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Accountants &
business advisers

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

ANNUAL REPORT 2020

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

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**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020**

DIRECTORS:	Ian A. Alleyne, F.C.C.A - Chairman Marcus Joseph, LLB Abraham Andall, MBA Lisa Taylor, B.A., LLB Anthony Ali, BSc, MBA
SECRETARY:	Keith Renwick
GENERAL MANAGER	Philbert J. Lewis, MAAT, BBA, Acc Dir
REGISTERED OFFICE:	The Carenage St. George's Grenada, West Indies
AUDITORS:	PKF Accountants & business advisers Grand Anse St George's, Grenada, West Indies
BANKERS:	CIBC FirstCaribbean International Bank (Barbados) Limited Church Street, St. George's, Grenada, West Indies Republic Bank (Grenada) Limited Republic House, Grand Anse, St. George's, Grenada, West Indies RBTT Bank (Grenada) Limited Cross Street, St. George's, Grenada, West Indies Grenada Co-operative Bank Limited Church Street, St Georges, Grenada, West Indies
ATTORNEYS:	Alban John Donovan House Scott Street St. George's Grenada, West Indies Kim George & Associates H.A. Blaize Street St. George's Grenada, West Indies

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

NOTICE IS HEREBY GIVEN that the 49th Annual Meeting of Jonas Browne and Hubbard (Grenada) Limited will be held at the VIP Lounge, Kirani James Athletics Stadium, Queen's Park, St. George's on Thursday February 25, 2021 commencing 5:00 p.m.

AGENDA

1. To receive and consider the Consolidated Financial Statements and Reports of the Directors and Auditors for the year ended 30th September 2020.

2. To elect Directors.

3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration.

The transfer books and register of members will be closed from February 11 to February 25, 2021, both days inclusive.

BY ORDER OF THE BOARD:-

Keith Renwick
COMPANY SECRETARY

St. George's
December 10th, 2020

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors submit their Report and the audited consolidated financial statements for the year ended 30 September 2020.

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The net earnings of the group as shown in the Consolidated Statement of Comprehensive Income is	6,375,319
To this is added the balance of retained earnings brought forward from the previous year of	52,735,616
Giving a total of	59,110,935
Transfer to statutory reserve	(500,000)
Dividends paid during the year	(1,875,000)
Balance of retained earnings carried forward	56,735,935

The Board of Directors has declared a final dividend of $1.50 per share for the year ended 30 September 2020. This is not recorded in the financial statements in accordance with our accounting policy.

In accordance with Section 4.5 of By-Law No. 1 Mrs. Lisa Taylor, Ian Alleyne and Marcus Joseph retire, and being eligible, offer themselves for re-election.

The Auditors, Messrs. PKF Accountants & Business Advisers retire, and being eligible, offer themselves for reappointment.

BY ORDER OF THE BOARD: -

I. A. Alleyne
Chairman

St. George's
December 10th, 2020

DIRECTORS' REVIEW

Despite the varying challenges occasioned by the COVID-19 pandemic, consolidated revenue for the year ended September 30, 2020 was 1.4 percent above prior year ($122.6 million vs $120.9 million), whereas profit before taxation grew by 40% ($8.7 million compared to $6.2 million in 2019). This increase in revenue together with an improved gross profit margin and adequate control of administrative, selling and marketing expenses resulted in a very creditable performance this year. Grenadian General Insurance Company Limited, a wholly owned subsidiary, was again a significant contributor to the Group's performance with a profit before tax of $3.8 million which increased by 14.3% over prior year. This accounted for 43.7% of the Group's overall profit.

For the first five months of the 2019-2020 financial year, the Company experienced a 7.1% growth in revenue, and profits were already 64% of the annual budgeted profit before taxation. The advent of the COVID-19 pandemic changed the trajectory, causing partial closure, and in some instances, full closure of several departments of the company between March and early May. The challenges brought about by the Pandemic were many and it required unparallel commitment and dedication of our employees in the circumstances to achieve the year end results. Despite these challenges, the Company was able to maintain full employment and employees' jobs have been secured.

During the year, the Company commissioned its marketing department which was an integral part of the 2018-2021 strategic plan and transitioned to a digital marketing platform which proved timely and effective with the advent of COVID-19. This move has enabled outreach to a wider customer base, and this has allowed for the sharing of critical information to our customers as well as permitted us to respond to queries and needs. From all indications, the initiatives undertaken, and promotional campaigns have been an overwhelming success. This department led the effort in implementing our corporate social responsibility initiatives including the incentivizing of several sectors of customers. We commit to build upon this success in the ensuing year, ensuring that the Company remains one of choice, meeting and surpassing customers' expectations.

The financial return for the year before taxation on a total asset base of $134.3 million increased to 6.5%, while Retained Earnings of $56.7 million increased by 7.6% compared to the prior year.

The Company's shares most recently traded at $20 per share resulting in a 4.7% price-to-earnings multiple. This can be compared with a book value of $75.58 per share, which increased by $3.12 over the last year.

The directors have declared a dividend of $1.50 per share, (2019 - $1.25) to be paid during the financial year ending September 30, 2021.

Over the years, two distinct software programs were used to support the operations of the company, with the supermarkets operating on a separate platform. This arrangement had its challenges, and a single software program which will provide synergies especially in relation to system integration, management reporting and analytics is more desirable. After a thorough search the SQL Counterpoint software was implemented at the supermarkets and has proven to be quite successful.

The change to SQL Counterpoint provided an ideal platform to enhance E-commerce opportunities at the Grand Anse Supermarket. This software change will support the showcasing of items from other departments, thus increasing the visibility of the products and brands offered by the Company. Additionally, webstore messages will also be transmitted through WhatsApp, a very popular medium of digital communication.

We have commenced discussions with Grenada Market LLC, a popular marketing outfit in New York, to market the Webstore in the diaspora. This collaborative arrangement has great potential for service improvement, giving people in the diaspora the opportunity to shop locally for their friends and relatives, complemented by easy pickup or a free delivery service. Likewise, work is underway to establish another webstore which will incorporate the Hardware, Appliance and Building supplies segments of the company's operations, offering similar opportunities of service to our customers.

Given the mandate in the strategic plan to optimally utilize existing company premises, in August 2019 a section of the Building Supplies compound at Grand Anse was retrofitted to accommodate the sale of tyres, batteries, grease and oil. Customers have found the service to be convenient and economical, making it a choice outfit in the industry.

The Building Supplies enhancement and expansion project which was scheduled to commence during the second quarter of 2020 was placed on hold due to the COVID-19 pandemic. The project has since been approved and is scheduled to commence in January 2021. On completion of this project it is expected that the entire compound will be transformed into an attractive business environment with enhanced delivery of service to customers.

The Directors are extremely pleased with the general performance of management and staff of the Company, considering the major challenge associated with COVID-19, and commend their commitment and dedication for a successful year. Heartfelt appreciation is also extended to our loyal customers and shareholders. Achieving future budgeted targets will not be an easy feat in the given dispensation, therefore prudent leadership and management practices are encouraged.

I. A. Alleyne
Chairman

St. George's
December 10th, 2020

Pannell House | P. O. Box 1798 | Grand Anse | St. George's
Grenada | West Indies
Tel (473) 440-2562/3014/2127/0414
Fax (473) 440-6750 | Email pkf@spiceisle.com

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Accountants & business advisers

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED AND SUBSIDIARY COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jonas Browne & Hubbard (Grenada) Limited and its Subsidiary Company ('the Group'), which comprise the consolidated statement of financial position at September 30th, 2020, and the consolidated statements of comprehensive income, statement of changes in equity and 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 Group as at September 30th, 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 Group in accordance with the ethical requirements that are relevant to our audit of 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 Group's 2020 Annual Report

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED AND SUBSIDIARY COMPANY (continued)

Report on the Audit of the Financial Statements (continued)

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

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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY
(continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY
(continued)

Report on the Audit of the Financial Statements (continued)

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

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

PKF

GRENADA

December 10th, 2020

Accountants & Business Advisers

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

ASSETS	Notes	2020	2019
Non-Current Assets			
Property, plant and equipment	4	65,060,451	65,299,514
Statutory deposits	5	2,533,750	2,033,750
Financial instruments	6 (a)	5,792,515	9,134,078
		73,386,716	76,467,342
Current Assets			
Inventory	7	32,637,473	29,205,408
Trade and other receivables	8	8,585,567	8,413,586
Amount due from affiliated companies	9 (a)	52,103	56,222
Financial instruments	6 (b)	19,052,011	15,540,693
Cash and cash equivalents	10	602,953	1,723,741
Right-of-use asset	12	22,200	-
		60,952,307	54,939,650
TOTAL ASSETS		$134,339,023	$131,406,992
EQUITY AND LIABILITIES			
STATED CAPITAL	11	17,175,750	17,175,750
STATUTORY RESERVE	13	4,000,000	3,500,000
REVALUATION RESERVE	14	35,456,110	35,456,110
RETAINED EARNINGS		56,735,935	52,735,616
TOTAL EQUITY		113,367,795	108,867,476
Non-Current Liabilities			
Lease liability	12	7,730	-
Long-term borrowings	16(a)	3,009,855	2,751,641
		3,017,585	2,751,641
Current Liabilities			
Trade and other payables	15	13,987,288	11,593,395
Lease liability	12	14,957	-
Amount due to affiliated companies	9 (b)	782,363	335,222
Short-term borrowings	16 (b)	70,815	5,363,865
Reserve for unexpired premiums	17	2,021,104	2,236,040
Taxation payable		1,077,116	259,353
		17,953,643	19,787,875
TOTAL LIABILITIES		20,971,228	22,539,516
TOTAL EQUITY AND LIABILITIES		$134,339,023	$131,406,992

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on December 10th, 2020 and signed on their behalf by:

: Director : Director

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

	Note	**2020**	2019
Sales and Commission Income	24	122,603,401	120,921,352
Cost of sales	26	(91,268,627)	(92,340,639)
Gross profit and commission income		31,334,774	28,580,713
Direct expenses	27	(15,048,778)	(14,716,731)
General and administrative expenses	29	(7,712,480)	(7,685,849)
Interest expense (Net)	28	(84,178)	(147,172)
Depreciation	4 & 12	(2,043,642)	(2,063,443)
Other income	18	2,324,692	2,273,031
		22,564,386	22,340,164
Net profit for the year before taxation		8,770,388	6,240,549
Provision for taxation	19	(2,395,069)	(1,719,777)
Net profit for the year after taxation		6,375,319	4,520,772
Other comprehensive income		-	-
Total comprehensive income		$6,375,319	$4,520,772
Attributable to:			
Equity shareholders of the Group		$6,375,319	$4,520,772
Earnings per share	22	$4.25	$3.01

The accompanying notes form an integral part of these financial statements

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

	Stated Capital	Revaluation Reserve	Statutory Reserve	Retained Earnings	Total Equity
Balance at 1st October , 2018	17,175,750	35,456,110	3,500,000	49,864,844	105,996,704
Total comprehensive income	-	-	-	4,520,772	4,520,772
Dividends paid	-	-	-	(1,650,000)	(1,650,000)
Balance at 30th September, 2019	17,175,750	35,456,110	3,500,000	52,735,616	108,867,476
Transfer to reserve	-	-	500,000	(500,000)	-
Total comprehensive income	-	-	-	6,375,319	6,375,319
Dividends paid	-	-	-	(1,875,000)	(1,875,000)
Balance at 30th September, 2020	$17,175,750	$35,456,110	$4,000,000	$56,735,935	$113,367,795

The accompanying notes form an integral part of these financial statements

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

	Notes	**2020**	2019
OPERATING ACTIVITIES			
Net profit for the year before taxation		8,770,388	6,240,549
Adjustments for:			
Depreciation - property, plant and equipment and lease	4 & 12	2,043,643	2,063,443
Interest expense		84,178	147,172
Gain on disposal of property, plant and equipment		(13,999)	(5,999)
Impact on adopting – IFRS 9 and IFRS 15		-	(52,123)
Operating surplus before working capital changes		10,884,210	8,393,042
Increase in inventories		(3,432,065)	(3,980,956)
Increase in trade and other receivables		(171,981)	(91,848)
Decrease/(increase) in amount due from affiliated companies		4,119	(4,647)
Increase in trade and other payables		2,393,893	311,416
Increase/(decrease) in amount due to affiliated companies		475,364	(80,755)
(Decrease)/increase in amount due to parent Company		(28,223)	43,928
(Decrease)/increase in unexpired premiums		(214,936)	377,720
Cash from operations		9,910,381	4,967,900
Interest paid		(84,178)	(147,172)
Taxes paid		(1,577,306)	(1,753,916)
Cash provided by operating activities		8,248,897	3,066,812
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,789,781)	(1,479,446)
Proceeds on disposal of property, plant and equipment		14,000	6,000
Net (purchase)/redemption of financial instruments		(669,755)	(2,701,204)
Cash used in investing activities		(2,445,536)	(4,174,650)
FINANCING ACTIVITIES			
Principal payment of lease liability		(14,313)	-
Net repayment of borrowings		(501,621)	(2,379,608)
Payment of dividends		(1,875,000)	(1,650,000)
Cash used in financing activities		(2,390,934)	(4,029,608)
Net increase/(decrease) in cash and cash equivalents		3,412,427	(5,137,446)
Cash and cash equivalents - at the beginning of the year		(2,880,289)	2,257,157
- at the end of the year	10	$532,138	$(2,880,289)

The accompanying notes form an integral part of these financial statements

1. CORPORATE INFORMATION

The Companies are registered in Grenada and were issued certificates of continuance under section 365 of the Companies Act.

The Group's principal activities are merchandising and distribution, acting as commission and shipping agents, and risk insurance.

The Group is a subsidiary of Goddard Enterprises Limited, which owned 52.38% of the ordinary share capital at the statement of financial position date.

The principal place of business is located on the Carenage, St. George's. During the year the Group employed on average four hundred and twenty (420) persons (2019 – 416 persons).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated 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 under the historical cost convention modified by the revaluation of land and buildings as disclosed in Note 14, and are expressed in Eastern Caribbean Currency Dollars.

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 consolidated financial statements are disclosed in Note 3.

b) Basis of consolidation

These financial statements include the assets, liabilities and results of operations of Grenadian General Insurance Company Limited, a wholly owned subsidiary incorporated in Grenada and confirmed under Section 365 of the Companies Act. The principal activity of Grenadian General Insurance Company Limited is risk insurance. The Group's year ends are coterminous.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

(i) New accounting standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended September 30, 2019 except for the adoption of new standards and interpretations below.

The following interpretations and standards became effective and were adopted in the current year. Several of these apply for the first time in 2020, but do not have an impact on the financial statements of the Group. These are described in detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supercedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a lease*, SIC-15 *Operating leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group adopted IFRS 16 on 1 October, 2019 using the modified retrospective method which did not require restatements of comparative periods. On the adoption date, the entity recorded a right-of-use asset and lease liability equal to the remaining lease payments due. These amounts, along with further details on the policy adopted, are disclosed in Note 2 (p) and Note 12.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(i) New accounting standards, interpretations and amendments adopted (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Interpretation did not have an impact on the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(i) New accounting standards, interpretations and amendments adopted (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the Group as it did not have long term interests in its associate and joint venture not accounted for using the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(i) New accounting standards, interpretations and amendments adopted (continued)

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the Group as there was no transaction where joint control was obtained.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the Group as there was no transaction where a joint control was obtained.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(i) New accounting standards, interpretations and amendments adopted (continued)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends on profit or loss, other comprehensive income, or equity according to where it originally recognized those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the Group.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

This amendment had no material impact on the Group.

(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 Group's financial statements. These standards and interpretations may be applicable to the Group at a future date and will be adopted when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

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

Amendments to IFRS 3: Definition of a Business (Effective 1 January, 2020)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

In October 2018, the 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 a significant impact on the Group's non-consolidated financial statements.

Amendments to Reference in the Conceptual Framework in Financial reporting (Effective 1 January, 2020)

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions (Effective 1 June, 2020)

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (Effective 1 January, 2021)

On 27 August, 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with
no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss. The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

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

IFRS 17 Insurance Contracts (Effective 1 January, 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

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

Amendments to IFRS 3 - Reference to the Conceptual Framework – (Effective 1 January, 2022)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989

Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (Effective 1 January, 2020)

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Group as it does not have any interest rate hedge relationships.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

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

Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract – (Effective 1 January, 2022)

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current – (Effective 1 January, 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Non-consolidated financial statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

(iii) Improvements to International Financial Reporting Standards

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(iii) Improvements to International Financial Reporting Standards

Annual improvements to IFRS Standards 2018-2020 cycle

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

IFRS – 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment

Land and buildings comprise mainly plant, retail and distribution outlets, warehouses and offices. Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five (5) years by independent professional valuers. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of 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 reserve in equity. Decreases that offset previous increases of the same assets are charged against the surplus directly in equity; all other decreases are charged to the consolidated statement of comprehensive income.

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

Buildings	50 years
Vehicles	3-4 years
Furniture, fittings and equipment	3-10 years
Computer hardware and software	3 years

The assets' residual values and useful lives arc reviewed, and adjusted if appropriate, at the reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments

Parent Company - IFRS 9:

(i) Classification and measurement

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

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Group 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.

Measurement categories of financial assets and liabilities

All financial assets and liabilities of the Parent Company under IFRS 9 are classified at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Amortised cost

Financial assets are measured at amortised 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.

Subsidiary – IAS 39

The Group's wholly owned subsidiary, Grenadian General Insurance Company Limited, has not adopted IFRS 9 under the temporary exemption option of IFRS 4 Insurance Contracts, which is to be superseded by IFRS 17 Insurance Contracts on 1st January 2023.The Group intends to adopt IFRS 17, and incorporate IFRS 9 into the subsidiary on that date.Therefore the Subsidiary retains the respective treatments and classifications of financial instruments under IAS 39 as set out below.

Financial assets

The Subsidiary classifies its financial assets as either; Held-to-maturity or Loans and Receivables. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates this designation at every reporting date.

Held-to-maturity

Financial assets classified as held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Subsidiary has the positive intention and ability to hold to maturity. Held-to-maturity investments are comprised of treasury bills and bonds and are measured at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. They are included in financial assets and are classified as current assets in the statement of financial position. These assets are measured at cost less provision for impairment and comprise of fixed deposits and other notes receivable.

Initial recognition, de-recognition and subsequent measurement

Held-to-maturity investments are initially recognized when, and only when, the entity becomes a party to the contractual provisions of the instrument and is initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently they are measured at amortised cost. Held-to-maturity investments are derecognized when the rights to receive cash flows from the asset have expired or where they have been transferred and the Subsidiary has also transferred substantially all risks and rewards of ownership.

Regular way purchases and sales of loans and receivables are recognized on trade-date – the date on which the Subsidiary commits to purchase or sell the asset. Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognized when the rights to receive cash flows from the asset have expired or where they have been transferred and the Subsidiary has also transferred substantially all risks and rewards of ownership. Loans and receivables financial assets are carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Impairment of financial assets:

The Subsidiary assesses at each statement of financial position date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

i. significant financial difficulty of the issuer or obligor;
ii. A breach of contract, such as a default or delinquency in interest or principal payments;
iii. The lender granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
iv. it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
v. the disappearance of an active market for that financial asset because of financial difficulties; or
vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including;

   - adverse changes in the payment status of borrowers in the group; or
   - national or local economic conditions that correlate with defaults on the assets in the group.

The Subsidiary first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Subsidiary determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on the Subsidiary's financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted

at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If the Subsidiary's financial assets have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

(ii) Impairment

The Parent Company's financial assets impairment methodologies are based on a forward looking expected credit loss (ECL) approach which requires the Parent Company to account for expected credit losses and changes in those expected credit losses at each reporting date.

The Parent Company records an allowance for expected credit (ECL) losses for its financial assets, except for equity investments, where applicable.

Equity securities are not subject to impairment under IFRS 9 because their potential impairment is taken into consideration when re-measuring these investments to their fair valuation.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Impairment of Trade Receivables

The Parent Company records an allowance for expected credit losses for its trade receivables using a simplified approach. The ECL allowance is based on the credit losses expected to arise over the life of the assets (LTECL). The ECL on these financial assets are estimated using an allowance for ECLs based on the probability of default using internally assessed credit ratings. The LTECLs for the Parent Company's trade receivables are calculated on an individual basis.

(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 Parent 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. However, the financial assets could still be subject to enforcement activities in order to comply with the Parent Company's procedures.

(iv) Derecognition of financial assets

The Parent 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 Parent Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Parent Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Parent Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Parent Company continues to recognise the financial asset.

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.

(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.

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 consideration price is recognised in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Net realisable value is the price at which stock can be realised in the normal course of business. Provision is made for obsolete, slow-moving and defective stocks.

f) Trade 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 receivables of parent company are measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables of the parent company is established using an allowance for ECLs based on the probability of default.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short-term demand deposits with original maturities of three (3) months or less. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Bank overdraft is shown within current liabilities on the consolidated statement of financial position.

h) Stated capital

Ordinary shares are classified as equity.

i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Policy contracts

The Group issues policy contracts that transfer insurance risk and/or financial risk from the policyholder.

The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernable effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Investment contracts transfer financial risk and no insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

(i) Policy contracts issued by the Group are summarized below:

Property and casualty insurance contracts are generally one year renewable contracts issued by the insurer covering insurance risks over property, casualty motor, accident and marine.

Property insurance contracts provide coverage for the risk of property damage or loss. For commercial policyholders insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost.

Casualty insurance contracts provide coverage for the risk of causing physical harm to third parties. Personal accident, employers' liability and public liability are common types of casualty insurance.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the applicable Road or Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Accident insurance contracts indemnify the Group's customers in the event of personal injury, loss and/or damage to property up the insured amount and within the terms of the policy conditions.

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo. Insurance of loss or damage to marine vessels is also undertaken by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Policy contracts (continued)

(ii) Recognition and measurement:

Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative earnings patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with that earnings pattern. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

(iii) Claims reserve

Claims and loss adjustment expenses are recorded as incurred. Claim reserves are established for both reported and un-reported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the reporting date.

Reserving involves uncertainty and the use of statistical techniques of estimation. These techniques generally involve projecting from past experience, the development of claims over time to form a view of the likely ultimate claims to be experienced, having regard to variations in business written and the underlying terms and conditions. The claim reserve is not discounted.

(iv) Reinsurance contracts held

A reinsurer contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as re-insurers contracts.

Amounts recoverable from or due to insurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Policy contracts (continued)

(iv) Reinsurance contracts held

The reinsurance ceded premium is expensed on acceptance of the risk. The excess of loss and catastrophe excess of loss premiums payable to the reinsurers are expensed on a pro rata basis. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit commission due to the Group is recognised only when there is reasonable certainty of collectability, at which time it is recorded as commission income.

k) 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 reporting 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 reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

l) Employee benefits

Profit sharing

The Group operates a profit sharing scheme and the profit share to be distributed to employees each year is calculated on the terms outlined in the Union Agreement. The Group accounts for profit sharing as an expense, through the consolidated statement of comprehensive income.

Pension benefits

The Group operates a defined contribution pension plan which is managed by a registered insurance Group in Grenada. The Group pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The Group’s contribution is recorded as an expense in the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and 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.

n) Foreign currencies

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated to Eastern Caribbean Currency Dollars at the rates of exchange ruling at the end of the financial year. Differences arising from fluctuations in exchange rates are included in the consolidated statement of comprehensive income.

o) 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 Group's activities. Revenue is shown, net of estimated returns, rebates and discounts. Revenue is recognised as follows:

i) Sales of goods

The sale of goods is recognised when the Group has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

ii) Premium income

Premium are recognized over the lives of the policies written. Unearned premium represents the portion of premiums written in the current year which relate to periods of insurance subsequent to the statement of financial position date calculated using the twenty-fourth method. It is calculated on the monthly pro-rata fractional basis.

iii) Commissions and claims

Commissions earned and claims made for damaged stock are accounted for in current operations on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue recognition (continued)

iv) Interest income

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

p) Leases

Lessee:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

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

(i) Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the costs reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Leases (continued)

(ii) Lease liabiliites

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depends on an index or a rate, and amounts expected to be paid under residual guarantees.

Variable lease payments that do not depend on a index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment option.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determined such lease payments) or change in the assessment of an option to purchase the underlying asset.

Lessor:

Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term. Leases entered into with the Group are all operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income in accordance with the terms of the lease.

q) Dividend distributions

Dividend distributions to the shareholders are recognised in the period in which they are paid.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) 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.

s) Segment reporting

A business is a group of assets and operation engaged in providing products or services that are subject to risk and return that are different from those of other business segments. Details of these segments are disclosed in Note 29.

t) Assets and liabilities arising from rights of return

Rights of return assets represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivables) from the customer and its measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Valuation of property

The Group utilises 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of trade receivables – Parent Company

The Group calculates an expected credit loss (ECL) based on the probability of default using internally assessed credit ratings which may not be representative of actual default in the future.

Property, plant and equipment

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

Provision for doubtful debts – Subsidiary Company

An initial provision is applied to account balances based on their payment pattern. This is followed by a review of all existing balances to provide for specific account balances where available information suggest their recoverability may be threatened.

Provision for obsolete inventory

Annually an aged markdown is applied to individual items except for the supermarkets where a general provision for obsolescence is made on the overall value of inventory existing at the year end.

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 30 September 2020					
Cost	13,037,257	20,975,475	4,997,173	23,113,850	62,123,755
Revaluation	11,093,794	19,062,040	-	-	30,155,834
Accumulated depreciation	-	(2,509,079)	(4,437,321)	(20,272,738)	(27,219,138)
NET BOOK VALUE	$24,131,051	$37,528,436	$559,852	$2,841,112	$65,060,451
For the year ended 30 September 2020					
Opening book value	24,131,051	38,157,720	345,177	2,665,566	65,299,514
Additions for the year	-	171,478	562,810	1,055,493	1,789,781
Disposal	-	-	(1)	-	(1)
Depreciation charge for the year	-	(800,762)	(348,134)	(879,947)	(2,028,843)
NET BOOK VALUE	$24,131,051	$37,528,436	$559,852	$2,831,112	$65,060,451

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 30 September 2019					
Cost	13,037,257	20,803,997	4,501,972	22,058,357	60,401,583
Revaluation	11,093,794	19,062,040	-	-	30,155,834
Accumulated depreciation	-	(1,708,317)	(4,156,795)	(19,392,791)	(25,257,903)
NET BOOK VALUE	$24,131,051	$38,157,720	$345,177	$2,665,566	$65,299,514
For the year ended 30 September 2019					
Opening book value	24,131,051	38,187,433	409,494	3,155,533	65,883,511
Additions for the year	-	767,618	324,582	387,246	1,479,446
Depreciation charge for the year	-	(797,331)	(388,899)	(877,213)	(2,063,443)
NET BOOK VALUE	$24,131,051	$38,157,720	$345,177	$2,665,566	$65,299,514

4. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group properties were revalued in July 2017 by Terrence M. Williamson, B. Arch, Dip. REA. Based on the assessed market values, the carrying amount of properties were written upward by $9,264,359.

5. STATUTORY DEPOSITS

Under the provisions of the Insurance Act No.5 of 2010, the subsidiary is required to maintain a deposit with the Supervisor of Insurance of an amount equal to 40% of its premium income of the preceding year.

6. FINANCIAL INSTRUMENTS

Financial instruments of the subsidiary

	2020	2019
(a) Non-Current		
Government of St. Lucia		
5.75% fixed rate note – maturing 29th August, 2024	1,000,000	1,000,000
7.15% bonds – maturing 24th September, 2021	-	1,000,000
7.15% bonds – maturing 6th August, 2021	-	1,900,000
Government of St. Kitts		
1.50% fixed rate note – maturing 18th April, 2057	1,000,000	1,000,000
Government of St. Lucia		
6.80% 5 year treasury note – maturing 17th December, 2020	1,500,000	1,500,000
Government of St. Vincent		
2.50% bonds – matured 14th May, 2020	-	2,164,078
Government of St. Lucia		
4.5% fixed rate bonds – maturing 1st September, 2022	1,722,515	-
Government of Antigua		
5.75% treasury note – maturing 10th October, 2020	570,000	570,000
Balance at 30th September, 2020	$5,792,515	$9,134,078

6. FINANCIAL INSTRUMENTS (continued)

	2020	2019
(b) Current		
Loans and Receivables –		
First Citizen Investment Services		
6% Fixed deposit – maturing 12th November 2020	2,500,014	1,999,965
Ariza Credit Union		
2.0% Fixed deposit- maturing 27th July 2021	2,000,000	-
2.75% Fixed deposit – maturing 28th April, 2021	1,027,500	1,000,000
2.75% Fixed deposit – maturing 23rd July, 2021	2,055,000	2,000,000
ECHMB corporate paper		
2.50% - maturing 6th July 2021	3,000,000	-
2.50% - maturing 30th December, 2020	600,000	-
ECHMB fixed deposit		
2.70% - maturing 7th March, 2021	1,300,000	-
2.70% - matured 7th March, 2020	-	2,000,000
	12,482,514	6,999,965
Held-to-maturity –		
Government of St. Lucia		
4.5% fixed rate bond-matured 1 September 2020	-	1,722,515
7.15% bonds – maturing 24th September, 2021	1,000,000	-
7.15% bonds – maturing 6th August, 2021	1,900,000	-
Government of Antigua		
6.25% 3 year treasury note – matured in June 2020	-	2,200,000
Government of St. Lucia		
2.5% bonds maturing 31st July, 2021	2,093,596	-
2.5% bonds matured 31st July, 2020	-	1,652,177
Government of Grenada – Treasury bill		
5.0% treasury bill – matured 25th July, 2020	-	1,428,572
First Citizen Investment Services		-
2.5% Eurobond - maturing 3rd October, 2020	1,575,901	1,537,464
ECHMB Corporate note		
1.5% matured 1st January, 2019	-	2,000,000
	6,569,497	8,540,730
	19,052,011	15,540,693

7. INVENTORIES

	2020	2019
Lumber department	1,125,272	1,030,888
Building supplies	5,801,855	5,783,794
Hardware	3,255,878	3,744,241
Agency	5,799,348	5,183,395
Appliances	2,399,282	2,685,261
Food Fairs	5,944,221	5,220,985
Home Centre	494,881	395,456
Motor department	4,687,039	3,273,156
LAND Shop	630,422	217,586
Business equipment and stationery	164,375	196,751
Packaging materials	90,008	186,256
Goods-in-transit	2,244,892	1,287,639
.	$32,637,473	$29,205,408

8. TRADE AND OTHER RECEIVABLES

Trade receivables – net	7,816,567	7,225,297
Other receivables - net	769,000	1,188,289
	$8,585,567	$8,413,586

The movement in the allowance for expected credit losses of trade and other receivables is detailed below:

Balance as at 30th September, 2019	820,080	587,306
Impact of adopting IFRS 9	-	25,442
Balance as at 1st October, 2019	820,080	612,748
Net increase in provision for the year	83,622	207,332
Balance as at 30th September, 2020	$903,702	$820,080

9. AFFILIATED COMPANIES

(a) Amount due from affiliated companies

	2020	2019
Goddard Catering Group (Grenada) Limited	-	4,663
Independence Agencies Limited	52,103	51,559
	$52,103	$56,222

(b) Amount due to affiliated companies

McBride (Caribbean) Limited	596,439	161,760
Independence Agencies Limited	170,219	129,534
Goddard Enterprises Limited	15,705	43,928
	$782,363	$335,222

Transactions entered into with the above affiliated companies are carried out on commercial terms.

10. CASH AND CASH EQUIVALENTS

Cash in hand and at bank	602,953	1,723,741
Bank overdraft	(70,815)	(4,604,030)
Cash and cash equivalents in the statement of cash flows	$532,138	$(2,880,289)

11. STATED CAPITAL

Authorised		
- 1,500,000 ordinary shares of no par value		
Issued		
- 1,500,000 ordinary shares of no par value	$17,175,750	$17,175,750

12. LEASE

The Company has an operating lease for the rental of office space situated at Hillsborough, Carriacou. The lease period commenced 1st April, 2017, for a period of five (5) years.

Set out below is the total carrying amount of the right of use asset recognized and the movement during the year:

	2020
Balance at 1st October, 2019 – Adoption of IFRS 16	36,999
Less: Depreciation for the year	(14,799)
Balance at 30th September, 2020	$22,200

The right-of-use asset is being depreciated over thirty-three (33) months which is the remaining lease period on adoption of the Standard.

Set out below is the carrying amount of the lease liability and the movement during the year:

Balance at 1st October, 2019 – Adoption of IFRS 16	36,999
Add: Accretion of interest	1,288
Less: Principal payments	(15,600)
Balance at 30th September, 2020	22,687
Less: Short-term portion	(14,957)
Long-term portion	$7,730

13. STATUTORY RESERVE

A statutory reserve is maintained in accordance with the provision of Section 184 (1) of the Insurance Act No. 5 of 2010 of Grenada. Insurance companies are required to appropriate towards statutory reserve at least 25% of its profit until the excess of assets over liabilities equal or exceeds the reserve in respect of its unearned premiums and outstanding claims. This reserve is not available for distribution as dividends or any form of appropriation.

14. REVALUATION RESERVE

The Group's freehold land and buildings were revalued in July 2017 by T. M. Williamson-Consulting Architects. This resulted in a revaluation surplus of $9,264,356 and increased the revaluation reserve to $35,456,110.

15. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	3,037,738	2,831,287
Provision for outstanding claims	1,106,450	1,326,800
Accruals	5,622,664	3,954,905
Other payables	4,220,436	3,480,393
	$13,987,288	$11,593,395

16. BORROWINGS

a) Long-term borrowings

CIBC First Caribbean International Bank (Barbados) Limited	3,009,855	3,511,476
Less: Amount payable within 12 months – Note 16(b)	-	(759,835)
	$3,009,855	$2,751,641

The loan is secured by a registered first demand mortgage over one of the Group's properties, has a term of five years, and carries interest rate of 3.5% per annum. The loan is repayable in monthly instalments of $73,666 inclusive of interest. Due to COVID-19 the Group was given a moratorium on loan payments until March 2023. During this period interest only will be paid.

16. BORROWINGS (continued)

b) Short-term borrowings

	2020	2019
CIBC First Caribbean International Bank (Barbados) Limited - Overdraft account	70,815	4,604,030
CIBC First Caribbean International Bank (Barbados) Limited - Current portion	-	759,835
	$70,815	$5,363,865

The Group has an authorized overdraft facility of $5,000,000 with CIBC FirstCaribbean International Bank (Barbados) Limited. This facility is unsecured, and the title deeds of properties are deposited with the Bank. Interest is at the rate of 5% per annum.

17. RESERVE FOR UNEXPIRED PREMIUMS

Balance at 30th September, 2020	**Fire**	**Motor**	**Marine**	Total
Gross				
At the beginning of the year	2,159,500	1,789,100	194,053	4,142,653
Premiums written	5,139,440	3,719,426	393,486	9,242,352
Earned during the year	(5,046,158)	(3,773,953)	(416,148)	(9,236,259)
At the end of the year	$2,252,782	$1,734,573	$171,391	$4,158,746
Reinsurance				
At the beginning of the year	1,722,850	34,742	149,021	1,906,613
Premium written	4,610,346	134,345	304,411	5,049,102
Earned during the year	(4,359,512)	(139,125)	(319,436)	(4,818,073)
At the end of the year	$1,973,684	$29,962	$133,996	$2,137,642

16. RESERVE FOR UNEXPIRED PREMIUMS (continued)

Balance at 30th September, 2020	Fire	Motor	Marine	Total
Net				
At the beginning of the year	436,650	1,754,358	45,032	2,236,040
Premiums written	529,094	3,585,081	89,075	4,203,250
Earned during the year	686,646	(3,634,828)	(96,712)	(4,818,186)
At the end of the year	$279,098	$1,704,611	$37,395	$2,021,104

Balance at 30th September, 2019	Fire	Motor	Marine	Total
Gross				
At the beginning of the year	2,187,708	1,611,636	199,124	3,998,468
Premiums written	5,022,249	3,833,397	455,528	9,311,174
Earned during the year	(5,050,457)	(3,655,933)	(460,599)	(9,166,989)
At the end of the year	$2,159,500	$1,789,100	$194,053	$4,142,653
Reinsurance				
At the beginning of the year	1,948,812	31,627	159,709	2,140,148
Premium written	4,390,136	215,679	351,164	4,956,979
Earned during the year	(4,616,097)	(212,564)	(361,853)	(5,190,514)
At the end of the year	$1,722,851	$34,742	$149,020	$1,906,613
Net				
At the beginning of the year	238,896	1,580,009	39,415	1,858,320
Premiums written	632,113	3,617,718	104,364	4,420,565
Earned during the year	(434,360)	(3,443,369)	(98,746)	(4,042,845)
At the end of the year	$436,649	$1,754,358	$45,033	$2,236,040

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18. OTHER INCOME

	2020	2019
Investment income	1,078,338	961,941
Rental income	801,434	838,526
Gain on disposal of property, plant and equipment	13,999	-
Premium profit commission	413,097	439,242
Miscellaneous income	17,824	33,322
	$2,324,692	$2,273,031

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:

Profit before taxation	$8,770,388	$6,240,549
Tax at applicable statutory rate 28%	2,455,709	1,747,353
Tax effect of items that are adjustable in determining taxable profit:		
Income not subject to tax	(299,716)	(255,816)
Expenses not deductible for tax purposes	70,624	79,294
Other items	168,452	148,946
Tax expense	$2,395,069	$1,719,777

20. CONTINGENT LIABILITIES

The Group is contingently liable for letters of credit and warehouse bonds totalling approximately $3,848,654 (2019 - $ 2,935,236).

21. RELATED PARTY TRANSACTIONS

The following related party transactions were carried out during the year:

a) Transactions were carried out with affiliated companies

	2020	2019
Sales of goods	$796,674	$860,530
Purchases of goods	$3,765,656	$3,670,933

b) Transactions with parent Company

Human Resource support	$113,400	-
Internal audit fees and other expenses	-	$87,480
Dividends paid	$982,109	$864,256

22. EARNINGS PER SHARE

This is based on the net profit for the year of $6,375,319 (2019 - $4,520,772) and issued shares of 1,500,000 (2019 – 1,500,000).

23. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk
- Operational risk

23. FINANCIAL RISK MANAGEMENT

Risk management structure

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

The Board of Directors has established an audit committee which has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations; and arises principally from the Group's receivables from customers and its investments.

Management of credit risk

i) Trade and other receivables

The Group manages its risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis which includes placing limits on the level of credit risk the Group accepts from each customer.

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counter-party. The Group seeks to hold its funds with financial institutions which management regards as sound and the markets for investments are monitored regularly to ensure that returns are generated.

23. FINANCIAL RISK MANAGEMENT (continued)

Exposure to credit risk

The following table shows the maximum exposure to credit risk from the components of the statement of financial position:

	Maximum exposure	
	2020	2019
Statutory deposits	2,533,750	2,033,750
Financial instruments	24,844,526	24,674,771
Trade and other receivables	8,585,567	8,413,586
Amount due from affiliated companies	52,103	56,222
Cash and cash equivalents	602,953	1,723,741
	$36,618,899	$36,902,070

23. FINANCIAL RISK MANAGEMENT (continued)

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

	Up to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Balance at 30th September, 2020					
Expected credit loss rate (%)	1.63%	11.38%	18.52%	21.14%	9.57%
Estimated total gross carrying amount at default	3,183,501	1,403,441	1,195,456	1,039,066	6,821,464
Expected credit loss	51,765	159,768	221,456	219,632	652,621
Net carrying amount	$3,131,736	$1,243,673	$974,000	$819,434	$6,168,843
Balance at 30th September, 2019					
Expected credit loss rate (%)	5.42%	18.09%	7.84%	9.06%	7.67%
Estimated total gross carrying amount at default	1,709,130	3,568,588	998,554	1,548,956	7,825,228
Expected credit loss	92,666	288,651	78,328	140,286	599,931
Net carrying amount	$1,616,464	$3,279,937	$920,226	$1,408,670	$7,225,297

23. FINANCIAL RISK MANAGEMENT (continued)

Illustration of concentration of credit risk by customer sector:

The following table summarises the credit exposure for trade and other receivables at their carrying amounts by customer sectors:

	2020	2019
Government	171,543	168,511
Retailers	2,853,897	2,843,643
Hotels and restaurants	414,677	465,834
Manufacturers	234,609	246,564
Individuals	5,814,543	5,509,114
	9,489,269	9,233,666
Less: Provision for impairment	(903,702)	(820,080)
	$8,585,567	$8,413,586

The Group holds no collateral for its trade receivables. Generally trade receivables are written off when there is no expectation of recovering the amount due.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity position is monitored on a daily basis and generally the Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations. The Group utilizes surplus internal funds to a large extent to finance its operations and utilizes available credit facilities such as overdraft facilities when needed.

23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The table below analyses the Group's financial liabilities into relevant groupings based on the remaining period from the statement of financial position date to the contractual maturity date:

	On Demand	< 1 year	1 to 5 years	Total
Balance at 30th September, 2020				
Trade and other payables	11,481,766	2,505,957	-	13,922,687
Amount due to affiliated companies	782,363	-	-	782,363
Taxation payable	-	1,077,116	-	1,077,116
Lease liability	-	14,957	7,730	22,687
Borrowings	70,815	-	3,009,855	3,080,670
Reserve for unexpired premiums	-	2,021,104	-	2,021,104
	$12,334,944	$5,618,699	$3,017,585	$20,971,228
Balance at 30th September, 2019				
Trade and other payables	9,860,638	1,732,757	-	11,593,395
Amount due to affiliated companies	335,222	-	-	335,222
Taxation payable	-	259,353	-	259,353
Borrowings	4,604,030	759,835	2,751,641	8,115,506
Reserve for unexpired premiums	-	2,236,040	-	2,236,040
	$14,799,890	$4,987,985	$2,751,641	$22,539,516

Market risk

The Group 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 Group'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 Group's functional currency. Management monitors its exposure to foreign currency fluctuation and employs appropriate strategies to mitigate any potential losses. The Group operates primarily in Eastern Caribbean Currency Dollars; although some transactions are in United States Dollars, the currency risk exposures are minimal due to the fact that the Eastern Caribbean Currency Dollar is pegged to the United States Dollar. The Group is also exposed to a minimal amount of currency risks from transactions conducted in Euro, Pounds Sterling and Barbados Dollars.

23. FINANCIAL RISK MANAGEMENT (continued)

	US$	GBP	EURO	BD$	EC$	Total
Assets						
Statutory deposits	-	-	-	-	2,533,750	2,533,750
Financial instruments	1,722,515	-	-	-	23,122,011	24,844,526
Trade and other receivables	-	-	-	-	8,585,567	8,585,567
Amount due from affiliated companies	-	-	-	-	52,103	52,103
Cash and cash equivalents	19,773	-	-	-	583,180	602,953
Balance at 30th September, 2020	$1,742,288	$ -	$ -	$ -	$34,876,611	$36,618,899
Liabilities						
Amount due to affiliated companies	596,440	-	-	15,705	170,218	782,363
Trade and other payables	1,330,114	-	18,086	-	12,639,088	13,987,288
Taxation payable	-	-	-	-	1,077,116	1,077,116
Borrowings	-	-	-	-	3,080,670	3,080,670
Reserve for unexpired premiums	-	-	-	-	2,021,104	2,021,104
Balance at 30th September, 2020	$1,926,554	$ -	$18,086	$ 15,705	$18,988,196	$20,948,541

23. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

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

	US$	GBP	EURO	BD$	EC$	Total
Assets						
Statutory deposits	-	-	-	-	2,033,750	2,033,750
Financial instruments	1,722,515	-	-	-	22,952,256	24,674,771
Trade and other receivables	-	-	-	-	8,413,586	8,413,586
Amount due from affiliated companies	-	-	-	-	56,222	56,222
Cash and cash equivalents	19,773	-	-	-	1,703,968	1,723,741
Balance at 30th September, 2019	$1,742,288	$ -	$ -	$ -	$35,159,782	$36,902,070
Liabilities						
Amount due to affiliated companies	161,560	-	-	43,928	129,734	335,222
Trade and other payables	1,034,799	13,421	-	-	10,545,175	11,593,395
Taxation payable	-	-	-	-	259,353	259,353
Borrowings	-	-	-	-	8,115,506	8,115,506
Reserve for unexpired premiums	-	-	-	-	2,236,040	2,236,040
Balance at 30th September, 2019	$1,196,359	$ 13,421	$ -	$ 43,928	$21,285,808	$22,539,516

23. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Floating rate instruments expose the Group to cash flow interest risk whereas fixed rate instruments expose the Group to fair value interest rate risk.

Management of interest rate risk

The Group manages interest rate risk on its interest-bearing liabilities by borrowing funds at fixed rates, except for its overdraft account which is at a floating rate. Fluctuations in the floating rate on the overdraft account however are minimal. Regarding its interest-bearing assets, since the Group holds no fixed rate available-for-sale investments, the Group is not exposed to interest rate risk.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

Every effort is made by the Group to obtain as much information and statistical data pertaining to these risk factors and the Group’s underwriting strategy is developed with the aim to diversify and mitigate insurance risk as best as possible. Reinsurance arrangements including excess of loss coverage are also undertaken.

23. FINANCIAL RISK MANAGEMENT (continued)

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those rising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

24. SALES AND COMMISSION INCOME

	2020	2019
Sales	117,870,266	116,908,745
Net premium income (Note 25)	3,794,645	3,233,254
Commission income	938,490	779,353
	$122,603,401	$120,921,352

25. NET PREMIUM INCOME

	2020	2019
Gross premium income	9,047,747	9,121,150
Less: Reinsurance	(5,049,102)	(4,890,609)
	3,998,645	4,230,541
Movement of unexpired premiums	214,936	(377,720)
Net claims	(809,553)	(1,179,909)
Net commission received	991,723	1,141,791
Loss reinsurance	(601,106)	(581,449)
	$3,794,645	$3,233,254

26. COST OF SALES

	2020	2019
Cost of inventory sold	90,839,685	91,951,207
Labour	428,942	389,432
	$91,268,627	$92,340,639

27. DIRECT EXPENSES

	2020	2019
Advertising	777,013	870,264
Salary, wages and other employment benefits	9,779,325	8,766,237
Communication	205,811	189,036
Electricity	1,279,845	1,465,908
Freight and handling	714,707	790,966
Repairs and maintenance	899,859	1,064,310
Fees and licenses	114,086	178,381
Miscellaneous	13,641	25,877
Packaging materials	434,723	478,524
Security	539,371	484,871
Stamps, stationery and supplies	206,220	184,612
Travelling	43,990	180,690
Rates and taxes	40,187	37,055
	$15,048,778	$14,716,731

28. INTEREST EXPENSE

Bank borrowings	$84,178	$147,172

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Advertising	249,367	377,924
Audit fees	92,000	92,000
Directors	60,000	60,000
Electricity	222,238	237,221
Communication	208,480	209,714
Exchange gain	(474,504)	(509,714)
Insurance	467,191	664,748
Legal and professional fees	460,574	462,360
Other expenses	952,390	758,827
Rates and taxes	183,208	165,921
Repairs and maintenance	758,147	702,264
Defined contribution expense	321,617	299,326
Salary, wages and other employment benefits	3,292,124	3,329,618
Stamp tax	919,648	835,640
	$7,712,480	$7,685,849

30. BUSINESS SEGMENTS

	Merchandising, Distribution and Shipping	Insurance
As at 30th September, 2020	$	$
Total income	119,629,212	5,298,881
Net profit	3,559,955	2,815,364
Total assets	104,230,632	30,108,391
Total liabilities	16,613,157	4,358,071
As at 30th September, 2019		
Total income	118,543,147	4,651,236
Net profit	2,131,878	2,388,894
Total assets	100,634,436	30,772,556
Total liabilities	17,945,318	4,594,198

31. FIVE-YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
	$	$	$	$	$
Stated Capital	17,175,750	17,175,750	17,175,750	17,175,750	17,175,750
Shareholders’ equity	113,367,795	108,867,476	106,048,827	103,944,802	92,560,561
Net profit	6,375,319	4,520,772	3,604,025	3,319,882	3,015,048
Dividends paid	1,875,000	1,650,000	1,500,000	1,200,000	1,050,000
Earnings per share	$4.25	$3.01	$2.40	$2.21	$2.01