



2023

CAVE SHEPHERD & CO. LIMITED
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS

**CAVE
SHEPHERD
& CO**

shaping tomorrow together



**CAVE
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& CO**

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Introducing our refreshed look and new logo.

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Notice of the Annual General Meeting

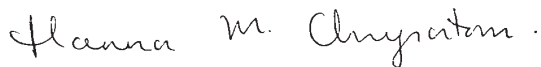
Notice is hereby given that the **FIFTY-THIRD ANNUAL GENERAL MEETING** of the Shareholders of CAVE SHEPHERD & CO. LIMITED will be held at the **Courtyard by Marriott** on **Thursday, April 25th, 2024, at 5.30 p.m.** The Agenda is as follows:

1. To receive and consider the Audited Consolidated Financial Statements for the year ended December 31st, 2023, together with the Reports of the Directors and Auditors thereon.
2. To elect Directors:
 - (i) the following Directors retire by rotation in accordance with paragraphs 3.9 and 3.10 of the revised and restated by-laws and being eligible, offer themselves for re-election for the term stated:

Mr. Roger M. Cave	3 Years
Mr. Robert M. Harvey-Read	3 Years
 - (ii) the following Directors, having attained the age of 72, retire in accordance with paragraph 3.10 of the revised and restated by-laws and being eligible, offer themselves for re-election for the term stated:

Sir Geoffrey Cave, K.A	1 Year
Mr. Lyden J. Ramdhanny	1 Year
3. To appoint Auditors for the ensuing year and for Directors to fix their remuneration.
4. To discuss any other business of the Company which may properly be considered at the Annual General Meeting.

By order of the Board of Directors



Hanna M. Chrysostom
Group Corporate Secretary

PROXIES:

Shareholders who are unable to attend the Meeting in person may complete and return the enclosed form of proxy at least 48 hours before the appointed time of the Meeting, or adjourned Meeting, to any of the addresses noted below.

DELIVERY OF PROXIES:

- Mail: Group Corporate Secretary, Cave Shepherd & Co. Limited, One + Haggatt Hall, Haggatt Hall, St. Michael, Barbados, BB11059
- Email: corporatesecretary@caveshepherd.com

Corporate Information

BOARD OF DIRECTORS

Sir Geoffrey Cave, *Chairman*
 Prof. The Most Honourable V. Eudine Barriteau
 Mrs. Maureen D. Davis
 Mr. Robert M. Harvey-Read
 Mr. Edward J. L. Ince
 Mr. Adrian H. Padmore
 Mr. Lyden J. Ramdhanny
 Mr. Richard G. Simpson
 Mr. Roger M. Cave, *Chief Executive Officer*

GROUP CORPORATE SECRETARY

Ms. Hanna M. Chrysostom

REGISTERED OFFICE

One + Haggatt Hall
 Haggatt Hall
 St. Michael
 Barbados, BB11059
 Telephone: +1 246 539 3000
 Email: info@caveshepherd.com

CORPORATE OFFICE

One + Haggatt Hall
 Haggatt Hall
 St. Michael, Barbados, BB11059
 Telephone: +1 246 539 3000
 Email: info@caveshepherd.com
www.caveshepherd.com

AUDIT COMMITTEE

Mr. Lyden J. Ramdhanny, *Chairman*
 Mr. Robert M. Harvey-Read
 Mr. Adrian H. Padmore

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Mr. Adrian H. Padmore, *Chairman*
 Prof. The Most Honourable V. Eudine Barriteau
 Mr. Lyden J. Ramdhanny

REGISTRAR & TRANSFER AGENT

Barbados Central Securities Depository Inc.
 8th Avenue
 Belleville, St. Michael
 Barbados, BB11114
 Telephone: +1 246 436 9871
 Email: info@bse.com.bb
www.bse.com.bb

ATTORNEY-AT-LAW

Fraser Law
 Upstairs "Ingleside"
 Crn. 7th Avenue
 Belleville & Pine Road
 St. Michael, Barbados

EXTERNAL AUDITORS

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

PRINCIPAL BANKERS

RBC Royal Bank (Barbados) Limited
 Broad Street, Bridgetown
 Barbados

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

Subsidiary Companies

NAME	CAPITAL	PRINCIPAL COUNTRY OF OPERATION
Cave Shepherd Inc.	Equity \$100,000 - 100% owned Loan Capital - Nil	United States
Cave Shepherd (Cayman) Ltd.	Equity \$20,000 - 100% owned Loan Capital - Nil	Cayman
Cave Shepherd SRL	Equity \$5,050,000 - 100% owned Loan Capital - Nil	Barbados
Cave Shepherd Card (Holdings) Inc.	Equity \$15,000,000 - 100% owned Loan Capital - Nil	Barbados
Cave Shepherd Card (Barbados) Inc.	Equity \$15,000,000 - 100% owned Loan Capital - Nil	Barbados
Fortress Fund Managers Limited	Equity \$9,352,500 - 68.57% owned Loan Capital - Nil	Barbados
Fortress Insurance Company Limited	Equity \$3,000,000 - 68.57% owned Loan Capital - Nil	Barbados
Fortress Staff Share Scheme Inc.	Equity \$1,000 - 68.57% owned Loan Capital - Nil	Barbados
Fortress Advisory & Investment Services Ltd.	Equity \$2,000 - 68.57% owned Loan Capital - \$400,000	Barbados
DGM Holdings Inc.	Equity \$81,200 - 72.7% owned Loan Capital - Nil	St. Lucia
DGM Trust Corporation	Equity \$16,000,100 - 72.7% owned Loan Capital - Nil	Barbados
DGM Directors Inc.	Equity \$1 - 72.7% owned Loan Capital - Nil	Barbados
DGM Management Services Limited	Equity \$30,000 - 72.7% owned Loan Capital - Nil	Barbados
DGM Captive Management Inc.	Equity \$51,000 - 72.7% owned Loan Capital - Nil	Barbados
DGM Management Services Limited	Equity \$6,000 - 72.7% owned Loan Capital - Nil	St. Lucia
DGM Captive Management (Alberta) Limited	Equity \$15,000 - 72.7% owned Loan Capital - Nil	Canada

Associate Companies

	OWNERSHIP	JURISDICTION
Bridgetown Cruise Terminals Inc.	20%	Barbados
G.C.S. Limited	40%	Barbados
G.C.S. (Grenada) Ltd.	40%	Grenada
G.C.S. (St. Lucia) Ltd.	40%	St. Lucia
Ganzeer (Antigua) Ltd.	40%	Antigua
CSGK Finance (Holdings) Limited	50%	Barbados
SigniaGlobe Financial Group Inc.	50%	Barbados
CS&C Joint Venture	20%	Barbados
The Sunset Joint Venture	16%	Barbados
Contonou Shores Ltd.	35%	Bahamas
Canouan CS&F Investments Limited	35%	St. Lucia
Pick UP Taxi Inc.	24.5%	Barbados

Our financial services businesses continue to represent the key earnings driver for the Group...

Who we are



CAVE SHEPHERD & CO

shaping tomorrow together



Credit Card and Digital
Payment Solutions

100% OWNERSHIP



Captive Insurance, Trust and
Corporate Services for
Global Businesses

72.7% OWNERSHIP



Mutual Funds, Pension
and Investment Products

68.57% OWNERSHIP



A Wide Range of Banking and
Investment Services

50% OWNERSHIP



Destination Retail

40% OWNERSHIP

Directors' Report

“ The increase in profitability reflects solid performances from all of the Company’s underlying operating companies...”



Cave Shepherd & Co. Limited (the “Company”) earned a profit attributable to shareholders of \$15.8 million for the year ended December 31st, 2023, an increase from the \$11.7 million recorded in the prior year. This equates to earnings per share (EPS) of \$0.86 compared to EPS of \$0.63 in 2022.

The increase in profitability reflects solid performances from all of the Cave Shepherd Group’s (the “Group”) underlying operating companies – Fortress Fund Managers, Payce Digital, SigniaGlobe Financial, DGM Financial and Ganzee Island Stores – plus a one-time pension plan surplus gain of \$2.5 million attributed to the wind-up of the Cave Shepherd Defined Benefit Pension Scheme (the “DB Pension Plan”).

In 2023, the Barbadian economy continued its robust recovery from the declines caused by the COVID-19 pandemic which was led by increased tourist arrivals which are nearly back to 2019 levels. The flow through effects therefore have had a positive impact across the Group’s businesses.

Our financial services businesses continue to represent the key earnings driver for the Group and they all contributed to the excellent results in 2023.

FORTRESS FUND MANAGERS

Fortress Fund Managers had another great year as stock markets recovered from the painful declines in 2022 where equities and bonds declined significantly due to sharp increases in interest rates to combat inflation. In 2023, interest rates continued to increase but as inflation numbers slowed, there was the welcomed pause by the Federal Reserve on further increases with markets currently anticipating the commencement of a reduction in interest rates during 2024. Fortress’ mutual funds are invested locally, regionally and internationally and fortunately, this broad diversification has proved beneficial for the mutual funds in 2023 as local and regional stock markets have not yet started to show any meaningful recovery from the pandemic declines. The unfortunate issue of double taxation of private pensions in Barbados was not resolved during the year. While recent changes to the

National Insurance Scheme (“NIS”) may prolong its longevity, we firmly believe that persons cannot rely on the NIS alone to provide income in retirement. This means private pensions have an important role to play, and until the inequitable double taxation policy is remedied, responsible Barbadians, saving and investing for retirement in these plans, will be constrained.

CAVE SHEPHERD CARD (BARBADOS) INC. - PAYCE DIGITAL

Payce Digital performed well this year with solid growth in terms of increased portfolio size, higher sales, greater transaction volumes and overall increased usage of the Payce Digital Mobile App. Payce Digital continues to deliver a solid contribution towards the Group’s annual financial performance with net earnings of \$6.1 million. While portfolio delinquency showed some increase above 2022, the business manages to maintain exceptionally low delinquency ratios, at levels way below that seen in the credit card industry.

Cave Shepherd increased its equity investment in Payce Digital by \$5 million through the conversion of a shareholder’s loan and Payce Digital raised \$13 million in new fixed income unsecured notes in

support of the growth of the credit card portfolio to \$59 million in 2023, a significant increase from the prior year. As the business continues to be positioned for future growth in digital payments, several new initiatives are being explored to enhance the overall customer experience. The product suite being made available to the wider Barbados market is expanding, while maintaining a strong focus on compliance, risk and concentration on cyber security protocols. This business is well poised for future growth and expansion, both here and in the region.

SIGNIAGLOBE FINANCIAL GROUP INC.

SigniaGlobe Financial Group also had a strong year in 2023 with earnings up 21% over the prior year. Shareholders’ equity exceeded \$60 million as the demand for loans increased as Barbados’ economy recorded solid economic growth of 4.4% in 2023. The high liquidity levels in the financial system are reducing interest rates which is a positive for customers. On the other hand, the government has resumed borrowing locally, and combined with new players in the market, borrowing costs for institutions are increasing, thereby impacting margins going forward. This means that customers are able to borrow at more attractive rates than

The Company made a small equity investment in Pick Up Taxi Inc.

**a start-up technology company
offering an Uber-like ride-sharing
app for local taxis.**

in previous years. This solid performance is also attributable to the significant decline in overall bad debt provisions and lower taxes, as the imposition of the Government's Pandemic Levy in the prior year was not repeated in 2023. The prospects for the future are solid and the company is implementing its digital transformation strategy with the adoption of new technology, systems and procedures aimed at enhancing its customer experience and business efficiencies.

DGM FINANCIAL GROUP INC.

DGM Financial Group had another solid performance with overall profit up 5% from 2022 with growth across all lines of business, including corporate services and trusts, with the greatest growth being noted in the captive insurance business. Towards the end of the year, DGM opened a new subsidiary in Calgary, Canada to cater to the captive insurance business in that market and already we have onboarded some new clients. As the company continues to grow, it has increased its staff complement to continue to offer its excellent service to our international clients.

G.C.S. LIMITED - GANZEE

G.C.S. Limited, which operates the Ganzee Island Stores in Barbados and Grenada and sells destination merchandise to visitors, had another excellent year in 2023, with profits up 52% over prior year as both long-stay and cruise passenger arrivals neared pre-pandemic levels. There are several new and exciting initiatives being pursued with local artisans for a range of different crafts and products and Ganzee is well advanced in opening a number of stores in St. Lucia, a new market for the company. It is anticipated that these new store openings will contribute positively to the overall profitability of the company from the upcoming winter season and the years ahead.

PICK UP TAXI INC. - PICKUP

At the beginning of 2023, the Company made a small equity investment in a start-up technology company, Pick Up Taxi Inc., which offers an Uber-like ride-sharing app for local taxis. This business made a modest profit in 2023 with steady growth throughout 2023 and a credible start to 2024 as more local taxi operators have joined the app, thereby improving coverage for patrons on the west and east coasts of Barbados.

PROPERTY JOINT VENTURES

The Company's investments in property, primarily through the CS&C and The Sunset Joint Ventures both performed in line with expectations in 2023. Rents from the properties in Sunset Crest have recovered to pre-Covid levels but the Bridgetown property is still discounted. The Company's share of the revaluation losses from these Joint Ventures was over \$600 thousand for this year. We remain hopeful that a few of the proposed redevelopment projects for Bridgetown will commence in 2024 which when completed will revitalise our historic capital city.

BRIDGETOWN CRUISE TERMINALS INC.

As noted in the last two years' annual reports, Bridgetown Cruise Terminals Inc. ceased operations on December 31st, 2021 when responsibility for the operation of the cruise passenger terminal reverted to the Barbados Port Inc. Regulatory approvals for the wind-up of the company is still being awaited and we regret that another year has passed and the shareholders are unable to receive their funds. We continue to remain hopeful that the matter will soon be resolved.

WIND UP OF THE DB PENSION PLAN

During 2022, we commenced the process of winding up the DB Pension Plan which was closed to new entrants for over 20 years. We are pleased to report that in early 2023, the majority of the DB Pension Plan members voted in favour of the proposed 50:50 sharing in the surplus with the Company and its members. The company recorded a one-time gain of \$2.5 million for its share of the surplus in 2023 and we anticipate that the surplus will be paid to the Plan's members in early 2024.

INVESTMENT PORTFOLIO

Our investment portfolio consists mainly of excess cash in US dollars awaiting investment in longer-term equity opportunities in both existing and new operating businesses. This portfolio is primarily invested in money market funds which earn lower returns but have less volatility. In 2023, the portfolio

produced gains of \$639 thousand compared to losses of \$2 million dollars in 2022, which was due to increased interest rates that year which affected our bond portfolio. The gains have had a significant, positive impact on the financial results for the current year.

The high levels of cash and liquid investments together with low levels of debt are reflective of the conservative policies of the Group, which together, is the foundation for the genuine strength of our balance sheet.

NEW CHARITABLE FUND

The Company is in the process of establishing a new charitable fund in partnership with the Barbados Community Foundation. An initial contribution of \$500 thousand was approved by the Board and we expect the fund to be a very significant step in developing a more intentional and focused approach to our philanthropic efforts.

NEW CAVE SHEPHERD BRAND

During our strategic planning exercise in 2022, a key outcome was the need to revisit Cave Shepherd's brand identity since, despite the Company's exit from its duty free retail business in 2020, the brand was still very much associated with its department store legacy. Guided by considerable market research, we revisited our brand platform and refreshed our identity to better demonstrate our evolution as a Company, while still representing our enduring values and guiding principles.

We are pleased to share our refreshed look in this Annual Report, with its clean, minimalist look, and striking black and white logo, which helps to separate the Company's brand identity from the multiple colours and diversity of its subsidiaries and associates. For the first time we have created an icon for the brand and have used a classic sans serif font for the word mark that is timeless. Our new slogan, "shaping tomorrow together" captures the essence of our belief that we can achieve more together, building thriving businesses and communities for a better tomorrow.



SHAREHOLDER RETURNS

The increase in profitability allowed the Company to pay increased dividends to its shareholders. A dividend of \$0.16 per share was paid in August 2023 and a final dividend of \$0.18 per share was declared in December 2023 and paid in February 2024. The Company's share price on the Barbados Stock Exchange increased to \$6.50 per share at the end of 2023, up from \$4.50 at the end of 2022, a welcomed increase in value for all shareholders. The Company continued its share repurchase program during the year and repurchased 202,378 shares and issued 169,607 new shares under the employee stock option and shares in lieu of bonus schemes.

We are also pleased to report that at the commencement of this year the Company introduced the Employee Share Purchase Scheme and many employees opted to participate, enabling them to become 'owners' of the Company and to participate directly in its growth and development in the years ahead.

LOOKING FORWARD

In 2024, significant investments will be made in technological upgrades as the Group continues to implement its digital transformation pillar of its 2022 strategy. In addition, all companies in the Group will be faced with increased corporation taxes and we will not have the benefit of the one-time gain from the wind-up of the DB Pension Plan. These are some of the current challenges and changing landscape that the Group is facing which are not insurmountable but will impact the Group's current year's earnings. Looking further ahead, the prospects for the Group remain solid; we continue to expand and grow our well-established and profitable businesses, wisely invest our surplus cash in new opportunities that will diversify our portfolio and grow the Company's earnings in new sectors and markets.

During the year, Mr. John Williams retired as CEO of the Group and the excellent financial results this year are largely attributed to his sterling efforts in leading, developing and guiding the Group and we are delighted that he continues to serve as a Director on several of the subsidiary and associate company Boards, which will continue to benefit from his sound guidance and advice.

In closing, we take this opportunity to thank our Group team members for their exceptional work in 2023. We thank our shareholders for your continued loyalty and our customers, clients and partners for their longstanding support for our Company.

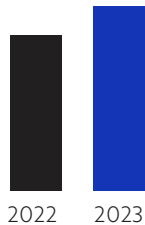


Sir Geoffrey Cave, K.A.
Chairman



Mr. Roger M. Cave
Chief Executive Officer

March 7th 2024



2022: **13.3**
2023: **15.7**

revenue
in millions



2022: **16.0**
2023: **27.1**

net book value
in millions



2022: **6.9**
2023: **6.1**

net income after tax
in millions



Alison Browne-Ellis
Chief Executive Officer
Cave Shepherd Card (Barbados) Inc.

100%
ownership

Cave Shepherd Card (Barbados) Inc., trading as Payce Digital, continues to be well embraced by consumers and widely recognised by industry stakeholders as an innovative and rapidly growing player in the Barbados credit card and mobile app services industry. Payce Digital is continuing its thrust towards the development of digital payment services aimed at offering its valued Cardholders and the micro and small business sector, more ways to pay. The increased usage of its digital services by circa 20% during 2023 was very encouraging; namely, Person to Person and Merchant Transfers, eBill Payments and payments through the Government's EZ Pay platform.

Some of the key performance pillars for Payce Digital that drive our strategic outlook include extraordinary service, digital payments expansion and digital transformation. This is evidenced in the 2023 annual Customer Satisfaction Survey, which

highlighted a customer satisfaction score of 95% and a Customer Net Promoter score above 60, which is defined by international standards as "world class" and remains consistent with previous years. The focus on service excellence is further seen in the launch of the new "Ayce By Payce", an AI driven Chatbot Service designed to assist Cardholders with account related queries via the website, while several new mobile app features are also being developed for launch in fiscal year 2024.

The Payce Digital team participated in the recently concluded FinTech Islands Conference and continues to lobby for the further development of the Barbados financial services ecosystem through financial and stakeholder inclusion via mediums that allow for greater "interoperability" (ability to transfer customer funds to other financial entities); thereby reducing the use of physical cash across the Barbados landscape.



2022: **11.7**
2023: **12.1**

revenue
in millions



2022: **9.6**
2023: **10.0**

net book value
in millions



2022: **5.9**
2023: **6.8**

net income after tax
in millions



Peter Arender
Chief Executive Officer
& Chief Investment Officer
Fortress Fund Managers Limited

68.57%
ownership

Fortress Fund Managers had another strong year in 2023, as we continued to deliver on our mission of “making financial security achievable and appealing for all by combining sensible long-term investments with exceptional customer service”. The Fortress Barbados dollar and U.S. dollar funds all posted healthy returns for investors, and the management company’s earnings were up 14% year over prior year. Total assets under management finished the year at a new high of \$850 million, with the Fortress Caribbean Pension Fund surpassing \$400 million.

We are long-term investors, but it is a fact that broader financial market performance can influence our own financial results, even in the short term. Strong markets increase the funds’ assets under management and tend to encourage higher amounts of new investments from clients. In 2023, financial

markets were volatile but posted healthy gains by the end of the year. A major issue was inflation and its impact on interest rates. In equities, the largest gains were in some of the most expensive U.S. technology shares, but the better valued areas of the markets where we invest also performed well. Equities in the region struggled with higher interest rates and uncertainty among some financial institutions. This meant U.S. and international markets were the drivers of returns in the Fortress funds this year, and global diversification once again mattered.

Looking ahead, we still see many areas of opportunity for investors around the world. The Fortress funds are positioned accordingly for long-term returns, and our focus as always remains on “Funding the Future” for our thousands of clients.



2022: **5.3**
2023: **6.0**

revenue
in millions



2022: **4.7**
2023: **5.1**

net book value
in millions



2022: **1.5**
2023: **1.6**

net income after tax
in millions

Wayne Fields
President
DGM Financial Group

72.7%
ownership

DGM Financial Group performed well in 2023, ending the year with net profits 5% ahead of the prior year's results.

Revenue growth drove the strong results as the company successfully secured business from 35 new clients during 2023, in particular for the captive management, corporate secretarial and directorship service lines of the business.

DGM also expanded internationally in the latter half of the year with the establishment of the captive management business in Alberta, Canada. Alberta recently introduced captive insurance legislation and DGM secured three new clients in 2023. This

new company has great potential for contributing to the profitability of the group.

DGM has also grown its team during the year; hiring senior team members for both the captive management and corporate business units. These key hires allow us to continue to deliver high quality service to our clients and position it for future growth.

The financial services market remains strong, and the company continues to dedicate time and resources to developing new business. The group ended the year with a number of prospective new clients and is expecting these opportunities to materialise to drive growth in 2024.



2022: **28.8**
2023: **28.2**

revenue
in millions



2022: **56.5**
2023: **60.8**

net book value
in millions



2022: **5.9**
2023: **7.3**

net income after tax
in millions



Paul Ashby
Chief Executive Officer
Signia Globe Financial Group

50%
ownership

SigniaGlobe's 2023 financial performance reflects a net profit position of \$7.3 million. With profit before taxes recorded at \$9.3 million, this represents an 8.6% increase over the prior year's figures. A sustained improvement in non-accrual loan balances has driven the performance noted, and reductions in this area are the result of an expressed focus on improving credit quality. This directive brought about a reduction in provisioning expenses sufficient to overcome a 2.43% reduction in revenue.

Retail vehicle lending remains the core business line for SigniaGlobe, and this is reflected in the consistency of interest income, which represented 87% of 2023's revenue. Although we continue to be a market leader in this area, interest rate pressures have necessitated a focus on volume and a total of \$99 million in new loans were disbursed during 2023.

Additionally, a key strategic directive for the company's growth has been the expansion of its non-interest income lines. The introduction of custodian services in 2021 has been a key element of this strategy and this business line has generated approximately \$1.3 million of profit over the last two financial years. The onboarding of additional customers within this service area will be critical to increasing earnings as we move forward.

The company's growth in 2024 will be contingent on its ability to innovate on service delivery. The digital transformation project that has been undertaken in 2022, and continued through 2023, is expected to strengthen our online business channels, with enhanced integration into existing internal processes. This improvement is expected to increase the ease of doing business with SigniaGlobe, as well as improve the internal efficiency of the systems and procedures in place.



2022: **12.8**
2023: **17.4**

revenue
in millions



2022: **4.5**
2023: **6.4**

net book value
in millions



2022: **2.2**
2023: **3.4**

net income after tax
in millions



Clifford Nolan
General Manager
G.C.S. Limited

40%
ownership

2023 was a record year for G.C.S. Limited trading as Ganzee and Caribbean Kidz. Ganzee currently operates 13 stores in Barbados and Grenada.

During the year, Ganzee continued to demonstrate strong organic growth delivering better than anticipated results in both sales and profits.

In June, the company signed a contract with AmBev to collaborate in the development and wholesaling of merchandise branded for Banks Beer. The company also expanded the range of merchandise it offers in collaboration with Mount Gay and Barbados Tourism Marketing Inc.

The last quarter of 2023 saw expansion of shop footprints in Broad Street and at the Caribbean Kidz

shop in the departure lounge at Grantley Adams International Airport. The full year benefits of these expansions should be realized in 2024.

The cruise industry continues its resurgence and the effect of the growing number of ships visiting our shores was reflected in particularly strong performances from the shops at the Bridgetown Port in Barbados and at the Esplanade Mall in St. George's, Grenada.

Negotiations for further expansions both locally, and in the region, are on-going and plans are well advanced for the opening of five new stores in St. Lucia in early 2024.

We achieve more together than we can alone.

At Cave Shepherd & Co, every individual is a vital thread in the fabric of our success story. As we stand together, bound by a shared commitment to excellence, we are shaping tomorrow by crafting a future of promise and possibility for Barbados and the wider Caribbean. Our Company thrives on the strength of our people, their diverse talents, and unwavering dedication to our collective vision. We celebrate the achievements of our team and the impact of our collaborative efforts in driving sustainable growth and prosperity throughout our community and the region.



EST. 1906

**CAVE
SHEPHERD
& CO**

Corporate Social Responsibility

During 2023, Cave Shepherd continued its enduring legacy of operating in an honourable and socially responsible way. The Company maintained its annual commitment to longstanding corporate donations to over 50 charitable and non-governmental organizations in Barbados, ranging from care homes to educational, religious and outreach groups.

In addition to the above, the Company has gone a step further and is in the process of creating a charitable fund in partnership with the Barbados Community Foundation. At the end of 2023, the

Company contributed \$500 thousand as an initial investment to this fund and going forward it plans to focus its efforts in giving back to our community in a more structured and focused way. Hopefully this will result in the ability to provide greater contributions that will have a more significant impact in assisting the targeted needs within our communities.





shaping tomorrow together

Corporate Governance

The Board of Directors (the "Board") of Cave Shepherd & Co. Limited (the "Company") is committed to exercising strong corporate governance practices that enhance all stakeholders' value and promote the long-term growth and financial viability of the Company. The Company adheres to all legal and regulatory requirements, guidelines and recommendations applicable to it as outlined by the Barbados Stock Exchange and the Financial Services Commission.

BOARD OF DIRECTORS

The Board is comprised of knowledgeable and experienced Directors. The maximum number of Directors permitted by the Company's revised and re-stated by-laws is ten (10) with a minimum of three (3). The Board currently consists of nine (9) members; eight (8) of whom are non-executive (of whom one (1) is independent) and one (1) is executive.

The following outlines the biographical details, experience and shareholdings of the Directors.



NON-EXECUTIVE CHAIRMAN

Sir Geoffrey Cave,

K.A., C.B.E., B.C.H., Hon. LLD (UWI)

Born 1942



nationality **Barbadian**
 date of first election **1970**
 term of office **2024**



Sir Geoffrey Cave is currently Non-Executive Chairman of Cave Shepherd & Co. Limited. He was first elected Chairman of the Board of Directors in 1970 when it became a public company. Sir Geoffrey also serves as Chairman of subsidiary DGM Holdings Inc.

In November 2016, on Barbados' 50th Anniversary of Independence, he was awarded the honour of Knight of St. Andrew for his outstanding contribution to business. Sir Geoffrey served as an Independent Senator appointed by the Governor-General of Barbados during the period 2009 to 2013. In 2007, the University of the West Indies conferred on him an Honorary Degree of Doctor of Laws (LLD) and in the Queen's New Years' Honour's List in 2003, he was appointed Commander of the Most Excellent Order of the British Empire. His distinguished career in business in Barbados and the region was recognised in 2001 when he was awarded a Caribbean Master Entrepreneur Award. At the turn of the century, Sir Geoffrey was awarded the Barbados Centennial Honour.

Sir Geoffrey holds a B. Comm. from McGill University in Canada.

Roger Cave was appointed Chief Executive Officer effective June 1st, 2023



CHIEF EXECUTIVE OFFICER

Roger M. Cave

CA, CFA

Born 1966

Roger Cave joined the Board of Cave Shepherd & Co. Limited in 1997 and was appointed Chief Executive Officer effective June 1st, 2023. He is the Founder and Chairman of Fortress Fund Managers Limited ("Fortress"), a subsidiary of Cave Shepherd & Co. Limited, Chairman of Cave Shepherd Card (Barbados) Inc. trading as Payce Digital and a director of DGM Financial Group. He is also a Director on the Boards of associates SigniaGlobe Financial Group Inc. and G.C.S. Limited.

Mr. Cave currently serves as an independent director of the Barbados Private Sector Association and Executive Committee Member of the Caricom Private Sector Organisation.

Mr. Cave is a graduate of Bishop's University, Canada where he obtained a BBA. He is a CFA charter holder as well as a Chartered Accountant. He is a Fellow of the Institute of Chartered Accountants of Barbados (FCA).

nationality **Barbadian**

date of first election **1997**

term of office **2024**



NON-EXECUTIVE DIRECTOR

Prof. The Most Honourable V. Eudine Barriteau,

PhD, FB, GCM

Past Pro-Vice Chancellor & Principal,
University of the West Indies,
Cave Hill Campus
Born 1954

nationality **Grenadian**

date of first election **2008**

term of office **2027**

Prof. The Most Honourable V. Eudine Barriteau was elected to serve on the Board of Cave Shepherd & Co. Limited in 2008. She is a member of the Corporate Governance & Nomination Committee.

Prof. The Most Honourable V. Eudine Barriteau is an academic with numerous scholarly writings to her credit. She serves on a number of Boards and Committees regionally and internationally.

Prof. The Most Honourable V. Eudine Barriteau was the Pro-Vice Chancellor & Principal of the University of the West Indies (UWI), Cave Hill Campus until her retirement in August 2021. She previously held the positions of Pro-Vice Chancellor & Principal of UWI, Open Campus and Deputy Principal, Cave Hill Campus as well as Head of the Centre for Gender and Development Studies, University of the West Indies, a position she held for fifteen (15) years.

In 2013, Prof. The Most Honourable V. Eudine Barriteau was awarded a Gold Crown of Merit for her contribution to gender and development. In the 2019 list of National Honourees to mark the 53rd anniversary of Independence of Barbados, she was awarded Barbados' highest national honour, the Order of the Freedom of Barbados, for her outstanding contribution to tertiary education and pioneering leadership in the development of gender studies and the promotion of gender equality.



NON-EXECUTIVE DIRECTOR

Maureen D. Davis

Business Executive
Born 1964

Maureen Davis joined the Board of Cave Shepherd & Co. Limited in 2007. Mrs. Davis is a Retail Development Consultant and previously held the position of Chief Development Officer of Duty Free Caribbean (Holdings) Ltd., from that company's formation in 2000 to 2021. Her management experience in the regional duty-free sector spans over 35 years and extends across the Caribbean region.

Mrs. Davis also serves on the Board of the Tourism Development Corporation, the Cave Hill School of Business and is a Council Member of the Barbados Museum and Historical Society.

nationality **Barbadian**

date of first election **2007**

term of office **2026**



NON-EXECUTIVE DIRECTOR

Robert M. Harvey-Read

B. Comm
Business Executive
Born 1964

Robert Harvey-Read was elected to the Board of Cave Shepherd & Co. Limited in 2008. He is a member of the Audit Committee.

Mr. Harvey-Read is a National Account Executive with Cost Segregation Services, LLC – a US firm. He has held several leadership and developmental roles both in business and non-profit organizations in Barbados, Grenada, and the US.

Mr. Harvey-Read holds a Bachelor of Business Management from Ryerson University in Canada.

nationality **Barbadian**
date of first election **2008**
term of office **2024**



NON-EXECUTIVE DIRECTOR

Edward J. L. Ince

BSc
Business Executive
Born 1962

Edward Ince joined the Board of Cave Shepherd & Co. Limited in 2012.

Mr. Ince has extensive experience in creating and managing businesses throughout the Caribbean and Central America regions. He co-founded Prism Services, a payments and operations outsourcing company. He also serves on the Boards of Republic Bank Ltd. and Productive Business Solutions Ltd., a listed company on the Jamaica Stock Exchange.

Mr. Ince is a graduate of York University, Canada where he obtained a BSc. (Hons) in Computer Science.

nationality **Barbadian**
date of first election **2012**
term of office **2025**

**INDEPENDENT DIRECTOR****Adrian H. Padmore**

Managing Director, Bryden Stokes Limited
Born 1967

Adrian Padmore was elected to serve on the Board of Cave Shepherd & Co. Limited in 2016. He is the Chairman of the Corporate Governance & Nomination Committee and a member of the Audit Committee.

Mr. Padmore is the Managing Director of Bryden Stokes Limited and previously held the position of General Manager of the West India Biscuit Company Limited ("WIBISCO") from 2002 to 2017. His experience in the manufacturing, export, retail and the distribution sectors spans over 30 years. He was appointed Chairman of Export Barbados (BIDC) and the Barbados Institute of Management & Productivity (BIMAP) in April 2022. Additionally, he has worked extensively in Barbados, the Caribbean and USA markets.

Mr. Padmore is a graduate of Coventry University, UK where he obtained a HND in Mechanical Engineering.

nationality **Barbadian**
date of first election **2016**
term of office **2026**

**NON-EXECUTIVE DIRECTOR****Lyden J. Ramdhanny**

Business Executive,
L.L. Ramdhanny & Co.
Born 1952

Lyden Ramdhanny was appointed to the Board of Cave Shepherd & Co. Limited in 2008. He is the Chairman of the Audit Committee and a member of the Corporate Governance & Nomination Committee. Mr. Ramdhanny previously served as a Director on the Board of Duty Free Caribbean (Holdings) Ltd., (now Bridgetown Duty Free) then associate of the Company, for a period of 5 years from its inception in 2000.

Mr. Ramdhanny is a prominent businessman in Grenada having held numerous Private Enterprise and Public Service/ Governmental posts.

nationality **Grenadian**
date of first election **2008**
term of office **2024**

**NON-EXECUTIVE DIRECTOR****Richard G. Simpson**

Business Executive
Born 1959

Richard Simpson was elected to serve on the Board of Cave Shepherd & Co. Limited in 2007. He joined Cave Shepherd & Co. Limited in 1983 and worked in several departments of retail operations, including Duty Free Caribbean (Holdings) Ltd. (now Bridgetown Duty Free) where he managed the Facilities function until his retirement at the end of the year 2020.

nationality **Barbadian**
date of first election **2007**
term of office **2025**

Directors' Shareholdings

Directors' shareholdings in Cave Shepherd & Co. Limited as at December 31st, 2023 and as at March 7th, 2024, are as follows:

	Shares as at December 31st, 2023		Shares as at March 7th, 2024	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
R. G. Cave	5,738,194	-	5,738,194	-
V. E. Barriteau	-	-	-	-
R. M. Cave	502,183	-	522,183	-
M. D. Davis	174,335	-	174,355	-
R. M. Harvey-Read	2,465	-	2,465	-
E. J. L. Ince	143,687	-	143,687	-
A. H. Padmore	-	-	-	-
L. J. Ramdhanny	-	-	-	-
R. G. Simpson	58,816	-	58,816	-

Directors' interest in the Share Option Plan of Cave Shepherd & Co. Limited as at December 31st, 2023 is as follows:

Year	Granted	Vested	Exercised	Unvested	Expired	Total	Exercise Price
2023	40,000	26,667	-	13,333	-	40,000	\$4.50
2022	20,000	20,000	-	-	-	20,000	\$4.18
2021	35,000	35,000	25,000	-	10,000	-	\$4.10
2020	35,000	35,000	35,000	-	-	-	\$4.65
2019	15,000	15,000	15,000	-	-	-	\$4.60
	145,000	131,667	75,000	13,333	10,000	60,000	

The market price of Cave Shepherd & Co. Limited shares at December 31st, 2023 was \$6.50

Other Shareholdings

Substantial shareholdings other than directors holding more than 5% of the issued shares:

Shares as at December 31st, 2023

Landview Limited	2,213,517
Aerie Limited	2,282,928

Top 10 largest shareholdings:

Shares as at December 31st, 2023

Beach Fronts Limited	5,738,194
Aerie Limited	2,282,928
Landview Limited	2,213,517
Island Securities Ltd	502,183
Rockcliff Investments Ltd	342,356
Landgrade Ltd	232,557
Saba Ltd.	211,973
Maureen Davis	174,335
Kala Inc.	161,491
RF(Barbados) Investment Fund Ltd.	150,000

Board Operations

The Board's key responsibilities which it exercises through decision making and oversight are strategic planning, risk management, succession planning, shareholder communications and public disclosures, corporate governance, legal and regulatory compliance and performance evaluations. The position description for the Chairman is clearly defined.

The Board determines its own organization. The Board has Audit and Corporate Governance & Nomination Committees to assist it in fulfilling its duties.

The Board had six (6) formal meetings. Generally, the Board manages an annual

schedule of critical items designed to ensure that it fulfils its obligations. The Board reviewed and approved financial statements, interim and final dividend payments, the appointment of a Chief Executive Officer, reviewed the recommendations made under the 2023 Financial Services Commission Corporate Governance Guidelines and the progress of Cave Shepherd's strategy. The Board also considered different business opportunities, reviewed and managed Company risk and received reports on the work carried out by its Audit and Corporate Governance & Nomination Committees

Directors' record of attendance at Board and Committee Meetings are reflected in the table below.

	Board Meetings	Audit Committee Meetings	Corporate Governance Nomination Committee Meetings	Total
R. G. Cave	6/6			6/6
V. E. Barriteau	5/6		2/2	7/8
R. M. Cave	6/6			6/6
M. D. Davis	6/6			6/6
R. M. Harvey-Read	6/6	2/2		8/8
E. J. L. Ince	6/6			6/6
A. H. Padmore	5/6	2/2	2/2	9/10
L. J. Ramdhanny	6/6	2/2	2/2	10/10
R. G. Simpson	6/6			6/6

ONGOING DIRECTOR DEVELOPMENT

During 2023, ongoing Directors' education focused on anti-money laundering and terrorist financing methods and updates on

several regulatory changes in Barbados, as well as accountability of the Board.

BOARD EVALUATIONS

In 2023, the Board undertook its annual performance evaluation. The Board delegated this function to the Corporate Governance & Nomination Committee with the assistance of the Group Corporate Secretary. The performance evaluation addressed the performance and effectiveness of the individual Directors and the Board's performance as a whole.

The performance evaluation was conducted electronically and results of the survey were submitted by each Director on a confidential basis to the Group Corporate Secretary who compiled a report. The survey confirmed that the Board is operating effectively and the report was submitted to the Board for discussion.

Board Committees

There are two (2) committees of the Board – the Audit Committee and the Corporate Governance & Nomination Committee. These Committees play an integral part in the governance process of the Company in that they assist the Board with the proper discharge of its functions by providing an opportunity for more in-depth discussions. The Committees are required to regularly report to the Board on findings, assessments and proposed courses of action. The position descriptions for the Chairmen of the Committees are clearly defined.

THE AUDIT COMMITTEE

Members: Lyden J. Ramdhanny, Chairman
Robert M. Harvey-Read
Adrian H. Padmore

The majority of the members of the Audit Committee are non-executive directors who are financially literate with a sound understanding of the accounting principles and who possess the experience in analysing and evaluating financial statements. During the year the Audit Committee undertook training in audit committee effectiveness.

The Audit Committee assists the Board in overseeing the external audit process and managing all aspects of the relationship with the Auditors. It provides a direct channel of communication between the Auditors and the Board and assists the Board in ensuring that the audits are conducted in a thorough, objective and cost-effective manner. The Committee also reviews interim and audited financial statements and oversees the internal audit process, reviewing the Internal Auditor's assessment of the adequacy and effectiveness of the Company's internal controls, legal and regulatory compliance and risk management.

The Charter of the Audit Committee can be found on the Company's website at www.caveshepherd.com.

AUDIT COMMITTEE OPERATIONS

The principal business for 2023 included:

- Reviewing and approving the external audit plan and timetable and approving external audit fees;
- Recommending for approval to the Board a new internal auditor;
- Reviewing and approving the internal audit plan and approving internal audit fees;
- Reviewing and recommending for approval to the Board interim and annual audited financial statements;
- Reviewing and implementing the recommendations under the 2023 Financial Services Commission Corporate Governance Guidelines;
- Reviewing and recommending for approval to the Board the Risk and Operational Risk Policies as well as the Corporate Fraud Policy;
- Reviewing and recommending for approval the Audit Committee's Charter;
- Reviewing and recommending for approval to the Board the Chairman's Position Description; and
- Conducting its annual performance evaluation.

AUDIT AND AUDIT RELATED FEES

Audit Fees for the Cave Shepherd Group are as follows:

	2023 (000's)	2022 (000's)
Audit fees	\$307	\$284
Audit related fees	\$124	\$68
Tax fees	\$22	\$15
TOTAL	\$453	\$367

THE CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Members: Adrian H. Padmore, Chairman
V. Eudine Barriteau
Lyden J. Ramdhanny

The Corporate Governance & Nomination Committee develops and recommends to the Board policies and procedures to establish and maintain good corporate governance practices. The Committee is also responsible for reviewing and advising the Board on the nomination and appointment of Directors and assists the Board in maintaining a culture of honesty, integrity, transparency and accountability.

The Corporate Governance & Nomination Committee's Charter can be found on the Company's website at www.caveshepherd.com.

CORPORATE GOVERNANCE & NOMINATION COMMITTEE OPERATIONS

The principal business for 2023 included:

- Reviewing and implementing the recommendations under the 2023 Financial Services Commission Corporate Guidelines
- Reviewing and recommending for amendment to the Board various Company policies, Board and Corporate Governance & Nominations Committee Charters and the Chairmen Position Descriptions for the Board of Directors and the Corporate Governance & Nomination Committee;
- Reviewing compliance with legal and regulatory requirements; and
- Reviewing Managements comments to the draft Corporate Governance Guidelines of the Financial Services Commission
- Overseeing and conducting the Board and Committee annual performance evaluations.

Executive Management & Corporate Secretary

The following sets forth the name and year of appointment of the current four (4) members of Executive Management and the Group Corporate Secretary, as well as a short description of their business experience, education and activities:



CHEIF EXECUTIVE OFFICER

Roger M. Cave

CA, CFA
Born 1966

Roger Cave joined the Board of Cave Shepherd & Co. Limited in 1997 and was appointed Chief Executive Officer effective June 1st, 2023. He is the Founder and Chairman of Fortress Fund Managers Limited ("Fortress"), a subsidiary of Cave Shepherd & Co. Limited, Chairman of Cave Shepherd Card (Barbados) Inc. trading as Payce Digital and a director of DGM Financial Group. He is also a Director on the Boards of associates SigniaGlobe Financial Group Inc. and G.C.S. Limited.

Mr. Cave currently serves an independent director of the Barbados Private Sector Association and Executive Committee Member of the Caricom Private Sector Organisation.

Mr. Cave is a graduate of Bishop's University, Canada where he obtained a BBA. He is a CFA charter holder as well as a Chartered Accountant. He is a Fellow of the Institute of Chartered Accountants of Barbados (FCA).

Barbadian

nationality

2023

year of appointment



CHIEF FINANCIAL OFFICER

Ian P. Gibson

FCA, CPA-CGA
Born 1962

Ian Gibson is the Chief Financial Officer (“CFO”) of Cave Shepherd & Co. Limited. He also serves as Director of the Board of subsidiary Cave Shepherd Card (Barbados) Inc., and associates G.C.S. Limited and Bridgetown Cruise Terminal Inc. As CFO, he is responsible for the administrative, financial and risk management operations of the Company.

Mr. Gibson joined the Company in 1995 as Financial Controller. Prior to this, he was employed with a leading audit firm.

Mr. Gibson is a Fellow of the Institute of Chartered Accountants of Barbados (FCA) – Practising Member and a member of the Chartered Professional Accountants of Canada (CPA-CGA).

Barbadian

nationality

2000

year of appointment



GROUP CORPORATE SECRETARY/ LEGAL COUNSEL

Hanna M. Chrysostom

LLB, MBA
Born 1977

Hanna Chrysostom is the Group Corporate Secretary/Legal Counsel of Cave Shepherd & Co. Limited. She is responsible for ensuring the integrity of the Company’s governance framework and as Legal Counsel she also offers legal and regulatory advice and conducts legal research for the Company.

Ms. Chrysostom has had a diverse legal career with over twenty (20) years of experience in corporate and commercial law and litigation. She has worked in private practice and as In-House Counsel for a major international telecommunications company.

Ms. Chrysostom holds a Masters of Business Administration from the University of Durham, UK.

Trinidadian

nationality

2013

year of appointment



**CHIEF EXECUTIVE OFFICER, CAVE
SHEPHERD CARD (BARBADOS) INC.**

Alison Browne-Ellis, MBA

MBA

Born 1979

Alison Browne-Ellis joined Cave Shepherd & Co. Limited as its Director, Card Services in 2011 and in June 2021, she was appointed as Chief Executive Officer of Cave Shepherd Card (Barbados) Inc. trading as Payce Digital. She is responsible for the day-to-day strategic management of the company.

Mrs. Browne-Ellis' background includes over twenty-four (24) years' experience in the financial services and credit card management industry.

Mrs. Browne-Ellis holds a Masters of Business Administration from the University of Surrey, UK and an Executive Diploma from the Ivey Business School, Western University, Canada.

Barbadian

nationality

2021

year of appointment



**CHIEF EXECUTIVE OFFICER & CHIEF
INVESTMENT OFFICER, FORTRESS
FUND MANAGERS LIMITED**

Peter Arender

CFA

Born 1970

Peter Arender is Chief Executive Officer & Chief Investment Officer of Fortress Fund Managers Limited. He has 30 years' experience in financial markets and joined Fortress in 2009. His focus has been on expanding Fortress' capabilities to manage global assets, and on developing and applying disciplined, long-term strategies to the portfolio management process. Prior to joining Fortress, he was Chief Investment Officer of a privately held offshore bank in Barbados, portfolio manager at Acker Finley Asset Management in Toronto, and a Vice President of Institutional Bond Sales at Toronto Dominion Securities.

Mr. Arender is a graduate of the University of Toronto. He is a CFA charter holder, a past member of the board of the CFA Society Barbados, and a past-president of the CFA Society Toronto.

Barbadian

nationality

2023

year of appointment

Executive Management's Shareholdings (all beneficial)

Executive Management's shareholdings as at December 31st, 2023 and as at March 7th, 2024, are as follows:

	Shares as at December 31st, 2023	Shares as at March 7th, 2024
	No. of Shares held	No. of Shares held
R. M. Cave	502,183	522,183
I. P. Gibson	78,178	83,871
H. M. Chrysostom	32,889	35,736
A. E. Browne-Ellis	36,258	40,528
P. L. Arender	-	-

Management Proxy Circular

Management is required by the Companies Act Cap. 308 of the Laws of Barbados (the "Act") to send forms of proxy with the Notice convening the Meeting. By complying with the Act, Management is deemed to be soliciting proxies within the meaning of the Act.

This Management Proxy Circular accompanies the Notice of the Fifty-Third Annual General Meeting of Shareholders of Cave Shepherd & Co. Limited (the "Company") to be held at the **Courtyard by Marriott on Thursday, April 25th, 2024 at 5:30 p.m.**

I. APPOINTMENT AND REVOCATION OF PROXY

A form of proxy is enclosed and, if it is not your intention to be present at the Meeting, you are asked to complete, sign, date and return the proxy. **Proxies to be exercised at the Meeting must be deposited no later than 4:00 p.m. on Monday, April 22nd, 2024.**

Any Shareholder having given a proxy has the right to revoke it by depositing an instrument in writing, executed by the Shareholder or his/her attorney authorised in writing, or if the Shareholder is a body corporate, partnership, estate, trust or association, by any officer or attorney thereof duly authorised at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, with the Group Corporate Secretary of the Company at the addresses listed for delivery of proxy in the Notice of the Meeting.

The persons named in the enclosed form of proxy are Directors of the Company. If you wish to appoint some other person to represent you at the Meeting, you may do so by inserting the name of your appointee, who need not be a Shareholder, in the blank space provided on the proxy form.

2. RECORD DATE AND VOTING OF SHARES

The Directors of the Company have fixed **Tuesday, March 19th, 2024** as the **Record Date for determining the Shareholders entitled to receive Notice of the Meeting** and have given notice thereof by advertisement as required by the Companies Act. Only the Shareholders of the Company at the close of business on that day will be entitled to receive Notice of the Meeting. Shareholders are voting on the following the:

1. Adoption of the Audited Consolidated Financial Statements for the year ended December 31st, 2023.
2. Election of Directors; and
3. Appointment of Auditors for the ensuing year and for Directors to fix their remuneration.

Only Shareholders of the Company on the Record Date will be entitled to vote at the Meeting. On a show of hands, each Shareholder shall have one vote. On a poll, each Shareholder is entitled to one vote for each share held. As at the date hereof there are 18,508,459 common shares without par value of the Company issued and outstanding.

ITEM 1 – PRESENTATION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS’ REPORT

The Audited Consolidated Financial Statements of the Company for the year ended December 31st, 2023 and the Auditors’ Report thereon can be found on the Company’s website www.caveshepherd.com.

ITEM 2 – ELECTION OF DIRECTORS

The maximum number of Directors permitted by the revised and re-stated by-laws of the Company is ten (10) and the minimum is three (3). The Board of Directors presently consists of nine (9) Members. The number of Directors to be elected at the Meeting is four (4).

- (i) The following Directors retire by rotation in accordance with paragraph 3.9 and 3.10 of the revised and restated by-laws and being eligible, offer themselves for re-election for the term stated:

Mr. Roger M. Cave	3 Years
Mr. Robert M. Harvey-Read	3 Years

- (ii) The following Directors, having attained the age of 72, retire in accordance with paragraph 3.10 of the revised and restated by-laws and being eligible, offer themselves for re-election for the term stated:

Sir Geoffrey Cave, K.A.	1 Year
Mr. Lyden J. Ramdhanny	1 Year

With respect to Messrs. Roger M. Cave and Robert M. Harvey-Read, the term of office for each person so elected will expire at the close of the third Annual General Meeting of the Shareholders of the Company following his election or until his successor is elected or appointed. Each of these nominees is now a Director of the Company and will retire at the close of the Fifty-Third Annual General Meeting in accordance with the provisions of the revised and restated by-laws of the Company, but being qualified, is eligible for re-election. Messrs. Roger M. Cave and Robert M. Harvey-Read were elected as Directors at the Shareholders’ Meeting held on May 11th, 2021. These nominees are being recommended in accordance with paragraphs 3.9 and 3.10 of the revised and restated by-laws.

Sir Geoffrey Cave and Mr. Lyden J. Ramdhanny are currently Directors of the Company and are being proposed for re-election as Directors. The nominees, having attained the age of 72, are being recommended by the Board in accordance with paragraph 3.10 of the revised and restated by-laws.

The Management of the Company does not contemplate that any persons named above will, for any reason, become unable or be unwilling to serve as a Director.

A simple majority of votes cast by Shareholders present and voting at the Meeting, whether by proxy or otherwise is required to elect the above-named Nominees.

The Directors recommend that Shareholders VOTE FOR the election of the above-named Nominees.

ITEM 3 - APPOINTMENT OF AUDITORS

Ernst & Young Ltd of One Welches, St. Thomas, Barbados are the incumbent Auditors of the Company. It is proposed to re-appoint, Ernst & Young Ltd as Auditors of the Company to hold office until the next Annual General Meeting of Shareholders.

A simple majority of votes cast by Shareholders present and voting at the Meeting, whether by proxy or otherwise is required to appoint the incumbent Auditors.

The Directors recommend that Shareholders VOTE FOR the re-appointment of Ernst & Young Ltd.

DISCRETIONARY AUTHORITY

The enclosed form of proxy confers discretionary authority upon the persons named with respect to amendments to or variations in matters identified in the Notice of Meeting, or other matters that may properly come before the Meeting.

Management knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgement of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of the Meeting.

The contents of this Management Proxy Circular and the sending thereof to the Shareholders of the Company have been approved by the Directors of the Company.

No Directors' statement is submitted pursuant to Section 71 (2) of the Companies Act.

No Auditors' statement is submitted pursuant to Section 163 (1) of the Act.

No Shareholders' proposal and/or statement is submitted pursuant to Sections 112 (a) and 113 (2) of the Act.

Dated March 7th, 2024



Hanna M. Chrysostom
Group Corporate Secretary

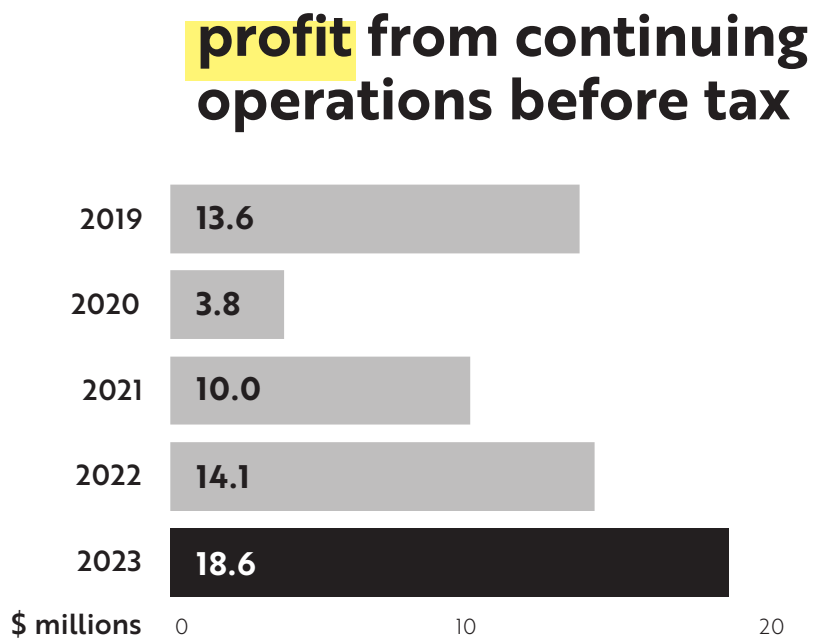
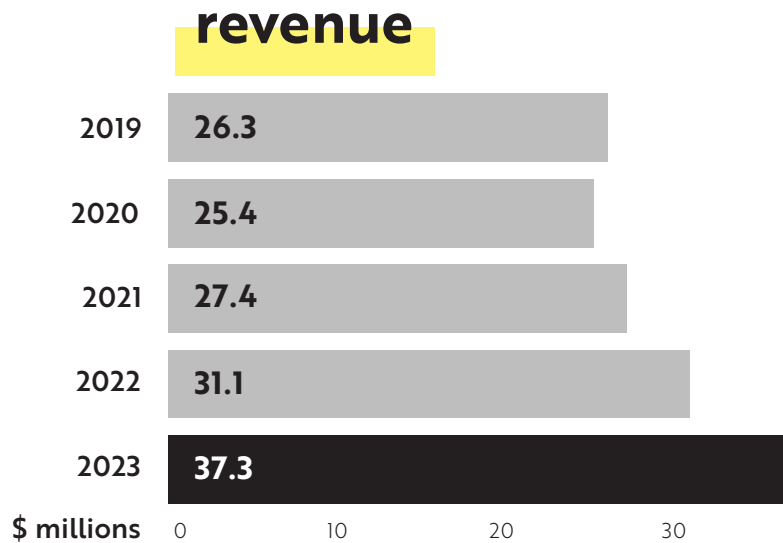
Financial Highlights

For the year ended December 31, 2023

Expressed in Barbados dollars

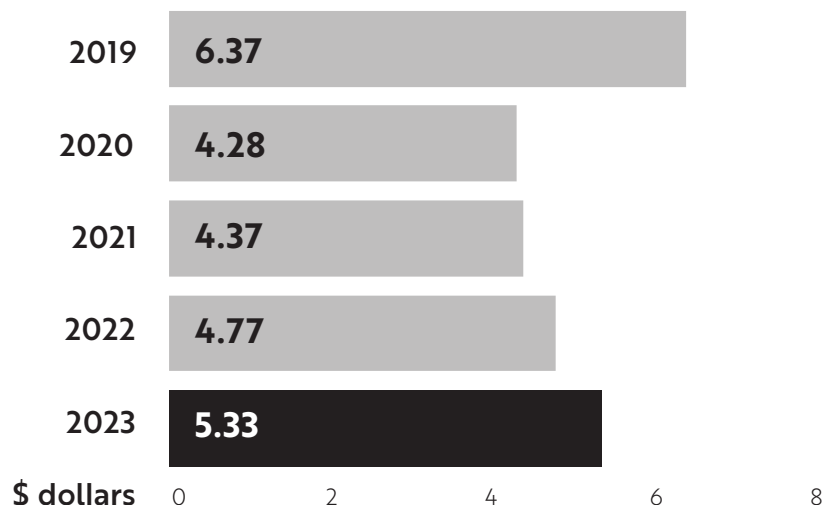
	2023 \$	2022 \$
RESULTS FOR THE YEAR (in \$ millions)		
Revenue from operations and other gains	37.30	31.10
Profit before taxation	18.60	14.12
Corporation tax	(0.61)	(0.55)
Net profit from continuing operations	17.99	13.57
Net profit from discontinued operations	0.00	0.00
Net profit attributable to equity holders of the Company	15.80	11.66
YEAR END POSITION (in \$ millions)		
Working capital	81.10	62.20
Total assets	163.40	145.70
Total equity	98.10	88.22
PER SHARE OF CAPITAL STOCK (in dollars)		
Profit before taxation and non-controlling interests	1.01	0.76
Net profit attributable to equity holders of the Company	0.86	0.63
Dividends declared	0.34	0.27
Equity	5.33	4.77
Market price per share	6.50	4.50
FINANCIAL RATIOS (in percentages)		
Return on average equity – continuing operations	20.0%	16.7%
Return on average equity – equity holders	17.0%	13.8%

Financial Highlights

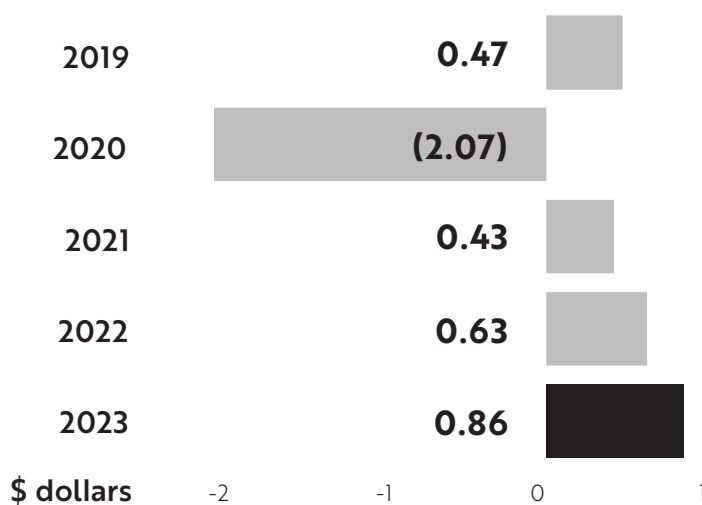


Financial Highlights

book value per share



earnings per share



Five Year Summary

Year End Position (in \$ millions)	2023	2022	2021	2020	2019
Current Assets					
Cash, restricted cash and short term deposits	27.4	19.4	25.4	21.7	20.1
Financial Assets at Fair Value through Profit and Loss	22.3	21.3	24.3	29.8	27.5
Trade and Other Receivables and Prepayments	62.9	56.3	43.3	42.5	47.3
Other Current Assets	0.3	0.2	0.5	3.2	4.2
Total Current Assets	112.9	97.2	93.5	97.2	99.1
Less Current Liabilities	31.8	35.0	26.2	22.8	25.6
Working Capital	81.1	62.2	67.3	74.4	73.5
Investments and Other Assets	49.8	47.9	46.4	35.2	76.6
Discontinued Operations	0.7	0.7	0.8	0.3	0.8
	131.6	110.8	114.5	109.9	150.9
FINANCED BY:					
Long-term Borrowings	33.5	22.6	34.1	30.9	33.6
Total Equity	98.1	88.2	80.4	79.0	117.3
	131.6	110.8	114.5	109.9	150.9
No. of Shares Outstanding (in millions)	18.4	18.5	18.4	18.5	18.4
Share of Associates Revenue (in \$ millions)	22.0	20.5	16.4	14.6	107.2
Results For The Year (in \$ millions)					
Revenue from operations and other gains	37.3	31.1	27.4	25.4	26.3
Net operating profit including results of Associates	18.3	16.1	10.0	2.2	11.4
Profit before taxation from continuing operations	18.6	14.1	10.0	3.8	13.6
Net profit/(loss) from discontinued operations	0.0	0.0	0.4	(39.7)	(2.8)
Net comprehensive income/(loss) attributable to equityholders of the Company	15.8	11.7	8.0	(38.1)	8.5
Dividends Declared	6.2	5.0	3.3	1.8	3.7

Five Year Summary

Ratios	2023	2022	2021	2020	2019
Per Share Of Capital Stock (in dollars)					
Earnings/(Losses)	0.86	0.63	0.43	(2.07)	0.47
Dividends Declared	0.34	0.27	0.18	0.10	0.20
Net Book Value	5.33	4.77	4.37	4.28	6.37
Financial Ratios					
Current Ratio	3.55	2.78	3.57	4.28	3.87
Gearing Ratio	0.19	0.24	0.20	0.24	0.20
Returns/(Losses) (%)					
On Average Equity - continuing operations	20%	17%	13%	4%	12%
On Average Equity - equity holders	17%	14%	10%	(39)%	7%



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cave Shepherd & Co. Limited (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of income and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED
Report on the Audit of the Consolidated Financial Statements (Continued)
Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Investments in associated companies	
<p>Investments in associates represents approximately 27% of the assets on the consolidated statement of financial position.</p> <p>As detailed in Note 2 <i>Material Accounting Policy Information</i>, under the equity method of accounting for associates, these associates are initially stated at cost, and are adjusted thereafter for the Group’s share of its associates’ post-acquisition profits or losses which is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves which is recognised in other comprehensive income and accumulated in reserves.</p>	<p>We analyzed the Group’s methodology and equity pick-up calculations of the underlying associates for the year ended 31 December 2023 which included the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the reasonableness of Management’s assessment of control versus significant influence. • We issued instructions and performed an independent review of the working papers of the non-EY auditor of the Group’s material associate. • We tested the reasonableness of the year end equity pickup calculations in the consolidated accounts, including compliance with accounting policies consistent with Group reporting, where applicable. • We assessed Management’s assumptions over the carrying values of the associates and related balances. • Additionally, we considered whether the Group’s disclosures related to these investments were appropriately reflected in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Loss Allowance</p>	
<p>IFRS 9 requires the Group to record an allowance for expected credit losses (ECLs) for all loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts.</p> <p>The estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying judgmental overlays to ECL model outputs.</p>	<ul style="list-style-type: none"> • We evaluated the updates to the modelling techniques and methodologies developed by the Group in order to estimate ECLs and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of input data to the models used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and staging. We assessed external source data and assumptions, particularly with respect to forward looking information (FLI). • We involved our EY valuation specialists to assess the appropriateness of the models and the assumptions used, including analyzing modelling accuracy and consistency of impairment parameters. They also assessed the reasonableness of the FLI. • We assessed the reasonableness of all qualitative adjustments or overlays derived outside of specific model output. • We assessed the adequacy of disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED

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

Information Other than the Financial Statements and Auditor's Report Thereon included in the Group's 2023 Annual Report

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAVE SHEPHERD & CO. LIMITED

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

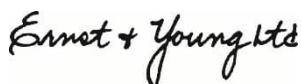
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate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

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

Other Legal and Regulatory Requirements

This report is made solely to the 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 of the audit resulting in this independent auditor's report is Ms. Tracy Marshall.



BARBADOS
12 March 2024

Consolidated Statement of Financial Position

As at December 31, 2023

Expressed in thousands of Barbados dollars

	2023	2022
	\$	\$
Current Assets		
Cash and short-term deposits (note 4)	21,814	17,573
Restricted cash (note 4)	5,613	1,789
Financial assets at fair value through profit and loss (note 5)	22,293	21,317
Trade and other receivables and prepayments (note 6)	62,865	56,292
Due by associates (note 7)	290	200
Due by affiliates (note 8)	6	41
	112,881	97,212
Current Liabilities		
Borrowings (note 19)	13,953	14,408
Trade and other payables (note 9)	6,547	6,864
Current portion of lease obligation liabilities (note 20)	374	773
Due to affiliates (note 8)	4,178	160
Current portion of unsecured fixed income notes payable (note 17)	2,000	9,000
Deferred income	786	795
Current income tax liability	242	264
Dividends payable (note 18)	3,666	2,768
	31,746	35,032
Working Capital	81,135	62,180
Investments in associates (note 10)	44,466	41,772
Non-current financial assets at fair value through profit and loss (note 5)	1,013	779
Property, plant and equipment (note 13)	2,327	2,723
Right-of-use assets (note 14)	1,963	2,555
Pension plan surplus (note 15)	-	48
Lease obligation liabilities (note 20)	(1,736)	(1,942)
Fixed income certificates payable (note 16)	(12,780)	(12,620)
Unsecured fixed income notes payable (note 17)	(19,000)	(8,000)
Deferred tax liability (note 21)	(1)	-
	97,387	87,495
Discontinued operations (note 12)	708	727
Net Assets	98,095	88,222

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

Consolidated Statement of Financial Position

As at December 31, 2023

Expressed in thousands of Barbados dollars

	2023	2022
	\$	\$
Capital and Reserves attributable to the Equity holders of the Company		
Share capital (note 22)	39,086	38,909
Share option reserve (note 23)	391	558
Retained earnings (note 24)	54,537	45,059
	94,014	84,526
Non-controlling interests	4,081	3,696
Total Equity	98,095	88,222

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

Approved by the Board of Directors on March 7th 2024.



Sir Geoffrey Cave
Director



Mr. Roger M. Cave
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

Expressed in thousands of Barbados dollars

	Attributable to equity holders of the Company			Non-	Total
	Share Capital	Retained Earnings	Share Option Reserve	controlling Interests	
	\$	\$	\$	\$	\$
Balance as at December 31, 2021	38,655	38,230	583	2,959	80,427
Net profit for the year	-	11,661	-	1,880	13,541
Other comprehensive income for the year	-	72	-	-	72
Total comprehensive income for the year	-	11,733	-	1,880	13,613
	38,655	49,963	583	4,839	94,040
Dividends (27¢ per share)	-	(4,976)	-	-	(4,976)
Dividends paid to non-controlling interests	-	-	-	(1,143)	(1,143)
Employee share options (note 23)	-	-	131	-	131
Expired share options	-	116	(116)	-	-
Exercised share options (note 22)	40	-	(40)	-	-
Issue of shares (note 22)	254	-	-	-	254
Repurchase of shares (note 22)	(40)	(44)	-	-	(84)
Balance as at December 31, 2022	38,909	45,059	558	3,696	88,222
Net profit and total comprehensive income for the year	-	15,801	-	2,190	17,991
Total comprehensive income for the year	-	15,801	-	2,190	17,991
	38,909	60,860	558	5,886	106,213
Dividends (34¢ per share)	-	(6,242)	-	-	(6,242)
Dividends paid and payable to non-controlling interests	-	-	-	(2,246)	(2,246)
Employee share options (note 23)	-	-	81	-	81
Expired share options	-	116	(116)	-	-
Exercised share options (note 22)	132	-	(132)	-	-
Reclassification	-	439	-	(439)	-
Issue of shares (note 22)	472	-	-	-	472
Sale of shares by non-controlling interest	-	-	-	880	880
Repurchase of shares (note 22)	(427)	(636)	-	-	(1,063)
Balance as at December 31, 2023	39,086	54,537	391	4,081	98,095

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

Consolidated Statement of Income

For the year ended December 31, 2023
Expressed in thousands of Barbados dollars

	2023	2022
	\$	\$
Revenue and other gains		
Revenue from operations (note 25)	34,740	31,023
Other gains (note 27)	2,531	48
	37,271	31,071
Expenses		
Payroll costs (note 28)	10,487	10,102
Depreciation (note 13)	717	731
Depreciation of right-of-use asset (note 14)	592	592
Other operating expenses	9,834	8,755
Credit loss expense/(recovery)	863	(2,122)
	22,493	18,058
Profit before undernoted items	14,778	13,013
Finance costs	(1,612)	(1,628)
Net operating profit	13,166	11,385
Share of results of associates (note 10)	5,098	4,695
Gains/(losses) on financial assets (note 26)	352	(1,956)
Profit before taxation	18,616	14,124
Income tax expense (note 29)	(606)	(550)
Net profit from continuing operations	18,010	13,574
Discontinued operations		
Net loss from discontinued operations (note 12)	(19)	(33)
Net profit for the year	17,991	13,541
Attributable to:		
Equity holders of the Company	15,801	11,661
Non-controlling interests	2,190	1,880
	17,991	13,541

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

Consolidated Statement of Income

For the year ended December 31, 2023

Expressed in thousands of Barbados dollars

	2023	2022
	\$	\$
Earnings per share for profit attributable to the equity holders of the Company during the year		
- basic (note 30)	\$0.86	\$0.63
- diluted (note 30)	\$0.83	\$0.61
Earnings per share for continuing operations		
- basic (note 30)	\$0.86	\$0.64
- diluted (note 30)	\$0.83	\$0.61

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

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

Expressed in thousands of Barbados dollars

	2023	2022
	\$	\$
Net profit for the year	17,991	13,541
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations – group (note 15)	-	72
Other comprehensive income for the year	-	72
Total comprehensive income for the year	17,991	13,613
Attributable to:		
Equity holders of the Company	15,801	11,733
Non-controlling interests	2,190	1,880
Total comprehensive income for the year	17,991	13,613

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

Expressed in thousands of Barbados dollars

	2023 \$	2022 \$
Net cash generated from/(used in) operations (note 31)	10,637	(4,875)
Cash flows from investing activities		
Purchase of property, plant and equipment (note 13)	(400)	(371)
Purchase of financial assets at fair value through profit and loss	(2,296)	(12,167)
Purchase of investment in associate (note 10)	(350)	-
Proceeds on disposal of property, plant and equipment	115	48
Proceeds on disposal of financial assets at fair value through profit and loss	1,347	13,022
Proceeds on disposal of other investments	95	2
Dividends received (note 25)	364	187
Dividends received from associates (note 10)	2,754	2,295
Net cash generated from investing activities	1,629	3,016
Cash flows from financing activities		
Proceeds from issue of shares (note 22)	472	254
Repurchase of shares (note 22)	(1,063)	(84)
Issue of non-controlling interest shares (note 11)	880	-
Restricted cash (note 4)	(3,824)	(3)
Proceeds from borrowings (note 19)	1,453	12,500
Proceeds from unsecured fixed income notes (note 17)	13,000	-
Payment of unsecured fixed income notes (note 17)	(9,000)	(9,000)
Payment of lease obligations (net)	(605)	(537)
Fixed income certificates payable (net)	160	(333)
Dividends paid to shareholders	(5,694)	(4,232)
Dividends paid to non-controlling interest	(1,896)	(1,143)
Loan due by affiliated company	-	(3,500)
Net cash used in financing activities	(6,117)	(6,078)
Net increase/(decrease) in cash and cash equivalents	6,149	(7,937)
Cash and cash equivalents net of borrowings – beginning of year	15,665	23,602
Cash and cash equivalents net of borrowings – end of year	21,814	15,665
Represented by:		
Cash at bank and in hand (note 4)	18,336	17,549
Short-term deposits (note 4)	3,478	24
Borrowings (note 19)	-	(1,908)
	21,814	15,665

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

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

1. General Information

The principal activities of Cave Shepherd & Co. Limited ('the Company') and its subsidiaries (together 'the Group') are provision of financial services, retailing and holding of investments.

The Company is a limited liability company incorporated and domiciled under the Laws of Barbados. The address of its registered office is One + Haggatt Hall, Haggatt Hall, St. Michael, Barbados.

The Company is listed on the Barbados Stock Exchange.

In 2021, the lease arrangement between Bridgetown Cruise Terminals Inc. (BCTI) and Barbados Port Inc. (BPI) ceased and operations were transitioned to Barbados Port Inc. effective January 1, 2022. It was agreed that Barbados Port Inc. will purchase the Leasehold Improvements at BCTI for a purchase price of \$3,500. As at December 31 2023, the BCTI investment cost of \$708 (2022 - \$727) was classified as discontinued operations in the consolidated statement of financial position and the share of results in BCTI amounting to a loss of \$19 (2022 – loss of \$33) was classified as discontinued operations in the consolidated statement of income.

The income from continuing operations is mainly comprised of financial services. See segmented reported policy in Note 2(q).

2. Material Accounting Policy Information

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

(a) Basis of Preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit and loss as disclosed in Note 2(g).

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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(k).

The Group has prepared the financial statements that it will continue to operate as a going concern.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(a) Basis of Preparation ...continued

New standards and amendments adopted by the Group

The Group applied, for the first time, certain standards and amendments that became applicable for the 2023 financial year. However, there was no impact on the amounts reported and/or disclosures in the financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective January 1, 2023

Key requirements

In February 2021, the Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their significant accounting policies with a requirement to disclose material accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Impact

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8 – Effective January 1, 2023

Key Requirements

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

Impact

The amendments had no material impact to the Group.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(a) Basis of Preparation ...continued

New standards and amendments adopted by the Group ...continued

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective January 1, 2023

Key Requirements

In May 2021, the Board issued amendments to IAS 12 Income Taxes, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes. It is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset or liability.

Impact

The amendments had no material impact to the Group.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 – Effective Immediately

Key Requirements

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation and the income taxes arising from it are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes' respectively.

Impact

The amendments had no material impact to the Group.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(a) Basis of Preparation ...continued

New standards, amendments and interpretations issued but not effective for the financial year beginning on or after January 1, 2023 and not early adopted

The following is a list of standards and interpretations issued that are not yet effective up to the date of the issuance of the Group's consolidated financial statements. The Group intends to adopt these standards, if applicable, when they become effective:-

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1 (Effective January 1, 2024)
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (Effective January 1, 2024)
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (Effective January 1, 2024)
- Lack of exchangeability – Amendments to IAS 21 (Effective January 1, 2025)

The Group is currently assessing the potential impact of these new standards and interpretations and will adopt them when they become effective.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...*continued*

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

Transactions and Non-controlling interests

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

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(b) Consolidation...continued

Subsidiaries...continued

These consolidated financial statements include the financial statements of the Company and its subsidiary companies:

	Country of incorporation and place of business	Nature of business	Ordinary shares held	Ordinary shares held by non- controlling interests
			(%)	(%)
Cave Shepherd Inc.	Florida	Holding company	100	-
Cave Shepherd (Cayman) Ltd.	Cayman	Holding company	100	-
Cave Shepherd SRL	Barbados	Holding company	100	-
Cave Shepherd Card (Holdings) Inc.	Barbados	Holding company	100	-
Cave Shepherd Card (Barbados) Inc.	Barbados	Financial services company	100	-
Fortress Fund Managers Limited	Barbados	Financial services company	68.57	31.43
Fortress Insurance Company Ltd.	Barbados	Financial services company	68.57	31.43
Fortress Staff Share Scheme Inc.	Barbados	Financial services company	68.57	31.43
Fortress Advisory & Investment Services Limited.	Barbados	Financial services company	68.57	31.43

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(b) Consolidation...continued

Subsidiaries...continued

These consolidated financial statements include the financial statements of the Company and its subsidiary companies:

	Country of incorporation and place of business	Nature of business	Ordinary shares held (%)	Ordinary shares held by non- controlling interests (%)
DGM Holdings Inc.	St. Lucia	Holding company	72.7	27.3
DGM Trust Corporation	Barbados	Services company	72.7	27.3
DGM Directors Inc.	Barbados	Services company	72.7	27.3
DGM Management Services Limited	Barbados	Services company	72.7	27.3
DGM Captive Management Inc.	Barbados	Services company	72.7	27.3
DGM International Consulting Inc.	St. Lucia	Service company	72.7	27.3
DGM Captive Management (Alberta) Limited	Canada	Services company	72.7	27.3

The above entities are all considered part of the DGM Financial Group.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(b) Consolidation...continued

Associates

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The associates and interest therein are set out below:

Bridgetown Cruise Terminals Inc.	20%
G.C.S. Limited	40%
G.C.S. (Grenada) Ltd.	40%
G.C.S. (St. Lucia) Ltd.	40%
Ganzee (Antigua) Ltd.	40%
CSGK Finance (Holdings) Limited	50%
SigniaGlobe Financial Group Inc.	50%
CS&C Joint Venture	20%
The Sunset Joint Venture	16%
Contonou Shores Ltd.	35%
Canouan CS&F Investments Limited	35%
Pick Up Taxi Inc.	24.5%

During the year, the Company acquired a 24.5% interest in Pick Up Taxi Inc. for a total consideration of \$350.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(b) Consolidation...continued

Associates

In 2021, the lease arrangement between Bridgetown Cruise Terminals Inc. (BCTI) and Barbados Port Inc. (BPI) ceased and operations were transitioned to Barbados Port Inc. effective January 1, 2022. It was agreed that Barbados Port Inc. will purchase the Leasehold Improvements at BCTI for a purchase price of \$3,500. As at December 31 2023, the BCTI investment cost of \$708 (2022 - \$727) was classified as discontinued operations in the consolidated statement of financial position and the share of results in BCTI amounting to a loss of \$19 (2022 – loss of \$33) was classified as discontinued operations in the consolidated statement of income.

(c) Revenue Recognition

Revenue earned by the Group is recognised on the following basis:

- **Interest income**
Interest income is recognised on the accrual basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.
- **Commission income**
Commission income on credit cards is recognised on an accrual basis upon generation of sales through merchants.
- **Dividend income**
Dividend income is recognised when the right to receive payment is established.
- **Management fee income**
Management fee income of Fortress Fund Managers Limited is recognised based on the actual net asset values of the Funds it manages. As Fortress Fund Managers Limited is the manager of all the Funds, a percentage of the management fees are refunded to avoid double charging on assets invested between the Funds. The refund is based on the net asset value of the investments calculated monthly and payable in arrears.
- **Sales of goods – retail**
Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in distribution costs.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(d) Investment Property

Investment Property is held for long-term rental yields and capital appreciation and is not substantially occupied by the Group. Investment Property is treated as a long-term investment and is carried at fair value, representing market value as determined by the Board of Directors. Under IFRS 40 – ‘Investment Property’, changes in fair value are recorded in the consolidated statement of income.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated on a straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold Improvements	10 years
Furniture and Equipment	3 to 5 years
Motor Vehicles	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

(f) Trade Receivables

Receivables from credit card holders are carried at anticipated realisable value. A provision for impairment of credit card receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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. The amount of the provision is recognised in the consolidated statement of income. The credit risk of the receivables portfolio is assumed by the Group. The discount fee on these receivables is included in the consolidated statement of income when earned. Refer to accounting policies of Financial Assets in note 2(g).

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments

Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...*continued*

(g) Financial Instruments...*continued*

Financial assets...*continued*

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVPL)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, amounts due by and loans due by associates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial assets...continued

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...*continued*

(g) Financial Instruments...*continued*

Financial assets...*continued*

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial assets...continued

Based on the above process, the Group allocates its credit card receivables and other non-current financial assets into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When credit card receivables are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a credit card receivables has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the credit card receivables has been reclassified from Stage 3.
- Stage 3: Credit card receivables considered credit-impaired. The Group records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate (EIR). ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial assets...continued

The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, a best case, a worst case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are also assessed. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as credit cards is explained below.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial assets...continued

The mechanics of the ECL method are summarised below:

- Stage 1: - The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: - When a credit card receivables has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: - For credit card receivables considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: - POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan.

Purchased or originated credit impaired (POCI) financial assets

For POCI financial assets, the Group only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

Notes to the Consolidated Financial Statements

December 31, 2023

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2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial assets...continued

Credit card facilities

The Group's product offering includes a credit card facility, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is five years. The treatment outlined does not limit the calculation to the one-day period outlined in the credit card receivables agreements, but to five years instead. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest. The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as inflation, GDP growth and unemployment rates. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to associates and affiliates and loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(g) Financial Instruments...continued

Financial liabilities...continued

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

December 31, 2023

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2. Material Accounting Policy Information...continued

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on an average basis. Net realisable value is the price at which inventories can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow-moving and defective inventories.

(i) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of the Group's financial assets and liabilities with non-related parties are not materially different to their carrying amounts. The fair value of the Group's financial assets and liabilities with related parties that are interest-free are not materially different to their carrying amounts given the short-term nature of these balances.

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...continued

(j) Current and Deferred Income Taxes

The tax expense comprises current and deferred taxes. Tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which appropriate 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax 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 profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

December 31, 2023

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2. Material Accounting Policy Information...*continued*

(k) Critical Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Estimated impairment of intangible assets and non-financial assets**

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policies stated in Notes 2(n) and 2(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

- **Income and deferred taxes**

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group 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.

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

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...continued

(k) Critical Accounting Estimates and Assumptions...continued

- **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 15.

- **Leases**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., significant customisation to the leased asset).

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...*continued*

(k) Critical Accounting Estimates and Assumptions...*continued*

- **Leases...*continued***

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain to be exercised.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

- **Impairment of financial assets**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...*continued*

(k) Critical Accounting Estimates and Assumptions...*continued*

- **Impairment of financial assets...*continued***

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

- **Fair value of financial instruments that are not traded**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...continued

(l) Foreign Currency Translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items are included in the consolidated statement of income.

Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting differences are recognised in the consolidated statement of other comprehensive income.

Notes to the Consolidated Financial Statements

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2. Material Accounting Policy Information...continued

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the consolidated statement of financial position.

(n) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Management Contracts

Management contracts acquired in a business combination are recognised at their estimated fair values at the acquisition date. The management contracts have a finite useful life and are carried at estimated realisable value less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the management contracts which is 10 years.

(o) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(p) Employee Benefits

Pension plan valuation

The Group operates both defined benefit and defined contribution pension plans for the employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The 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 end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate 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 obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(p) Employee Benefits...continued

Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's average share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to equity. When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

The granting by the Group of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(p) Employee Benefits...continued

Share-based payments...continued

The Fortress Group operates a staff share scheme which allows its employees to indirectly hold shares in that company. Employees can purchase shares in Fortress Staff Share Scheme Inc. at a discounted price to the calculated fair value of the shares. Employees can redeem shares previously purchased at the end of each financial year, at the fair value determined as at that date. As the shares are redeemable at the option of the employees they have been classified as financial liabilities and carried at fair value. As the fair value of the shares is determined on an annual basis, the difference is charged or credited to the consolidated statement of income with a corresponding adjustment to the financial liability.

(q) Segment 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, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Board allocates resources and assesses performance of the business from the perspective of mainly other services which include financial, rental of property, commissions on credit card operations and management fees earned. The Board assesses the performance of the operating segments based on a measure of operating results of the segments. Investment income and net finance income are not allocated to segments. Segment assets consist primarily of property, plant and equipment, trade and other receivables and prepayments, balances due by associates and operating cash and excludes financial investments and pension plan surplus. Segment liabilities comprise operating liabilities and balances due to associates and affiliates. Capital expenditure comprises additions to property, plant and equipment.

(r) Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(s) **Share Capital**

Common shares are classified as equity. 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.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(t) **Trade Payables**

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

(u) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(v) **Dividend Distribution**

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

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...continued

(w) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The group leases various properties and are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 years to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included as a separate item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

2. Material Accounting Policy Information...*continued*

(w) **Leases...*continued***

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(x) **Borrowing costs**

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

Notes to the Consolidated Financial Statements

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3. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, (which includes price risk, interest rate risk and currency risk), credit risk and liquidity risk in the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

(a) Market risk

(i) Price risk

The Group is exposed to market price risk arising primarily from changes in equity prices. To manage this risk the Group holds a diversified portfolio of investments in accordance with its investment policy.

Sensitivity

The effects of an across the board 10% change in equity prices of the Group's financial assets held for trading and at fair value through profit or loss are set out below:

	Carrying Value \$	Effect of 10% change at December 31, 2023 \$
Listed on foreign stock exchanges and markets	13,013	1,301
Unlisted securities	9,280	928
	22,293	2,229

	Carrying Value \$	Effect of 10% change at December 31, 2022 \$
Listed on foreign stock exchanges and markets	12,229	1,223
Unlisted securities	9,088	909
	21,317	2,132

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. **Financial Risk Management** ...continued

(a) **Market risk**...continued

(ii) **Interest rate risk**

The majority of the Group's interest-bearing financial assets and liabilities are short-term deposits, credit card receivables, loans due by associates, unsecured fixed income notes and fixed income certificates payable. Except for short-term deposits, interest is charged on these financial assets and liabilities at fixed rates. As a result, the Group is not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The Group has a material interest-bearing asset in trade receivables which arises through its credit card operation. Interest is charged on all unpaid balances that are 30 days and older. Interest is charged at a fixed rate in line with industry standards. The nature of the credit card industry is such that interest rates show little variation and are stable in nature; as a result the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The table below summaries the Group's exposure to interest rate risk. It includes the Group's financial assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(a) Market risk...continued

(ii) Interest rate risk...continued

At December 31, 2023	0-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and short-term deposits	3,478	-	18,336	21,814
Restricted cash	5,613	-	-	5,613
Financial assets held for trading and at fair value through profit and loss	-	-	22,293	22,293
Trade and other receivables	58,069	-	4,141	62,210
Due by associates	-	-	290	290
Due by affiliates	6	-	-	6
Non-current financial assets at fair value through profit and loss	-	1,013	-	1,013
Total financial assets	67,166	1,013	45,060	113,239
Financial liabilities				
Borrowings	13,953	-	-	13,953
Trade and other payables	-	-	6,547	6,547
Due to affiliates	-	-	4,178	4,178
Current portion of lease obligation liabilities	374	-	-	374
Current portion of unsecured fixed income notes payable	2,000	-	-	2,000
Deferred income	-	-	786	786
Lease obligation liabilities	995	741	-	1,736
Fixed income certificates payable	12,780	-	-	12,780
Unsecured fixed income notes payable	19,000	-	-	19,000
Total financial liabilities	49,102	741	11,511	61,354
Total interest sensitivity gap	18,064	272	33,549	51,885

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(a) Market risk...continued

(ii) Interest rate risk...continued

At December 31, 2022	0-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and short-term deposits	24	-	17,549	17,573
Restricted cash	1,789	-	-	1,789
Financial assets held for trading and at fair value through profit and loss	-	-	21,317	21,317
Trade and other receivables	51,470	-	4,474	55,944
Due by associates	-	-	200	200
Due by affiliates	41	-	-	41
Non-current financial assets at fair value through profit and loss	-	779	-	779
Total financial assets	53,324	779	43,540	97,643
Financial liabilities				
Borrowings	14,408	-	-	14,408
Trade and other payables	-	-	6,979	6,979
Due to affiliates	-	-	160	160
Current portion of lease obligation liabilities	773	-	-	773
Current portion of unsecured fixed income notes payable	9,000	-	-	9,000
Deferred Income	-	-	795	795
Lease obligation liabilities	934	1,008	-	1,942
Fixed income certificates payable	12,620	-	-	12,620
Unsecured fixed income notes payable	8,000	-	-	8,000
Total financial liabilities	45,735	1,008	7,934	54,677
Total interest sensitivity gap	7,589	(229)	35,606	42,966

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. **Financial Risk Management** ...*continued*

(a) **Market risk**...*continued*

(i) **Currency risk**

The Group holds financial assets denominated in currencies other than Barbados dollars, the functional currency of the Group. Consequently, except where assets and liabilities are denominated in currencies fixed to the Barbados dollar, the Group is potentially exposed to currency risk. The Group has no significant exposure to currency risk as the foreign currencies within the Group do not fluctuate noticeably against the Barbados dollar. The Group's policy is not to enter into any hedging transactions to mitigate currency risk.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment entered into with the Group.

The maximum exposure of the Group to credit risk is set out in the following table:

	2023	2022
	\$	\$
Cash and short-term deposits	21,814	17,573
Restricted cash	5,613	1,789
Trade and other receivables	62,210	55,944
Due by associates	290	200
Due by affiliates	6	41
Non-current financial assets at FVPL	1,013	779
	90,946	76,326

Significant amounts of cash at bank and short-term deposits are maintained with CIBC FirstCaribbean International Bank and RBC Royal Bank (Barbados) Ltd.

All trade receivable customers are rated by credit management who assesses the credit quality of the customer, taking into account financial position, past experience and other factors. Individual risk limits are set based on internal or external information in accordance with limits set by the board. The utilisation of credit limits and payments on account are regularly monitored. Credit limits may be adjusted upwards if management is satisfied with account performance. Risk Management utilises sophisticated reporting to constantly monitor account performance minimising default loss. All impaired or possible doubtful amounts are provided for and no loss beyond these provisions is anticipated.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has delivered payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(b) Credit risk...continued

The Group's exposure to individual counterparty credit risk on its significant amounts of cash and cash equivalents is set out below:

	2023	2022
	\$	\$
Cash and short-term deposits		
CIBC FirstCaribbean International Bank (unrated)	10,087	7,631
RBC Royal Bank (Barbados) Limited (unrated)	1,883	-
Morgan Stanley Private Wealth Management (A-1 by Standard and Poor's)	4,246	3,341
Other banks (unrated)	5,598	6,601
	21,814	17,573

(c) Credit risk – Loans and Receivables

Credit risk - loans and receivables is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for customers, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of customers. Customer limits are established by the use of a credit risk classification system, which assigns each customer a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Definition of default and cure

Default

The definition of default for the purpose of determining expected credit losses is consistent with the regulatory definition of default which considers following indicators:

- a customer is highly vulnerable to non-payment, e.g. a bankruptcy petition has been filed;
- a customer has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner;
- a customer has failed to pay one or more of its financial obligations (rated or unrated) - if the credit card exposure is more or equal to 90 days past due it is automatically assessed as defaulted.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(c) Credit risk – Loans and Receivables...continued

An assessment of significant increase in credit risk (SICR) incorporates all relevant, reasonable and supportable information that is available without undue cost or effort. The Company assesses when a significant increase in credit risk has occurred based on the following criteria:

- Qualitative indicators: the customer is on the Watchlist and/or there are some significant adverse changes in business, financial and/or economic conditions in which the customer resides or operates;
- Backstop criteria: a backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Although the Company uses past due status information as the only borrower specific quantitative information, it also considers other reasonable and supportable forward-looking information that is available without undue cost or effort to assess whether lifetime ECL should be recognized for loans that are not more than 30 days past due. Management believes that this approach meets the objective of recognizing lifetime ECL for all significant increases in credit risk. For example, the quality of credit card portfolio is highly dependent on unemployment rate, and because of some increases in unemployment rates due to specific reasons, the risk of default might be determined to have increased significantly, even if those customers are not past due at reporting date. The Company will analyse such events case by case, apply bottom-up approach and recognize loss allowance at the amount equal to lifetime ECL, while it will continue recognising a loss allowance at an amount equal to 12 months ECL for the credit cards recently originated as they would not have experienced a significant increase in credit risk since initial recognition. While expected to be rare, it is still possible that certain risks could arise which may not immediately be identifiable or quantifiable at the instrument level and the Company will need to apply overlays in these cases.

Cure

Based on Company management's decision, assets will not move directly from Stage 3 to Stage 1. Once an asset reaches Stage 3, the account is moved over to Internal Classifications until the full outstanding balance owing is repaid in full by the customer. Subsequent to full repayment, customers are required to honour a six-month waiting period prior to being considered for re-activation of an account. Ultimately, this re-activation process follows a full credit due diligence process, in line with the Credit Management Policy.

The Company's internal rating and PD estimation process

An Internal credit rating system was implemented based on the information currently available in the Company. This rating system seeks to assess the credit quality of the customer based on specific information available at the initial point of assessment and/or application.

The model proposed for this system was based on income, employment length and credit limits on the accounts. These parameters are assessed, and points are assigned according to income brackets, years employed and credit limits.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...*continued*

(c) Credit risk – Loans and Receivables...*continued*

Impairment assessment

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group's models.

Loss given default

For corporate and investment Grouping financial instruments, LGD values are assessed at least every three months and reviewed and approved by management. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Group segments its credit card receivables based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in payment status or other factors that are indicative of losses in the group. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(d) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close market positions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount, as the impact of discounting is not significant.

December 31, 2023	4 months –		Over 5	Total
	0-3 months	5 years	years	
	\$	\$	\$	\$
Borrowings	13,953	-	-	13,953
Trade and other payables	6,547	-	-	6,547
Due to affiliates	4,178	-	-	4,178
Lease obligation liabilities	-	1,736	963	2,699
Deferred income	-	786	-	786
Current income tax liability	-	242	-	242
Fixed income certificates payable	-	13,451	-	13,451
Unsecured fixed income notes payable	-	22,790	-	22,790
Dividends payable	3,316	-	-	3,316
Dividends payable to non-controlling interest	350	-	-	350
	28,344	39,005	963	68,312

December 31, 2022	4 months –		Over 5	Total
	0-3 months	5 years	years	
	\$	\$	\$	\$
Borrowings	14,408	-	-	14,408
Trade and other payables	6,979	-	-	6,979
Due to affiliates	160	-	-	160
Lease obligation liabilities	-	2,105	1,310	3,415
Deferred income	-	795	-	795
Current income tax liability	-	149	-	149
Fixed income certificates payable	-	13,282	-	13,282
Unsecured fixed income notes payable	-	17,583	-	17,583
Dividends payable	2,768	-	-	2,768
	24,315	33,914	1,310	59,539

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

(d) Liquidity risk...continued

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratios at December 31, 2023 and December 31, 2022 were 18.60% and 23.69% respectively.

Fair value estimation

This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset that are not based on observable market data (Level 3).

Fair values

Fair value information is based on information available to management as at the dates presented. The method and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

(i) Short-term financial assets and liabilities

The carrying amounts of short-term financial assets and liabilities comprising the Group's cash and cash equivalents, trade and other receivables, short-term borrowings, due to/from related parties, trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Long-term financial assets and liabilities

Management has determined that the fair value of all long-term financial instruments substantially equate to their carrying amounts, as these instruments bear rates which are reflective of current market rates.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

Fair value estimation ...continued

The following table presents the Group's assets that are measured at fair value at December 31, 2023:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit and loss	13,014	8,020	1,259	22,293
Non-current financial assets at fair value through profit and loss	-	-	1,013	1,013
	13,014	8,020	2,272	23,306

The following table presents the Group's assets that are measured at fair value at December 31, 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit and loss	12,229	7,660	1,428	21,317
Non-current financial assets at fair value through profit and loss	-	-	779	779
	12,229	7,660	2,207	22,096

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 quoted prices are readily and regularly available from an exchange, dealer, broker or industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize 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.

There have been no transfers between Level 1 and Level 2 instruments during the year.

The following table presents the changes in Level 3 instruments for the year ended December 31, 2023. Level 3 instruments are primarily financial assets designated at fair value through profit and loss at inception and represents the Group's investments in unquoted equity securities and Government of Barbados bonds.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

3. Financial Risk Management ...continued

Fair value estimation ...continued

	2023	2022
	\$	\$
At the beginning of the year	2,207	2,018
Purchases	-	2
Disposal	(169)	-
Unrealised gains on financial assets at FVPL	234	189
At the end of the year	2,272	2,207

During the year, the Company disposed of its investment in M.D.E Open Architecture Ltd. for a total consideration of \$95.

The Group's Fixed Income Certificates and Unsecured Fixed Income Notes were recently issued at current market rates. Therefore, the carrying value is the approximate market value.

4. Cash and Short-Term Deposits and Restricted Cash

	2023	2022
	\$	\$
Cash at bank and in hand	18,336	17,549
Short-term deposits (a)	3,478	24
	21,814	17,573
Restricted cash (b)	5,613	1,789
	27,427	19,362

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

4. Cash and Short-Term Deposits and Restricted Cash...continued

- (a) Short-term deposits comprise of deposits with financial institutions at a nil interest rate. Cash with a financial institution is in a US daily dollar account with an interest rate of 0.00% and is used to invest in equity securities in foreign stock exchanges.
- (b) Restricted cash mainly represents the collateral security requirements of Visa International and surplus payments due to members of the Cave Shepherd defined benefit pension plan on windup. The amount due to the defined benefit pension plan represents the amounts due to members from liquidation of the assets held by that plan (note 15).

5. Financial Assets at Fair Value through Profit and Loss

	2023	2022
	\$	\$
Listed securities	13,014	12,229
Unlisted securities		
• Mutual funds	7,701	7,342
• Other	1,578	1,746
	22,293	21,317
Non-current financial asset at fair value through profit and loss		
• Government of Barbados bond	1,013	779
	23,306	22,096

Included within financial assets at fair value through profit and loss of \$22,293 (2022 - \$21,317) is an amount of \$7,701 (2022 - \$7,342), which represents investments in mutual funds managed by a subsidiary.

Changes in fair values of financial assets at fair value through profit and loss are recorded in the consolidated statement of income (note 26).

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

6. Trade and Other Receivables and Prepayments

	2023	2022
	\$	\$
Credit card receivables	65,553	58,382
Less: provision for IFRS 9 impairment (Stage 1 & 2)	(1,108)	(657)
Less: provision for impairment (IFRS 9 - Stage 3)	(6,376)	(6,255)
Credit card receivables – net	58,069	51,470
Other receivables	4,131	4,464
Corporation tax recoverable	10	10
Prepayments	655	348
	62,865	56,292

Credit card receivables comprise local and international VISA Card purchases.

	2023			2022	
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	\$	\$
<u>Credit Card Receivables</u>					
Performing balances	56,857	2,320	-	59,177	52,127
Non-performing balances	-	-	6,376	6,376	6,255
Gross carrying amount	56,857	2,320	6,376	65,553	58,382
Loss allowance	(676)	(432)	-	(1,108)	(657)
Loss allowance	-	-	(6,376)	(6,376)	(6,255)
Carrying amount	56,181	1,888	-	58,069	51,470

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

6. Trade and Other Receivables and Prepayments...continued

IFRS9 Carrying Values

	ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Credit Card Receivables				
Gross carrying amount as at December 31, 2022	50,368	1,759	6,255	58,382
Transfers:				
Transfer from Stage 1 to Stage 2	(1,605)	1,605	-	-
Transfer from Stage 1 to Stage 3	(791)	-	791	-
Transfer from Stage 2 to Stage 1	986	(986)	-	-
Transfer from Stage 2 to Stage 3	-	(440)	440	-
Transfer from Stage 3 to Stage 2	-	14	(14)	-
Transfer from Stage 3 to Stage 1	748	-	(748)	-
New financial assets originated	1,541	147	48	1,736
Changes in principal and interest	5,610	221	(396)	5,435
Gross carrying amount as at December 31, 2023	56,857	2,320	6,376	65,553

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

6. Trade and Other Receivables and Prepayments...continued

IFRS9 Carrying Values

	ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Credit Card Receivables				
Gross carrying amount as at December 31, 2021	41,520	1,429	7,302	50,251
Transfers:				
Transfer from Stage 1 to Stage 2	(1,093)	1,093	-	-
Transfer from Stage 1 to Stage 3	(456)	-	456	-
Transfer from Stage 2 to Stage 1	1,029	(1,029)	-	-
Transfer from Stage 2 to Stage 3	-	(225)	225	-
Transfer from Stage 3 to Stage 2	-	41	(41)	-
Transfer from Stage 3 to Stage 1	1,023	-	(1,023)	-
New financial assets originated	2,187	157	35	2,379
Changes in principal and interest	6,158	293	(699)	5,752
Gross carrying amount as at December 31, 2022	50,368	1,759	6,255	58,382

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

6. Trade and Other Receivables and Prepayments...continued

Loss Allowances - 2023

	ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Credit card receivables				
Loss allowance as at December 31, 2022	431	226	6,255	6,912
Transfers:				
Transfer from Stage 1 to Stage 2	(14)	14	-	-
Transfer from Stage 1 to Stage 3	(7)	-	7	-
Transfer from Stage 2 to Stage 1	127	(127)	-	-
Transfer from Stage 2 to Stage 3	-	(57)	57	-
Transfer from Stage 3 to Stage 2	-	14	(14)	-
Transfer from Stage 3 to Stage 1	748	-	(748)	-
New financial assets originated	19	27	47	93
Changes to inputs used in ECL calculation	(628)	335	772	479
Loss allowance as at December 31, 2023	676	432	6,376	7,484

Notes to the Consolidated Financial Statements

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Expressed in thousands of Barbados dollars

6. Trade and Other Receivables and Prepayments...continued

Loss Allowances - 2022

	ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Credit card receivables				
Loss allowance as at December 31, 2021	1,438	376	7,302	9,116
Transfers:				
Transfer from Stage 1 to Stage 2	(38)	38	-	-
Transfer from Stage 1 to Stage 3	(16)	-	16	-
Transfer from Stage 2 to Stage 1	271	(271)	-	-
Transfer from Stage 2 to Stage 3	-	(59)	59	-
Transfer from Stage 3 to Stage 2	-	41	(41)	-
Transfer from Stage 3 to Stage 1	1,023	-	(1,023)	-
New financial assets originated	19	20	36	75
Changes to inputs used in ECL calculation	(2,266)	81	(94)	(2,279)
Loss allowance as at December 31, 2022	431	226	6,255	6,912

Notes to the Consolidated Financial Statements

December 31, 2023

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6. Trade and Other Receivables and Prepayments...continued

As at December 31, 2023, trade receivables of \$55,357 (2022 - \$49,670) were fully performing.

Trade receivables arise through the issue of credit through the credit card operations. Credit is issued on a revolving basis and ageing of accounts is monitored with reference to the number of days the minimum payment is past due. As of December 31, 2023, trade receivables of \$2,712 (2022 - \$1,800) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2023	2022
	\$	\$
Up to 3 months	2,340	1,723
3 to 6 months	214	67
Over 6 months	158	10
	2,712	1,800

As at December 31, 2023, trade receivables of \$6,376 (2022 - \$6,255) were impaired and fully provided for. The ageing of these receivables is as follows:

	2023	2022
	\$	\$
Up to 3 months	6	19
3 to 6 months	411	215
Over 6 months	5,959	6,021
	6,376	6,255

Movements on the Group Stage 3 provision for impairment of trade receivables are as follows:

	2023	2022
	\$	\$
Beginning of year	6,255	7,302
Provision for receivables impairment	1,936	1,337
Amounts recovered	(1,635)	(2,255)
Receivables written off during the year as uncollectible	(180)	(129)
End of year	6,376	6,255

The creation and release of provisions for impaired receivables have been included in the consolidated statement of income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables are neither past due nor impaired. The Group does not hold any collateral as security.

Notes to the Consolidated Financial Statements

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7. Due by Associates

The amounts due by associates are interest free, unsecured and have no stated terms of repayment.

8. Due by/to Affiliates

The amounts due by/to affiliates are interest free, unsecured and have no stated terms of repayment.

The amounts due to affiliates comprise of the following:

	2023	2022
	\$	\$
Defined benefit pension plan (note 15)	3,729	-
Other	449	160
	4,178	160

The amount due to the defined benefit pension plan represents the amounts due to members from liquidation of the assets held by that plan (note 15).

9. Trade and Other Payables

	2023	2022
	\$	\$
Trade and other payables	6,547	6,864

During 2008, the Fortress Group established a staff share scheme for its employees. Included in trade and other payables is a balance of \$1,579 (2022 - \$2,298) which relates to 1,621,272 (2022- 2,369,578) non-voting redeemable shares in Fortress Staff Share Scheme issued to employees of that company.

Notes to the Consolidated Financial Statements

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10. Investments in Associates

Movement in investments in associates is as follows:

	2023	2022
	\$	\$
At the beginning of the year	41,772	39,372
Purchase of investment in associate	350	-
	42,122	39,372
Dividends received	(2,754)	(2,295)
Share of results, before tax	5,462	4,892
Share of tax	(364)	(197)
Share of results, net of tax	5,098	4,695
At the end of the year	44,466	41,772

The Group considers The Sunset Joint Venture as an associate as it has significant influence over this company through representation on its' Board of Directors.

During the year, the Group purchased 24.5% of Pick Up Taxi Inc. for a total consideration of \$350.

The lease arrangement between Bridgetown Cruise Terminal Inc. (BCTI) and Barbados Port Inc. (BPI) expired on December 31, 2021 and the operations were transferred to Barbados Port Inc. effective January 1, 2022. The Group's investment was therefore classified as discontinued operations.

Notes to the Consolidated Financial Statements

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10. Investments in Associates...continued

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit after tax	% interest held
2023						
G.C.S. Limited	Barbados	3,109	537	6,945	1,355	40%
CSGK Finance (Holdings) Limited	Barbados	198,871	168,496	14,097	3,630	50%
CS&C Joint Venture	Barbados	8,457	2,303	630	(66)	20%
The Sunset Joint Venture	Barbados	2,919	488	232	171	16%
Pick Up Taxi Inc.	Barbados	381	24	72	8	24.5%
Contonou Shores Ltd.	Bahamas	2,402	-	-	-	35%
Canouan CS&F Investments Limited	St. Lucia	175	-	-	-	35%
		216,314	171,848	21,976	5,098	

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit after tax	% interest held
2022						
G.C.S. Limited	Barbados	2,213	395	5,117	887	40%
CSGK Finance (Holdings) Limited	Barbados	206,184	177,935	14,393	2,931	50%
CS&C Joint Venture	Barbados	9,133	2,489	772	651	20%
The Sunset Joint Venture	Barbados	3,011	527	256	226	16%
Contonou Shores Ltd.	Bahamas	2,402	-	-	-	35%
Canouan CS&F Investments Limited	St. Lucia	175	-	-	-	35%
		223,118	181,346	20,538	4,695	

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

10. Investments in Associates...continued

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

Associates

	2023	2022
	\$	\$
	44,466	41,772

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

Associates

	5,098	4,695
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Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of relationship	Measurement method
G.C.S. Limited	Barbados	40%	Note 1	Equity
CSGK Finance (Holdings) Limited	Barbados	50%	Note 2	Equity
CS & C Joint Venture	Barbados	20%	Note 3	Equity

Note 1: G.C.S. Limited retails destination apparel, souvenirs and gift items.

Note 2: CSGK Finance (Holdings) Limited is a financial services company which trades as SigniaGlobe Financial Group Inc.

Note 3: The CS & C Joint Venture is an investment property holding joint venture.

These associated companies are privately held companies and there is no quoted market price for their shares.

There are no contingent liabilities related to the Group's interest in the associates.

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

10. Investments in Associates ...continued

The following tables illustrate the summarised financial information of the Group's associates:

Summarised Statement of Financial Position

Name	G.C.S. Limited	CSGK Finance (Holdings) Limited	CS & C Joint Venture	Other	Total
2023					
Current assets	7,509	382,216	836	1,353	391,914
Current liabilities	1,342	30,304	157	179	31,982
Non-current assets	264	15,526	41,451	25,810	83,051
Non-current liabilities	-	306,688	11,359	2,967	321,014
Net assets	6,431	60,750	30,771	24,017	121,969
Interest in associates before intangibles	2,572	30,177	6,154	5,106	44,009
Intangibles on investments in associates	-	198	-	259	457
Interest in associates	2,572	30,375	6,154	5,365	44,466

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10. Investments in Associates ...continued

Summarised Statement of Financial Position...continued

Name	G.C.S. Limited	CSGK Finance (Holdings) Limited	CS & C Joint Venture	Other	Total
2022					
Current assets	5,413	394,654	1,316	1,039	402,422
Current liabilities	987	46,607	196	69	47,859
Non-current assets	118	17,715	44,351	25,147	87,331
Non-current liabilities	-	309,263	12,252	3,227	324,742
Net assets	4,544	56,499	33,219	22,890	117,152
Interest in associates before intangibles	1,818	28,051	6,644	5,061	41,574
Intangibles on investments in associates	-	198	-	-	198
Interest in associates	1,818	28,249	6,644	5,061	41,772

Notes to the Consolidated Financial Statements

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10. Investments in Associates...continued

Summarised Statement of Income

	G.C.S. Limited	CSGK Finance (Holdings) Limited	CS & C Joint Venture	Other	Total
2023					
Revenue	17,362	28,194	3,152	1,746	50,454
Post tax profit/(loss) from continuing operations	3,387	7,259	(329)	1,098	11,415
Dividends received from associate	(600)	(1,506)	(424)	(224)	(2,754)
2022					
Revenue	12,792	28,786	3,864	1,600	47,042
Post tax (loss)/profit from continuing operations	2,218	5,861	3,256	1,411	12,746
Dividends received from associate	(900)	(795)	(360)	(240)	(2,295)

Notes to the Consolidated Financial Statements

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11. Material partly-owned subsidiaries

Financial information of the major subsidiaries, Fortress Fund Managers Limited and DGM Financial Group (note 2(b)) with material non-controlling interest is presented below:

Summarised Statement of Financial Position

	2023	2022
	\$	\$
Current		
Assets	18,592	16,944
Liabilities	(4,909)	(4,285)
Total current net assets	13,683	12,659
Non-current		
Assets	1,464	1,845
Liabilities	(18)	(182)
Total non-current net assets	1,446	1,663
Net Assets	15,129	14,322

Summarised Income Statement

	2023	2022
	\$	\$
Revenue	17,919	17,004
Profit before income tax	8,734	7,732
Income tax expense	(340)	(350)
Post tax profit from continuing operations	8,394	7,382
Net profit and total comprehensive income from continuing operations	8,394	7,382
Total comprehensive income allocated to non-controlling interests	2,190	1,880
Dividends paid to non-controlling interests	1,896	1,143
Dividends paid to preference shareholders	-	-

During the year, 23,536 non-controlling interest shares were issued for a total consideration of \$880.

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11. Material partly-owned subsidiaries ...continued

Summarised financial information on subsidiaries with material non-controlling interests...continued

Summarised Cash Flows

	2023	2022
	\$	\$
Cash flows from operating activities		
Cash generated from operations	8,472	8,594
Interest received	(18)	44
Corporation tax paid	(369)	(267)
Net cash generated from operating activities	8,085	8,371
Net cash generated from/(used in) investing activities	80	(100)
Net cash used in financing activities	(6,670)	(4,935)
Net increase in cash and cash equivalents	1,495	3,336
Cash and cash equivalents at the beginning of the year	13,158	9,822
Cash and cash equivalents at the end of the year	14,653	13,158

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12. Discontinued Operations

In 2021, the lease arrangement between Bridgetown Cruise Terminals Inc. (BCTI) and Barbados Port Inc. (BPI) ceased and operations were transitioned to Barbados Port Inc. effective January 1, 2022. It was agreed that Barbados Port Inc. will purchase the Leasehold Improvements at BCTI for a purchase price of \$3,500. At December 31, 2022, BCTI was classified as discontinued operations and the results of this company are presented below:

	2023	2022
	\$	\$
Share of results of associate - BCTI	(19)	(33)
Loss for the year from discontinued operations	(19)	(33)

The major classes of assets and liabilities in BCTI classified as discontinued operations are, as follows:

	2023	2022
	\$	\$
Investments in Associates	708	727

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13. Property, Plant and Equipment

	Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Total
Year ended December 31, 2022				
Opening net book value	1,193	189	1,701	3,083
Additions	192	179	-	371
Depreciation charge	(451)	(92)	(188)	(731)
Closing net book value	934	276	1,513	2,723
At December 31, 2022				
Cost	6,016	853	1,811	8,680
Accumulated depreciation	(5,082)	(577)	(298)	(5,957)
Net book value	934	276	1,513	2,723
Year ended December 31, 2023				
Opening net book value	934	276	1,513	2,723
Additions	207	193	-	400
Disposals	(4)	(75)	-	(79)
Depreciation charge	(446)	(88)	(183)	(717)
Closing net book value	691	306	1,330	2,327
At December 31, 2023				
Cost	6,191	851	1,812	8,854
Accumulated depreciation	(5,500)	(545)	(482)	(6,527)
Net book value	691	306	1,330	2,327

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14. Right-of-use Assets

	Total
	\$
Year ended December 31, 2022	
Opening net book value	3,147
Depreciation charge	(592)
Closing net book value	<u>2,555</u>
At December 31, 2022	
Cost	4,180
Accumulated depreciation	(1,625)
Net book value	<u>2,555</u>
Year ended December 31, 2023	
Opening net book value	2,555
Depreciation charge	(592)
Closing net book value	<u>1,963</u>
At December 31, 2023	
Cost	4,180
Accumulated depreciation	(2,217)
Net book value	<u>1,963</u>

Refer to note 20 for further disclosures on right-of-use assets.

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15. Pension Plan Surplus

The Group has established two types of pension schemes: a contributory defined benefit pension plan and a defined contribution plan. The defined benefit pension plan is in the process of being wound up with the assets of the plan liquidated and held as restricted cash by the Company. This pension plan was valued by independent actuaries every three years using the Projected Unit Credit Method. There is an interim valuation carried out by independent actuaries every year.

The plan was integrated with the National Insurance Scheme (NIS) and will provide a member retiring after 38 years of pensionable service with a pension of two-thirds of their final three years average pensionable earnings when combined with the NIS pension.

The benefits that members receive at retirement under the defined contribution plans depend on their account balances at retirement and the cost of purchasing an annuity. Most of the defined benefit pension plans were non-contributory and allow for additional voluntary contributions with benefits dependent on either career average salary or the final average salary in the last three years of membership. Annual valuations of the defined benefit pension plans were performed by independent actuaries and the companies' contributions were adjusted according to the actuaries' recommendations. The last full actuarial valuation of the plan was performed as of May 31, 2023.

The parent company, Cave Shepherd & Co. Ltd. ("CSC") is responsible for the establishment of the plans and oversight of their administration. CSC's Board has delegated the responsibility of management and administration of the plans and the investment of the plan's assets to The Trustees of the plan. A separate trust fund has been established for each plan to receive and invest contributions and pay benefits due under each plan. Each year the Trustees review the level of funding such as asset-liability matching. All benefits are calculated and paid out in accordance with the rules of the pension plans. The plan assets include significant investments in quoted equity shares and bonds.

The Cave Shepherd defined benefit pension plan was closed to new entrants effective June 1, 2002. The Trustees of the plan and the Company decided to wind up the plan, effective May 31, 2023. The required statutory notification was given to the Financial Services Commission and the Plan's members and on November 29, 2023, approval was granted for the distribution of assets including the surplus, in accordance with the proposed scheme detailed in the wind-up Actuarial Valuation Report as at May 31, 2023 as allowed under the Occupational Pension Benefits Act, Cap 350B.

As most of the plan members are pensioners, their liabilities were settled during the year through the purchase of annuities with Guardian Life of the Caribbean Ltd. The active plan members were transferred to the Cave Shepherd defined contribution pension plan as at June 1, 2023. A valuation of the plan was carried out by the independent actuaries on a "discontinuance basis" as at May 31, 2023 with a surplus of \$4,990 since its last valuation. A surplus sharing transaction was agreed upon the Plan's wind up with the surplus to be split equally between the members and the Company.

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15. Pension Plan Surplus...continued

The key results of the wind up valuation together with comparative results as at the previous valuation are shown below:

	May 31, 2023 \$	January 1, 2020 \$
Market Value of assets	9,550	15,379
Net Yield for prior period	4.85%	8.49%
Wind up Financial Position		
Wind up concern assets	9,550	15,369
Wind up liabilities	(4,560)	(10,759)
Wind up surplus	4,990	4,610
Funded Ratio (Assets as % of Liabilities)	209.42%	142.85%
	May 31, 2023 \$	January 1, 2020 \$
Liabilities in respect of:		
Active members	4,244	3,657
Additional voluntary contributions (AVCs)	68	61
Deferred pensioners	248	429
Pensioners	-	6,612
Total Liability	4,560	10,759
Valuation of assets	9,550	15,369
Surplus	4,990	4,610
	May 31, 2023 \$	January 1, 2020 \$
Surplus share (50:50 pro-rata basis):		
Members	2,495	-
Company (note 27)	2,495	-
	4,990	-

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15. Pension Plan Surplus...continued

Due to the wind up of the defined benefit plan, all of its assets have been liquidated. The table below shows the distribution of the Plan's assets and settlement of liabilities as at December 31, 2023 which comprises of cash held by the Company and is included in restricted cash in the consolidated statement of financial position.

	2023	2022
	\$	\$
Receivables (note 8)	3,729	-
Payables	(90)	-
	3,639	-
Liabilities in respect of:		
Active members	897	-
AVCs	-	-
Deferred pensioners	248	-
	1,145	-
Members' surplus	2,495	-
	3,639	-

The actuarial assumptions in the wind up valuation disclosed that the liabilities provided represent the cost of securing active members' and deferred pensioners' current accrued pensions and existing pensioners' current monthly pensions with the selected insurance company at the wind-up date.

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15. Pension Plan Surplus...continued

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements.

	2023	2022
	\$	\$
Statement of financial position surplus for:		
- Defined pension benefits	-	48
Statement of income expense included in operating profit:		
- Defined pension benefits (note 28)	(48)	(163)
Actual remeasurements included in other comprehensive income:		
- Defined pension benefits	-	72

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

	2023	2022
	\$	\$
Fair value of plan assets	-	13,892
Present value of funded obligations	-	(9,481)
	-	4,411
Impact of asset ceiling	-	(4,363)
Asset in the consolidated statement of financial position	-	48

The impact of the asset ceiling is that \$Nil (2022 - \$4,363) has not been recognised in the consolidated statement of financial position in accordance with IAS 19. This asset can only be recognised to the extent that it can be utilised by the Company.

The table below outlines the gross obligations between active members and retired members as follows:

	2023	2022
	\$	\$
Active members	-	3,825
Retired members	-	5,656
	-	9,481

Notes to the Consolidated Financial Statements

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15. Pension Plan Surplus...continued

	Present value of obligation \$	Fair value of plan assets \$	Total \$	Impact of asset ceiling \$	Total \$
At January 1, 2022	(9,627)	15,030	5,403	(5,264)	139
Current service cost	(70)	-	(70)	-	(70)
Net interest on the net defined benefit asset/(liability)	(702)	-	(702)	-	(702)
Expected return on plan assets	-	1,097	1,097	-	1,097
- Administration and other non-plan investment management expenses	-	(93)	(93)	-	(93)
- Interest on impact of asset ceiling	-	-	-	(395)	(395)
	(772)	1,004	232	(395)	(163)
Remeasurements:					
- Experience losses on investment	-	(1,427)	(1,427)	-	(1,427)
- Experience gains on obligation	203	-	203	-	203
- Change in asset ceiling	-	-	-	1,296	1,296
	203	(1,427)	(1,224)	1,296	72
Contributions:					
- Employees	(22)	22	-	-	-
Payments from plans:					
- Benefit payments	737	(737)	-	-	-
At December 31, 2022	(9,481)	13,892	4,411	(4,363)	48

Plan assets are comprised as follows:

	2023	2022
Bonds	-	11%
Equities	-	70%
Real Estate	-	5%
Cash	100%	14%

The Plan assets were all liquidated during the year and is held entirely in cash in the Company.

Notes to the Consolidated Financial Statements

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15. Pension Plan Surplus...continued

The significant actuarial assumptions are as follows:

	2023	2022
Discount rate	Nil	7.50%
Future salary increases – inflationary	Nil	3.50%
Future salary increases – promotional	Nil	2.50%
Future pension increases	Nil	2.50%
Future changes in NIS ceiling	Nil	3.50%
Mortality	Nil	UP94-AA
Termination of active members	Nil	Nil
Early retirement	Nil	Nil
Future expenses	Nil	Nil

The average life expectancy in years of a pensioner retiring at age 65 on the reporting date is as follows:

	2023	2022
Males	-	20.46
Females	-	22.50

The weighted average duration of the defined benefit obligation is Nil (2022 – 5.31) years for Cave Shepherd & Co. Ltd. and Nil (2022 – 18.33) years for Cave Shepherd Card (Barbados) Inc.

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16. Fixed Income Certificates Payable

The Fixed Income Certificates Payable will mature on June 30, 2025 bear interest at 3.50% and 3.75% (2022 – 3.50% and 3.75%) per annum and have the option of being renewed at the end of June 2024 for a further two years.

17. Unsecured Fixed Income Notes Payable

The Unsecured Fixed Income Notes payable are set out below:

	2023	2022
	\$	\$
Balance at beginning of year	17,000	26,000
Issued	13,000	-
Repaid	(9,000)	(9,000)
Balance at end of year	21,000	17,000

These Unsecured Fixed Income Notes are comprised as follows:

	2023	2022
	\$	\$
(a) \$20 million Note facility		
• 1 st tranche	-	-
• 2 nd tranche	-	-
• 3 rd tranche	-	9,000
• 4 th tranche	2,000	2,000
	2,000	11,000
(b) \$20 million Note facility	6,000	6,000
(c) \$30 million Note facility	13,000	-
Balance at end of year	21,000	17,000
Current portion	(2,000)	(9,000)
	19,000	8,000

Notes to the Consolidated Financial Statements

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17. Unsecured Fixed Income Notes Payable...continued

- (a) During 2018, the Company issued a new \$20 million Note facility. These Unsecured Fixed Income Notes will mature in two years, bear interest at 3.25% - 3.75% per annum and have the option of being renewed for a further two years. In the prior year, tranche 1 and 2 of this Unsecured Fixed Income Note facility were fully repaid on August 31, 2022 and October 31, 2022 respectively. Tranche 3 was fully repaid on November 30, 2023.
- (b) In 2020, the Company issued a new \$20 million multi-year Note facility. These Unsecured Fixed Income Notes will mature in two to four years, bear interest at 3.25% - 3.75% per annum and have the option of being renewed for a further two years. In 2020, the Company issued the first tranche for \$6,000 at interest rates ranging from 3.25% to 3.75%.
- (c) In 2023, Cave Shepherd Card (Barbados) Inc. ("CSCBI") issued a \$30 million multi-year Note facility. These Unsecured Fixed Income Notes will mature in two to four years, bear interest at 3.75% - 4.50% per annum and have the option of being renewed for a further two years. During the year, CSCBI issued the first tranche for \$13,000 at interest rates ranging from 3.75% to 4.50%.

18. Dividends Payable

The Dividends payable comprise the following:

	2023	2022
	\$	\$
Dividend payable to equity holders of the Company	3,316	2,768
Dividend payable to non-controlling interest	350	-
	3,666	2,768

19. Borrowings

On January 31, 2022, Cave Shepherd Card (Barbados) Inc. (CSCBI) signed a Facility Letter with RBC Royal Bank (Barbados) Limited to provide a \$20 million Working Capital Line (WCL) for the financing of the credit card portfolio. The WCL bears interest at prime less 5.25% (currently 2.75%), is repayable on demand and may be drawn down and repaid by CSCBI at their discretion. The WCL is secured by demand debenture creating a fixed charge over the fixed and floating assets of CSCBI. As at the reporting date, CSCBI had drawn down \$13,953 (2022 - \$12,500) of this facility.

As at the reporting date, the Group has other overdraft facilities of \$6 million (2022 - \$6 million) of which \$Nil (2022 - \$1,908) was utilised.

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20. Lease obligation liabilities

The Group has lease contracts for various items of buildings in its operations. Leases of buildings generally have lease terms between 3 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are lease contracts that include extension and termination options and variable lease payments, which are further discussed in note 2.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2023	2022
	\$	\$
Balance at beginning of year	2,555	3,147
Depreciation expense	(592)	(592)
Balance at end of year	1,963	2,555

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
	\$	\$
Balance at beginning of year	2,715	3,252
Interest	124	180
Lease payments	(729)	(717)
Balance at end of year	2,110	2,715
Current	374	773
Non-current	1,736	1,942
	2,110	2,715

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21. Deferred Tax Liability

The deferred tax liability in the statement of financial position consists of the following:

	2023	2022
	\$	\$
Accelerated depreciation	4	11
Pension assets	-	2
Right-of-use assets and liabilities	3	(7)
Stock options	(35)	(18)
IFRS9 Stage 1 & 2	27	12
Deferred tax liability	(1)	-

Deferred tax assets of \$123 (2022 - \$53) are not recognised for tax loss carry-forwards in some Group companies as the realisation of the related tax benefits through future taxable profits is not probable.

The Group has tax loss carry-forwards amounting to \$12,059 (2022 - \$8,236), which have expiry dates ranging between 2023 and 2027.

22. Share Capital

	2023		2022	
	No. of shares	\$	No. of shares	\$
Authorised				
The Company is authorised to issue an unlimited number of common shares of no-par value				
Issued				
Beginning of year	18,455,600	38,909	18,401,006	38,655
Issued	7,002	46	11,114	50
Exercised share options (note 23)	162,605	558	61,926	244
Repurchased during the year	(202,378)	(427)	(18,446)	(40)
End of year	18,422,829	39,086	18,455,600	38,909

The Company repurchased 202,378 (2022 – 18,446) shares for a total consideration of \$1,063 (2022 - \$84) of which \$636 (2022 - \$44) was eliminated against the retained earnings and \$427 (2022 - \$40) against share capital.

The Company issued 7,002 (2022 – 11,114) shares for \$46 (2022 - \$50) to key employees as shares in lieu of bonus.

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23. Share Based Payment

During 2020 the shareholders approved a continuation of the Employee Share Option Plan (ESOP) for key management employees within the Group. The Plan covers the issue of up to a further 1,200,000 shares over five years. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. The options are exercisable in three equal tranches with the first tranche being immediately upon being granted, the second tranche after one year and the third tranche after two years from the date of grant. The options have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price per share option	Options	Average exercise price per share option	Options
Outstanding at beginning of year	4.38	745,000	4.35	786,667
Granted	4.50	230,000	4.18	195,000
Exercised	4.47	(162,605)	4.23	(61,926)
Forfeited	4.50	(26,666)	4.25	(36,667)
Expired	4.49	(149,729)	4.06	(138,074)
Outstanding at end of year	4.36	636,000	4.38	745,000
Exercisable at end of year	4.35	572,667	4.39	680,000

Of the 636,000 outstanding options (2022 – 745,000), 572,667 options (2022 – 680,000) were exercisable.

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23. Share Based Payment...continued

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant-vest	Expiry date	Exercise price	Shares	
			2023	2022
2019-2019	2024	4.60	-	113,333
2019-2020	2024	4.60	-	56,667
2020-2020	2025	4.65	94,667	126,667
2020-2021	2025	4.65	47,333	63,333
2021-2021	2026	4.10	91,333	126,667
2021-2022	2026	4.10	45,667	63,333
2022-2022	2027	4.18	111,333	130,000
2022-2023	2027	4.18	55,667	65,000
2023-2023	2028	4.50	126,667	-
2023-2024	2028	4.50	63,333	-
			636,000	745,000

The weighted average fair value of options granted during 2023 was determined using the Binomial Pricing model was \$0.35 (2022 - \$0.41) per option. The significant inputs into the model were weighted average share price of \$4.36 (2022 - \$4.38) at the grant date, exercise price shown above, volatility 20%, dividend yield of 3% per annum, an expected option life of 4.5 years and an annual risk-free interest rate of 5.50% (2022 - 5.50%) per annum. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last five years.

During the year, 162,605 (2022 - 61,926) options granted between 2019 and 2023 were exercised and this resulted in these shares being issued with a value of \$132 (2022 - \$40) being transferred from share option reserve to share capital. During the year, 149,729 options granted between 2019 and 2023 expired.

A total expense of \$81 (2022 - \$131) is recognised in the consolidated statement of income for share options granted during the year which is attributed to the remaining 1/3 of the 2022 and 2/3 of the 2023 options granted being vested at year end. All other option grants were fully vested and expensed by December 31, 2023.

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24. Retained Earnings

	2023	2022
	\$	\$
Parent company	15,980	16,837
Subsidiary companies	13,118	5,107
Associated companies	25,439	23,115
	54,537	45,059

25. Revenue from Operations

	2023	2022
	\$	\$
Management fees	17,866	16,806
Finance income	12,455	10,091
Commissions	1,503	1,495
Interchange fees	1,269	1,202
Other	1,038	997
Dividend income	364	187
Rent	245	245
	34,740	31,023

26. Gains/(Losses) on Financial Assets

	2023	2022
	\$	\$
Unrealised gain on other investment	-	53
Realised loss on other investment	(74)	-
Realised gain/(loss) on disposal of financial assets at fair value through profit and loss	7	(34)
Unrealised gain/(loss) on financial assets at fair value through profit and loss	419	(1,975)
	352	(1,956)

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27. Other Gains

	2023	2022
	\$	\$
Gain on disposal of property, plant and equipment	36	48
Pension plan surplus gain (note 15)	2,495	-
	2,531	48

28. Payroll Costs

Payroll costs comprise:

	2023	2022
	\$	\$
Salaries	8,813	8,289
National Insurance, group health and life	460	394
Medical	410	243
Pension – defined benefit plan expense (note 15)	48	163
Pension – defined contribution plan costs	375	149
Employee share option expenses (note 23)	81	131
Other personnel expenses	300	733
	10,487	10,102

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29. Income Tax Expense

The income tax expense is comprised of the following:

	2023	2022
	\$	\$
Current tax on profits for the year	606	550

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

	2023	2022
	\$	\$
Profit before taxation	18,616	14,124
Corporation tax calculated at 5.5% (2022 – 5.5%)	1,024	622
Effect of lower tax rate	(221)	14
Movement in deferred tax asset not recognised	435	53
Tax effect of items not allowed in determining taxable profit	(632)	(139)
Tax charge	606	550

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30. Earnings Per Share

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

	2023 \$	2022 \$
Net profit attributable to the equity holders of the parent	15,801	11,661
Weighted average number of ordinary shares issued	18,345,266	18,398,154
Basic earnings per share	\$0.86	\$0.63
Weighted average number of ordinary shares for diluted earnings per share	18,981,266	19,143,154
Diluted earnings per share	\$0.83	\$0.61

	2023 \$	2022 \$
Net profit from continuing operations	15,820	11,694
Weighted average number of ordinary shares issued	18,345,266	18,398,154
Basic earnings per share	\$0.86	\$0.64
Weighted average number of ordinary shares for diluted earnings per share	18,981,266	19,143,154
Diluted earnings per share	\$0.83	\$0.61

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31. Net Cash Generated from Operations

The reconciliation of profit before taxation to net cash generated from operations is as follows:

	2023	2022
	\$	\$
Cash flows from operating activities		
Profit before taxation from continuing operations	18,616	14,124
Loss before taxation from discontinued operations (note 12)	(19)	(33)
Net profit before taxation	18,597	14,091
Adjustments for:		
Depreciation (note 13)	717	731
Right-of-use depreciation (note 14)	592	592
Share of results of associates (note 10)	(5,098)	(4,695)
Share of results of associates – discontinued operations (note 12)	19	33
Realised and unrealised loss/(gain) on financial assets at fair value through profit and loss (note 26)	(352)	1,956
Gain on disposal of property, plant and equipment (note 27)	(36)	(48)
Pension plan surplus (note 15)	48	163
Employee share option plan expense (note 23)	81	131
Dividend income (note 25)	(364)	(187)
Finance costs	1,612	1,628
Operating profit before working capital changes	15,816	14,395
Net change in non-cash working capital items related to operations:		
- Trade and other receivables and prepayments	(6,573)	(12,944)
- Due by associates	(90)	240
- Due by affiliates	35	67
- Trade and other payables	(416)	(4,603)
- Deferred income	(9)	65
- Due to associates	-	-
- Due to affiliates	4,018	64
Cash generated from/(used in) operations	12,781	(2,716)
Corporation taxes paid	(627)	(398)
Interest paid	(1,517)	(1,761)
Net cash generated from/(used in) operations	10,637	(4,875)

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Expressed in thousands of Barbados dollars

32. Related Party Transactions

The following transactions were carried out with associates in the normal course of business:

	2023	2022
	\$	\$
Rental income	245	245
Management fees	10,014	9,952

Key Management Compensation:

	2023	2022
	\$	\$
Salaries	2,689	2,702
NIS	48	53
Medical	69	72
Pension, group life	108	98
Share Option Plan	42	82

In addition to disclosures on related party balances in notes 7 and 8, the balance was due to a related party:

	2023	2022
	\$	\$
Directors and Key Management	(9)	(17)

	2023	2022
	\$	\$
Directors' fees	154	116

Notes to the Consolidated Financial Statements

December 31, 2023

Expressed in thousands of Barbados dollars

33. Assets under Management

The activities of Fortress Insurance Company Ltd., a subsidiary of Fortress Fund Managers Limited, require that it commonly acts as trustees and/or in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals and trusts. Those assets that are held in a fiduciary capacity, and income generated by them, are not included in these financial statements. The company recognizes certain fees and commissions earned from these activities which are included in statement of income.

The following table represents the assets and related liabilities held in fiduciary capacity.

	2023	2022
	\$	\$
Carrying amount of assets	86,530	76,994
Carrying amount of associated liabilities	(86,530)	(76,994)
Net position	-	-

34. Commitments

There are no significant capital expenditures contracted for at the statement of financial position date but not yet incurred. There are no other significant commitments at the reporting date.

35. Comparatives

Certain comparative figures have been presented on a basis consistent with the current year.

36. Subsequent Events

Effective January 1, 2024, the corporate tax landscape in Barbados will have significant proposed changes, as a result of the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on Base Erosion and Profit Sharing ("BEPS") that are designed to ensure a global minimum level of taxation of 15% for Multinational Enterprises ("MNEs") with annual consolidated revenue of at least EUR 750 million.

The changes include a new corporate income tax rate of 9%, the introduction of a qualified domestic minimum top-up tax (QDMTT), new refundable tax credits, and certain other changes. All taxable profits of the Group are expected to be taxed at the rate of 9% from income year 2024.

CAVE SHEPHERD & CO. LIMITED
Company No. 21716

PROXY FORM

FOR USE AT THE FIFTY-THIRD ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD AT COURTYARD BY MARRIOTT ON THURSDAY, APRIL 25TH, 2024 AT 5:30 P.M.

The undersigned Shareholder(s) of Cave Shepherd & Co. Limited (the "Company") hereby appoint(s) **SIR GEOFFREY CAVE**, Chairman, or failing him, **MR. ROGER M. CAVE**, Chief Executive Officer and Director, or instead of either of them:

.....
(PLEASE PRINT NAME OF PROXY ON THIS LINE ONLY IF YOU WISH TO APPOINT A PROXY OTHER THAN THE CHAIRMAN OR CHIEF EXECUTIVE OFFICER)

of
(PLEASE PRINT PROXY'S ADDRESS HERE)

As my/our proxy to participate, vote and otherwise act for and on behalf of the undersigned in respect of all matters that may properly come before the **FIFTY-THIRD ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, APRIL 25th, 2024** and any adjournment thereof.

.....
Name of Shareholder(s)

.....
Signature of Shareholder (s)

.....
Date (DD/MM/YYYY)

Notes

1. You have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the management nominee. If you wish to designate as proxy a person other than the management nominee, you should strike out their names and insert in the space provided the name of the person you wish to designate as proxy.
2. When signing in a fiduciary or representative capacity, please provide full title as such. In the event of a Joint Shareholder, each should sign. A company should sign by an officer or attorney duly authorised in writing or under corporate seal.
3. If this form of proxy is not dated in the space provided, it is deemed to bear the date on which it was mailed to the Shareholder.
4. **To be valid, this proxy must be signed and deposited with the Group Corporate Secretary at Cave Shepherd & Co. Limited, One + Haggatt Hall, Haggatt Hall, St. Michael, Barbados BB11059 or emailed to corporatesecretary@caveshepherd.com, no later than 4.00 p.m. (Barbados time) on Monday, April 22nd, 2024 or if the Meeting is adjourned not less than 48 hours (excluding Sundays and Bank Holidays) before any adjourned Meeting.**

Please complete and return



**CAVE
SHEPHERD
& CO**

shaping tomorrow together

Cave Shepherd & Co. Limited
One + Haggatt Hall, Haggatt Hall, St. Michael, Barbados BB11059

www.caveshepherd.com