Accountants &
business advisers

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2020

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2020

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carib Brewery (Grenada) Limited (formerly Grenada Breweries Limited) ('the Company') which comprise the statement of financial position as at December 31st, 2020, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Company's 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

Report on the Audit of the Financial Statements (continued)

Other information included in the Company's 2020 Annual Report (continued)

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.

Responsibilities of Management and The Audit Committee for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibility for the Audit of the Financial Statements (continued)

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

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GRENADA

March 31st, 2021

Accountants & Business Advisers

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2020
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2020	2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	29,044	26,013
Intangible assets	8	420	475
Investment securities	9	25	25
		29,489	26,513
Current Assets			
Inventories	10	5,903	8,845
Trade and other receivables	11	5,409	8,527
Investment securities	9	5,344	5,335
Cash and cash equivalents	12	14,940	9,476
		31,596	32,183
TOTAL ASSETS		$61,085	$58,696
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	13	4,155	4,155
Capital reserve	14	571	571
Retained earnings		35,144	32,949
TOTAL EQUITY		39,870	37,675
Non-Current Liabilities			
Past service benefits liability	15	2,719	2,608
Deferred tax liability	16	304	469
		3,023	3,077
Current Liabilities			
Trade and other payables	17	9,251	7,935
Provision for repayment of deposits on cases		4,677	4,451
Amount due to Ansa McAl Group of Companies	18	3,340	5,009
Taxation payable		924	549
		18,192	17,944
TOTAL LIABILITIES		21,215	21,021
TOTAL EQUITY AND LIABILITIES		$61,085	$58,696

The accompanying notes form an integral part of these financial statements

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

:Director :Director

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	**2020**	2019
Net Sales	4	58,323	64,430
Cost of sales		(36,141)	(39,045)
Gross profit		22,182	25,385
Administration expenses		(4,436)	(4,246)
Selling and distribution expenses		(7,963)	(7,825)
Rental income		8	18
Other (expense)/income	5	(6)	330
		(12,397)	(11,723)
Profit for the year before taxation	6	9,785	13,662
Provision for taxation			
- Current expense		(2,853)	(3,846)
- Deferred tax		165	21
	19	(2,688)	(3,825)
Net profit for the year after taxation		$7,097	$9,837

The accompanying notes form an integral part of these financial statements

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER, 2020
(Expressed in thousands of Eastern Caribbean Dollars)

	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance at 1st January, 2019	4,155	571	27,932	32,658
Dividends paid	-	-	(4,820)	(4,820)
Net profit for the year after taxation	-	-	9,837	9,837
Balance at 31st December, 2019	4,155	571	32,949	37,675
Dividends paid	-	-	(4,902)	(4,902)
Net profit for the year after taxation	-	-	7,097	7,097
Balance at 31st December, 2020	$4,155	$571	$35,144	$39,870

The accompanying notes form an integral part of these financial statements

CARIB BREWERY (GRENADA) LIMITED
(FORMERLY GRENADA BREWERIES LIMITED)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in thousands of Eastern Caribbean Dollars)

	2020	2019
OPERATING ACTIVITIES		
Net profit for the year before taxation	9,785	13,662
Adjustment for:		
Depreciation	5,792	4,366
Amortization of intangible asset	55	20
Loss/(gain) on disposal	17	(6)
Operating profit before working capital changes	15,649	18,042
Decrease in inventories	2,942	5,630
Decrease/(increase) in trade and other receivables	3,117	(57)
Increase in investment securities	(8)	(5)
Increase in past service benefits liability	111	3
Increase/(decrease) in trade and other payables	1,316	(2,394)
Increase in provision for repayment of deposits on cases	226	530
Decrease in amounts due to Ansa McAl Group	(1,668)	(459)
	21,685	21,290
Income tax paid	(2,479)	(4,153)
Net cash provided by operating activities	19,206	17,137
INVESTING ACTIVITIES		
Disposal of property, plant and equipment	(17)	-
Purchase and transfer of property, plant and equipment	(8,823)	(14,538)
Net cash used in investing activities	(8,840)	(14,538)
FINANCING ACTIVITIES		
Dividends paid to ordinary shareholders	(4,902)	(4,820)
Net cash used in financing activities	(4,902)	(4,820)
Increase/(decrease) in cash and cash equivalents	5,464	(2,221)
Cash and cash equivalents - at beginning of year	9,476	11,697
- at end of year	$14,940	$9,476
REPRESENTED BY:		
Cash on hand	20	5
Cash at bank	14,920	9,471
	$14,940	$9,476

1. CORPORATE INFORMATION

Carib Brewery (Grenada) Limited (formerly Grenada Breweries Limited) was incorporated in Grenada on 27th July, 1960. The Company was issued a certificate of continuance under Section 365 of the Company's Act. The Company's registered office and principal place of business is Maurice Bishop Highway, St. George's, Grenada.

In accordance with a resolution of change of name dated 27th August, 2020, the name of the Company previously Grenada Breweries Limited was changed to Carib Brewery (Grenada) Limited by the issue of a Certificate of Amendment dated 1st October, 2020 by the Registrar of Companies.

The Company's principal activities are the brewing, bottling and distribution of Beers, Stout, Maltas and Soft Drinks.

Carib Brewery (Grenada) Limited (formerly Grenada Breweries Limited) is a subsidiary of the Ansa McAl Group of Companies, which owns 55.54% of the ordinary share capital of the Company.

Ansa McAl Limited is incorporated in the Republic of Trinidad and Tobago and is a diversified public conglomerate which is listed on the Trinidad and Tobago Stock Exchange. The Company's registered office is 11 Maraval Road, Port of Spain, Trinidad.

During the year the Company employed on average one hundred and ninety-seven (197) persons (2019-197).

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in Eastern Caribbean Currency Dollars. The financial statements have been prepared under the historical cost convention modified by the revaluation of land and buildings.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st, 2019 except for the adoption of new standards and interpretations below.

Amendments to IAS 1 and IAS 8: Definition of Material (Effective 1st January, 2020)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1: Presentation of financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have significant impact on the Company's financial statements.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations may be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

- Amendments to IFRS 16 – Covid-19 Related Rent Concessions (Effective 1 June, 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (Effective 1 January, 2021)
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)
- IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

(Expressed in thousands of Eastern Caribbean Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

- Amendments to IFRS 3 – Reference to the Conceptual Framework – (Effective 1 January, 2022)
- Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract – (Effective 1 January, 2022)
- Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current – (Effective 1 January, 2023)
- Amendments to IFRS 4 – Extension of Temporary Exemption from applying IFRS 9 – (Effective 1 January, 2022)

(iii) Improvements to International Reporting Standards

The annual improvements process for the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS.

Annual improvements to IFRS Standards 2018-2020 cycle

The following amendments are applicable to annual periods beginning on or after 1 January, 2022

IFRSs – Subject of Amendment

IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
IFRS 9	Financial Instruments – Fees in the '10 per cent" test for derecognition of financial liabilities.
IFRS 16	Leases – Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

(Expressed in thousands of Eastern Caribbean Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

Some items of property, plant and equipment are stated at valuation less subsequent depreciation. The others are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Freehold properties	2% -2.50%
Plant and machinery	2.5% - 33.33%
Motor vehicles	20% - 33.33%
Furniture,fixture and equipment	10% - 33.33%
Computers	16.67%-33.33%
Bottles	33.3%
Crates	10% - 12.5%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Inventories

Inventories are valued as follows:

1) Raw materials and general stocks	-	The lower of landed cost determined on the average price basis and net realizable
2) Consumable stores	-	The lower of landed cost and net realizable value on a first-in, first-out basis.
3) Work-in-progress	-	Raw material costs, direct labour and overheads incurred in brewing,
4) Finished products	-	Raw material costs, direct labour and overheads incurred in brewing, bottling and packaging
5) Goods in transit	-	Suppliers' invoiced cost.

Adequate provision has been made for slow-moving and obsolete items.

(e) Returnable bottles and crates in circulation

The provision is based on the number of bottles and crates in circulation at the end of the financial year.

(f)) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the date of the statement of financial position. The resulting profits and losses are dealt with in the statement of comprehensive income. There are no foreign currency borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Past Service benefits other than pensions

The Company provides, to all employees who are members of the Technical and Allied Workers' Union (TAWU), a past service benefit payable at the end of employment. This is charged against profit on a systematic basis over the employees' period of employment with the Company. The benefit is calculated on a monthly basis by applying a percentage of current salary levels and is accrued in non-current liabilities.

(h) Profit Sharing Scheme

The Company operates an employee profit sharing scheme and the amount to be distributed to employees each year is based on the terms outlined in the union agreement. Employees receive their profit share in cash. The Company accounts for the profit share as an expense, through the statement of comprehensive income.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and at bank and short-term demand deposits with original maturity of three (3) months or less.

(j) Trade and Other Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effect interest method, less provision for expected credit loss. The Company uses a provision matrix to calculate expected credit loss (ECL) for trade receivables.

(k) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(i) Recognition and measurement

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at transaction price.

Subsequent measurement categories of financial assets and liabilities

The Company classifies all it's financial assets based on the business model for managing the assets and the asset's contractual terms.

The Company classifies its financial assets at amortised cost except equity which is at fair value through profit and loss.

Amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(i) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Company records an allowance for expected credit losses for its trade receivables using a simplified approach to calculating ECLs whereby it recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL on these financial assets are estimated used a provision matrix that is based on it historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on a financial instrument has not increased significantly since initial recognition the Company recognizes the loss allowance for the financial instrument at an amount equal to 12-month ECL where applicable. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or actual default occurring.

Lifetime ECL represents the expected credit losses that will result for all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible with 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Impairment (continued)

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

(i) Significant financial difficulty of the issuer or borrower;
(ii) A breach of contract, such as a default or past due event;
(iii) It is becoming probable that the borrower will enter in bankruptcy or other financial re-organization; and
(iv) The disappearance of an active market for that financial asset because of financial difficulties

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Company determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

(iv) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(v) Financial liabilities

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest rate.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive income.

(l) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of estimated returns, rebates and discounts.

Revenue is recognized when the Company has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

(m) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(n) Income tax

The charge for the current year is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using the applicable tax rates for the period.

Deferred income tax is provided using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Stated capital

Ordinary shares are classified as equity.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

(q) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(r) Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

(s) Finance charges

Finance charges are recognized in the statement of comprehensive income as an expense in the period in which they are incurred.

(t) Intangible assets

Amortisation is charged to comprehensive income on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite.

Computer software - 10 years.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements, are set out below.

i) Valuation of property

The Company utilizes professional valuators to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

ii) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

iii) Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(iv) Provision for inventory obsolescence

Provision for obsolescence on inventory is based on the age of the inventory, assessment of the physical condition and the levels of obsolete or unsaleable inventory items on hand.

(v) Impact of COVID-19

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on March 11, 2020. The Company has considered the impact of COVID-19 in preparing its financial statements.

Consideration of the statements of financial position and further disclosures

Key considerations of the impact of COVID-19 on statements of financial position and related disclosures were as follows:

Expected Credit Losses

Trade and other receivables:

For trade and other receivables, the Company adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9. In response to the COVID-19 pandemic, the Company assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 31 December 2020, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

(Expressed in thousands of Eastern Caribbean Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(v) Impact of COVID-19 (continued)

Going concern

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Company has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Company has concluded that there are no material uncertainties that may cast significant doubt on the ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

4. NET SALES

Net sales comprise the value of sale of Beer, Stout, Maltas, and Soft Drinks in Grenada, Trinidad and St. Vincent excluding Value Added Tax and Stamp Tax.

5. OTHER INCOME

Other income comprises manufacturers' rebate, sundry sales, profit on the disposal of property, plant and equipment and interest income.

6. PROFIT FOR THE YEAR

This profit is stated after charging:

	2020	2019
Auditors' remuneration	60	60
Directors' fees and expenses	5	6
Depreciation	5,792	4,366
Amortization	55	20

(Expressed in thousands of Eastern Caribbean Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Bottles in Circulation	Work-in-Progress	Land	Building	Plant and Machinery	Fixtures and Fitting	Motor Vehicles	Total
Balance at 1st January, 2019								
Cost/valuation	-	5,029	299	6,164	45,135	1,830	3,761	62,218
Accumulated depreciation	-	-	-	(4,285)	(38,152)	(969)	(2,971)	(46,377)
NET BOOK VALUE	**$ -**	**$5,029**	**$299**	**$1,879**	**$6,983**	**$861**	**$790**	**$15,841**
For the year ended 31st December, 2019								
Opening book value	-	5,029	299	1,879	6,983	861	790	15,841
Additions for the year	1,812	6,091	-	-	1,167	-	702	9,772
Transfer	4,766	(5,024)	477	(477)	5,024	-	-	4,766
Depreciation charge for the year	(1,807)	-	-	(111)	(2,044)	(91)	(313)	(4,366)
NET BOOK VALUE	**$4,771**	**$6,096**	**$776**	**$1,291**	**$11,130**	**$770**	**$1,179**	**$26,013**
Balance at 31st December, 2019								
Cost/valuation	6,578	6,096	776	5,687	51,326	1,830	4,463	76,756
Accumulated depreciation	(1,807)	-	-	(4,396)	(40,196)	(1,060)	(3,284)	(50,743)
NET BOOK VALUE	**$4,771**	**$6,096**	**$776**	**$1,291**	**$11,130**	**$770**	**$1,179**	**$26,013**
For the year ended 31st December, 2020								
Opening book value	4,771	6,096	776	1,291	11,130	770	1,179	26,013
Additions for the year	5,854	302	-	119	2,455	58	65	8,853
Transfer	2,859	(4,211)	-	3	1,254	65	-	(30)
Depreciation charge for the year	(2,883)	-	-	(106)	(2,339)	(69)	(395)	(5,792)
NET BOOK VALUE	**$10,601**	**$2,187**	**$776**	**$1,307**	**$12,500**	**$824**	**$849**	**$29,044**
Balance at 31st December, 2020								
Cost/valuation	15,291	2,187	776	5,809	55,035	1,837	4,181	85,116
Accumulated depreciation	(4,690)	-	-	(4,502)	(42,535)	(1,013)	(3,332)	(56,072)
NET BOOK VALUE	**$10,601**	**$2,187**	**$776**	**$1,307**	**$12,500**	**$824**	**$849**	**$29,044**

(Expressed in thousands of Eastern Caribbean Dollars)

8. INTANGIBLE ASSETS

	2020	2019
Computer software:		
Gross carrying amount, 31 December, 2020	548	548
Accumulated amortization 1 January, 2020	(73)	(53)
Amortization for the year	(55)	(20)
Accumulated amortization 31 December, 2020	(128)	(73)
Net carrying amount, 31 December, 2020	$420	$475

9. INVESTMENT SECURITIES

	2020	2019
Equity security at fair value through profit and loss		
Eastern Caribbean Securities Exchange - 2,500 shares of $10 each	$25	$25
Investment security at amortised cost		
Fixed deposits	$5,344	$5,335

The fair value of the Eastern Caribbean Securities Exchange Shares was estimated at cost since insufficient recent information was unavailable to measure at fair value.

(Expressed in thousands of Eastern Caribbean Dollars)

10. INVENTORIES

	2020	2019
Finished goods	819	902
Raw materials and work in progress	2,366	2,866
Goods in transit	476	3,389
Consumables and spares	2,242	1,688
	$5,903	$8,845

The difference between the purchase price or production cost of inventories and their replacement value is not material.

11. TRADE AND OTHER RECEIVABLES

Inter Company receivables	1,162	2,156
Trade receivables – net	3,627	4,505
Due from other related parties	-	317
Other receivables	10	98
Prepayments and accrued income	610	1,451
	$5,409	$8,527

Movements in provision for expected credit loss of trade receivables were as follows:

As at 1st January, 2020	196	163
Net increase in expected credit loss	292	33
As at 31st December, 2020	$488	$196

The carrying value of trade and other receivables approximates their fair value.

(Expressed in thousands of Eastern Caribbean Dollars)

12. CASH AND CASH EQUIVALENTS

	2020	2019
First Caribbean International Bank (Barbados) Limited		
- Current Accounts	14,920	9,471
Cash on hand	20	5
	$14,940	$9,476

The Company has an unused EC$5.0 million overdraft facility available with First Caribbean International Bank (Barbados) Limited.

13. STATED CAPITAL

Authorised		
- 6,000,000 ordinary shares of no par value		
- 300,000 10% preference shares of no par value		
Allocated, called up and fully paid		
- 4,154,652 ordinary shares of no par value	$4,155	$4,155

14. CAPITAL RESERVE ACCOUNT

Balance at 31st December, 2020	$571	$571

This reserve consists of surplus derived from revaluation of property, plant and equipment less amounts utilised in the issue of bonus shares.

(Expressed in thousands of Eastern Caribbean Dollars)

15. PAST SERVICE BENEFITS LIABILITY

	2020	2019
Balance at 1st January, 2020	2,608	2,605
Net contributions for the year	111	3
Balance at 31st December, 2020	$2,719	$2,608

This amount is a provision for retirement benefits for persons employed with the Company and represented by the Grenada Technical and Allied Workers' Union.

16. DEFERRED TAX LIABILITY

Balance at 1st January, 2020	469	490
Deferred tax decrease	(165)	(21)
Balance at 31st December, 2020	$304	$469

The deferred tax liability is due to the acceleration of tax depreciation.

17. TRADE AND OTHER PAYABLES

Trade payables	1,314	888
Due to other parties	9	4
Due to statutory authorities	68	131
Accruals	2,787	2,657
Other payables	5,073	4,255
	$9,251	$7,935

(Expressed in thousands of Eastern Caribbean Dollars)

18. AMOUNT DUE TO ANSA MCAL GROUP OF COMPANIES

	2020	2019
Ansa Chemicals Limited	86	260
Ansa Automotive Ltd	-	1
Ansa Polymer	(3)	228
Ansa McAl Limited – Head office	131	146
Carib Brewery TNT Limited/ Caribbean Development Company Limited	1,816	2,218
Ansa McAl (USA) Inc.	1,299	1,424
Carib Glassworks Limited	-	723
Carib Brewery (St. Kitts & Nevis) Limited	5	2
DCI Miami	3	3
Trinidad & Tobago Insurance Limited	3	4
	$3,340	$5,009

19. TAXATION

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

Net profit before taxation	9,785	13,662
Tax at applicable statutory rate 28%	2,740	3,825
Income not subject to tax	(2)	(2)
Expenses not deducted for tax purposes	120	139
Other	(170)	(137)
Taxation expense	$2,688	$3,825

(Expressed in thousands of Eastern Caribbean Dollars)

20. DIVIDENDS PAID

	2020	2019
Final dividends paid	$4,902	$4,820

21. CONTINGENT LIABILITIES

At the statement of financial position date the Company was contingently liable to the Government of Grenada for custom bonds in the amount of $226,179.

22. RELATED PARTY TRANSACTIONS

i) The following transactions were carried out with other Ansa McAl Group companies during the year:

a) Sales of goods	$5,065	$6,727
b) Purchase of goods	$22,442	$20,311
c) Payment of dividends	$2,723	$2,677

ii) Compensation of key management personnel of the company:

Salaries and other benefits	$1,540	$1,446

(Expressed in thousands of Eastern Caribbean Dollars)

23. EARNINGS PER SHARE

	2020	2019
Net profit for the year after taxation	$7,097	$9,837
Number of ordinary shares outstanding during the year	4,155	4,155
Basic earnings per share	$1.71	$2.37

24. RISK MANAGEMENT

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The management of risk is important to the Company's continuing profitability and each person is accountable for the risk exposures relating to their functions and responsibilities. The Company is exposed to credit risk, liquidity risk and market risk.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Company in compliance with the policies approved by the Board of Directors.

Credit risk management

The Company has exposure to credit risk, which is the potential for loss due to debtors or counterparties failure to pay amounts when due. Credit risk is the most important risk for the Group's business: therefore management carefully manages its exposure to it. Credit risk exposures arise principally from the Company's receivables and financial transactions. The Company extends credit to recognized, creditworthy third parties who are subject to a credit verification process.

Significant changes in the economy, or in the state of a particular industry segment that represent a concentration of the Company's customer base, could result in losses that are different from those provided at the date of the statement of financial position.

(Expressed in thousands of Eastern Caribbean Dollars)

24. RISK MANAGEMENT (continued)

Cash and short-term deposits

These funds are placed with highly rated banks and management therefore considers the risk of default of these institutions to be very low.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Executive Committee has established a credit policy under which each customer is analyzed individually for creditworthiness prior to the Company offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board of Directors. The Company has procedures in place to restrict customers' orders if the order will exceed their credit limits. Customers that fail to meet the Company's benchmark creditworthiness can only trade with the Company on a cash basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, types of industry, aging profile and previous financial difficulties. The Company's credit period is thirty (30) days. Trade receivables over one hundred and eighty (180) days are fully provided for.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position.

	Gross Maximum Exposure	
	2020	2019
Equity security	25	25
Trade and other receivables	5,409	8,527
Investment securities	5,344	5,335
Cash and cash equivalents	14,940	9,476
	$25,718	$23,363

(Expressed in thousands of Eastern Caribbean Dollars)

24. RISK MANAGEMENT (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables.

	Current	31-90 days	90-180 days	Over 180 days	Total
31st December, 2020					
Expected credit loss rate	0%	0%	0%	100%	
Gross carrying amount	2,958	650	19	488	4,115
Expected credit loss booked	-	-	-	(488)	(488)
Net carrying amount	$2,958	$650	$19	$ -	$3,627
31st December, 2019					
Expected credit loss rate	0%	1%	0%	100%	
Gross carrying amount	3,279	874	120	428	4,701
Expected credit loss booked	-	(1)	-	(195)	(196)
Net carrying amount	$3,279	$873	$120	$233	$4,505

(Expressed in thousands of Eastern Caribbean Dollars)

24. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of its financial investments, financial assets and projected cash flow from operations. Where possible the Company utilizes surplus internal funds to finance its operations on on-going projects.

Liquidity risk management process:

The Company's liquidity management process includes:

1. Monitoring liquidity on a daily basis and further cash flows on a monthly basis.
2. Maintaining a portfolio of cash investments with staggered maturity dates that can be easily terminated if required.
3. Maintaining committed lines of credit.
4. Maximizing cash returns on investment.

The table below summaries the maturity profile of the Company's financial liabilities at 31st December, 2020 based on contractual undiscounted payments.

	On Demand	< 1 year	Total
Trade and other payables	9,251	-	9,251
Provision for repayments of deposits on cases	4,677	-	4,677
Due to Ansa McAl Group of Companies	-	3,340	3,340
Balance at 31st December, 2020	$13,928	$3,340	$17,268
Trade and other payables	7,935	-	7,935
Provision for repayments of deposits on cases	4,451	-	4,451
Due to Ansa McAl Group of Companies	-	5,009	5,009
Balance at 31st December, 2019	$12,386	$5,009	$17,395

24. RISK MANAGEMENT (continued)

Fair values

Fair value of the financial assets and liabilities represents the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a fored or liquidation sale. The fair values of cash and cash equivalents, trade and other receivable, trade and other payables and due to Ansa McAl Group of Companies approximate their carrying amounts due to the short-term maturities of these instruments.

Market risk

The Company takes on exposure to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. There have been no changes to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous years.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuation and employs appropriate strategies to mitigate any potential losses. The Company operates primarily in The Eastern Caribbean; although some of these transactions are in United States Dollars, the currency risk exposures are minimal due to the fact that the Eastern Caribbean dollar is pegged to the United States Dollar. The Company is also exposed to a minimal amount of currency risks from transactions conducted in Euro, Pounds Sterling and Trinidad and Tobago and Guyana Dollars.

(Expressed in thousands of Eastern Caribbean Dollars)

24. RISK MANAGEMENT (continued)

The aggregate value of financial assets and liabilities by reporting currency are as follows:

	TT$	US$	EC$	TOTAL
Assets				
Investment securities	-	-	25	25
Trade and other receivables	-	1,156	4,253	5,409
Investment securities	-	-	5,344	5,344
Cash and cash equivalents	-	2,486	12,454	14,940
Balance at 31st December, 2020	$ -	$3,642	$22,076	$25,718
Liabilities				
Due to Ansa McAl Group of Companies	3	3,332	5	3,340
Trade and other payables	-	855	8,396	9,251
Provision for repayment of deposits on cases	-	-	4,677	4,677
Balance at 31st December, 2020	$ 3	$4,187	$13,078	$17,268
Assets				
Investment securities	-	-	25	25
Trade and other receivables	-	2,115	6,412	8,527
Investment securities	-	-	5,335	5,335
Cash and cash equivalents	-	2,400	7,076	9,476
Balance at 31st December, 2019	$ -	$4,515	$18,848	$23,363
Liabilities				
Due to Ansa McAl Group of Companies	4	4,965	2	5,009
Trade and other payables	-	945	6,990	7,935
Provision for repayment of deposits on cases	-	-	4,451	4,451
Balance at 31st December, 2019	$ 4	$5,910	$11,443	$17,395

24. RISK MANAGEMENT (continued)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. Since the Company holds primarily fixed rate financial instruments and also has no significant interest bearing assets or liabilities, its income and operating cash flows are substantially independent of changes in market interest rates.

25. EVENTS AFTER THE REPORTING PERIOD

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

Ron Antoine (Apr 12, 2021 08:47 EDT)

Anthony N. Sabga III
Anthony N. Sabga III (Apr 12, 2021 14:44 EDT)

Carib Brewery Gda Ltd ML 2020 050321

Final Audit Report 2021-04-12

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