,275
Expected return on plan assets	(1,513,117)	(1,400,688)
Administrative costs	-	88,900
	<hr/>	<hr/>
Defined benefit costs recognised in profit and loss	68,370	186,790

	<b>2019</b>	<b>2019</b>
	<b>\$</b>	
<b>Re-measurement of defined benefit asset</b>		
Experienced gains	(565,742)	(376,248)
Expected return on plan assets	1,513,117	1,400,688
Actual return on plan assets	(614,282)	(984,517)
	<hr/>	<hr/>
Defined benefit costs recognised in OCI	333,093	39,923

The amounts recognised in the statement of financial position for the plans are determined as follows:

	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Employee benefit asset</b>		
Present value of obligation	(13,786,886)	(12,962,752)
Fair value of plan assets	20,142,269	19,067,098
	<hr/>	<hr/>
Net assets in statement of financial position	6,355,383	6,104,346



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 12. Post-employment benefits (continued)

<i>Changes in the fair value of plan asset</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at the beginning of the year</b>	19,067,098	17,846,634
<b>Plan Assets at Fair Value</b>		
Return on assets	614,282	984,517
Contributions by employees	261,930	209,816
Contribution by employers	652,500	641,622
Benefits paid	(453,541)	(526,591)
Administrative expenses	-	(88,900)
<b>Balance at the end of the year</b>	<u>20,142,269</u>	<u>19,067,098</u>

<i>Changes in the defined benefit obligation</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at the beginning of the year</b>	12,962,752	12,157,197
<b>Benefit Obligation</b>		
Net interest	1,043,688	968,275
Current service cost	537,799	530,303
Experience adjustments	(565,742)	(376,248)
Contributions by employees	261,930	209,816
Benefits paid	(453,541)	(526,591)
<b>Balance at the end of the year</b>	<u>13,786,886</u>	<u>12,962,752</u>

Movement in the net asset recognised in the statement financial position are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net asset at the beginning of the year	6,104,346	5,689,437
Net expense recognised in the statement of comprehensive income	(68,370)	(186,790)
Net expense recognised in the statement of Other comprehensive (loss) income	(333,093)	(39,923)
Employer contributions	652,500	641,622
<b>Net asset at the end of the year</b>	<u>6,355,383</u>	<u>6,104,346</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 13. Share capital

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Authorised:

The Company is authorised to issue an unlimited number of common shares of no-par value.

Issued:

	2020 #	2020 \$	2019 #	2019 \$
Balance - beginning	3,019,169	2,998,748	3,019,321	2,998,898
Retired Shares	-	-	(152)	(150)
Balance - ending	<u>3,019,169</u>	<u>2,998,748</u>	<u>3,019,169</u>	<u>2,998,748</u>

During the year the Company made the decision to repurchase and retire 152 outstanding shares.

## 14. Other reserves

	Notes	2020 \$	2019 \$
<b>Revaluation of land and buildings</b>			
Balance - beginning of year		-	1,321,544
Change in fair value for the year		-	(1,321,544)
Balance - end of year		<u>-</u>	<u>-</u>
<b>Pension plan asset</b>			
Balance - beginning of year		1,380,259	1,245,888
Loss from defined pension plan asset	12	(333,093)	(39,923)
Effect of change in tax rate		-	173,096
Deferred tax credit for the current year	18	9,993	1,198
Balance - end of year		<u>1,057,159</u>	<u>1,380,259</u>
<b>Equity investments at FVOCI</b>			
Balance - beginning of year		4,453,552	1,154,460
Change in fair value for the year	10	(2,750,611)	3,299,092
Balance - end of year		<u>1,702,941</u>	<u>4,453,552</u>
Total other reserves		<u>2,760,100</u>	<u>5,833,811</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 15. Expenses by nature

	Notes	2020 \$	2019 \$
Depreciation expense on PPE	11	1,485,802	1,292,103
Depreciation expense on right of use assets	21	124,135	-
Employee benefit expense	17	15,406,100	14,674,990
Changes in inventories of finished goods and work-in-progress		(615,615)	(356,066)
Raw materials and consumables used		26,155,331	25,675,914
Transportation		760,110	873,982
Advertising costs		1,688,539	1,487,356
Audit fees		81,867	195,471
Bad debts		270,170	33,388
Maintenance expenses		830,456	676,724
Loss on revaluation of land and buildings		-	851,171
Other expenses		7,053,224	7,299,437
Finance cost		243,494	71,522
Total cost of goods sold, selling and distribution expenses, supply chain expenses, administrative expenses and other expenses		53,483,613	52,775,992

## 16. Other operating income

	2020 \$	2019 \$
Gain/(Loss) on disposal of property, plant and equipment	43,748	(17,766)
Miscellaneous income	491,884	397,055
Dividend income	75,135	131,016
	610,767	510,305

## 17. Employee benefit expense

	Note	2020 \$	2019 \$
Wages and salaries		11,211,049	11,086,842
National Insurance		1,286,580	1,181,627
Pension charge	12	68,370	186,790
Other staff costs		2,840,101	2,219,731
		15,406,100	14,674,990



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 18. Taxation

### **Current Income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date on taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which 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.

### **Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

### **Deferred tax liability**

	Note	2020 \$	2019 \$
Accelerated tax depreciation		8,701,119	7,009,320
Net assets of pension plans	12	6,355,383	6,104,346
		15,056,502	13,113,666
Deferred tax liability at an effective tax rate of 3.66% (2019 - 3.20%)		551,548	418,410

The above temporary differences have no expiry dates.

	2020 \$	2019 \$
<b>Deferred tax liability at the beginning of the year</b>	418,410	2,133,023
Tax rate change effect	-	(1,679,309)
Charge (Credit) to the statement of income	143,131	(34,106)
Credit to other comprehensive income	(9,993)	(1,198)
<b>Deferred tax liability at the end of the year</b>	551,548	418,410



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 18. Taxation(continued)

### Deferred tax (continued)

	2020 \$	2019 \$	Change \$
Accelerated tax depreciation	8,701,119	7,009,320	1,691,799
Net assets of pension plans	6,355,383	6,104,346	251,037
	<u>15,056,502</u>	<u>13,113,666</u>	<u>1,942,836</u>
Deferred tax liability	551,548	418,410	133,138

### Current tax

The taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

	2020 \$	2019 \$
Current tax	348,423	310,117
Deferred tax credit (charge)	143,131	(1,540,319)
	<u>491,554</u>	<u>(1,230,202)</u>

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the tax rate applicable to manufacturing companies in Barbados as follows:

	2020 \$	2019 \$
Income before taxation	<u>10,816,345</u>	<u>8,719,092</u>
Tax calculated at 5.5% up to \$1, 000,000; 3% greater than \$1,000,000 (2019 - 5.5%)	349,490	286,573
Tax effect of the following:		
Tax effect as a result of the rate change	-	(1,506,213)
Expenses not deductible for tax purposes	103,621	31,752
Allowances claimed	(78,506)	(18,373)
Other	116,949	(23,941)
Charge (credit)	<u>491,554</u>	<u>(1,230,202)</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 19. Earnings per share

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's directors.

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

The Company has no dilutive potential ordinary shares, therefore diluted earnings per share is the same as basic earnings per share.

	Note	2020 \$	2019 \$
Net income attributable to equity shareholders		10,324,791	9,949,294
Weighted average number of ordinary shares		3,019,169	3,019,169
Basic and diluted earnings per share - cents		342.0	329.5

## 20. Segmental reporting

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

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from a geographical perspective. Geographically, management considers the performance of product sales in Barbados, Caribbean and extra-regional countries. There are no other segments monitored by the Board of Directors.

Cost and assets cannot be readily allocated to operating segments as common property, plant and equipment, other assets, labour and overheads are used in the production process for all revenue segments.

The reportable operating segments derive their revenue primarily from the sale of biscuits, crackers and cookies on a wholesale basis.

An analysis of revenue by geographic segments is detailed as follows:



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 20. Segmental reporting (continued)

	2020	2019
	\$	\$
Total segment revenue		
Barbados	45,405,455	43,411,603
Caribbean	12,904,806	12,701,063
Extra-Regional countries	5,989,699	4,872,113
	<u>64,299,960</u>	<u>60,984,779</u>

The amounts provided to the board of directors are measured in a manner consistent with that of the financial statement

## 21. Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The right-of-use assets is presented separately in the consolidated statement of financial position.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 21. Leases (continued)

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation periods for the right-of-use assets are as follows:

- Motor vehicles 5 years

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less.

### Accounting policies applied until 31 August 2019

Leases in which substantially all risks and rewards of ownership is not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### Lease activities

Currently the Company only leases motor vehicles. Leases are negotiated on an individual basis; the main lease features are summarised below:

- Motor vehicles are leased for a fixed period of 5 years with an extension option

The lease agreements do not impose any covenants.

The future cash outflows to which the Company as a lessee is potentially exposed that are not reflected in the measurement of the lease liability arise from extension and termination options.

Extension and termination options are included in a number of leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (extension option) or not terminated (termination option). The assessment of whether the Company is reasonably certain to exercise an extension option, or not to exercise a termination option is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Company.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 21. Leases (continued)

The management has applied judgment that:

- The lease term of motor vehicles was assessed, as the alternative assets are easily available and there are no economic incentives to continue beyond the basic lease term.

The statement of financial position shows the separate line item for the right-of-use assets, which comprises the following:

### Right-of-use assets

	IFRS 16 August 31, 2020 \$	IFRS 16 September 1, 2019 \$
Right-of-use assets (by class of assets)		
Motor vehicles	326,944	325,315
	<u>326,944</u>	<u>325,315</u>

	<b>Motor vehicles</b>
Operating lease commitments as at August 31, 2019 under IAS 17	355,301
The effect of discounting using the incremental borrowing rate at September 1, 2019	(29,985)
Lease liability as at September 1, 2019	<u>325,316</u>
Additions - new lease contracts	125,763
Depreciation	<u>(124,135)</u>
Balance at August 31, 2020	<u>326,944</u>

### Lease liabilities

	IFRS 16 August 31, 2020 \$	IFRS 16 September 1, 2019 \$
Lease liabilities		
Short -term portion	131,386	113,303
Long -term portion	202,549	212,013
	<u>333,935</u>	<u>325,316</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2020 (expressed in Barbados dollars)

## 21. Leases (continued)

### Amounts relating to leases recognised for the reporting period

#### The following amounts are recognised in profit or loss

	IFRS 16 August 31, 2020 \$	IAS 17 August 31, 2019 \$
Depreciation charge for the right-of-use assets by class of assets		
Motor vehicles	124,134	-
	<u>124,134</u>	<u>-</u>
Interest expense on lease liabilities (included in finance cost)	18,340	-
Operating lease expense (IAS 17) (included in administrative and distribution expenses)	-	128,056
Total expenses related to leases	<u>142,474</u>	<u>128,056</u>

#### The following amounts are recognised in the cash flow statement

	IFRS 16 August 31, 2020 \$	IAS 17 August 31, 2019 \$
<b>Cash outflow for leases (IFRS 16) - financing activity</b>		
Principal	117,143	128,056
Interest	18,340	-
	<u>135,483</u>	<u>128,056</u>



# PROXY FORM

The Secretary  
The West India Biscuit Company Limited  
Gill's Road  
St. Michael

I/We.....

of.....

.....

being a shareholder/shareholders of The West India Biscuit Company Limited hereby appoint

..... or failing him/her

.....or failing him/her

.....or failing him/her

to vote for me/us and on my/our behalf at the Annual General Meeting of The West India Biscuit Company Limited to be held on the 12th day of February, 2021 at 11.00 o'clock in the morning at the adjournment thereof.

Signed this.....Day of.....2020

.....  
Signature of Witness

.....  
Signature of Shareholder

# SNACK HARD DIP HARDA



**BAJAN**  
— FUH —  
**CRACKERS**



# THE WEST INDIA BISCUIT COMPANY LTD.

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