



ANNUAL REPORT

2021



BICO LIMITED
ANNUAL REPORT
2021



MISSION STATEMENT

Our mission is to display excellence and goodwill
in every task undertaken, and to exceed the
expectations of our customers, employees and shareholders

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NOTICE OF THE ONE HUNDRED AND THIRTY-SEVENTH ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the One Hundred and Thirty-Seventh Annual Meeting of the shareholders of BICO Limited will be held at the Board Room, 4th Floor, Kensington Oval, President Kennedy Dr., Bridgetown, Barbados on Tuesday the 22nd day of February 2022 at 5:00 p.m. for the following purposes:

- (1) Call to Order
- (2) Confirmation of Quorum
- (3) To approve the Minutes of the Annual General Meeting of the shareholders held on 13th day of April 2021
- (4) To receive and consider the Report of the Directors
- (5) To receive and consider the Report of the Auditors and the Audited Financial Statements for the year ended September 30, 2021.
- (6) To elect and ratify Directors for the ensuing years.
- (7) To re-appoint Auditors for the ensuing year.
- (8) To ratify and confirm the lawful actions of the Directors of the Company taken in connection with the execution of the Company's business during the year
- (9) To consider any other business which may properly come before an Annual Meeting of Shareholders.

By order of the Board of Directors



**Centralis (Barbados) Ltd.
Company Secretary**

Harbour Industrial Park, Bridgetown
January 17, 2022

BICO Limited Registered Office

Harbour Industrial Park
Bridgetown, BB11145, Barbados
Tel: (246) 430-2100 Fax: (246) 426-2198
Email: admin@bicoltd.com
Website: www.bicoicecream.com
facebook.com/bico

Board of Directors

F. Edwin Thirlwell, CIM - Executive Chairman
Alwyne M. Horsley
Lionel A. Moe, FCCA
Robert Foster
Peter Downes, FCPA, SHRM - SCP
Glen A. Stuart, B.Eng, MBA

Alternate Director

Neil P. Titus, B.Sc. (Hons.)

Secretary

Centralis (Barbados) Ltd

Auditors

M. E. Murrell & Co.
Chartered Accountants

Bankers

Republic Bank (Barbados) Limited
Broad Street
Bridgetown
Barbados

CIBC FirstCaribbean International Bank
Sunset Crest
St. James
Barbados

OFFICERS & SENIOR PERSONNEL

OFFICERS

F. Edwin Thirlwell C.I.M
Executive Chairman

Glen Stuart, B.Eng, MBA
Chief Executive Officer

Neil Titus, B.Sc. (Hons)
Finance Director

Haydn Alleyne
Commercial Director

DIRECT REPORTS

FINANCE

Orlando Ward, ACCA
Accountant

Sylvia M Newsam, B.Sc. (Hons)
Purchasing Officer

COMMERCIAL

Desmond S. Williams J.P.
Production Manager

Paul T. Hinds, BSc. Engineering
Engineering Manager

Maria Jackman
Cold Storage Supervisor

Wade Worrell
Logistics Supervisor

SALES

Dwayne Holmes
Sales Manager – Ice Cream

DIRECTORS' REPORT

The Financial year to 30th September 2021 was one fraught with turbulence and uncertainty as the pandemic continued to run its course.

After signs of a revival in the first quarter of the Financial Year, in the run up to Christmas 2020, this optimism was soon to be reversed by a worldwide COVID spike which resulted in an island-wide lockdown for the month of February. This was followed by further disruption due to the St Vincent volcanic eruption and the resultant ash cloud which covered Barbados.

Despite these challenges, we have seen a gradual improvement in the general confidence to travel as tourists arriving by air and sea are increasing.

With the company's wide span of operations from the manufacture of ice cream, provision of commercial cold storage facilities and hospitality sector supplies, we have again demonstrated our versatility & resilience with growth in all sectors of activity.

DIVIDENDS – The Directors have recommended that no dividends be paid for the year ended September 30, 2021 in view of the uncertain economic environment.

AUDITORS – The auditors M.E. Murrell & Co. retire and offer their services for the current year at a fee to be negotiated. We recommend that the directors be authorized to re-appoint the auditors and to determine the auditor's fee.

DIRECTORS – The Directors retiring by rotation and being eligible to offer themselves for re-election are Mr F. Edwin Thirlwell, Ms Alwyne Horsley and Mr Peter Downes. In keeping with the staggering of the appointments of Directors, the proposed term of office will be for a period of three (3) years.

OUTLOOK— At the time of going to press we anticipate a steady return to growth both in the local market and around the region during 2022.

On behalf of the Board of Directors.

F. Edwin Thirlwell
Executive Chairman

SUBSTANTIAL INTERESTS

Interest of Shareholders holding more than 5% of the issued common shares on the dates indicated were as follows:

	30-09-21	11-29-21
Nordev One Ltd.	555,809	No change
Windsong Investments Ltd.	469,852	No change
Nordev Two Ltd	225,366	No change
Sagicor (Equity) Fund/Global Balanced Fund/Life Inc.	195,367	No change
Bajan Vending Inc.	119,882	No change

According to the Company's share register, no director held a direct interest in the Company at the above noted dates. The following Directors held an indirect interest in the Company.

- (a) Mrs Alwyne M. Horsley is the beneficial owner of Nordev One Ltd and Nordev Two Ltd
- (b) Mr F. Edwin Thirlwell is the beneficial owner of Windsong Investments Ltd



INDEPENDENT AUDITORS' REPORT
To the Shareholders of **Bico Limited**
Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of **Bico Limited** ("the Company") which comprise the balance sheet as at 30 September 2021, statement of comprehensive loss, statement of changes in equity 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, except for the effect of matters described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for qualified opinion

As of September 30, 2021 the company had a receivable of \$1,631,938 (2020 -\$1,631,938) due from Qual-tec Services Limited. Management has indicated that the company is currently in negotiation with the insurers of the Qual-tec Services Limited to determine the settlement of this amount, however this has not been concluded at the statement of financial position date. Based on our audit procedures we have been able to satisfy ourselves of the extent of the amount recoverable to be estimated at approximately \$1,350,000. Had a provision been made against this balance, there would have been adjustment to the balance due by Qual-tec Services Limited and the elements making up statements of comprehensive loss and changes in cash flows of \$281,938.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' 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"), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bico Limited

Report on the Audit of the Financial Statements (Continued)

performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

➤ **Existence and valuation of inventory**

Risk

As disclosed in note 8 of the financial statements, the value of inventories at the end of the reporting period amounted to \$3,494,922 representing 47.5% of current assets 9.8% of its total assets.

With inventories at two remote locations, there is the risk with regards to the existence of inventories at the remote locations. The valuation of inventories is based on various components in its costing of inventories, there is the risk of inventories being valued incorrectly.

Accordingly, existence and valuation of inventories was therefore considered to be a key audit matter.

Our response

Our audit procedures to address this key audit matter included:

- Attended the inventory count of the Company.
- Compared inventory counts with final inventory amounts.
- On a sample basis we tested the net realisable value of inventory items to recent selling prices.
- Verified the accuracy of exchange rates used in valuing items.
- For a sample of inventory items, re-performed costing calculations and compared to moving average cost at year end.

➤ **Completeness and valuation of trade payables**

Risk

The Company sources the majority of its merchandise from foreign suppliers, there is risk of recording shipments received around the year end in the wrong period. Reconciliation processes over trade payables are therefore a critical control to ensuring the trade creditors' balances are complete and valued correctly.

Accordingly, the completeness and valuation of, and obligations on accounts payable were considered to be a key audit matter.

Our response

- Test reconciliations of suppliers were performed to ensure that reconciling items were valid and accurate.
- Cutoff procedures were performed to ensure that that amounts are properly recorded in the correct period.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Bico Limited**

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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.

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

Auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Bico Limited**

Report on the Audit of the Financial Statements (Continued)

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

From the matters communicated with those charged with governance, 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 Legal and Regulatory Requirements

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 auditors' 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.

 M. C. Maxwell & Co.



CHARTERED ACCOUNTANTS

Barbados

December 01, 2021

BALANCE SHEET

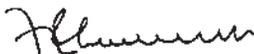
As at September 30, 2021 (with comparatives as at September 30, 2020)

(Expressed in Barbados dollars)

	Note	2021	2020
Cash and cash equivalents	6	10,539	9,340
Trade and other receivables	7	3,451,647	3,473,352
Prepaid expenses and prepayments		396,375	416,430
Inventories	8	3,494,922	3,631,171
Total current assets		7,353,483	7,530,293
Property, plant and equipment	10	27,365,491	26,343,593
Pension fund asset	11	822,426	749,202
Total non-current assets		28,187,917	27,092,795
Total assets		35,541,400	34,623,088
Liabilities			
Current liabilities			
Bank overdraft	6	209,951	58,873
Accounts payable and accrued liabilities	12	2,502,679	2,193,357
Current portion of long-term loans	13	666,427	440,871
Total current liabilities		3,379,057	2,693,101
Long-term loans	13	11,522,455	11,177,358
Deferred income tax liability	9	133,826	105,920
Total non-current liabilities		11,656,281	11,283,278
Total liabilities		15,035,338	13,976,379
Equity			
Issued capital	14	2,383,828	2,383,828
Capital appraisal surplus	10	11,930,225	11,930,225
Retained earnings		6,192,009	6,332,656
Total equity attributable to equity holders of the company		20,506,062	20,646,709
Total equity and liabilities		35,541,400	34,623,088

Approved by the Board of Directors on December 1, 2021 and signed on their behalf by:

Director



Director



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

STATEMENT OF CHANGES IN EQUITY

As at September 30, 2021 (with comparatives as at September 30, 2020)

(Expressed in Barbados dollars)

	Share Capital	Capital Appraisal Surplus	Retained Earnings	Total Equity
Balance at October 1, 2019	2,383,828	6,885,620	6,003,151	15,272,599
Net comprehensive income for the year	- -	- -	329,505	329,505
Revaluation surplus increase	- -	5,044,605	- -	5,044,605
Balance at September 30, 2020	2,383,828	11,930,225	6,332,656	20,646,709
Balance at October 1, 2020	2,383,828	11,930,225	6,332,656	20,646,709
Net comprehensive income for the year	- -	- -	(140,647)	(140,647)
Balance at September 30, 2021	2,383,828	11,930,225	6,192,009	20,506,062

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

STATEMENT OF COMPREHENSIVE LOSS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

	Note	2021	2020
Revenue	23	13,008,847	14,646,927
Cost of sales		(6,571,410)	(7,477,629)
Gross profit		6,437,437	7,169,298
Other operating (expenses) / income	3	(28,351)	62,741
Distribution expenses		(2,720,316)	(2,996,913)
Administration expenses		(2,542,176)	(2,426,811)
Engineering expenses		(694,023)	(685,889)
Other operating expenses		(84,727)	(100,411)
Operating profit before the following	23	367,844	1,022,015
Gain on disposal of plant and equipment		7,927	-
Profit from operations		375,771	1,022,015
Finance costs	5	(561,736)	(586,813)
Net (loss)/income before taxation		(185,965)	435,202
Taxation	9	(23,879)	(35,651)
Net (loss)/income after tax for year		(209,844)	399,551
Other comprehensive (expense)/income			
Litigation income (net of tax)		-	49,325
Gain/(loss) on pension assets (net of tax)		69,197	(119,371)
Net comprehensive (loss)/income for the year		(140,647)	329,505
Basic earnings per share	15	(0.06)	0.14
Diluted earnings per share	15	(0.06)	0.14

The following item is included above:

Depreciation	10	649,148	866,157
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The accompanying notes form an integral part of these financial statements.

STATEMENT CASH FLOWS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(expressed in Barbados dollars)

	Note	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
(Loss) / income before corporation tax		(185,965)	435,202
Adjustments for:			
Depreciation	10	649,148	866,157
Gain on disposal of property, plant and equipment		(7,927)	- -
Interest expense	5	566,020	586,813
Operating earnings before changes in working capital		1,021,276	1,888,172
(Deduct) / Add changes in working capital items			
Inventories		136,249	(609,951)
Accounts receivable		(646,244)	108,174
Prepaid expenses and prepayments		688,003	930,682
Accounts payable and accrued liabilities		309,322	758,778
Cash from operations		1,508,606	3,075,855
Interest paid	5	(566,020)	(586,813)
Net cash from operating activities		942,586	2,489,042
Cash flows used in investing activities			
Purchase of property, plant and equipment	10	(1,703,271)	(5,141,661)
Assets transferred to expenses		1,242	- -
Proceeds from disposal of property, plant and equipment		38,911	- -
Net cash (used in) investing activities		(1,663,118)	(5,141,661)
Cash flows from financing activities			
Proceeds from long-term loans		1,086,775	1,871,394
Repayment of long-term loans		(516,122)	(461,044)
Net cash from financing activities		570,653	1,410,350
Cash flows from other activities			
Litigation income		- -	52,196
Net decrease in cash and cash equivalents		(149,879)	(1,190,073)
Cash and cash equivalents at Beginning of year		(49,533)	1,140,540
Cash and cash equivalents at End of year		(199,412)	(49,533)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

1 General information

Bico Limited is incorporated under the Laws of Barbados. The principal activities of the Company are the distribution of ice cream and the rental of cold storage space.

The registered office of the company is Harbour Industrial Park, St. Michael, Barbados.

The Company is listed on the Barbados Stock Exchange.

The financial statements were authorised for issue by the Directors on December 1, 2021.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), under the historical cost convention, as modified by the revaluation of buildings on leased land and are expressed in Barbados dollars.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from estimates made by management.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Barbados dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

(c) Property, plant & equipment

Items of property are stated at revaluation and plant and equipment are stated at cost, as deemed cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The principal annual rates used for this purpose are as follows:

Buildings	1%
Ice cream and cold storage machinery	5% - 10%
Motor vehicles and delivery equipment	20%
Furniture, fixtures and fittings	10%
Computer hardware	33%
Computer software	33%

The residual value, if not insignificant, is reassessed annually.

(d) Leased assets

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(e) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured inventories and work in progress, cost includes all direct expenditure and production overheads based on a normal level of activity. Provision is made for defective inventory.

(g) Impairment

The Company assesses on a forward-looking basis the expected credit losses on debt instruments measured at amortized cost and at fair value through other comprehensive income. The resulting allowance is generally based on a 12-month expected credit loss. When credit risk on an asset increases significantly the calculation of the expected credit loss is based on the full lifetime of the financial asset.

The Company applies judgment in its assessments of credit risk and expected credit losses based on current and historical data as well as forward-looking estimates. Changes in the allowance are recorded in the Income Statement with a reduction to the carrying value of financial assets measured at amortized cost, as an expected credit loss allowance.

The Company applies the full lifetime credit loss method to trade and other receivables that have a maturity of one year or less. The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables (i.e. provision matrix).

For other financial assets measured at amortized cost, the Company applies the general approach under IFRS 9. The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period since the date of initial recognition, also considering forward-looking information. A significant increase in credit risk is presumed if a debtor is past due in making a contractual payment for a period outside of normal business practices. A default on a financial asset occurs when the counterparty fails to make contractual payments for a period significantly outside of normal business practices.

When using the general approach, for financial assets measured at amortized cost other than trade receivables with a low risk of default and a strong capacity to meet contractual cash flows, a 12-month expected credit loss provision is recognized. For financial assets measured at amortized cost other than trade receivables with a significant increase in credit risk and debtors that have defaulted, the expected credit loss provision is recognized based on lifetime expected credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial assets measured at amortized cost are written off when there is no reasonable expectation of recovery. This is generally the case when the Company determines that the debtor doesn't have requisite assets or other sources of income that could generate sufficient cash flows to repay the relevant amount.

Impairment losses on financial assets measured at amortized cost are included in the selling and marketing costs in the Income Statement. Subsequent recoveries of amounts previously written off are also credited against the same line item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

(h) Employee benefits

The Company's net obligation in respect of its defined benefit Pension Plan estimating the amount of future benefit that members have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of Plan assets is deducted.

The cost of the Company's defined benefit Pension Plan is charged to the income statement over the service life of the employees in the Plan. The pension costs are assessed in accordance with the advice of independent consulting actuaries. Actuarial gains on the Plan are recognised over a five-year period.

Where the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contribution to the Plan.

(i) Accounts payable and other liabilities

Accounts payable and other liabilities are stated at cost.

(j) Revenue recognition

Revenue from the sale of goods and services is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from cold storage services is recognised at the point when goods enter the cold storage facility.

(k) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as a part of the total lease expense.

(l) Deferred tax

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services, or in providing products and services within a particular economic environment which are subject to risks and rewards that are different from those of other segments.

(n) Borrowing costs

Borrowing costs are recognised in the income statement as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

3 Other operating (expenses)/income

	<u>2021</u>	<u>2020</u>
Miscellaneous income	18,841	37,390
Exchange (losses) / gains	(47,192)	25,351
	<u>(28,351)</u>	<u>62,741</u>

4 Personnel expenses

	<u>2021</u>	<u>2020</u>
Salaries and wages costs	3,600,956	3,705,860
National insurance	378,122	375,894
Medical and health costs	68,853	80,181
	<u>4,047,931</u>	<u>4,161,935</u>

The average number of persons employed by the Company during the year was 82 (2020 - 77).

5 Net financing costs

	<u>2021</u>	<u>2020</u>
Interest expense	566,020	586,813
Net financing costs	<u>566,020</u>	<u>586,813</u>

6 Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Cash	10,539	9,340
Bank overdraft	(209,951)	(58,873)
Cash and bank balances	<u>(199,412)</u>	<u>(49,533)</u>

7 Trade and other receivables

	<u>2021</u>	<u>2020</u>
Trade receivables - net of provisions for non-recoverability.	1,080,635	878,648
Claims receivable	1,684,147	1,684,134
Other receivables	686,865	910,570
	<u>3,451,647</u>	<u>3,473,352</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

8 Inventories

These comprise the following:

	<u>2021</u>	<u>2020</u>
Raw materials	749,764	805,166
Packaging materials	744,531	646,099
Finished goods	1,799,407	2,043,918
Other	201,220	135,988
	<u>3,494,922</u>	<u>3,631,171</u>

9 Taxation

The taxation charge for the year is comprised as follows:

	<u>2021</u>	<u>2020</u>
Corporation tax on current year's earnings	-	-
Deferred tax charge/(release)	23,879	35,651
	<u>23,879</u>	<u>35,651</u>

The tax on the Company's net income before tax differs from the theoretical amount that would arise using the basic tax rate.

	<u>2021</u>	<u>2020</u>
(Loss)/Income before taxation	(185,965)	435,202
Tax calculation at 5.5% (2020-5.5%)	(10,228)	23,936
Taxation allowances	36,639	(30,514)
Effect of losses incurred	(29,879)	-
Effect of losses expired	23,568	-
Tax effect of over provided in prior years	3,779	42,229
	<u>23,879</u>	<u>35,651</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

9 Taxation... continued

The deferred tax liability consists of the following components:

	<u>2021</u>	<u>2020</u>
Pension fund asset	822,426	749,202
Unutilised tax losses	(1,890,178)	(1,775,436)
Accelerated tax depreciation	3,500,957	2,952,061
	<u>2,433,205</u>	<u>1,925,827</u>
Deferred tax liability/(asset) at the statutory corporation tax rate of 5.5% (2020 – 5.50%)	<u>133,826</u>	<u>105,920</u>

Except for tax losses, the above noted temporary differences have no expiry date.

Tax losses

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

Assessment year	Amount	Expiry Date
2013	57,790	September 30, 2022
2014	380,685	September 30, 2023
2017	680,916	September 30, 2024
2018	157,282	September 30, 2025
2019	2,856	September 30, 2026
2020	67,394	September 30, 2027
2021	543,255	September 30, 2028
	<u>1,890,178</u>	

These losses are computed by the company in its corporation tax returns and have to date neither been confirmed nor disputed by the Barbados Revenue Authority.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

10 Property, plant and equipment

	Buildings on leased land	Plant and equipment	Furniture and fittings	Total
At September 30, 2021				
Cost or valuation				
Balance - beginning of year	21,000,000	23,842,284	1,555,125	46,397,409
Additions	870,310	825,400	7,561	1,703,271
Disposals	(519)	(1,776,790)	(723)	(1,778,032)
Balance - end of year	21,869,791	22,890,894	1,561,963	46,322,648
Accumulated Depreciation				
	- -	18,546,778	1,507,038	20,053,816
Depreciation for year	171,945	470,324	6,879	649,148
Disposals	- -	(1,745,807)	- -	(1,745,807)
Balance - end of year	171,945	17,271,295	1,513,917	18,957,157
Net book value				
Beginning of year	21,000,000	5,295,506	48,087	26,343,593
End of year	21,697,846	5,619,599	48,046	27,365,491
At September 30, 2020				
Cost or valuation				
Balance - beginning of year	13,236,138	21,795,221	1,530,959	36,562,318
Additions	3,070,432	2,047,063	24,166	5,141,661
Revaluation increase(disposals)	4,693,430	- -	- -	4,693,430
Balance - end of year	21,000,000	23,842,284	1,555,125	46,397,409
Accumulated Depreciation				
	215,507	17,822,851	1,500,476	19,538,834
Depreciation for year	135,668	723,927	6,562	866,157
Elimination on revaluation/disposals	(351,175)	- -	- -	(351,175)
Balance - end of year	- -	18,546,778	1,507,038	20,053,816
Net book value				
Beginning of year	13,020,631	3,972,370	30,483	17,023,484
End of year	21,000,000	5,295,506	48,087	26,343,593

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

10 Property, plant and equipment... continued

The buildings are erected on lands leased from The Barbados Port Incorporated for a period of ten years from December 2006 with an option to renew for a further period of fifteen years. This option was exercised effective June 13, 2016 for a period of 15 years.

The buildings are stated by a professional independent valuation carried out on September 30, 2020 in the amount of \$21,000,000. The resultant increase of the valuation over carrying amount was credited to the capital appraisal surplus account.

11 Pension fund asset

	<u>2021</u>	<u>2020</u>
The amounts recognised in the Balance Sheet are as follows:		
Present value of funded obligation	(5,597,356)	(5,474,556)
Fair value of plan assets	6,419,782	6,223,758
	822,426	749,202

Movement in pension fund asset recognised in the Balance Sheet is as follows:

Pension fund asset - beginning of the year	749,202	875,520
Net pension gain / (loss) for the year	73,224	(126,318)
Pension fund asset - end of the year	822,426	749,202

The amounts recognised in the Statement of Income are as follows:

Current service costs	45,377	32,155
Net interest cost	(62,196)	(70,435)
Administrative expenses	12,763	31,200
	(4,056)	(7,080)
Net actuarial loss recognised in the year	26,710	133,398
Net pension cost	22,654	126,318

The actual return on plan assets was a gain of \$476,950 (2020 – \$146,050).

Assumptions:	<u>2021</u>	<u>2020</u>
Discount rate at end of year	7.50%	7.50%
Future salary increases	3.00%	3.00%
Future pension increases- post retirement	0.50%	0.50%
Future changes in NIS ceiling increases	3.00%	3.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

12 Trade and other payables

	<u>2021</u>	<u>2020</u>
Trade payables	1,821,409	1,769,026
Non-trade payables and accrued expenses	681,270	424,331
	<u>2,502,679</u>	<u>2,193,357</u>

13 Interest-bearing loans and borrowings

	<u>2021</u>	<u>2020</u>
Secured loans	6,364,988	5,794,334
Related party loans (see note 20)	5,823,895	5,823,895
Current portion	<u>(666,428)</u>	<u>(440,871)</u>
	<u>11,522,455</u>	<u>11,177,358</u>

There are five secured loans related to the procurement of photovoltaic cells, the Ice Cream processing plant rebuild and the Lolly plant construction. These loans are repayable in monthly instalments of blended principal and interest of \$10,853, \$15,009, \$11,452, \$29,824 and \$7,935 respectively, bearing interest between 3.75% and 5.5% per annum. Effective November 12, 2020 a 15-year loan was secured in the amount of \$950,000 to be utilised in the reconstruction of the Ice Lolly processing plant. This loan bears interest at 5.5%. Interest only payments will be made for an initial period of 6 months commencing January 20, 2021. Thereafter blended monthly principal and interest payments of \$7,935 will be repayable.

These loans are secured by a second mortgage debenture on the Company's fixed and floating assets, stamped to secure \$5,940,000. The maturity dates for the loans are June 2023, October 2024 and December 2027 and February 2035 and December 2035.

There are also four vehicle loans with monthly repayments of blended principal and interest totalling \$5,712 with maturity dates of October 2022, September 2023 and September 2024 and December 2024 respectively. Interest rates range from 5.5% to 8.5% per annum.

The related party loans of \$5,823,895 bear interest at the rate of 4.25% per annum and are secured by the following instruments with no fixed method of repayment:

- a) A debenture over fixed and floating assets of the Company stamped to secure \$5,724,970 as outlined below:
 - i. A fixed first charge over the fixed assets of the Company.
 - ii. A floating charge over the floating assets of the Company.
- b) Fire policy covering buildings, plant, equipment and stock with mortgage clause in favour of the lenders.
- c) Letter of undertaking by the Company not to further encumber its fixed assets without the lenders' consent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

14 Share capital

(a) Authorised

An unlimited number of common shares of no par value.

(b) Issued

	<u>2021</u>	<u>2020</u>
2,315,871 (2020 - 2,315,871) common shares, stated value	<u>2,383,828</u>	2,383,828

15 Earnings per share

The earnings per share is based on the net earnings for the year and the average number of shares in issue during the year. The net book value per share as at September 30, 2021 is \$8.84 (2020 - \$8.91) and the last trading value was \$3.10.

16 Financial instruments

The financial assets of the Company comprise cash, trade and other receivables and investments.

Financial liabilities comprise bank overdraft, accounts payable and accrued liabilities, due to related parties and short-term and long-term loans.

The accounting policies for financial assets and liabilities are set out in note 2.

a) Interest rate risk

The interest rates and terms of repayment of financial liabilities are disclosed in note 13.

b) Credit risk

Credit risk is not considered to be significant as accounts receivable is stated net of provisions for non-recoverability.

c) Fair value

The fair value of cash, trade and other receivables, bank overdraft, accounts payable and accrued liabilities, short-term and long-term loans and amounts due to related parties, are not considered to be materially different from their carrying values.

17 Operating leases

The Company leases some of its motor vehicles under operating leases. The operating leases were not capitalized under IFRS 16 as lease assets as the net amount was not considered to be material to do so.

The motor vehicle leases typically run for a period of five years. None of these leases includes contingent rentals.

During the year ended September 30, 2021 \$51,665 was recognized as an expense in the income statement in respect of operating leases (2020 – \$50,792).

The future minimum operating lease payments within one year are \$35,460 (2020-\$50,792), and later than one year but within five years are \$20,650 (2020-\$56,110)

18 Capital commitments

At the year end the Company's commitment to purchase capital assets contracted but not yet paid for is \$Nil (2020 – \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

19 Contingencies

At September 30, 2021 the company has bonds of guarantee amounting to \$250,000.

20 Related party transactions and balances

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

The Company has a related party relationship with its directors and executive officers.

Transactions with key management personnel

Salaries and fees earned by related parties amounted to \$373,411 (2020 - \$303,765). In addition to their salaries, the executive directors and executive officers participate in the Company's performance bonus scheme.

The key management compensation is as follows:

	<u>2021</u>	<u>2020</u>
Non-executive directors' fees	14,000	30,800
Executive directors	<u>359,411</u>	<u>272,965</u>
	<u>373,411</u>	<u>303,765</u>

Executive officers' fees/salaries are included in "personnel expenses" (see note 4)

21 Comparative figures

Some comparative figures have been changed to comply with this year's presentation.

22 Other

The duration and extent of the COVID-19 pandemic and related financial and public health impacts of the pandemic are uncertain. As such, the economic events and conditions in the future may be materially different from those estimated by the Company at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may affect the operations of the Company. The Company, will continue to closely monitor the situation in order to plan its response, if necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (with comparatives for year ended September 30, 2020)

(Expressed in Barbados dollars)

23 Segment reporting

Segment information is presented in respect of the Company's business. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

The Company's operations are conducted in Barbados. All revenues are earned from Barbados. Segment assets consist primarily of property, plant and equipment, inventories and accounts receivable. Segment liabilities comprise operating liabilities and exclude taxation and long-term loans. Capital expenditure comprises additions to property, plant and equipment.

Business segment reporting

Year ended September 30, 2021

	Distribution	Cold storage	Unallocated	Total
Gross trading revenue	9,136,941	3,871,906	- -	13,008,847
Operating costs	(7,448,654)	(1,843,072)	(3,349,277)	(12,641,003)
Operating profit/(loss)	1,688,287	2,028,834	(3,349,277)	367,844
Net financing costs			(561,736)	(561,736)
Gain on disposal			7,927	7,927
Earnings before corporation tax	1,688,287	2,028,834	(3,903,086)	(185,965)
Taxation			200	200
Net earnings for the year	1,688,287	2,028,834	(3,902,886)	(185,765)
Segment assets	16,820,962	11,308,312	7,412,126	35,541,400
Capital expenditure	1,621,116	44,168	37,987	1,703,271
Depreciation	260,806	159,501	228,841	649,148

Year ended September 30, 2020

	Distribution	Cold storage	Unallocated	Total
Gross trading revenue	10,291,098	4,355,829	- -	14,646,927
Operating costs	(8,547,917)	(1,926,624)	(3,150,371)	(13,624,912)
Operating profit/(loss)	1,743,181	2,429,205	(3,150,371)	1,022,015
Net financing costs			(586,813)	(586,813)
Loss on disposal			- -	- -
Earnings before corporation tax	1,743,181	2,429,205	(3,737,184)	435,202
Taxation			(35,677)	(35,677)
Net earnings for the year	1,743,181	2,429,205	(3,772,861)	(399,525)
Segment assets	15,582,559	11,397,764	7,642,765	34,623,088
Capital expenditure	4,405,233	710,390	26,038	5,144,661
Depreciation	462,478	216,338	292,610	866,157

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