



# ANNUAL REPORT 2021



# Licias Across The Caribbean



Licias in Guyana



Licias in Guyana



Licias in Barbados



Promo Team - Barbados



THE WEST INDIA BISCUIT  
COMPANY LTD.

# FINANCIAL STATEMENTS

For the year ended August 31, 2021

(Expressed in Barbados Dollars)





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# ONE HUNDRED AND TWELFTH ORDINARY GENERAL MEETING

Notice is hereby given that the One Hundredth and Twelfth 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, 18th Day of February 2022 at 11:00 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<sup>st</sup>, 2021.
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 26, 2021

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Turnover - millions of dollars	60.8	64.3	61.0	60.9	57.4	54.9	55.0	59.1	53.2	53.8
Pre-tax profits -millions of dollars	8.7	10.8	8.7	10.4	9.7	9.7	8.5	6.5	4.4	6.3
Net income - millions of dollars	8.6	10.3	9.9	9.0	9.0	8.6	7.5	5.9	3.9	5.5
Earnings per share - cents	286.4	342.0	329.5	296.7	296.4	278.6	246.7	193.6	129.0	182.6
Dividends per share - cents	100.0	100.0	80.0	80.0	80.0	80.0	55.0	55.0	205.0	55.0
Dividend cover	2.9	3.4	4.1	3.7	3.7	3.5	4.5	3.5	0.6	3.3
Net asset value per share - dollars	29.3	27.0	21.4	22.4	20.5	18.0	15.5	15.2	13.8	15.4
Share price - dollars: year ended August 31, 2021	31.3	31.0	24.6	20.0	17.4	14.4	10.5	10.5	10.0	10.0



## CHAIRMAN'S REPORT

The year under review was another unprecedented one. The COVID-19 pandemic continues to change the way in which business is being conducted worldwide as we continue to experience extended curfews, restrictions on international travel, supply chain challenges and increases in unemployment levels. In addition to the depressed economic activity the country was also impacted by the volcanic ashfall from the Soufriere volcano in the earlier part of this year

We have noted a slowdown in both the domestic and regional markets during the year. Net Income for the year fell from \$10.3 million in the prior year to \$8.6 million this year or a decline of 16.3%. This translated into earning per share of \$2.86 or a decline of 16.3%. Total revenues declined by \$3.5 million or 5.4% and this is primarily due to the uplift in cracker sales last year as a result of the COVID-19 panic buying. The export markets saw a decline in revenues of 7.1%. The USA market declined in the first quarter of the year but has gradually increased over the past few months. The cracker category continued to hold its own but the snack category struggled during the year.

During the year two new crackers were introduced: Eclipse Dipper - Original and Tri-Grain and 3 flavours of Licias, were added to the cracker portfolio. We also introduced a new variant to our cookie portfolio, Tea Time Midnight. We are also preparing to launch another new cookie in the first quarter of the next financial year. It is heartening to note the favourable market responses of these new launches not only locally but regionally as well. We are grateful to our customers who remain faithful to us and our brands. The management team is focused on significantly improving our cost performance as well as raising our brands profile in the new financial year.

During the year the Company made an offer to the Government of Barbados to purchase the adjacent Louis Lynch Secondary School. This offer was accepted and the conveyancing of the property is in progress.

The Directors declared an interim dividend of 25 cents per share in March 2021. A final dividend of 75 cents has now been declared, increasing the total dividend for the year to 100 cents per share.

Although the economic environment continues to be challenging which is largely driven by the increase in COVID-19 cases resulting from the emergence of the Delta Variant, the Company's overall performance for the year has been commendable.

The Company will remain committed not only to improving performance but to continue seeking growth opportunities in alignment with our strategic objectives for financial year 2022.

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. This has been a challenging year for our staff members and their loyalty, commitment and unwavering support throughout this unprecedented period has been tremendous and I say a big thank you. I also acknowledge the support of the Barbados Workers' Union, with whom we have a mutually satisfactory working relationship.

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 Twelfth Ordinary General Meeting of The West India Biscuit Company Limited to be held at the Company's Registered Office, Gill's Road, Bridgetown, on February 18th, 2022.

The Directors submit herewith the Audited Statement of Accounts for the year ended August 31, 2021

Net income for the year	\$8,645,495
Balance at August 31, 2020	\$75,836,684
Dividends paid	(\$3,019,169)
Balance at August 31, 2021	<u>\$81,463,010</u>

### RESIGNATIONS

#### Mr. Robert Bermudez

Mr. Robert Bermudez resigned as a director of the Company on November 8th, 2021 and as such will not form part of the next rotation of directors.

Mr. Bermudez joined the Board on December 18, 1998. He is the Chair of Massy Holdings Limited. He has a strong reputation for pragmatic and shrewd business judgement and has enjoyed a distinguished career in business in Trinidad and Tobago and the wider Caribbean. Mr. Bermudez is also the Chancellor of the University of the West Indies.

Ms. Chloe Bermudez was appointed to fill the vacancy created by Mr. Bermudez's retirement. Ms. Bermudez will hold office as a director for the unexpired portion of Mr. Bermudez's term, until the Annual General Meeting scheduled to be held on Friday, February 18th, 2022.

#### Mr. Christopher D. Bynoe

The West India Biscuit Company Limited announces the resignation of Mr. Christopher D. Bynoe. which will take effect from Friday, February 18th, 2022.

Mr. Bynoe joined the Board from May 6, 1986 and has served as Chair from that date. He has also served as Chair of the Audit Committee and has led the Committee's works in the overall governance policy for the Company. He has done an outstanding job shaping this organization for the past thirty-five years to what it is today. As his term as Board Chairman comes to a close on February 18th, 2022, we would like to take this opportunity to thank him for his hard work and commitment in helping build a strong and prosperous organization.

#### Mr. Michael R. Bynoe

The Company also announces the resignation of Mr. Michael R. Bynoe which will take effect from Friday, February 18th, 2022.

Mr. Bynoe has served on the Board as a Non-Executive Director since July 1, 1992. He has served on the boards of Manning, Wilkinson & Challenor and the Barbados Shipping & Trading Co. Ltd. He has also held the positions of CEO and Chairman of Super Centre Limited.



On behalf of the Management, Staff and Board of Directors of WIBISCO we sincerely thank these gentlemen for their invaluable contributions to the company over many years, and wish them all the best in their future endeavors.

## **NOMINATIONS**

The board of directors of West India Biscuit Company Limited is pleased to announce the nominations of three new members to the Board of Directors: Ms. Chloe Bermudez, Prof. C. Justin Robinson and Ms. Margot Greene. These individuals will be eligible for election by shareholders at the upcoming Annual General Meeting on Friday, February 18th, 2022.

### **Ms. Chloe Bermudez**

Ms. Bermudez is the current CEO of the Bermudez Group of Companies. She joined the Group in 2012 and has worked in many areas in the Group including sales, marketing and manufacturing.

As the CEO of the Group, she leads a multidisciplinary team of professionals with responsibility for strategy development and execution as well as new business ventures in the Caribbean, Central, South and North America.

### **Prof. C. Justin Robinson**

Prof. Robinson a Professor of Corporate Finance, is a national of St. Vincent and the Grenadines and currently serves as Pro. Vice Chancellor, Board for Undergraduate Studies, University of the West Indies. He obtained his PhD in Finance from the University of Manchester, UK. He also holds an MSc in Finance and Econometrics from Florida International University and a BSc in Management Studies (First Class Honours) from the University of the West Indies, Cave Hill Campus, Barbados.

Prof. Robinson's research interests are Capital Markets in Developing Countries, Public Finance, Financial Risk Management and Corporate Finance in Developing Countries. Prof. Robinson currently serves as a Director of the Central Bank of Barbados and First Vice President of the Barbados Museum and Historical Society.

### **Ms. Margot Greene**

Ms. Greene is an Attorney-at-Law with a private practice in Barbados. She has a Bachelor of Laws Degree from the University of the West Indies Cave Hill Campus and a Legal Education Certificate from the Hugh Wooding Law School in Trinidad

Ms. Greene has been a Member of the Family Law Council since 1990. She is also Barbados' Principal Delegate to the Inter-American Commission on Women (CIM) and the Deputy Chair on the Protective Services Commission.

### **Auditors**

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

A handwritten signature in black ink, appearing to read "Elaine Gill".

Ms. Elaine Gill  
Secretary

Bridgetown  
November 26, 2021



# 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. G. Anthony 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, Mr. Robert Bermudez resigned as a Director in November 2021 and therefore would not form part of the rotation of Directors.



## MANAGING DIRECTOR'S REPORT

The West India Biscuit Company generated total revenues of \$60.81M, versus prior year of \$64.29M. This decline in performance resulted from the impact the COVID-19 pandemic had on the economies of both our local and major export markets. Local sales were down on prior year by 4.7% while export sales were down 7.1%. It should be note that this decline in sales versus prior year was due to the “panic” buying that took place during the initial stages of the COVID 19 pandemic.

The plant machinery upgrade originally slated for the last quarter of the prior financial year, occurred in the first quarter of this financial year. The installation had some initial challenges that were addressed timely with the aid of the equipment manufacturer. I am pleased to report that we have started to see the improvements expected from this investment, and I remain confident that this places the company in good stead for future production demands.

Despite the challenges of the volcanic ash fall experienced in April, Hurricane Elsa in July, and continued COVID-19 restrictions, the team continued to ensure a reliable supply of product to our customers with minimal disruption. Our progress towards Food Safety System Certification (FSSC 22000) went unimpeded by these challenges, with the team successfully completing FSSC 22000 Stage 1 during the financial year. The achievement of FFSC 22000 certification will assure our customers and consumers that the products produced at WIBISCO meet world class standards for food safety.

Net Income ended the year at \$8.6M versus a prior year performance of \$10.3M, representing a 16.3% decline. During the year, we implemented measures internally to improve efficiencies, with the aim to mitigate the various price increases that occurred. Escalating Raw material prices, rising shipping and logistics cost, coupled with general increases in operational expenses are all causes of concern as there is no clear end in sight for these. Despite our containment measures, we still had to make small pricing adjustments to specific products within our portfolio.

With a very challenging year behind us, we look optimistically to the future. Sales in the export market continues to show positive signs of growth. Relaxation of COVID-19 restrictions provide opportunities within the domestic market that were previously limited. New market development continues to remain a key part of our strategy and we look to add one new market to our mix in the upcoming year. Investment in plant and equipment will continue to form part of our growth strategy and this year we concluded negotiations with the Barbados Government to purchase the adjacent Louis Lynch Secondary School property to facilitate the long term expansion of the business.

I take this opportunity to acknowledge the dedication of our staff, the support of our Board of Directors, and all who have contributed to ensuring the success of the organization. Our partnership with our local, regional, and international customers continues to remain strong and we acknowledge these continued partnerships. In these unprecedented times that we now operate, our cordial relationship with the BWU has allowed for effective communication when required.

A blue ink handwritten signature of Lorenzo Roach, written over a horizontal line.

Lorenzo Roach  
Managing Director



# **MANAGEMENT TEAM**



**LORENZO ROACH**  
Managing Director



**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, 2021, required in accordance with the Barbados Stock Exchange Listing Agreement.

- (a) According to the Company's Register at August 31, 2021, 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, 2021, the following companies held more than 5% of the share capital of the company:

Bermudez Group Limited  
Russell Investments Ltd.  
Bermudez Biscuit Company Limited

TORONTO

NEW YORK

MIAMI

CAYMAN ISLANDS

JAMAICA



UNITED KINGDOM

**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

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, 2021  
(Expressed in Barbados Dollars)



Ernst & Young Ltd  
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Barbados, W.I.

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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 2021 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 2021, 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 interim 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, Managing Director'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 in this regard.



## **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.

#### **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.



## **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)**

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.

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.



## **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)**

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 shareholders 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'.

Barbados  
16 December 2021



# STATEMENT OF FINANCIAL POSITION

For the year as at August 31, 2021 (expressed in Barbados dollars)

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash in hand and at bank	5	33,108,734	29,707,437
Trade and other receivables	6	5,322,999	5,976,170
Due from related companies	7	703,484	379,867
Prepaid expenses		857,535	832,218
Inventories	8	6,370,204	6,718,840
Corporation tax recoverable		186,211	186,211
		<u>46,549,167</u>	<u>43,800,743</u>
<b>Current liabilities</b>			
Trade and other payables	9	4,787,743	4,662,195
Due to related companies	7	929,633	1,078,209
Current income tax liability		166,125	325,074
		<u>5,883,501</u>	<u>6,065,478</u>
<b>Working capital</b>		<b>40,665,666</b>	<b>37,735,265</b>
<b>Financial assets measured at fair value through Other Comprehensive Income</b>	10	<b>9,319,363</b>	<b>8,970,220</b>
<b>Financial assets measured at amortised cost</b>	10	<b>5,500,000</b>	<b>3,500,000</b>
<b>Property, plant and equipment</b>	11	<b>25,725,943</b>	<b>25,593,203</b>
<b>Right of use asset</b>	21	<b>301,371</b>	<b>326,944</b>
<b>Lease liabilities</b>	21	<b>(305,751)</b>	<b>(333,935)</b>
<b>Pension plan asset</b>	12	<b>7,751,185</b>	<b>6,355,383</b>
<b>Deferred tax liability</b>	18	<b>(514,917)</b>	<b>(551,548)</b>
<b>Net assets</b>		<b><u>88,442,860</u></b>	<b><u>81,595,532</u></b>
Represented by:			
<b>Equity</b>			
Share capital	13	2,998,748	2,998,748
Other reserves	14	3,981,102	2,760,100
Retained earnings		81,463,010	75,836,684
		<u>88,442,860</u>	<u>81,595,532</u>

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

Approved by the Board of Directors on November 26, 2021 and signed on its behalf by:

.....Director

.....Director



## STATEMENT OF CHANGES IN EQUITY

For the year ending August 31, 2021 (expressed in Barbados dollars)

	Share Capital	Equity Investments at FVOCI Reserve	Retained Earnings	Other	Total Equity
	\$	\$	\$	\$	\$
<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>
Net Income for the year	-	-	8,645,495	-	8,645,495
Other comprehensive gain	-	349,143	-	871,859	1,221,002
Dividends paid (\$1.00 per share)	-	-	(3,019,169)	-	(3,019,169)
<b>Balance at August 31, 2021</b>	<b>2,998,748</b>	<b>2,052,084</b>	<b>81,463,010</b>	<b>1,929,018</b>	<b>88,442,860</b>

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



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended August 31, 2021 (expressed in Barbados dollars)

	Notes	2021 \$	2020 \$
<b>Sales</b>	20	60,810,334	64,299,960
<b>Cost of sales</b>		(36,726,525)	(37,756,099)
<b>Gross profit</b>		24,083,809	26,543,861
<b>Other operating income</b>	16	513,039	610,767
<b>Selling and distribution expenses</b>		(9,132,320)	(9,849,548)
<b>Supply chain expenses</b>		(1,895,720)	(1,961,654)
<b>Administrative expenses</b>		(3,885,926)	(3,574,622)
<b>Finance cost</b>		(260,375)	(243,494)
<b>Other operating expenses</b>		(681,304)	(708,965)
<b>Income before taxation</b>		8,741,203	10,816,345
<b>Taxation</b>	18	(95,708)	(491,554)
<b>Net income for the year</b>		8,645,495	10,324,791
<b>Other comprehensive income</b>			
Other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods (net of tax)			
<i>Fair value gain/(loss) on investments in equity instruments designated as at FVOCI</i>			
	10	349,143	(2,750,611)
<i>Gain/(loss) from defined pension plan asset</i>			
	12	899,697	(333,093)
<i>Deferred tax movement on pension asset</i>			
		(27,838)	9,993
<b>Total other comprehensive income/(loss)</b>		1,221,002	(3,073,711)
<b>Total comprehensive income for the year, net tax</b>		9,866,497	7,251,080
<b>Basic and diluted earnings per share - cents</b>	19	286.4	342.0

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



# STATEMENT OF CASH FLOWS

For the year ended August 31, 2021 (expressed in Barbados dollars)

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Income before taxation		8,741,203	10,816,345
Adjustments for:			
Depreciation	11, 21	1,613,498	1,609,937
Employer contribution paid	12	(635,048)	(652,500)
Gain on disposal of property, plant and equipment		(116,731)	(43,748)
Pension plan charge	12	138,943	68,370
Operating profit before working capital changes		9,741,865	11,798,404
Decrease in receivables and prepayments		627,854	2,351,034
(Increase)/decrease in due from related companies		(323,617)	226,747
Decrease/(Increase) in inventories		348,636	(794,464)
Increase in trade and other payables		125,548	808,876
Decrease in due to related companies		(148,576)	(200,849)
Cash generated from operations		10,371,710	14,189,748
Corporation tax paid		(319,126)	(298,063)
Net cash generated from operating activities		10,052,584	13,891,685
<b>Cash flows from investing activities</b>			
Purchase of investments	10	(2,000,000)	(3,500,000)
Purchase of property, plant and equipment	11	(1,597,717)	(4,656,044)
Proceeds on disposal of property, plant and equipment		117,970	43,748
Net cash used in investing activities		(3,479,747)	(8,112,296)
<b>Cash flows from financing activities</b>			
Lease liability principal and interest payments		(152,371)	(117,143)
Dividends paid		(3,019,169)	(3,019,169)
Net cash used in financing activities		(3,171,540)	(3,136,312)
<b>Net increase in cash and cash equivalents</b>		3,401,297	2,643,077
<b>Cash and cash equivalents - beginning of year</b>		29,707,437	27,064,360
<b>Cash and cash equivalents - end of year</b>	5	33,108,734	29,707,437

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



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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.

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 2021 and was done on the basis that the Company will continue to operate as a going concern.

The following are new standards that are applicable to the Company and would have been adopted but which do not have a significant impact on the Company's results or position;

- IFRS 3 Business Combinations - Amendments to the definition of a business
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments have been made to the definition of materiality
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Amendments to address the uncertainties related to the reform of interbank offered rates (IBOR). The aim is to provide targeted relief for financial instruments qualifying for hedge accounting.
- IFRS 16 Leases - Amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. With this change a lessee is not required to assess whether eligible rent concessions are lease modifications but instead will account for them in accordance with other standards.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 2. Significant accounting policies (continued)

### Standards issued but not yet effective

The following standard and interpretations were issued but are 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.

- Amendments related to the interbank offered rates (IBOR) have been announced through IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 16 Leases, is effective for annual accounting periods beginning on or after January 1, 2021.

Under the current rules of IFRS 9 Financial Instruments modification of a financial contract may result in the recognition of a significant gain or loss in the income statement if these changes are as a result from modifications from a change in IBOR. This has been addressed through the introduction of a practical expedient which allows the changes to be accounted for by updating the effective interest rate if in fact the change is directly caused by IBOR reform and occurs on an "economically equivalent" basis.

A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In such situations a revised discount rate that reflects the change in interest rate will be used in re-measuring the lease liability.

The Company is assessing the impact that the amendment will have on its 2022 financial statements.

- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract when assessing whether a contract is onerous. The amendments clarify that the "costs of fulfilling a contract" comprise both the incremental costs - e.g., direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The Company is assessing the impact that the amendment will have on its 2022 financial statements.

- Amendments to IAS 16 Property, Plant and Equipment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. It seeks to clarify the accounting for proceeds realised from the selling of items before the related PPE is available for use and that these proceeds should be recognised in profit and loss together with the costs of producing those items, with the cost measured in accordance with the applicable standard. Companies would therefore need to distinguish between; costs associated with producing and selling items before the item of PPE is available for use and, costs associated with making the item of PPE available for its intended use.

The Company is assessing the impact that the amendment will have on its 2022 financial statements.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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, 2021 (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 re-measure 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, 2021 (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'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% (2020 - 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 \$93,194 (2020 - \$89,632).

### 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, 2021 (expressed in Barbados dollars)

## 3. Risk Management (continued)

### 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	2021 \$	2020 \$
Cash in hand and at bank	5	33,108,734	29,707,437
Trade and other receivables	6	5,322,999	5,976,170
Due from related companies	7	703,484	379,867
Financial assets measured at amortised cost	10	5,500,000	3,500,000
		<u>44,635,217</u>	<u>39,563,474</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 2021 \$	Less than 1 year 2020 \$
Trade and other payables	9	4,787,743	4,662,195
Due to related companies	7	929,633	1,078,209
		<u>5,717,376</u>	<u>5,740,404</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, 2021 (expressed in Barbados dollars)

## 3. Risk management (continued)

### Liquidity risk (continued)

		Less than 1 year	Less than 1 year
	Notes	2021 \$	2020 \$
Cash in hand and bank	5	33,108,734	29,707,437
Trade and other receivables	6	5,322,999	5,976,170
Due from related parties	7	703,484	379,867
		<hr/>	<hr/>
		39,135,217	36,063,474

### 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 2021 and 2020.

### 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, 2021 (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.

		2021	
		Carrying Value	Fair Value
	Notes	\$	\$
<b>Assets</b>			
Cash and cash equivalents	5	33,108,734	33,108,734
Trade and other receivables	6	5,322,999	5,322,999
Due from related companies	7	703,484	703,484
Equity investment at FVOCI	10	9,319,363	9,319,363
Fixed income securities at amortised cost	10	5,500,000	5,500,000
<b>Liabilities</b>			
Trade and other payables	9	4,787,743	4,787,743
Due to related companies	7	929,633	929,633



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 3. Risk management (continued)

### Fair value of financial instruments not carried at fair value (continued)

	Note	2020	
		Carrying Value \$	Fair Value \$
<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 at amortised cost	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

## 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. 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. The expected credit losses for financial assets measured at amortised cost are measured using the probability of default approach.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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.

	2021	2020
	\$	\$
Cash in hand and at bank	33,108,734	29,707,437
	<u>33,108,734</u>	<u>29,707,437</u>

The Company has a credit operating line with CIBC FirstCaribbean International Bank totalling \$3M (2020 - \$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 Gills 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% (2020 - 6%) per annum.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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'.

	2021 \$	2020 \$
Trade receivables	3,779,512	4,154,110
Less: provision for impairment	(69,021)	(250,243)
Trade receivables - net	3,710,491	3,903,867
Other receivables	1,904,349	2,092,602
Less: provision for impairment	(291,841)	(20,299)
	<u>5,322,999</u>	<u>5,976,170</u>

As at 31 August 2021, receivables of \$3,735,408 (2020 - \$3,827,483) was less than 30 days and receivables of \$44,105 (2020 - \$326,627) were past due. The ageing of trade receivables is as follows:

	2021		2020	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Up to 30 days	3,735,408	39,333	3,827,483	-
30 to 60 days	8,019	12,865	22,280	-
60 to 90 days	6,793	2,251	90,177	36,073
Over 90 days	29,293	14,572	214,170	214,170
	<u>3,779,512</u>	<u>69,021</u>	<u>4,154,110</u>	<u>250,243</u>

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

	2021 \$	2020 \$
Balance - beginning of year	270,542	33,388
Increase in provision for impairment of receivables	90,320	237,154
Balance - end of year	<u>360,862</u>	<u>270,542</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 7. Related party transactions and balances

Related parties are determined when companies are subject to the same control or significant influence as the company. Persons who exercise control or significant influence over the company; its key management and members of the immediate families of the key management of the company or its parent company are also related parties.

- a) During the year, the Company had the following transactions with related companies. The transactions were conducted in accordance with the normal course of business and without any preferential rates, terms or conditions.

	2021	2020
	\$	\$
Sales of finished goods by the Company	7,119,589	6,765,866
Purchases of finished goods made by the Company	11,050,930	12,665,696
Management services provided by parent company	1,474,024	1,505,713

- b) Key management comprises directors and senior management of the Company. Compensation to these individuals was as follows;

	2021	2020
	\$	\$
Salaries and other short-term employee benefits	1,253,812	1,225,365
Post-employment benefits	126,765	184,208
Directors' fees	75,000	70,149

- c) At years end the amounts owed to and due from related parties arising from the sales or purchases of goods and services are as follows;

	2021	2020
	\$	\$
Receivables due from related companies	703,484	379,867
Payables due to related parties	929,633	1,078,209



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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.

	2021	2020
	\$	\$
Raw materials , packages and cartons	2,238,143	1,882,190
Finished goods	1,352,705	2,420,338
Machinery spares	1,406,834	1,299,961
	<hr/>	<hr/>
	4,997,682	5,602,489
Provision	(65,500)	-
Goods in transit	1,438,022	1,116,351
	<hr/>	<hr/>
Total inventories at the lower of cost and net realisable value	6,370,204	6,718,840

Inventory written down and expensed during the year totalled \$368,104 (2020 - \$562,888).

Below is the movement of the provision for inventory.

	2021	2020
	\$	\$
Opening balance	-	(7,774)
Provision during the year	(65,500)	(105,379)
Amounts written off during the year	-	113,153
	<hr/>	<hr/>
	(65,500)	-

## 9. Trade and other payables

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

	2021	2020
	\$	\$
Trade payables	972,961	889,773
Other payables	3,814,782	3,772,422
	<hr/>	<hr/>
	4,787,743	4,662,195



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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

During FY2021 the Company purchased \$2,000,000 of unsecured 4% notes maturing in 2023 from Williams Renewable Energy Limited. In accordance with IFRS 9 these financial assets were recognised as at amortised cost (2020-Williams Renewable Energy Limited \$1,000,000 4% 2023, Cave Shepherd \$2,500,000 3.50% 2023). 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, 2021 (expressed in Barbados dollars)

## 10. Financial assets (continued)

### Financial assets at FVOCI

#### Sagicor Financial Corporation

	2021 No. of shares	2021 \$	2020 No. of shares	2020 \$
Balance - beginning of year	908,703	8,963,220	3,942,314	11,711,731
Stock swap (BSE delisted)	-	-	(3,942,314)	-
Stock swap (TSX listed)	-	-	908,703	-
Fair value gain (loss)	-	350,318	-	(2,748,511)
Balance - end of year	908,703	9,313,538	908,703	8,963,220

#### Goddard's Enterprise Ltd

	2021 No. of shares	2021 \$	2020 No. of shares	2020 \$
Balance - beginning of year	2,800	7,000	2,800	9,100
Fair value (loss) gain	-	(1,175)	-	(2,100)
Balance - end of year	2,800	5,825	2,800	7,000
Total Investment	911,503	9,319,363	911,503	8,970,220

### Financial assets at amortised costs

#### Cave Shepherd & Co Ltd

	2021 \$	2020 \$
Balance - beginning of year	2,500,000	-
Purchases of unsecured notes	-	2,500,000
Balance - end of year	2,500,000	2,500,000

#### Williams Renewable Energy Ltd

	2021 \$	2020 \$
Balance - beginning of year	1,000,000	-
Purchases of unsecured notes	2,000,000	1,000,000
Balance - end of year	3,000,000	1,000,000
Total Investment	5,500,000	3,500,000



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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, 2021 (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, 2021</b>									
Opening net book value		7,261,760	7,814,765	5,791,062	701,426	2,472,060	851,351	700,779	25,593,203
Additions /transfers		-	235,233	3,375,367	136,122	(2,403,802)	254,797	-	1,597,717
Cost of disposals		-	-	-	-	-	(521,557)	-	(521,557)
Depreciation charge	15	-	(282,340)	(785,810)	(220,438)	-	(157,243)	(17,907)	(1,463,738)
Accumulated depreciation Disposal		-	-	-	-	-	520,318	-	520,318
Closing net book value		7,261,760	7,767,658	8,380,619	617,110	68,258	947,666	682,872	25,725,943
Cost or valuation		7,261,760	11,814,092	20,266,140	3,643,330	68,258	2,725,578	883,154	46,662,312
Accumulated depreciation		-	(4,046,434)	(11,885,521)	(3,026,220)	-	(1,777,912)	(200,282)	(20,936,369)
<b>Net book value</b>		<b>7,261,760</b>	<b>7,767,658</b>	<b>8,380,619</b>	<b>617,110</b>	<b>68,258</b>	<b>947,666</b>	<b>682,872</b>	<b>25,725,943</b>

# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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
		\$	\$	\$	\$	\$	\$	\$	\$
At August 31, 2020									
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	-	(281,556)	(870,718)	(184,591)	-	(131,031)	(17,907)	(1,485,803)
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)	(19,992,949)
Net book value		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, 2021 (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:

	2021	2020
	\$	\$
Cost	19,076,697	18,841,464
Accumulated depreciation	(3,446,126)	(3,176,388)
Net book value	<u>15,630,571</u>	<u>15,665,076</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 an employer sponsored retirement plan where the employees benefits that will be received on retirement, usually is dependent on one or more factors such as age, years of service and compensation. The Company is responsible for managing the investments and risks of the plan.



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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, 2021 (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*

	2021 %	2020 %
Discount rate at the end of year	8.00	8.00
Future salary increases	4.50	4.50
Future increases in the NIS Ceiling for earnings	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, 2021 is as shown below:***

Assumptions	Sensitivity Level	Impact on defined benefit obligation \$
Discount rate	(+1)/-1%	(1,910,213) / 2,643,397
Future salary increases	(+.5)/-.5%	626,629 / (542,211)
Life expectancy	Increase by 1 year	672,578



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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

	2021	2020
	\$	\$
Less than 1 year	383,094	371,939
Between 1 - 2 years	449,815	394,889
Between 2 - 5 years	1,640,669	1,491,950
Over 5 years	4,276,627	3,924,152

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

	2021	2020
	%	%
Mortgages	9.33	8.01
Bonds	22.72	24.30
Equities	56.47	55.09
Property	5.79	6.28
Other	5.69	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 2022 is \$673,518 (31 August 2021: \$635,047).

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 16.78 years (2020: 16.53 years).



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 12. Post-employment benefits (continued)

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

	2021 \$	2020 \$
<b>Benefit costs</b>		
Current service costs	534,029	537,799
Interest costs	1,230,337	1,043,688
Expected return on plan assets	(1,714,930)	(1,513,117)
Administrative costs	89,507	-
Defined benefit costs recognised in profit and loss	<u>138,943</u>	<u>68,370</u>

	2021 \$	2020 \$
<b>Re-measurement of defined benefit asset</b>		
Experienced gains	(483,613)	(565,742)
Expected return on plan assets	1,714,930	1,513,117
Actual return on plan assets	(2,131,014)	(614,282)
Experienced (gains) / losses recognised in OCI	<u>(899,697)</u>	<u>333,093</u>

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

	2021 \$	2020 \$
<b>Employee benefit asset</b>		
Present value of obligation	(14,805,434)	(13,786,886)
Fair value of plan assets	22,556,619	20,142,269
Net assets in statement of financial position	<u>7,751,185</u>	<u>6,355,383</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 12. Post-employment benefits (continued)

<i>Changes in the fair value of plan asset</i>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Balance at the beginning of the year</b>	20,142,269	19,067,098
<b>Plan Assets at Fair Value</b>		
Return on assets	2,131,014	614,282
Contributions by employees	178,038	261,930
Contribution by employers	635,048	652,500
Benefits paid	(440,243)	(453,541)
Administrative expenses	(89,507)	-
<b>Balance at the end of the year</b>	<u>22,556,619</u>	<u>20,142,269</u>

<i>Changes in the defined benefit obligation</i>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Balance at the beginning of the year</b>	13,786,886	12,962,752
<b>Benefit Obligation</b>		
Net interest	1,230,337	1,043,688
Current service cost	534,029	537,799
Experience adjustments	(483,613)	(565,742)
Contributions by employees	178,038	261,930
Benefits paid	(440,243)	(453,541)
<b>Balance at the end of the year</b>	<u>14,805,434</u>	<u>13,786,886</u>

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Net asset at the beginning of the year	6,355,383	6,104,346
Net expense recognised in the statement of comprehensive income	(138,943)	(68,370)
Net credit (expense) recognised in the statement of Other comprehensive income /(loss)	899,697	(333,093)
Employer contributions	635,048	652,500
<b>Net asset at the end of the year</b>	<u>7,751,185</u>	<u>6,355,383</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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:

	2021 #	2021 \$	2020 #	2020 \$
Balance - beginning	3,019,169	2,998,748	3,019,169	2,998,748
Balance - ending	<u>3,019,169</u>	<u>2,998,748</u>	<u>3,019,169</u>	<u>2,998,748</u>

## 14. Other reserves

	Notes	2021 \$	2020 \$
<b>Pension plan asset</b>			
Balance - beginning of year		1,057,159	1,380,259
Gain/(loss) from defined pension plan asset	12	899,697	(333,093)
Deferred tax credit for the current year	18	(27,838)	9,993
Balance - end of year		<u>1,929,018</u>	<u>1,057,159</u>
<b>Equity investments at FVOCI</b>			
Balance - beginning of year		1,702,941	4,453,552
Change in fair value for the year	10	349,143	(2,750,611)
Balance - end of year		<u>2,052,084</u>	<u>1,702,941</u>
Total other reserves		<u>3,981,102</u>	<u>2,760,100</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 15. Expenses by nature

	Notes	2021 \$	2020 \$
Depreciation expense on PPE	11	1,463,738	1,485,802
Depreciation expense on right of use assets	21	149,760	124,135
Employee benefit expense	17	15,162,055	15,406,100
Changes in inventories of finished goods and work-in-progress		(406,289)	(615,615)
Raw materials and consumables used		25,532,063	26,155,331
Transportation		636,929	760,110
Advertising costs		1,281,553	1,688,539
Audit fees		90,017	81,867
Bad debts		76,928	270,170
Maintenance expenses		868,879	830,456
Other expenses		7,466,162	7,663,992
Finance cost		260,375	243,494
Total cost of goods sold, selling and distribution expenses, supply chain expenses, administrative expenses and other expenses		52,582,170	54,094,381

## 16. Other operating income

	2021 \$	2020 \$
Gain on disposal of property, plant and equipment	116,731	43,748
Dividend income	409,485	491,884
Miscellaneous (expense) income	(13,177)	75,135
	513,039	610,767

## 17. Employee benefit expense

	Note	2021 \$	2020 \$
Wages and salaries		10,705,888	11,211,049
National Insurance		1,278,396	1,286,580
Pension charge	12	138,943	68,370
Other staff costs		3,038,828	2,840,101
		15,162,055	15,406,100



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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	2021 \$	2020 \$
Accelerated tax depreciation		8,579,397	8,701,119
Net assets of pension plans	12	7,751,185	6,355,383
		<u>16,330,582</u>	<u>15,056,502</u>
Deferred tax liability at an effective tax rate of 3.15% (2020 - 3.66%)		<u>514,917</u>	<u>551,548</u>

The above temporary differences have no expiry dates.

	2021 \$	2020 \$
<b>Deferred tax liability at the beginning of the year</b>	551,548	418,410
(Credit)/charge to the statement of income	(64,469)	143,131
Charge (Credit) to other comprehensive income	27,838	(9,993)
	<u>514,917</u>	<u>551,548</u>
<b>Deferred tax liability at the end of the year</b>		



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (expressed in Barbados dollars)

## 18. Taxation (continued)

### Deferred tax (continued)

	2021 \$	2020 \$	Change \$
Accelerated tax depreciation	8,579,397	8,701,119	(121,722)
Net assets of pension plans	7,751,185	6,355,383	1,395,802
	<u>16,330,582</u>	<u>15,056,502</u>	<u>1,274,080</u>
Deferred tax liability	514,917	551,548	36,631

### Current tax

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

	2021 \$	2020 \$
Current tax	160,177	348,423
Deferred tax (credit) charge for the year	(64,469)	143,131
	<u>95,708</u>	<u>491,554</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:

	2021 \$	2020 \$
Income before taxation	<u>8,741,203</u>	<u>10,816,345</u>
Tax calculated at 5.5% up to \$1,000,000; 3% greater than \$1,000,000 (2020 - 5.5% up to \$1,000,000; 3% greater than \$1,000,000 %)	287,236	349,490
Tax effect of the following:		
Expenses not deductible for tax purposes	100,964	103,621
Allowances claimed	(120,634)	(78,506)
Other	<u>(171,858)</u>	<u>116,949</u>
Tax charge	<u>95,708</u>	<u>491,554</u>



# NOTES TO FINANCIAL STATEMENTS

For the year ended August 31, 2021 (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	2021 \$	2020 \$
Net income attributable to equity shareholders		8,645,495	10,324,791
Weighted average number of ordinary shares		3,019,169	3,019,169
Basic and diluted earnings per share - cents		286.4	342.0

## 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, 2021 (expressed in Barbados dollars)

## 20. Segmental reporting (continued)

	2021	2020
	\$	\$
Barbados	43,263,252	45,405,455
Caribbean	12,866,511	12,904,806
Extra-Regional countries	4,680,571	5,989,699
	<hr/> 60,810,334	<hr/> 64,299,960

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 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, 2021 (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.

### 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, 2021 (expressed in Barbados dollars)

## 21. Leases (continued)

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 and lease liabilities, which comprises the following:

### Right-of-use assets

	2021 \$	2020 \$
Right -of-use assets (by class of assets)		
Opening rights of use assets	326,944	325,316
Additions - new lease contracts	124,187	125,763
Depreciation	(149,760)	(124,135)
Closing rights of use assets	<u>301,371</u>	<u>326,944</u>

### Lease Liabilities

	2021 \$	2020 \$
Opening lease liabilities	333,935	325,316
Lease liability additions	124,187	125,762
Lease payments	(152,371)	(117,143)
Closing lease liabilities	<u>305,751</u>	<u>333,935</u>

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

	2021 \$	2020 \$
Depreciation charge for the right -of-use assets by asset class		
Motor vehicles	149,760	124,135
Interest expense on lease liabilities (included in finance cost)	22,366	18,340
Total expenses related to leases	<u>172,126</u>	<u>142,475</u>

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

	2021 \$	2020 \$
Cash outflow for leases - financing activity		
Principal	152,371	117,143
Interest	22,366	18,340
	<u>174,737</u>	<u>135,483</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 18th day of February, 2022 at 11.00 o'clock in the morning at the adjournment thereof.

Signed this.....Day of.....2021

.....  
Signature of Witness

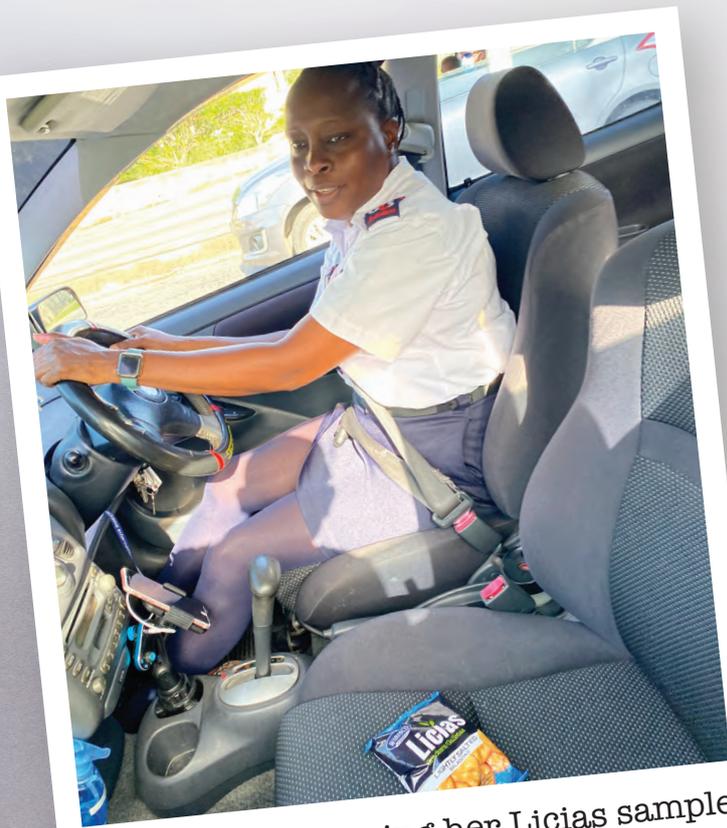
.....  
Signature of Shareholder











Commuter receiving her Licias sample during road-side promotion.



Vendor receiving Licias sample.



Licias launch influencer  
@krishtun



Charcuterie board featuring Licias  
created by Chosen Platters and Boxes

#MyLicias



**THE WEST INDIA  
BISCUIT COMPANY LTD.**

**GILLS ROAD, ST. MICHAEL, BARBADOS  
TEL: (246) 227-6200 FAX: (246) 426-5035  
EMAIL: ADMIN@WIBISCO.COM**

