Barbados Farms Limited
A Member of the Sagicor Group
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ANNUAL REPORT 2023

BARBADOS FARMS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr Dodridge D Miller - Chairman Dr M Patricia Downes-Grant - Deputy Chairman Mr Martin A Brathwaite Mr J Edward Clarke Mr David O Wright
CORPORATE SECRETARY	Mr Andrew C Greaves, Attorney-at-Law
ASSISTANT CORPORATE SECRETARY	Mrs Althea C Hazzard, Attorney-at-Law
MANAGERS	General Manager – Mr Anthony Deukett Applewhaites - Mr Andrew Kinch Buttals - Mr Wayne L Ward Castle - Mr Faustin Blackman Workshop - Mr Wesley Chase (Supervisor)
BANKERS	CIBC FirstCaribbean International Bank (Barbados) Ltd. (Rebranded CIBC Caribbean Bank Limited)
ATTORNEYS-AT-LAW	Carrington & Sealy
AUDITOR	PricewaterhouseCoopers SRL
REGISTERED OFFICE	Cecil F de Caires Building Wildey, St Michael, BB15096 Barbados

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

Barbados Farms Limited (BFL) recorded a loss before tax, of ($3,939,262) for the year ended, June 30, 2023, compared to a loss of ($2,424,951), in the previous year, ended, June 30, 2022. The loss, recorded after tax, for the financial year, ended June 30, 2023, was ($3,941,120), compared to a loss of ($2,415,831), in 2022. This performance was negatively impacted by an adjustment to the fair value on our investment properties of $997,000 at June 30, 2023 and an increase of $340,000 in professional fees on matters related to photovoltaic regulatory applications and legal property matters.

The total comprehensive loss for the year ended June 30, 2023 was ($57,467) compared to a loss of ($2,259,129) in 2022. The significant variance in other comprehensive income was due to a gain in revaluation of various properties earmarked for future projects of $3,915,556.

Revenue, from all cultivated crops for BFL, in comparison to the previous year, is as follows: -

BFL Revenue for cultivated crops				
	2023	2022	Variance	%
	$	$	$	
Cane Revenue	4,133,352	3,681,454	451,898	12.27%
Non-Sugar Revenue	380,548	281,104	99,444	35.38%
Other Revenue	1,500	21,500	(20,000)	-93.02%
TOTAL REVENUE	**4,515,400**	**3,984,058**	**531,342**	**13.34%**

On the positive side the total revenue for cultivated crops for the financial year 2023, increased by 13.34% from the previous year and our gross margin returned a positive $119,112 in 2023 compared to negative gross margin of ($282,784) in 2022. Management has continued to effectively manage other operating costs during the year.

SUGAR CANE PRODUCTION

The 2023 Sugar cane Harvest commenced on February 27, 2023 and concluded on June 02, 2023. Barbados' total Sugar cane production was 109,493 tonnes, compared to 94,800 tonnes in 2022, an increase of 14,693 tonnes and/or 15%, with total sugar production being, 6,840 tonnes and total molasses, 7,000 tonnes.

(BFL) harvested 22,950 tonnes of sugar cane in 2023. We delivered 22,466 tonnes to Portvale Factory, as distinct from the 20,439 tonnes in 2022, an increase of 2,027 tonnes and/or 10%. 231 tonnes of sugar cane were sold to St. Nicholas Abbey and 253 tonnes to Mount Gay at a higher price per tonne than what was paid by BAMC.

Revenue from Sugar increased by 12.27% to reach $4.1M, compared to $3.7M for 2022. The average price for 2022 was $176.46/tonne, based on sucrose content, however in 2023 it increased to $178.75/tonne. The final price received per tonne of sugar cane increased due to the improved sucrose quality resulting from the early start of the crop and climate conditions, which influenced the amount of sugar produced per tonne of sugar cane.

Revenue from non-sugar agriculture increased by $99K. This was due to the expansion of areas under irrigation at Buttals Farm, to improve the level of non-sugar crops produced, in conjunction with an increase in non-sugar crop production across the other BFL farms.

We are currently working towards the incremental replacement of some of the outdated cultivation equipment, to reduce our operational costs and down time from equipment failure on our farms.

PROPERTY DEVELOPMENT

Two (2) lots were sold at Bulkeley Heights for the financial year 2023. In addition, the development of the 62 lots of land at Carmichael Crescent in St George was completed through a development partnership with Sagicor (Equity) Fund and the response from interested purchasers has been excellent. We expect to complete the sale of these 62 lots over the next two years.

RENEWABLE ENERGY

Several opportunities in the renewable energy sector are being considered by the Company. BFL has made several applications to the relevant authorities for the installation of photovoltaic (PV) plants on some of our farms. These applications are going through the very lengthy approval process. Providing we are successful in obtaining the relevant approvals and receive the necessary funding for these PV projects, the profitability of the Company should improve in a manner that ensures the financial success of BFL. It will also enable us to continue to work with Government to realise the country's renewable energy targets.

FUTURE OF THE SUGAR CANE INDUSTRY

The Government of Barbados has signalled its intention to divest the current level of financial support to the industry after June 2024. We understand the reasons given by the government for restructuring and transforming the industry.

As of December 19, 2023, the former BAMC has now transferred ownership to the newly formed company, Co-op Energy Barbados. The former BAMC has been divided into two companies – The Agriculture Business Company Ltd (ABC Ltd), and the Barbados Energy and Sugar Company Ltd (BESCO Ltd). 55% equity has been allocated to Co-op Energy Barbados, 20% has been held by the workers and 25% held by the government. BESCO will therefore be operating the Portvale Factory during the 2024 sugar harvest under the same terms used in 2023.

However, as our agricultural inputs and planning for a sugar harvest are required to be in place up to 18 months in advance it is imperative for the various stakeholders to meet with the new body to start negotiations regarding the 2025 crop in relation to the price for sugar cane per tonne and other harvesting logistics. The negotiations on a suitable pricing mechanism should be put in place for a minimum term of five (5) years with guaranties through contracts for the deliveries of cane.

Our management team will continue to focus on improving sugar cane yields by implementing best practices, where applicable, and improving efficiency in our operations. The Company has initiated the full utilisation of the irrigation facilities at Buttals to increase our non-sugar production and we will continue to pursue the photovoltaic applications already submitted to the regulatory bodies and develop lands for housing that are not suitable for agricultural production. During 2024 we will have to prioritize how we allocate our limited capital and human resources across our farms and workshop operations as we cannot continue to invest funds in areas that are unable to make a positive contribution to the Company.

On behalf of the Board, I would like to commend the Management and Staff for their continued dedication and commitment to the Company, and to you, the Shareholders, I extend our sincere gratitude for your unwavering support and understanding as we continue to navigate the present challenges in these problematic and uncertain times.

D. Miller

Dodridge D. Miller
Chairman

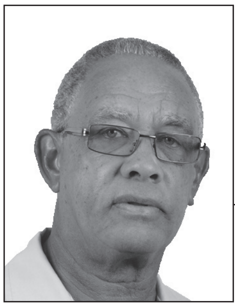
March 28, 2024

DIRECTORS' REPORT

Board of Directors

Dodridge Miller is the Chairman of the Board. With over 25 years' experience in financial services and insurance, he is a Fellow of the Association of Certified Chartered Accountants (United Kingdom), and obtained his MBA from the University of Wales and Manchester Business School, United Kingdom. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctorate of Laws by the University of the West Indies. He is the imediate past President and Chief Executive Officer of the Sagicor Group and a Director of Sagicor Financial Corporation. He is also a Director of a number of subsidiaries within the Sagicor Group, which he joined in 1989.

Dr Patricia Downes-Grant, CBE, is Deputy Chairman of the Board. She holds an MA in Economics, an MBA in Finance and a Doctorate in Business Administration. She retired from the position of President and Chief Executive Officer of Sagicor Life Inc, where she has held many senior positions since joining the Group in 1991. She was previously a Senior Manager in the Management, Consulting and Insolvency Division of Coopers and Lybrand (PricewaterhouseCoopers SRL). Dr Downes-Grant is also a Director of a number of subsidiaries within the Sagicor Group.



Martin Brathwaite was the Managing Director of BFL until his retirement on January 01, 2021. With more than 40 years' experience in agriculture, he has held this position since 2006. He is a former Agricultural Manager of Barbados Agricultural Management Co Ltd, and has extensive experience managing and supervising farms in Barbados. Mr Brathwaite is a Director of a number of companies operating in the agricultural sector in Barbados.

Edward Clarke was appointed to the position of Director of Strategic Projects for Sagicor Life Inc in August, 2020. Prior to this, he held the position of Executive Vice President of Sagicor Life Inc and General Manager of Sagicor's Barbados Operations. Mr. Clarke is a Fellow of the Association of Chartered Certified Accountants and is a Certified Internal Auditor with more than 40 years' experience in the field of auditing and finance. He retired as an Executive from Sagicor on June 30, 2020.

Mr. Clarke began his accounting career at Pannell Fitzpatrick & Company Chartered Accountants (now Ernst & Young). He later joined Texaco (acquired By Chevron) and served as a senior member of its finance team in Barbados, Nigeria and the USA until 2006. Before joining Sagicor, Mr. Clarke was the Chief Finance Officer of Goddard Enterprises Limited. Mr. Clarke is the Immediate Past Chairman of the Barbados Private Sector Association, and a former President of the Barbados Chamber of Commerce and Industry. He is also the former Co-Chairman of the Barbados Economic Recovery and Transformation (BERT) Monitoring Committee (2018-2021).

Additionally, Mr. Clarke is a Director of the following companies: Barbados Farms Limited, Sagicor Funds Inc., Sagicor Asset Management Inc., Sagicor General Insurance Inc. and The Estates Group of Companies.

David Wright is an independent non-executive Director. He is a UK-qualified accountant and Chief Executive Officer of the HBW Management Group. He has over 25 years' experience in the international financial services sector, providing services to international business companies, exempt insurance companies and offshore banks. His areas of expertise include insurance and investment management, financial risk management, trading in precious metals, corporate restructuring, tax planning, and information technology. Mr Wright is also a Director of a number of subsidiaries within the Sagicor Group.

Directors' Interests

Directors' interests as at June 30, 2023 and as at the record date, April 10, 2024, are as follows:

	Shares as at June 30, 2023		Shares as at April 10, 2024	
Name	**%**	**Number**	**%**	**Number**
Dodridge D Miller	Nil	0	Nil	0
Martin A Brathwaite	< 1	76	< 1	76
Dr M Patricia Downes-Grant	Nil	0	Nil	0
Edward Clarke	Nil	0	Nil	0
David Wright	Nil	0	Nil	0

Interest of Significant Shareholder

The following Shareholder held more than 5% of the issued share capital as at June 30, 2023 and as at the record date, April 10, 2023.

	Shares as at June 30, 2023		Shares as at April 10, 2024	
	Number	**%**	**Number**	**%**
Sagicor Life Inc	15,867,631	77	15,867,631	77

CORPORATE GOVERNANCE REPORT - THE BOARD OF DIRECTORS

The maximum number of Directors permitted by the Articles of Continuance of the Company is ten (10), and the minimum is two (2). As at the reporting period June 30, 2023, the Board of Directors consisted of five (5) Members, one of whom is an independent non- executive Director. The remaining are the former Managing Director of the Company, and former Executives of the Company's principal shareholder, Sagicor Life Inc, or the Company's ultimate parent, Sagicor Financial Company Ltd. Non-Executive Directors' sole compensation comprises fees paid in cash. For the financial year under review the total fees paid to the sole independent non-executive Director was $12,000. Former executives of the Company, the Company's principal shareholder, Sagicor Life Inc, and the Company's ultimate parent, Sagicor Financial Company Ltd, who serve as directors on the Company's Board are not paid Directors' fees.

Directors retire by rotation. The number of Directors to be elected at the Meeting is three (3).
Mr. Edward Clarke will retire by normal rotation at the end of the Meeting and Mr Martin Brathwaite, having attained the age of seventy years, is required by the Company's By-Laws to seek annual reappointment. Additionally, Mr Mark Cummins is proposed as a nominee for election to the Board for the first time. Details of Mr Cummins' qualifications are contained in the Management Proxy Circular included herein. All three (3) being eligible, are seeking re-election/election.

The Board of Directors consider that the quality, skills and experience of each Director enhance the Board's effectiveness. The training, skills and competencies of the various members of the Board, particularly relevant to the Company's operations, have been identified in the Competency Matrix below.

Directors' Skills and Experience	Dr Dodridge Miller	Dr M Patricia Downes-Grant	Martin Brathwaite	Edward Clarke	David Wright
General Management	■	■	■	■	■
Agricultural Operations			■	■	
Agronomics			■		
Finance/Accounting	■	■		■	■
Property Management and Development	■	■	■	■	
Strategic Planning	■	■		■	■
Human Resource Management	■	■	■	■	
Regulatory	■	■			■
Asset Management	■	■		■	■
Risk Management	■	■		■	■
Other: Education/Training	■	■	■	■	■

Board Responsibilities

The Board of Directors is collectively responsible for providing entrepreneurial leadership, guidance and oversight to the Company, within a framework of prudent and effective controls that enables risks to be assessed and managed, with a view to maximizing shareholder wealth within the bounds of law and community standards of ethical behaviour. The Board's main responsibilities, which it executes through decision-making and oversight, include the supervision of senior management, strategic planning, enterprise risk management, succession planning, stakeholder communications, public disclosures, internal controls and Corporate Governance.
The Board ensures that it devotes adequate time to the in-depth discussion of all matters relating to the operations and business of the Company.

Board Operations

During 2022/2023, Management engaged the Board of Directors (BOD) several times via round-robin but two times in formal meetings. A record of Director attendance appears below:

	BOD	Percentage Attendance
Dodridge Miller	2 of 2	100
Dr M Patricia Downes-Grant	2 of 2	100
Martin Brathwaite	2 of 2	100
Edward Clarke	2 of 2	100
David Wright	2 of 2	100

Board Committees

There are currently no sub-committees of the Board of Directors. The Company's Constitutive documents do not mandate such establishment and given the small size of the Board, directors consider that the affairs of the Company are best administered when the entire Board of Directors, as opposed to a segment thereof, exercise direct oversight over all major aspects of the Company's operations including governance and audit matters.

External Auditor's Fees

PricewaterhouseCoopers SRL is the Company's External Auditor. Following is a statement of the fees charged by the External Auditor for audit and non-audit services during 2021, 2022 and 2023.

Services	**Fees Charged BD$ (excluding VAT)**		
	2020/2021	**2021/2022**	**2022/2023**
Audit	80,000	82,400	83,000
Non-Audit	4,800	4,800	4,800

Barbados Stock Exchange Corporate Governance Recommendations

The Company is listed on the Barbados Stock Exchange (the Exchange). On January 1, 2014, the Exchange's Corporate Governance Recommendations for Listed Companies came into force. These Recommendations require that all Listed Companies comply with the requirements contained therein regarding their corporate governance structure and various disclosures that those companies are encouraged to include in their Annual Reports. Companies whose Board of Directors consider it desirable and in their Companies' best interest to deviate from any particular Recommendation, are required to explain such deviation.

The Company is currently compliant with most aspects of the Corporate Governance Recommendations including the disclosure of the independence status of directors, their skills, expertise, Board Meeting attendance record, and remuneration. The Company also discloses the quantum of fees paid the external auditor for both audit and non-audit services as applicable. Additionally, the Company, as a member of the Sagicor Group of Companies has adopted the Sagicor Group Code of Business Conduct & Ethics. The Code is applicable to directors, management and employees. A copy of the Code may be found at www.Sagicor.com (governance). The Company has also explained why it has to-date not established any sub-committees of the Board. The Board and Management of the Company are committed to continued efforts to enhance corporate governance.

By Order of the Board of Directors

Andrew C Greaves
Corporate Secretary

Independent auditor's report

To the Shareholders of Barbados Farms Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barbados Farms Limited (the Company) as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2023;
- the statement of changes in equity for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

- Overall materiality: $995,600, which represents 1% of net assets.

- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls

- Valuation of the Company's real estate (land and buildings, and investment property)

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	$995,600
How we determined it	1% of net assets
Rationale for the materiality benchmark applied	The Company is an asset-based entity with substantial holdings of land (much of which is agricultural land) and buildings, investment property and development property, the majority of which are utilised in the Company's operations or held for longer-term capital appreciation. Therefore, we chose net assets as the benchmark because, in our view, it is the most relevant and stable benchmark against which the performance of the Company is measured by users. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $49,700, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of the Company's real estate (land and buildings, and investment property) *Refer to notes 2 (c, d & e), 3 (a), 4 (f), 9 and 10 to the financial statements for disclosures of related accounting policies and balances.* Land and buildings, included within property, plant and equipment, are carried at a revalued amount of $76.0 million at June 30, 2023 and represent 60% of total assets of the Company. Investment property is carried at revalued amounts of $36.9 million at June 30, 2023 and represents 29% of total assets of the Company.	With the assistance of our own valuation expert, the approach to addressing the matter involved the following procedures, amongst others: Obtained the current year valuations of land and buildings and investment property performed by management's third-party expert. Assessed the appropriateness of the appraiser's scope of work and the experience, competence and objectivity of the appraiser.

Key audit matter	How our audit addressed the key audit matter
These balances are significant to the financial statements of the Company as a whole and fair value in respect of these assets is by nature, subjective. The significant judgement applied and the existence of significant estimation uncertainty led us to direct specific audit focus and attention in this area. Management's policy is to perform valuations typically on a triennial basis, over the Company's land and buildings and annually in respect of investment property. The Company used independent qualified property appraisers to value its land and buildings and investment property in the current year. Appraisals are performed using a variety of approaches. These include the market value approach which establishes the value of the real estate in comparison to historic sales involving similar land and property; the income method which incorporates discounted cash flow analysis; and the residual method whereby developer's costs and profit are applied to valuations of the land. The market value approach takes into consideration various assumptions and other factors, the most significant of which are: • the current use of the land; • the potential future use of the land; • government policy regarding the future use of the land; and • comparability of similar real estate. The income method's significant assumptions relate to lease rental information on the property and the discount rate applied to capitalise future earnings. The residual method includes the determination of a price per square foot of the land to be developed and applies estimates of development and selling costs, a sell-out period and developer's profit, to derive a valuation.	Evaluated whether the methodology and assumptions used by management's appraiser were appropriate and the work performed was consistent with accepted professional practices. Challenged the significant assumptions used in the valuations by performing an independent assessment of the underlying data and the key assumptions, including consideration of any contrary evidence. This included: • testing, on a sample basis, the accuracy of the data inputs into the valuation models by reference to publicly available information and specific attributes of the real estate; • evaluating the reasonableness of management's significant assumptions by: - assessing management's judgments relating to current and future use of the land by updating our understanding of the current use of the sites, including through inquiries and photographic evidence; an assessment of any year on year changes in their use; and by obtaining support, on a sample basis, for any applications made to develop land and any specific permissions granted (market value approach); - assessing the comparability of a sample of similar real estate identified in the valuation reports to the Company's real estate and their suitability in arriving at the valuations (market value approach); - assessing the appropriateness of the discount rates utilised by reviewing cash flow projections in relation to lease rental income (income method); - assessing the reasonableness of development related inputs by reviewing the price per square foot of individual development components, assessing the relevant percentage of land sales revenue applied to the elements of selling costs and determining whether the developer's profit included is within an acceptable range (residual method); and

Key audit matter	How our audit addressed the key audit matter
A change in any of the assumptions and factors utilised could have a significant impact on the valuation of the Company's land and buildings, and investment property.	• developing an independent range of values for the land and buildings, and investment property and comparing them to the Company's recorded revalued amounts. Based on the procedures performed, management's valuation of the Company's land and buildings, and investment property was, in our view, not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other matter

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

The engagement partner on the audit resulting in this independent auditor's report is Yonnette Murray Brewster.

PricewaterhouseCoopers SRL

Bridgetown, Barbados
March 28, 2024

BARBADOS FARMS LIMITED

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023 *(expressed in Barbados dollars)*

	2023 $	2022 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	**716,062**	1,279,766
Trade and other receivables (note 6)	**2,670,800**	2,494,560
Corporation tax recoverable	**175,537**	175,537
Biological assets (note 7)	**525,022**	518,176
Inventory (note 8)	**688,009**	640,620
	4,775,430	5,108,659
Non-current assets		
Property, plant and equipment (note 9)	**77,179,431**	74,920,654
Investment property (note 10)	**36,854,000**	36,653,000
Development property (note 11)	**7,331,442**	6,679,840
	121,364,873	118,253,494
Total assets	**126,140,303**	123,362,153

BARBADOS FARMS LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

As at June 30, 2023 *(expressed in Barbados dollars)*

	2023 $	2022 $
Liabilities and equity		
Current liabilities		
Trade and other payables (note 12)	**3,099,686**	1,702,901
Due to ultimate parent company (note 13)	**17,972**	7,363
Due to parent company (note 13)	**10,843,774**	9,344,597
Due to related party (note 13)	**63**	–
Lease liabilities (note 14)	**368,327**	317,044
Dividend payable	**135,050**	135,050
Loan (note 15)	**5,361,921**	5,367,508
	19,826,793	16,874,463
Non-current liabilities		
Lease liabilities (note 14)	**759,858**	1,124,254
Retirement benefit obligations (note 16)	**3,430,496**	3,182,813
	4,190,354	4,307,067
Total liabilities	**24,017,147**	21,181,530
Equity		
Share capital (note 17)	**2,060,729**	2,060,729
Revaluation surplus	**111,166,621**	107,464,755
Accumulated deficit	**(11,104,194)**	(7,344,861)
Total equity	**102,123,156**	102,180,623
Total liabilities and equity	**126,140,303**	123,362,153

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

Approved by the Board of Directors on March 14, 2024

Director Director

BARBADOS FARMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023 *(EXPRESSED IN BARBADOS DOLLARS)*

	Share capital $	Revaluation surplus $	Accumulated deficit $	Total $
Balance at June 30, 2021	2,060,729	108,047,435	(5,668,412)	104,439,752
Comprehensive income:				
Net loss for the year	–	–	(2,415,831)	(2,415,831)
Other comprehensive income	–	–	156,702	156,702
Total comprehensive loss	–	–	(2,259,129)	(2,259,129)
Transfer on disposal of land	–	(582,680)	582,680	–
Balance at June 30, 2022	2,060,729	107,464,755	(7,344,861)	102,180,623
Comprehensive income:				
Net loss for the year	–	–	(3,941,120)	(3,941,120)
Other comprehensive income	–	3,915,556	(31,903)	3,883,653
Total comprehensive loss	–	3,915,556	(3,973,023)	(57,467)
Transfer on disposal of land	–	(213,690)	213,690	–
Balance at June 30, 2023	2,060,729	111,166,621	(11,104,194)	102,123,156

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

BARBADOS FARMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023 *(EXPRESSED IN BARBADOS DOLLARS)*

	2023 $	2022 $
Revenue from cultivated crops	**4,515,400**	3,984,058
Cost of cultivated crops	**(4,395,488)**	(4,266,842)
Gross income/(loss)	**119,912**	(282,784)
General and administrative expenses (note 19)	**(2,483,674)**	(2,059,466)
Other (loss)/income (note 20)	**(930,582)**	613,532
Loss from operations	**(3,294,344)**	(1,728,718)
Finance costs	**(644,918)**	(696,233)
Loss before taxation	**(3,939,262)**	(2,424,951)
Taxation (note 22)	**(1,858)**	9,120
Net loss for the year	**(3,941,120)**	(2,415,831)
Other comprehensive income:		
Items net of tax that will not be reclassified subsequently to income:		
Gain on revaluation of property	**3,915,556**	–
Actuarial (losses)/gains on retirement benefit obligations	**(31,903)**	156,702
Other comprehensive income for the year	**3,883,653**	156,702
Total comprehensive loss for the year	**(57,467)**	(2,259,129)
Loss per share - basic and diluted (note 23)	(19.12)¢	(11.72)¢

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

BARBADOS FARMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023 *(EXPRESSED IN BARBADOS DOLLARS)*

	2023 $	2022 $
Cash flows from operating activities		
Loss before taxation	**(3,939,262)**	(2,424,951)
Adjustments for:		
Depreciation	**504,145**	394,214
(Gain)/loss in fair value of biological assets (net)	**(6,846)**	89,079
Unrealised loss in fair value of investment property (note 10)	**997,000**	28,000
Gain on sale of property, plant and equipment	**(5,648)**	(561,083)
Loss/(gain) on sale of development property	**5,111**	(88,573)
Finance costs	**644,918**	696,233
Pension plan expense	**227,549**	226,647
Post-retirement medical benefit expense	**21,565**	28,463
Operating loss before changes in non-cash working capital balances	**(1,551,468)**	(1,611,971)
(Increase)/decrease in trade and other receivables	**(176,240)**	141,206
Increase in inventory	**(47,389)**	(133,282)
Increase in trade and other payables	**393,770**	218,891
Increase in amount due to parent and related parties	**1,298,715**	1,573,246
Cash (used in)/generated from operations	**(82,612)**	188,090
Finance costs paid	**(433,784)**	(524,927)
Pension contributions paid	**(11,495)**	(77,431)
Post-retirement medical benefits contribution paid	**(23,697)**	(20,385)
Net cash used in operating activities	**(551,588)**	(434,653)
Carried forward	**(551,588)**	(434,653)

BARBADOS FARMS LIMITED

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED JUNE 30, 2023 *(EXPRESSED IN BARBADOS DOLLARS)*

	2023	2022
	$	$
Brought forward	**(551,588)**	(434,653)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(45,725)**	(18,754)
Development property costs incurred	**(6,586)**	(3,746)
Proceeds from sale of development property	**347,301**	718,029
Proceeds from sale of property, plant and equipment	**6,007**	772,000
Net cash from investing activities	**300,997**	1,467,529
Cash flows from financing activities		
Principal elements of lease payments	**(313,113)**	(370,571)
(Decrease)/increase in cash and cash equivalents	**(563,704)**	662,305
Cash and cash equivalents - beginning of year	**1,279,766**	617,461
Cash and cash equivalents - end of year	**716,062**	1,279,766

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

1 General information

Historically, the principal activity of Barbados Farms Limited (the “Company”) has been the operation of sugar farms and the cultivation of various crops. The Company also develops parcels of its own land for sale as residential lots. The Company is a subsidiary of Sagicor Life Inc. and its ultimate parent company is Sagicor Financial Company Ltd, a company listed on the Toronto Stock Exchange. Sagicor Life Inc. holds 77% of the share capital of the Company. The Company is a limited liability company incorporated and domiciled under the Laws of Barbados and is listed on the Barbados Stock Exchange. Its registered office is located at the Cecil F. de Caires Building, Wildey, St. Michael, Barbados.

2 Significant accounting policies

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

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, except for land and buildings included in property, plant and equipment, biological assets and investment property which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

i) New standards, interpretations and amendments to existing standards that have been adopted by the Company in the current financial year

The Company has adopted the following amendments in the current financial year:

IAS 16, ‘Property, Plant and Equipment’ (Amendments) - Proceeds before Intended Use (effective January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the statement of comprehensive income.

IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’ (Amendments) - Onerous Contracts - Cost of Fulfilling a Contract (effective January 1, 2022). The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’ and further explains the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

Adoption of these amendments have not had a significant impact on the Company.

2 Significant accounting policies (continued)

a) Basis of preparation (continued)

ii) New standards, amendments and interpretations issued but not effective for the financial year beginning July 1, 2022 and not early adopted

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Company's operations. The Company has not early adopted the amendments.

IAS 1 - 'Presentation of Financial Statements' (Amendments) - (effective January 1, 2023). The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

IAS 1 - 'Presentation of Financial Statements' (Amendments) - Non-current liabilities with covenants (effective January 1, 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendments) - Definition of Accounting Estimates (effective January 1, 2023). The amendments replace the definition of a change in accounting estimates with the definition of accounting estimates and clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

IAS 12 - 'Taxation' (Amendments) - Deferred tax related to assets and liabilities arising from a single transaction (effective January 1, 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

IAS 12 - 'Taxation' (Amendments) - International tax reform - pillar two model rules (effective January 1, 2023). These amendments give temporary relief from accounting for deferred taxes arising from the Organisation of Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Narrow scope amendments to IAS 1 - 'Presentation of Financial Statements', Practice statement 2 and IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Adoption of these amendments is not expected to have a significant impact on the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2 Significant accounting policies (continued)

b) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

Financial assets

The Company utilises a principles-based approach to the classification of financial assets. Debt instruments are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost based on the nature of the cash flows of these assets and the Company's business model.

Financial assets are measured on initial recognition at fair value and are classified and subsequently measured either at amortised cost, at FVTPL or at FVOCI. The Company measures trade and other receivables at amortised cost.

Refer to note 2(j) for the impairment policy on trade and other receivables.

Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. The associated interest on financial liabilities measured at amortised cost is included in finance costs in the statement of comprehensive income.

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

At the reporting date, the following items were classified as financial liabilities: trade and other payables, due to ultimate parent company, due to parent company, due to related party, lease liabilities, and loan.

c) Real estate

The Company's real estate is classified as follows:

- Property, plant and equipment
- Investment property
- Development property

The accounting policies for these real estate classifications are set out in notes 2(d), 2(e) and 2(f).

d) Property, plant and equipment

Real estate within property, plant and equipment comprises land and buildings which are currently utilised in the Company's operations. These freehold land and buildings are carried at valuations performed every three years by external independent valuers, less subsequent depreciation on buildings. A revaluation surplus is credited to revaluation surplus in shareholders' equity.

2 Significant accounting policies (continued)

d) Property, plant and equipment (continued)

All other property, plant and equipment is stated at historical cost less accumulated depreciation. Subsequent expenditure is capitalised when it will result in future economic benefits to the Company. Repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in other income/ expenses in the statement of comprehensive income.

Depreciation is computed on the straight-line method at rates considered adequate to write off the cost or valuation of depreciable property, plant and equipment, less salvage, over their useful lives.

The estimated useful lives are as follows:

Freehold buildings	50 years
Agricultural equipment	5 to 20 years
Computer equipment	5 years
Right-of-use assets	5 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate. 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.

Increases in the carrying amounts arising on revaluation of assets are recognised in other comprehensive income and accumulated in revaluation surplus in equity. To the extent that the increase reverses a decrease previously recognised in income, the increase is first recognised in income. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to income for the year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

On disposal of land and buildings, the amount included in the revaluation surplus is transferred to retained earnings.

e) Investment property

Investment properties comprise land and buildings owned but not occupied by the Company and held to earn rental income or held for capital appreciation with possible future development potential.

Investment properties are recorded initially at cost and are subsequently carried at fair value, representing open market value determined annually by independent qualified external valuers. Any appreciation or depreciation in value is taken to the statement of comprehensive income as a fair value gain or loss as part of other income.

Transfers to or from investment property are recorded when there is a change in use of the property. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment,

2 Significant accounting policies (continued)

e) Investment property (continued)

and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes. If any actions are taken to develop or sell investment property, it is reclassified as development property, and its fair value at the date of reclassification also becomes its deemed cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in the same way as a revaluation in accordance with IAS 16.

f) Development property

Development property is classified and stated at the lower of carrying value and fair value less costs to sell. In the case of transfers from investment property or property, plant and equipment, the cost is deemed to be the carrying value at the date of the transfer.

Land under development or held for sale is classified as development property when actions are taken to either develop or sell the land. Development property includes all land acquisition and development costs included prior to sale. Gains and losses realised on the sale of development property are included in other income/expenses in the statement of comprehensive income at the time of sale.

In the case of development property that was transferred from property, plant and equipment, the related revaluation surplus is transferred to retained earnings when the property is sold. Sales are recognised upon execution of the conveyance.

g) Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying value and fair value less costs to sell at the time of the reclassification.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out basis. Cost of cultivation comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

i) Biological assets

Biological assets are cultivated crops produced by the Company and are measured at their fair value less estimated point-of-sale costs. The fair value is determined based on a percentage of the average price currently paid in the local market and the estimated stage of maturity. The determination of this fair value requires the use of a degree of judgement and assumptions regarding the estimated stage of maturity of crops. The Company has determined that there are no significant point-of-sale costs for its cultivated crops.

2 Significant accounting policies (continued)

j) Trade receivables

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due from settlement within 30 days and are therefore classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses.

The measurement of the expected credit losses ("ECL") reflects:

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

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

l) Taxation

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

Current tax charges are based on taxable income for the year, which differs from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted at reporting date.

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

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

m) Leases

Leases held as lessor

The Company holds operating leases primarily for the rental of investment property. The Company recognises revenue from these activities on a straight-line basis or on another systematic basis if that basis is more representative of the pattern of use of the underlying asset.

2 Significant accounting policies (continued)

m) Leases (continued)

Leases held as lessee

At the inception of a contract for use of an asset the Company assesses whether the contract contains a lease. A contract is or contains a lease if it conveys to the Company the right to control the use of the asset for a time period in exchange for consideration. The Company has elected to use the exemption for lease periods with a term of 12 months or less or those whose underlying asset has a low value, in which case the lease payments are recognised in administrative expenses.

As of the date the asset is available for use by the Company (the commencement date), a right-of-use asset and a corresponding lease liability are recognised.

The cost of the right-of-use asset comprises:

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

Right-of-use assets are presented within property, plant and equipment and are subsequently measured at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the Company measures the lease liability as the present value of the lease payments that are not paid at that date. These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The Company recognises interest on the lease liability in each accounting period during the lease term which is the amount that produces a constant period rate of interest on the remaining balance of the lease liability.

After commencement date, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the principal portion of the lease payments made; and
- remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised fixed lease payments.

Lease liabilities are classified as current and non-current lease liabilities on the statement of financial position. The associated interest is included in finance costs in the statement of comprehensive income. Leases give rise to lease liability principal and interest elements in the statement of cash flows.

2 Significant accounting policies (continued)

n) Employee benefits

i) Pension obligation

The Company participates in a defined benefit pension plan for its employees, which is managed by its parent. The assets of the plan are held in a separate fund administered by a Trustee. The scheme is generally funded through payments from the employees and the Company, as determined by periodic, independent actuarial calculations.

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. 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 government bonds for the maturity dates of the related liability.

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

ii) Other retirement benefits

The Company also provides post-retirement healthcare benefits to its employees, pensioners and their registered dependents. These benefits are funded by contributions from the Company. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined pension plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. This obligation is valued by independent qualified actuaries.

iii) Profit-sharing bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives. An accrual is recognised where there are contractual obligations or where past practice has created a constructive obligation.

2 Significant accounting policies (continued)

o) Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

p) Dividend distribution

Dividend distributions on the Company's shares are recorded in the period during which the dividend declaration has been approved by the directors.

q) Revenue recognition

Revenue from the sale of cultivated crops represents the fair value of consideration received or receivable on delivery of the crops to the buyer. The change over the accounting period in the fair value less estimated point-of-sale costs of biological assets is recognised in revenue.

The Company sells its sugar cane crop to the Barbados Agricultural Management Company (BAMC) which is an agency of government. Government price support, in the form of a five (5) year subsidy agreement, is generally received some months after the end of the crop and is recognised when there is reasonable assurance of receipt. Sugar cane sales are recognised on the delivery of canes. Subsequent to year end, the BAMC was divested and its sugar operations were transferred to Barbados Energy and Sugar Company Ltd, a private entity.

Interest income is recognised on the accrual basis using the effective yield method.

Gains and losses realised on the sale of land are included in other income upon execution of the conveyance. Rental income from leased lands is recognised on an accruals basis. Royalties arising from oil extracted from certain leased lands is recognised when received, as the Company does not possess the information necessary to accrue a reliable estimate.

2 Significant accounting policies (continued)

r) 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 costs 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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

s) 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions. The Company currently does not disaggregate its reporting on a segment basis.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in income over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised as other income or finance costs in the statement of comprehensive income. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3 Critical accounting estimates and judgements

a) Real estate

Except for development property, the Company's real estate is carried at fair values determined by external independent valuers. The determination of fair value of the Company's land and buildings involves a significant degree of judgment. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen. The market value approach takes into consideration various assumptions and other factors, the most significant of which are the current use of the land, the potential future use of the land, government policy regarding the future use of the land, and comparability of similar real estate. The income capitalisation method's significant assumptions relate to lease rental information on the property and the discount rate applied to capitalise future earnings. The residual method includes the determination of a price per square foot of the land to be developed and applies estimates of development and selling costs, a sell-out period and developer's profit, to derive a valuation.

3 Critical accounting estimates and judgements (continued)

a) Real estate (continued)

The impact of an across-the-board increase of 10% to the fair value of real estate on total comprehensive income is an increase of $11,287,111 (2022 - $11,004,873).

b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

c) Employee retirement benefits

The cost of the defined benefit pension plan and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future pension increases, future salary increases, proportion of employees opting for early retirement, future changes in the NIS ceiling and inflation. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in note 16.

4 Financial risk management

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

a) Market risk

i) Foreign exchange risk

The Company has limited transactions in foreign currencies and if any arise it is mainly for purchases of supplies. These transactions are denominated mainly in United States dollars. Since there are fixed exchange rates between the Barbados dollar and United States dollar there is no significant exposure to foreign exchange risk.

June 30, 2023 (expressed in Barbados dollars)

4 **Financial risk management (continued)**

a) **Market risk (continued)**

ii) Interest rate risk

The loan from the parent company bears interest at a fixed rate of 7.50% per annum. The third-party loan bears interest at a variable rate of 4.75% per annum. All loans are repayable on demand.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2023 $	% of total loans	2022 $	% of total loans
Variable rate loan	**5,361,921**	**65%**	5,367,508	66%
Fixed rate loans				
- repricing or maturity dates:				
Less than one year	**2,913,609**	**35%**	2,718,267	34%
	8,275,530	**100%**	8,085,775	100%

iii) Price risk

The Company is not exposed to price risk as it does not hold any listed equity investments.

b) **Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers. The Company evaluates the financial institutions with which it places cash and cash equivalents. Only reputable financial institutions with high credit ratings are considered.

The maximum credit risk exposure is as follows:

	2023 $	2022 $
Cash and cash equivalents	**716,062**	1,279,766
Trade and other receivables	**2,670,800**	2,494,560
	3,386,862	3,774,326

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4 Financial risk management (continued)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of short-term obligations.

The table below analyses the Company'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 are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	More than 1 year $	Contractual cash flows $	Carrying amount $
At June 30, 2023				
Trade and other payables	**3,099,686**	–	**3,099,686**	**3,099,686**
Due to ultimate parent company	**17,972**	–	**17,972**	**17,972**
Due to parent company	**11,062,295**	–	**11,062,295**	**10,843,774**
Due to related party	**63**	–	**63**	**63**
Lease liabilities	**500,150**	**1,318,852**	**1,819,002**	**1,128,185**
Loan	**5,616,612**	–	**5,616,612**	**5,361,921**
	20,296,778	**1,318,852**	**21,615,630**	**20,451,601**
At June 30, 2022				
Trade and other payables	1,702,901	–	1,702,901	1,702,901
Due to ultimate parent company	7,363	–	7,363	7,363
Due to parent company	9,548,467	–	9,548,467	9,344,597
Lease liabilities	500,150	1,380,847	1,880,997	1,441,298
Loan	5,622,465	–	5,622,465	5,367,508
	17,381,346	1,380,847	18,762,193	17,863,667

4 Financial risk management (continued)

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders. The principal capital resources of the Company are as follows:

	2023	2022
	$	$
Total equity	**102,123,156**	102,180,623
Loan	**5,361,921**	5,367,508
	107,485,077	107,548,131

The loan has been entered into to assist in the financing of costs incurred in connection with the readying of development property for sale. It is anticipated that the loan will be repaid from the sale proceeds from development property.

e) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are not considered to be materially different from their carrying amounts, except for the fair values of amounts due to ultimate parent and certain amounts due to parent company as they are non-interest bearing.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Non-financial instruments such as corporation tax recoverable are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

f) Fair value of property

Investment property and owner-occupied property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Market value approaches, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property is considered in determining its fair value.

Some tracts of land are currently used for farming operations, are undeveloped, or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. The residual method, which builds in development costs and developer's profits, is also utilised.

JUNE 30, 2023 (EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

f) Fair value of property (continued)

The fair value hierarchy has been applied to the valuations of the Company's property. The different levels of hierarchy are as follows:

- Level 1 - fair value is determined by quoted, unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly; and
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the Company's property are as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
2023				
Freehold buildings	–	–	**4,259,054**	**4,259,054**
Freehold land	–	–	**71,758,051**	**71,758,051**
Investment property	–	–	**36,854,000**	**36,854,000**
	–	–	**112,871,105**	**112,871,105**
2022				
Freehold buildings	–	–	4,616,544	4,616,544
Freehold land	–	–	68,779,183	68,779,183
Investment property	–	–	36,653,000	36,653,000
	–	–	110,048,727	110,048,727

JUNE 30, 2023 (EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

f) Fair value of property (continued)

The following table shows the relationship of the unobservable inputs to the fair value for Level 3 property:

	2023 $	**2022 $**	**Unobservable inputs**	**2023**	**2022**	**Relationship of unobservable inputs to fair value**
Freehold land and buildings	**76,017,105**	73,395,727	Price per square foot	**$0.23 - $25.09**	$0.23 - $28.85	The higher the price per square foot the higher the value
Investment property	**36,854,000**	36,653,000	Price per square foot	**$0.46 - $7.00**	$0.45 - $7.00	The higher the price per square foot the higher the value
			Discount rate	**10%**	10%	The higher the discount rate the lower the fair value
			Cost of capital	**8.0% - 8.5%**	7.0% - 8.0%	The higher the cost of capital the lower the fair value
			Development and selling costs	**$320k - $3.2m**	$392k - $4.2m	The higher the development and selling costs the lower the fair value
			Developer's profit	**25% - 45%**	25% - 45%	The higher the development and selling costs the lower the fair value
	112,871,105	110,048,727				

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 freehold property, reasonable changes in fair value would affect other comprehensive income. The following table represents the movements in Level 3 property for the current year.

	Freehold land $	**Freehold buildings $**	**Investment property $**	**Total $**
Balance, beginning of year	68,779,183	4,616,544	36,653,000	110,048,727
Fair value adjustments	4,176,868	(261,312)	(997,000)	2,918,556
Transfers	(1,198,000)	–	1,198,000	–
Depreciation charge	–	(96,178)	–	(96,178)
Balance, end of year	71,758,051	4,259,054	36,854,000	112,871,105

June 30, 2023 (expressed in Barbados dollars)

5 Cash and cash equivalents

	2023	2022
	$	$
Cash in hand	**7,269**	2,371
Cash at bank	**708,793**	1,277,395
	716,062	1,279,766

Significant concentration of cash is as follows:

	2023	2022
	$	$
FirstCaribbean International Bank Limited (subsequently CIBC Caribbean) (unrated)	**655,716**	1,187,804

6 Trade and other receivables

	2023	2022
	$	$
Current		
Trade receivables	**2,211,122**	2,048,397
Other receivables	**123,509**	182,161
VAT recoverable	**619,733**	547,566
Less: loss allowance	**(283,564)**	(283,564)
	2,670,800	2,494,560

Trade receivables of $1,769,286 (2022 - $1,692,230) relate to amounts due from the BAMC primarily for final cane payments.

During the year the Company reclassified VAT recoverable from non-current assets to current assets.

The carrying value of trade and other receivables is considered to approximate fair value because of their short term maturity. The maximum exposure to credit risk on receivables is the carrying value disclosed above. The Company does not hold any collateral security on these receivables.

June 30, 2023 (expressed in Barbados dollars)

6 Trade and other receivables (continued)

Impairment of trade and other receivables

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are derived using a triangular loss model to compute lifetime and annual loss rates and are based on historical losses experienced. The model incorporates data from 2012 onwards, 2012 being the earliest date for which information is available. The rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The loss allowance for trade receivables was determined as follows:

June 30, 2023	**Current**	**31-60 days past due**	**61-120 days past due**	**Total**
Expected loss rate	**0.00**%	**0.00**%	**80.19**%	
Gross carrying amount - trade receivables	**1,856,915**	**588**	**353,619**	**2,211,122**
Loss allowance	**–**	**–**	**283,564**	**283,564**
June 30, 2022				
Expected loss rate	3.25%	0.04%	31.92%	
Gross carrying amount - trade receivables	16,020	1,147,286	885,091	2,048,397
Loss allowance	521	480	282,563	283,564

The movement in the loss allowance is as follows:

	2023 $	**2022 $**
Balance at beginning of year	**283,564**	246,512
Loss allowance	–	37,052
Balance at end of year	**283,564**	283,564

June 30, 2023 (expressed in Barbados dollars)

7 Biological assets

	2023 $	2022 $
Sugar cane	**525,022**	518,176

Reconciliation of carrying amount:

	2023 $	2022 $
Balance at beginning of year	**518,176**	607,255
Gain arising from changes in fair value less estimated point-of-sale costs	**4,522,246**	3,894,979
Decrease due to sales	**(4,515,400)**	(3,984,058)
Balance at end of year	**525,022**	518,176

8 Inventory

	2023 $	2022 $
Fertilisers and herbicides	**44,958**	44,958
Parts, petrol and oils	**643,051**	595,662
	688,009	640,620

Inventory recognised as an expense during the year amounted to $333,272 (2022 - $355,109). These were included in cost of cultivated crops. There were no write downs of inventory to net realisable value during 2023 or 2022.

June 30, 2023 (expressed in Barbados dollars)

9 Property, plant and equipment

	Freehold land $	Freehold buildings $	Agricultural equipment $	Computer equipment $	Right-of-use assets $	Total $
At June 30, 2021						
Cost	68,990,100	4,808,900	11,384,625	76,977	1,158,713	86,419,315
Accumulated depreciation	–	(96,178)	(11,347,901)	(56,366)	(177,705)	(11,678,150)
Net book amount	68,990,100	4,712,722	36,724	20,611	981,008	74,741,165
Year ended June 30, 2022						
Opening net book amount	68,990,100	4,712,722	36,724	20,611	981,008	74,741,165
Additions	–	–	18,754	–	765,866	784,620
Disposal	(210,917)	–	–	–	–	(210,917)
Depreciation charge	–	(96,178)	(10,256)	(4,979)	(282,801)	(394,214)
Closing net book amount	68,779,183	4,616,544	45,222	15,632	1,464,073	74,920,654
At June 30, 2022						
Cost	68,779,183	4,808,900	11,403,379	76,977	1,924,579	86,993,018
Accumulated depreciation	–	(192,356)	(11,358,157)	(61,345)	(460,506)	(12,072,364)
Net book amount	68,779,183	4,616,544	45,222	15,632	1,464,073	74,920,654

June 30, 2023 (expressed in Barbados dollars)

9 Property, plant and equipment (continued)

	Freehold land $	Freehold buildings $	Agricultural equipment $	Computer equipment $	Right-of-use assets $	Total $
At June 30, 2022						
Cost	68,779,183	4,808,900	11,403,379	76,977	1,924,579	86,993,018
Accumulated depreciation	–	(192,356)	(11,358,157)	(61,345)	(460,506)	(12,072,364)
Net book amount	68,779,183	4,616,544	45,222	15,632	1,464,073	74,920,654
Year ended June 30, 2023						
Opening net book amount	68,779,183	4,616,544	45,222	15,632	1,464,073	74,920,654
Additions	–	–	42,025	3,700	–	45,725
Disposal	–	–	(3,091,099)	(36,312)	–	(3,127,411)
Disposal depreciation	–	–	3,091,006	36,046	–	3,127,052
Depreciation charge	–	(96,178)	(17,205)	(5,846)	(384,916)	(504,145)
Transfer to investment property	(1,198,000)	–	–	–	–	(1,198,000)
Revaluation gain/(loss)	4,176,868	(261,312)	–	–	–	3,915,556
Closing net book amount	**71,758,051**	**4,259,054**	**69,949**	**13,220**	**1,079,157**	**77,179,431**
At June 30, 2023						
Cost	71,758,051	4,463,900	8,354,305	44,365	1,924,579	86,545,200
Accumulated depreciation	–	(204,846)	(8,284,356)	(31,145)	(845,422)	(9,365,769)
Net book amount	**71,758,051**	**4,259,054**	**69,949**	**13,220**	**1,079,157**	**77,179,431**

Right-of-use assets relate to agricultural equipment and are measured at an amount equivalent to the initial measurement of the lease liability (note 14).

The Company’s freehold land and buildings were revalued on June 30, 2023 by external independent valuers. Valuations were made on the basis of recent market transactions on arm’s length terms.

The carrying value of freehold land and buildings had they been carried at historical cost, would have been $1,834,165 (2022 - $1,863,528) and $784,554 (2022 - $806,948) respectively.

June 30, 2023 (expressed in Barbados dollars)

10 Investment property

	2023 $	2022 $
Balance at beginning of year	**36,653,000**	36,681,000
Transfer to investment property from PPE	**1,198,000**	–
Fair value adjustment to investment property (note 20)	**(997,000)**	(28,000)
Balance at end of year	**36,854,000**	36,653,000

An independent valuation of the Company's investment property was performed by valuers as at June 30, 2023.

There was a fair value adjustment of $997,000 (2022 - $28,000) to investment property. During the year rental income and oil and gas royalties of $183,333 (2022 - $210,929) and general expenses of $49,990 (2022 - $98,239) were recognised in respect of investment property.

11 Development property

	2023 $	2022 $
Balance at beginning of year	**6,679,840**	7,305,550
Development cost incurred	**1,004,014**	3,746
Disposals	**(352,412)**	(629,456)
Balance at end of year	**7,331,442**	6,679,840

There were no transfers from investment property to development property during the year.

The Company sold two lots of development property located in Bulkeley Heights (note 20).

Twenty-two (22) acres of land included in development property have been given as security for the Company's loan (note 15).

JUNE 30, 2023 (EXPRESSED IN BARBADOS DOLLARS)

12 Trade and other payables

	2023 $	2022 $
Trade payables	**1,594,632**	1,620,158
Accrued liabilities	**1,431,568**	24,169
Deposits on land	**53,614**	53,218
Other payables	**19,872**	5,356
	3,099,686	1,702,901

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Included in trade payables and other payables are amounts due to Sagicor Life Inc. of $260,302 (2022 - $260,345); and amounts due to Sagicor General Insurance Inc. of $698,358 (2022 - $561,148) which relate to medical, pension and insurance costs.

Other payables are non-interest bearing and have an average settlement period of six months. Deposits on land are transferred to sales when the lands to which they relate are sold.

13 Related party balances and transactions

	2023 $	2022 $
Due to ultimate parent company		
Amounts owing to Sagicor Financial Company Ltd.	**17,972**	7,363
Due to parent company		
Amounts owing to Sagicor Life Inc.	**7,821,803**	6,533,760
Loan from Sagicor Life Inc.	**2,913,609**	2,718,267
Loan interest payable - Sagicor Life Inc.	**108,362**	92,570
Total amount due to Sagicor Life Inc.	**10,843,774**	9,344,597
Due to related party		
Amounts owing to Sagicor Life Inc. Trinidad and Tobago	**63**	–

All amounts owing to the ultimate parent, the parent company, and related party are unsecured, interest-free and payable on demand.

The loan from Sagicor Life Inc. is unsecured, bears interest at a rate of 7.50% (2022 - 7.50%) per annum and is payable on demand.

June 30, 2023 (expressed in Barbados dollars)

13 Related party balances and transactions (continued)

Related party transactions

	2023 $	2022 $
Freehold land sale (note 9)	–	772,000
Finance costs	**211,134**	173,575
Insurance costs	**257,932**	237,396

	2023 $	2022 $
Key management compensation		
Salary and short-term benefits	**339,922**	319,240

14 Lease liabilities

The Company entered into lease agreements for the use of agricultural equipment. The lease contracts are for a period of five (5) years, with the option to renew at the end of the lease term. Monthly lease payments total $41,679 (2022 - $41,679). The interest rates implicit in the lease arrangements are 9.93% - 25.41% per annum (2022 - 9.93% - 25.41% per annum).

Lease liabilities recognised at June 30:

	2023 $	2022 $
Lease liabilities, current	**368,327**	317,044
Lease liabilities, non-current	**759,858**	1,124,254
	1,128,185	1,441,298

Finance costs of $183,759 (2022 - $179,870) are expensed in the statement of comprehensive income. The total cash outflow for leases was $496,872 (2022 - $564,225).

15 Loan

	2023 $	2022 $
Loan principal	**5,361,921**	5,367,508

The loan from SigniaGlobe Financial Group Inc. is secured by a mortgage over twenty-two (22) acres of land included within development property (note 11). Interest is payable monthly with lump sum payments of $25,000 from the sale of each lot of land sold situated at Carmichael Heights, St. George, with lump sum semi-annual payments thereafter for full repayments in 2 years. Interest is charged at a variable rate of 4.75% (2022 - 4.75%) per annum.

JUNE 30, 2023 (EXPRESSED IN BARBADOS DOLLARS)

16 Retirement benefit obligations

Employees of the Company are members of the Sagicor Life Inc. Pension Plan (the Plan). The Plan provides defined benefits based on final salary and number of years active service.

The Plan is registered with the local regulatory authority and is governed by a Trust Deed which conforms to the relevant laws. The Plan is managed by the parent company, under the direction of the appointed Trustees.

Retirees of the Company also receive medical insurance benefits. The Company provides a subsidy to former employees who retired before January 1, 2012.

Annual valuations of the pension and medical benefits are conducted by an independent actuary for the purpose of preparing the Company's financial statements.

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

	Pension benefits		Post-retirement medical benefits	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Fair value of plan liabilities	**(389,671)**	(85,286)	–	–
Present value of retirement benefit obligations	**(2,756,588)**	(2,821,999)	–	–
	(3,146,259)	(2,907,285)	–	–
Present value of unfunded retirement obligations	–	–	**(284,237)**	(275,528)
Net liability at end of year	**(3,146,259)**	(2,907,285)	**(284,237)**	(275,528)

	2023	**2022**
	$	**$**
Pension benefits	**(3,146,259)**	(2,907,285)
Post-retirement medical benefits	**(284,237)**	(275,528)
Retirement benefit obligations at end of year	**(3,430,496)**	(3,182,813)

Changes in the fair value of plan (liabilities)/assets are as follows:

JUNE 30, 2023 (EXPRESSED IN BARBADOS DOLLARS)

16 Retirement benefit obligations (continued)

	Pension benefits		Post-retirement medical benefits	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Fair value of plan (liabilities)/assets at beginning of year	**(85,286)**	217,204	–	–
Benefits paid	**(325,131)**	(387,174)	**(23,697)**	(20,385)
Employer contributions	**11,495**	77,431	**23,697**	20,385
Employee contributions	**4,092**	7,897	–	–
Remeasurements:				
Return on plan assets	**5,159**	(644)	–	–
Fair value of plan liabilities at end of year	**(389,671)**	(85,286)	–	–

The assets of the plan are invested in the Sagicor (Bonds) Fund.

The composition of assets in the Sagicor (Bonds) Fund is as follows:

	% Portfolio asset allocation	
Portfolio assets	**2023**	**2022**
Equities	**4%**	5%
Bonds	**63%**	64%
Mortgages	**28%**	25%
Deposits	**0%**	1%
Cash	**5%**	5%
	100%	100%

June 30, 2023 (expressed in Barbados dollars)

16 Retirement benefit obligations (continued)

Changes in the present value of retirement benefit obligations are as follows:

	Pension benefits		Post-retirement medical benefits	
	2023 **$**	**2022** **$**	**2023** **$**	**2022** **$**
Present value of retirement benefit obligations at beginning of year	**2,821,999**	3,046,291	**275,528**	362,254
Current service cost	**2,341**	9,362	**1,049**	1,093
Interest cost	**206,605**	222,422	**20,516**	27,370
Employee contributions	**4,092**	7,897	–	–
Remeasurements:				
Actuarial losses/ (gains)	**46,682**	(76,799)	**10,841**	(94,804)
Benefits paid	**(325,131)**	(387,174)	**(23,697)**	(20,385)
Present value of retirement benefit obligations at end of year	**2,756,588**	2,821,999	**284,237**	275,528

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

	Pension benefits		Post-retirement medical benefits	
	2023 **$**	**2022** **$**	**2023** **$**	**2022** **$**
Current service cost	**2,341**	9,362	**1,049**	1,093
Net interest on the defined benefit liability	**225,208**	217,285	**20,516**	27,370
Net expense included in the statement of comprehensive income (staff costs) (note 21)	**227,549**	226,647	**21,565**	28,463

June 30, 2023 (expressed in Barbados dollars)

16 Retirement benefit obligations (continued)

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

	Pension benefits		Post-retirement medical benefits	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Remeasurements:				
Loss on change in assumptions	**10,163**	–	–	–
Experience loss/(gain)	**36,519**	(76,799)	**10,841**	(94,804)
Return on plan assets excluding amounts included in interest expense	**(23,762)**	5,781	–	–
Net amount recognised in other comprehensive income	**22,920**	(71,018)	**10,841**	(94,804)

The movement in the pension liability recognised in the statement of financial position is as follows:

	Pension benefits		Post-retirement medical benefits	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Balance at beginning of year	**(2,907,285)**	(2,829,087)	**(275,528)**	(362,254)
Pension plan expense included in the statement of comprehensive income (note 21)	**(227,549)**	(226,647)	**(21,565)**	(28,463)
Pension contributions paid	**11,495**	77,431	**23,697**	20,385
Remeasurement included in other comprehensive income	**(22,920)**	71,018	**(10,841)**	94,804
Balance at end of year	**(3,146,259)**	(2,907,285)	**(284,237)**	(275,528)

Maturity profile of the defined benefit obligations:

	Less than 1 year	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**
Projected pension benefit payments	344,788	338,731	961,213	1,450,104
Projected post-retirement medical benefit payments	23,890	24,906	81,249	160,131

The duration of the Company's pension liabilities were calculated as 6.50 years and 8.00 years for the Company's pension and post-retirement medical benefits' plans respectively. The expected contributions are $10,118 and $23,890 for Company's pension and post-retirement medical benefits' plans respectively for the year ending June 30, 2024.

June 30, 2023 (expressed in Barbados dollars)

16 Retirement benefit obligations (continued)

The principal actuarial assumptions used were as follows:

	Pension benefits		Post-retirement medical benefits	
	2023	**2022**	**2023**	**2022**
Discount rate	**7.75%**	7.75%	**7.75%**	7.75%
Expected return on plan assets	**7.75%**	7.75%	–	–
Future promotional salary increases	**Nil**	Nil	–	–
Future inflationary salary increases	**2.50% per annum**	2.00% per annum	–	–
Future changes in NIS ceilings	**3.00%**	3.50%	–	–
Long term increase in health costs	–	–	**4.25%**	4.25%
Mortality	**UP94 to 2023 with projection Scale AA**	UP94 to 2022 with projection Scale AA	**UP94 to 2023 with projection Scale AA**	UP94 to 2022 with projection Scale AA
Termination of active members				
Barbados Farms Sagicor members		Nil		Nil
Barbados Farms BS&T members	**See table below**		**See table below**	
Early retirement				
Barbados Farms Sagicor members	**Nil**	Nil	**Nil**	Nil
Barbados Farms BS&T members	**Nil**	40% of eligible Members from age 60 and 15% at each age thereafter	**Nil**	40% of eligible Members from age 60 and 15% at each age thereafter

June 30, 2023 (expressed in Barbados dollars)

16 Retirement benefit obligations (continued)

Termination rates for Barbados Farms BS&T members:

	Percentage of Members leaving Service 2023		Percentage of Members leaving Service 2022	
Age	**Males**	**Females**	**Males**	**Females**
20	**Nil**	**Nil**	10.0%	15.0%
30	**Nil**	**Nil**	8.4%	13.6%
40	**Nil**	**Nil**	5.1%	6.0%
50	**Nil**	**Nil**	2.1%	1.0%
55	**Nil**	**Nil**	0.0%	0.0%

The sensitivity of the retirement benefit obligations to individual changes in actuarial assumptions is summarised below:

	Pension benefits $	**Post-retirement medical benefits $**
Base retirement benefits obligations	2,756,588	284,237
Change in assumption:		
Reduce discount rate by 1% p.a.	2,947,800	310,122
Increase discount rate by 1% p.a.	2,588,481	261,906
Reduce salary increase by 0.5% p.a.	2,749,536	N/a
Increase salary increase by 0.5% p.a.	2,764,115	N/a
Reduce medical premium increase by 1% p.a.	N/a	256,289
Increase medical premium increase by 1% p.a.	N/a	315,941
Increase average life expectancy by 1 year	2,819,885	299,938
Reduce average life expectancy by 1 year	2,659,380	276,417

The sensitivity analysis has been prepared based on a change in assumption while holding all others constant. The sensitivity analysis presented above may not therefore be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis the present values of the retirement benefit obligations have been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligations recognised in the statement of financial position.

June 30, 2023 (expressed in Barbados dollars)

17 Share capital

Authorised

An unlimited number of common shares of no par value.

Issued

	2023 $	2022 $
20,607,294 (2022 - 20,607,294 common shares)	**2,060,729**	2,060,729

18 Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims or any other matter in the ordinary course of business.

There is no significant capital expenditure contracted for at the reporting date but not yet incurred.

19 General and administrative expenses

	2023 $	2022 $
Bank charges	**7,918**	13,665
Building and maintenance	**61,277**	57,334
Central office charges	**125**	6,103
Depreciation (note 9)	**504,145**	394,214
Directors' fees	**13,531**	13,773
Electricity	**29,319**	28,082
Freight	**200**	32,604
Fuel and lubricants	**7,401**	6,742
Insurance and licences	**63,981**	52,236
Loss allowance (note 6)	**–**	37,052
Miscellaneous	**14,959**	30,505
Professional fees	**763,557**	423,215
Property tax	**367,047**	335,130
Staff costs (note 21)	**564,378**	551,438
Stationery	**22,085**	2,277
Subscriptions	**7,478**	2,041
Telephone	**21,375**	24,224
Water facilities	**34,898**	48,831
	2,483,674	2,059,466

June 30, 2023 (expressed in Barbados dollars)

20 Other (loss)/income

	2023 $	2022 $
Gain/(loss) in fair value of biological assets	**6,846**	(89,079)
(Loss)/gain on sale of development property	**(5,111)**	88,573
Gain on sale of property, plant and equipment	**5,648**	561,083
Oil and gas royalties	**59,035**	80,955
Fair value adjustment to investment property (note 10)	**(997,000)**	(28,000)
	(930,582)	613,532

The loss on sale of development property represents the proceeds of $347,301 on the sale of two (2) residential lots net of related costs of $352,412 (note 11).

21 Staff costs

	2023 $	2022 $
Salaries	**630,991**	697,171
Wages	**1,277,137**	1,257,428
Other salary and wages expenses	**102,551**	107,959
National Insurance	**272,839**	249,010
Medical cost	**29,692**	18,737
Pension and post-retirement medical benefits (note 16)	**249,114**	255,110
	2,562,324	2,585,415

Included in staff costs is $564,378 (2022 - $551,438) which has been allocated to general and administrative expenses. The remaining staff costs balance is included within the total cost of cultivated crops.

June 30, 2023 (expressed in Barbados dollars)

22 Taxation

	2023 $	2022 $
Deferred tax charge/(credit)	**1,858**	(9,120)

The tax on the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of Barbados as follows:

	2023 $	2022 $
Loss before taxation	**(3,939,262)**	(2,424,951)
Tax calculated at the applicable statutory rate of 5.5% (2022 - 5.5%)	**(216,659)**	(133,372)
Tax effect of the following items:		
Expired tax losses	**294,094**	248,507
Movement in deferred tax asset not recognised	**(129,999)**	(103,065)
Income not subject to tax	**118,317**	(30,860)
Expenses not deductible for tax purposes	**(36,567)**	32,277
Tax allowances	**(27,328)**	(22,607)
	1,858	(9,120)

As at June 30, 2023, the amount of $845,526 (2022 - $993,401), representing a potential deferred income tax asset was not recognised as it was determined that it was not probable that there would be future taxable profits against which the tax benefit would be realised.

The deferred income tax is comprised of the following:

	2023 $	2022 $
Delayed tax depreciation	**59,861**	85,544
Retirement benefit obligations	**188,677**	175,055
Biological assets	**(28,876)**	(28,500)
Unrealised fair value gain on development property	**(219,662)**	(232,099)
	–	–

June 30, 2023 (expressed in Barbados dollars)

22 Taxation (continued)

The movement on the deferred tax account is as shown below:

	2023 $	2022 $
Balance - beginning of year	–	–
Recognised in the statement of comprehensive income		
Deferred tax charge/(credit)	**1,858**	(9,120)
Recognised in other comprehensive income:		
Deferred tax (credit)/charge on actuarial gains on retirement benefit obligations	**(1,858)**	9,120
Balance - end of year	–	–

The Company has tax losses amounting to $14,425,730 (2022 - $15,865,277), which are available for set off against future taxable income.

The losses have neither been confirmed nor disputed by the Barbados Revenue Authority.

Income year	B/f $	Incurred $	Expired $	C/f $	Expiry date
2014	3,425,559	–	(3,425,559)	–	
2016	1,921,607	–	(1,921,607)	–	
2017	310,237	–	–	310,237	2024
2018	1,268,517	–	–	1,268,517	2025
2019	2,331,984	–	–	2,331,984	2026
2020	2,691,172	–	–	2,691,172	2027
2021	1,772,239	–	–	1,772,239	2028
2022	2,143,962	–	–	2,143,962	2029
2023	–	3,907,619	–	3,907,619	2030
	15,865,277	**3,907,619**	**(5,347,166)**	**14,425,730**	

23 Earnings per share

Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares in issue during the year.

	2023 $	2022 $
Net loss for the year	**(3,941,120)**	(2,415,831)
Weighted average number of common shares in issue	**20,607,294**	20,607,294
Basic loss per share (cents)	(19.12)¢	(11.72)¢

There are no financial instruments that could dilute the basic earnings per share.

BARBADOS FARMS LIMITED

Notice of Annual Meeting

NOTICE is hereby given that the Thirty-Ninth Annual Meeting of the Shareholders of Barbados Farms Limited will be held at the Cecil F de Caires Building, Wildey, St Michael, Barbados, on Monday May 27, 2024, at 5:00 pm to transact the following business:

1. To receive and consider the Financial Statements and the Reports of the Directors and the Auditor for the year ended June 30, 2023.

2. To elect Directors.

   (i) To adopt the following draft Resolution (with such amendments and alterations as may be determined at the Meeting) with respect to the re-appointment of Mr Martin Brathwaite who has attained the age of 70 years old:

   "WHEREAS:

   (a) Mr Martin Brathwaite has attained the age of 70 years;

   (b) The By-Laws of Barbados Farms Limited (the Company) provide that having attained the age of 70 years, a director, otherwise qualified, may only continue to serve for one-year increments upon the approval of shareholders.

   BE IT RESOLVED that Mr Martin Brathwaite be HEREBY re-elected to the Board of Directors of the Company for a period of one year from the date hereof or until his successor is elected or appointed."

3. To re-appoint the incumbent Auditor and to authorise Directors to fix their remuneration.

4. To transact such other business as may properly come before the Meeting.

By Order of the Board of Directors,

Andrew C. Greaves
Corporate Secretary

April 28, 2024

Proxies:

Shareholders who are unable to attend the Meeting in person may complete and return the enclosed form of proxy to the Corporate Secretary, Barbados Farms Limited, Cecil F de Caires Building, Wildey, St Michael, Barbados, at least 48 hours before the appointed time of the Meeting or adjourned Meeting.

BARBADOS FARMS LIMITED

Company No. 2175
Management Proxy Circular

Management is required by the Companies Act Chapter 308 of the Laws of Barbados ("the Act") to send, with the Notice convening the Meeting, forms of proxy. 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 Thirty-Ninth Annual Meeting of the Shareholders of Barbados Farms Limited ("the Company") to be held on **May 27, 2024, at 5:00 pm** ("the Meeting") and is furnished in connection with the solicitation of proxies by the Management of the Company for use at the Meeting, or any adjournment thereof. The solicitation will primarily be by mail. The cost of the solicitation will be borne by the Company.

Appointment and Revocation of Proxies

A form of Proxy is enclosed. If it is not your intention to be present at the Meeting, you are kindly asked to complete, sign, date, and return the Proxy. **Proxies to be exercised at the Meeting must be deposited not later than 5:00 pm on May 24, 2024** with the Corporate Secretary at the registered office of the Company at the Cecil F de Caires Building, Wildey, St Michael, Barbados.

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 company, under its corporate seal or by any officer or attorney thereof duly authorized, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof with the Corporate Secretary at the registered office of the Company at the Cecil F de Caires Building, Wildey, St Michael, Barbados.

Record Date and Voting Shares

The Directors of the Company have fixed April 10, 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 Act. Only the Shareholders of record at the close of business on that day will be entitled to receive Notice of the Meeting.

Shareholders are voting on (a) the election of Directors and (b) the re-appointment of the incumbent Auditor and Directors' authorisation to fix their remuneration.

Only the registered holders of shares of the Company will be entitled to vote at the Meeting. On a show of hands, each Shareholder is entitled to one vote. On a poll, each Shareholder is entitled to one vote for each share held. As at April 10, 2024, there are 20,607,294 common shares without par value of the Company issued and outstanding.

Presentation of Financial Statements, Directors' Report and Auditor's Report

The Financial Statements of the Company for the year ended June 30, 2023 and the Directors' Report and the Independent Auditor's Report are included in the 2023 Annual Report.

Election of Directors

Under the Company's By-Laws, the minimum number of directors is two (2) and the maximum number is ten (10). The current Board comprises of five (5) members. Directors propose that the Board be returned to six (6) members and propose the election of a Director to fill the seat vacated by Mr Patrick Bethel in 2021. Therefore, the number of directors to be elected at the Meeting is three (3). Mr John Edward Clarke existing member will retire by normal rotation at the end of the Meeting and Mr Martin Brathwaite, existing member, who, having attained the age of seventy years, is required by the Company's By-Laws to seek annual reappointment. Both gentlemen, being eligible, the Board proposes them as nominees for re-election as Directors of the Company. Short biographical profiles of Messrs. Clarke and Brathwaite are set out in the Directors' Report.

In addition to Messrs. Clarke and Brathwaite, Mr Mark Cummins is proposed as a nominee for election to the Board of the Company for the first time. Mr Cummins is a Caribbean Urban Planner who received his Master of City Planning Degree from Howard University and has extensive experiences in the fields of cultural heritage, planning, infrastructure development, transport, and water resources management in Barbados' Public Service. He is also a professional member of the International Society of City and Regional Planners. Mr Cummins has notably served as the Chairperson of the Barbados National World Heritage Committee and Site Manager for its first world heritage property - Historic Bridgetown and its Garrison. He has also coordinated the preparation of two (2) Physical Development Plans for the island of Barbados. His primary professional interests include innovative means of supporting sustainable development, and resilient infrastructure within the context of a Small Island States, and new approaches to land use and spatial management with particular focus on mitigating and adapting to the impacts of climate change.

It is intended that votes will be cast for the re-election of Messrs. Clarke and Brathwaite and for the election of Mr Cummins as Directors pursuant to the form of proxy herewith enclosed.

The term of office for the Directors so elected will, except for Mr Brathwaite, expire at the close of the third Annual Meeting of the Shareholders of the Company following their election or until their successor is elected or appointed.

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

Management and the Directors recommend that Shareholders VOTE FOR the above-named nominees.

Re-Appointment of Incumbent Auditor

PricewaterhouseCoopers SRL, of The Financial Services Centre, Bishop's Court Hill, St Michael, Barbados, is the incumbent Auditor of the Company. It is proposed to re-appoint PricewaterhouseCoopers SRL as Auditor of the Company to hold office until the next Annual Meeting of Shareholders.

The Directors recommend that Shareholders VOTE FOR the re-appointment of PricewaterhouseCoopers SRL and the authorisation of Directors to fix the Auditor's remuneration.

Discretionary Authority

Shares represented by any proxy given on the enclosed form of proxy to the persons named in the proxy will be voted or withheld from voting on any ballot in accordance with the instructions contained therein.

In the absence of shareholder instructions, SHARES represented by proxies received will be voted FOR:

(a) The election of Messrs. Edward Clarke, Martin Brathwaite and Mark Cummins.
(b) The re-appointment of the incumbent Auditor, PricewaterhouseCoopers SRL, and the authorisation of Directors to fix their remuneration.

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. The Management of the Company knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matters which are not now known to Management should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgement.

Unless otherwise noted, a simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

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

No Directors' statement is submitted pursuant to Section 71(2) of the Act. No Auditor's statement is submitted pursuant to Section 163(1) of the Act.

Dated April 28, 2024.

Andrew C. Greaves
Corporate Secretary

BARBADOS FARMS LIMITED

Company No. 2175
Proxy Form

THIRTY-NINTH ANNUAL MEETING OF SHAREHOLDERS

The undersigned Shareholder(s) of **Barbados Farms Limited** hereby appoint(s) **DODRIDGE D MILLER**, Chairman, or failing him **DR M PATRICIA DOWNES-GRANT**, Deputy Chairman, or failing her:

....

(PLEASE PRINT NAME OF PROXY ON THIS LINE ONLY IF YOU WISH TO APPOINT ANOTHER PROXY)

of ....

....

(PLEASE PRINT PROXY'S ADDRESS HERE)

as my/our proxy to attend, vote and otherwise act for and on behalf of the undersigned in respect of all matters that may properly come before the Thirty-Ninth Annual Meeting of Shareholders to be held on May 27, 2024 and any adjournments thereof.

....	....
SIGNATURE OF SHAREHOLDER(S)	*NAME OF SHAREHOLDER (PLEASE PRINT)*

....

DATE (DD/MM/YYYY)

NOTES ON PROXY:

This form must be executed by the Shareholder or by his/her attorney duly authorised in writing. If the Shareholder is a body corporate, partnership, estate, trust or association, the form must be executed by the officers or attorney thereof or the person, duly authorised, in which case each signatory should state the capacity in which he/she signs. Alternatively, if the Shareholder is a body corporate, partnership, estate, trust or association, votes at meetings may be given by an individual authorised by a resolution of the directors or governing body of that body corporate, partnership, estate, trust or association to represent it at meetings of Shareholders.

If this form is not dated in the space provided, it will be deemed to bear the date on which it was mailed to the Shareholder.

This proxy authorisation form confers discretionary authority upon the person whom it appoints in respect of any variation or amendments or additions to the matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting or any adjournment thereof.

Proxies are required to be completed, signed, dated, and returned by **5:00 pm on Friday, May 24, 2024**, or at least 48 hours before the time of the Meeting or adjourned Meeting to the Corporate Secretary, Barbados Farms Limited, at its Registered Office at Cecil F de Caires Building, Wildey, St Michael, Barbados.