



Accountants &
business advisers

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

ANNUAL REPORT 2021

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021**

CONTENTS

| | Page |
|--|---------|
| GROUP PROFILE | 3 |
| NOTICE OF ANNUAL MEETING/AGENDA | 4 |
| REPORT OF THE DIRECTORS | 5 |
| DIRECTORS' REVIEW | 6 - 8 |
| INDEPENDENT AUDITORS' REPORT | 9 - 12 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 13 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 14 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 15 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 16 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 17 - 69 |

*****o0o*****

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021**

| | |
|---------------------------|---|
| DIRECTORS: | Anthony Ali, BSc, MBA - Chairman Marcus Joseph, LLB Abraham Andall, MBA Lisa Taylor, B.A., LLB |
| 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 ACB Grenada Bank 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 50th Annual Meeting of Jonas Browne and Hubbard (Grenada) Limited will be held at the West Conference Room, Ground Floor, Kirani James Athletics Stadium, Queen's Park, St. George's on Thursday March 31st, 2022 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 2021.
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 March 18 to March 31, 2022, both days inclusive.

BY ORDER OF THE BOARD:-

Keith Renwick
COMPANY SECRETARY

St. George's
December 21st, 2021

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The Directors submit their Report and the audited consolidated financial statements for the year ended 30 September 2021.

| | |
|---|--------------------|
| The net earnings of the group as shown in the Consolidated Statement of Comprehensive Income is | \$ 5,924,113 |
| To this is added the balance of retained earnings brought forward from the previous year of | <u>56,735,935</u> |
| Giving a total of | 62,660,048 |
| Dividends paid during the year | <u>(2,250,000)</u> |
| Balance of retained earnings carried forward | <u>60,410,048</u> |

The Board of Directors has declared a final dividend of \$1.65 per share for the year ended 30 September 2021. This is not recorded in the financial statements in accordance with our accounting policy.

In accordance with section 4.2(a) of By-Law No.1 the Directors recommend Mr. A. Charles Herbert, retired Actuary for election as a director

In accordance with Section 4.5 of By-Law No. 1 Mr. Anthony Ali and Mr. Abraham Andall 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: -

Anthony A. Ali
Chairman

St. George's
December 21st, 2021

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

DIRECTORS' REVIEW

The challenges of the COVID-19 pandemic experienced over the last twelve months assumed far greater proportions. Some of the fallouts included supply chain disruption, increased cost of goods for resale and a high level of employee absenteeism that affected customer delivery.

Notwithstanding the complexity of the operating environment, the Jonas Browne Hubbard (Grenada) Limited Group performed creditably with an increase of total revenue by \$10.7m or 8.7 percent (\$133.3 million compared to \$122.6 million) for the year ended September 30, 2021. The Building Supplies division, which was particularly affected in the last financial year during the period March 27 to May 16, 2020 when the country was under lockdown, accounted for 59% of the \$10.7m revenue improvement. Profit before taxation fell by 2% (\$8.6 million compared to \$8.7 million in 2020) principally due to heightened credit risk, which resulted in a significant increase in the provision for Expected Credit Loss on Trade Receivables.

Despite the lower revenue levels Grenadian General Insurance Company Limited, a wholly owned subsidiary recorded healthy profits before tax of \$3.5 million and accounted for 40.2 percent of the Group's profit.

Return before tax on total assets (\$134.3 million) increased by 6.4 percent, while Retained Earnings of \$60.4 million increased by the same percentage year-on-year.

Jonas Browne Hubbard (Grenada) Limited ordinary shares most recently traded at \$20 per share and has a 5.06 price-to-earnings multiple. The book value per share as of September 30, 2021, is \$78.03.

The directors have declared a dividend of \$1.65 per share, (2020 - \$1.50) to be paid during the financial year ending September 30, 2022

Mr. Ian A. Alleyne former Chairman of the Board of Directors resigned effective February 2021, having served as a director from 2003 and holding the position of Chairman for 16 years. Mr. Alleyne provided valuable and dedicated leadership for which the entire team is grateful, we therefore wish him good health and prosperity in his future endeavours.

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

**DIRECTORS' REVIEW
(continued)**

Hubbards, successfully implemented its 2018-2021 strategic plan which focused on delivering excellent customer service and served as a roadmap for the growth achieved over the last three years. Thinking ahead, under the guidance of the consulting firm - GoBlue Inc, the 2021-2024 plan was developed with active participation from the Board of Directors and the Management Team. Similar to the previous plan, the imperatives of the 2021-2024 plan will provide the roadmap for the next three years.

The surge in COVID-19 cases during the last quarter of the financial year affected lives and livelihood. Many Hubbard's employees were affected, and in some cases, required hospitalization. Support was provided to the affected employees and the team was happy when good health was restored, and they were able to rejoin their colleagues.

Food service to the rural areas was expanded in May 2020 with the introduction of a sales van. Given the high demand for the service, another van was commissioned in December 2020. This initiative has generated increased revenue and contributed to the overall success of the company. Similarly, since the establishment of the Tyre Bay at the Building Supplies compound in Grand Anse, customer patronage has increased significantly, making the outlet a top choice in the south of the island.

Furthermore, in July 2021 Hubbards commenced the Building Supplies Expansion project which was delayed from 2020 due to the COVID-19 pandemic. Barring any unforeseen circumstances, the project is on target for completion in March 2022. The completed project will create a modern business environment and a preferred hardware location.

Hubbards has moved away from its traditional marketing approach and has become more creative in its promotional initiatives, which have served well in communicating with stakeholders. To this end, a full-fledged department has been instituted, making use of digital and other forms of marketing. The "Live Free for One Year" promotion which ran from April to September 2021 attracted additional business partners and was an enormous success. Customers were delighted as the promotion provided opportunities to win valuable prizes.

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

**DIRECTORS' REVIEW
(continued)**

In recognition of the valiant efforts of the management and staff during this difficult period, we extend commendation and heartfelt thanks for the continued stalwart service. Guided by the 2021 – 2024 strategic imperatives, along with the vigilance and resilience of the team, we remain confident that the financial results of the Group during the ensuing year will exceed expectations, barring economic fallouts.

Anthony A. Ali
Chairman

St. George's
December 21st, 2021

**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, 2021, 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, 2021 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 2021 Annual Report

Other information consists of the information included in the Group's 2021 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 2021 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.

GRENADA

December 21st, 2021



Accountants & Business Advisers

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


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

| ASSETS | Notes | 2021 | 2020 |
|--------------------------------------|--------|----------------------|----------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 65,292,802 | 65,060,451 |
| Statutory deposit | 5 | 2,033,750 | 2,533,750 |
| Financial instruments | 6 (a) | <u>5,500,000</u> | <u>5,792,515</u> |
| | | <u>72,826,552</u> | <u>73,386,716</u> |
| Current Assets | | | |
| Inventory | 7 | 31,414,226 | 32,637,473 |
| Trade and other receivables | 8 | 10,963,077 | 8,585,567 |
| Amount due from affiliated companies | 9 (a) | 83,614 | 52,103 |
| Financial instruments | 6 (b) | 23,620,615 | 19,052,011 |
| Cash and cash equivalents | 10 | 3,487,326 | 602,953 |
| Right-of-use asset | 12 | <u>7,400</u> | <u>22,200</u> |
| | | <u>69,576,258</u> | <u>60,952,307</u> |
| | | <u>\$142,402,810</u> | <u>\$134,339,023</u> |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| STATED CAPITAL | 11 | 17,175,750 | 17,175,750 |
| STATUTORY RESERVE | 13 | 4,000,000 | 4,000,000 |
| REVALUATION RESERVE | 14 | 35,456,110 | 35,456,110 |
| RETAINED EARNINGS | | <u>60,410,048</u> | <u>56,735,935</u> |
| | | <u>117,041,908</u> | <u>113,367,795</u> |
| Non-Current Liabilities | | | |
| Lease liability | 12 | - | 7,730 |
| Long-term borrowings | 16(a) | <u>4,690,596</u> | <u>3,009,855</u> |
| | | <u>4,690,596</u> | <u>3,017,585</u> |
| Current Liabilities | | | |
| Trade and other payables | 15 | 16,824,283 | 13,987,288 |
| Lease liability | 12 | 7,730 | 14,957 |
| Amount due to affiliated companies | 9 (b) | 640,994 | 766,658 |
| Amount due to parent company | | 52,346 | 15,705 |
| Short-term borrowings | 16 (b) | 205,958 | 70,815 |
| Reserve for unexpired premiums | 17 | 2,094,947 | 2,021,104 |
| Taxation payable | | <u>844,048</u> | <u>1,077,116</u> |
| | | <u>20,670,306</u> | <u>17,953,643</u> |
| | | <u>25,360,902</u> | <u>20,971,228</u> |
| TOTAL LIABILITIES | | | |
| TOTAL EQUITY AND LIABILITIES | | <u>\$142,402,810</u> | <u>\$134,339,023</u> |

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on December 21st, 2021 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, 2021**

| | Note | 2021 | 2020 |
|--|--------|----------------------|---------------------|
| Sales and Commission Income | 24 | 133,309,336 | 122,603,401 |
| Cost of sales | 26 | <u>(100,516,666)</u> | <u>(91,268,627)</u> |
| Gross profit and commission income | | 32,792,670 | 31,334,774 |
| Direct expenses | 27 | (15,395,896) | (15,048,778) |
| General and administrative expenses | 31 | (8,811,204) | (7,712,480) |
| Interest expense (Net) | 28 | (128,117) | (84,178) |
| Depreciation | 4 & 12 | (2,160,623) | (2,043,642) |
| Other income | 18 | <u>2,294,853</u> | <u>2,324,692</u> |
| | | <u>24,200,987</u> | <u>22,564,386</u> |
| Net profit for the year before taxation | | 8,591,683 | 8,770,388 |
| Provision for taxation | 19 | <u>(2,667,570)</u> | <u>(2,395,069)</u> |
| Net profit for the year after taxation | | 5,924,113 | 6,375,319 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>\$5,924,113</u> | <u>\$6,375,319</u> |
| Attributable to: | | | |
| Equity shareholders of the Group | | <u>\$5,924,113</u> | <u>\$6,375,319</u> |
| Earnings per share | 22 | \$3.95 | \$4.25 |

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, 2021**

| | Stated Capital | Revaluation Reserve | Statutory Reserve | Retained Earnings | Total Equity |
|---|---------------------|------------------------|----------------------|----------------------|----------------------|
| Balance at 1 st October , 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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,875,000)</u> | <u>(1,875,000)</u> |
| Balance at 30 th September, 2020 | 17,175,750 | 35,456,110 | 4,000,000 | 56,735,935 | 113,367,795 |
| Total comprehensive income | - | - | - | 5,924,113 | 5,924,113 |
| Dividends paid | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,250,000)</u> | <u>(2,250,000)</u> |
| Balance at 30 th September, 2021 | <u>\$17,175,750</u> | <u>\$35,456,110</u> | <u>\$4,000,000</u> | <u>\$60,410,048</u> | <u>\$117,041,908</u> |

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, 2021**

| | Notes | 2021 | 2020 |
|---|--------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | |
| Net profit for the year before taxation | | 8,591,683 | 8,770,388 |
| Adjustments for: | | | |
| Depreciation - property, plant and equipment and lease | 4 & 12 | 2,160,623 | 2,043,643 |
| Interest expense | | 128,117 | 84,178 |
| Gain on disposal of property, plant and equipment | | <u>(195,274)</u> | <u>(13,999)</u> |
| Operating surplus before working capital changes | | 10,685,149 | 10,884,210 |
| Increase in inventories | | 1,223,248 | (3,432,065) |
| Increase in trade and other receivables | | (2,377,510) | (171,981) |
| Decrease/(increase) in amount due from affiliated companies | | (31,511) | 4,119 |
| Increase in trade and other payables | | 2,836,995 | 2,393,893 |
| Increase/(decrease) in amount due to affiliated companies | | (141,369) | 475,364 |
| (Decrease)/increase in amount due to parent company | | 52,346 | (28,223) |
| (Decrease)/increase in unexpired premiums | | 73,843 | (214,936) |
| Decrease in statutory deposit | | <u>500,000</u> | - |
| Cash from operations | | 12,821,191 | 9,910,381 |
| Interest paid | | (128,116) | (84,178) |
| Taxes paid | | <u>(2,900,639)</u> | <u>(1,577,306)</u> |
| Cash provided by operating activities | | <u>9,792,436</u> | <u>8,248,897</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 4 | (2,502,425) | (1,789,781) |
| Proceeds on disposal of property, plant and equipment | | 319,526 | 14,000 |
| Net (purchase)/redemption of financial instruments | | <u>(4,276,090)</u> | <u>(669,755)</u> |
| Cash used in investing activities | | <u>(6,458,989)</u> | <u>(2,445,536)</u> |
| FINANCING ACTIVITIES | | | |
| Principal payment of lease liability | | (14,958) | (14,313) |
| Net proceeds/(repayment) of borrowings | | 1,680,741 | (501,621) |
| Payment of dividends | | <u>(2,250,000)</u> | <u>(1,875,000)</u> |
| Cash used in financing activities | | <u>(584,217)</u> | <u>(2,390,934)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 2,749,230 | 3,412,427 |
| Cash and cash equivalents - at the beginning of the year | | <u>532,138</u> | <u>(2,880,289)</u> |
| - at the end of the year | 10 | <u>\$3,281,368</u> | <u>\$532,138</u> |

The accompanying notes form an integral part of these financial statements

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

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-nine (429) persons (2020 – 420 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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, 2020 except for the adoption of new standards and interpretations below.

Amendments to References to the Conceptual Framework in IFRS Standards (Effective 1 January 2020)

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

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

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

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

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Amendments to IFRS 3 - Definition of a Business (Effective 1 January 2020) (continued)

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7 clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendment 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. The amendments do not apply to lessors.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021);
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

These amendments are not expected to have a significant impact on the Groups' financial statements.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform — Phase 2 (Effective 1st January 2021)**

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rates (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

- **Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 Effective 1st April 2021)**

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- **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.

- **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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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 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

• **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies Effective 1st January, 2023)**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

• **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies Effective 1st January, 2023)**

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

• **Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1st January, 2023)**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

• **Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023)**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities.
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

• IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

In May 2017, the International Accounting Standards Board (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 9 and IFRS 15 on or before the date it first applies IFRS 17.

The amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Improvements to International Reporting Standards

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

Annual improvements to IFRS Standards 2018-2020 cycle

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

IFRSs – Subject of Amendment

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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 are 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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, Loans and Receivables or Available-for-Sale. 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

Available-for-sale

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity or changes in interest rates or equity prices. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. Where available-for-sale investments are carried at fair value unrealized gains or losses are recognized directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the statement of financial date.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

(vi) Financial liabilities

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

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Policy contracts (continued)

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

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 to 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.

(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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Policy contracts (continued)

(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.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue recognition (continued)

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.

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:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Leases (continued)

(i) Right-of-use assets (*continued*)

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.

(ii) Lease liabilities

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 an 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Leases (continued)

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.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

(i) Valuation of property

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

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) Impact of COVID-19

Background

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(vi) Impact of COVID-19 (continued)

Consideration of the statements of financial position and further disclosures

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

Expected Credit Losses

Trade and other receivables:

For trade and other receivables, the Parent Company adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9. In response to the COVID-19 pandemic, the Group assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 30th September 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

Going concern

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

4. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Motor vehicles | Furniture, fittings and equipment | Work in Progress | Total |
|---|----------------------------|----------------------------|---------------------------|--|-----------------------------|----------------------------|
| Balance at 30 September 2021 | | | | | | |
| Cost | 13,037,257 | 20,975,475 | 5,142,394 | 23,794,840 | 1,371,666 | 64,321,632 |
| Revaluation | 11,093,794 | 19,062,040 | - | - | - | 30,155,834 |
| Accumulated depreciation | <u>-</u> | <u>(3,309,845)</u> | <u>(4,620,996)</u> | <u>(21,253,823)</u> | <u>-</u> | <u>(29,184,664)</u> |
| NET BOOK VALUE | <u>\$24,131,051</u> | <u>\$36,727,670</u> | <u>\$521,398</u> | <u>\$2,541,017</u> | <u>\$1,371,666</u> | <u>\$65,292,802</u> |
| For the year ended 30 September 2021 | | | | | | |
| Opening book value | 24,131,051 | 37,528,436 | 559,852 | 2,841,112 | 1,371,666 | 65,060,451 |
| Additions for the year | - | 449,769 | 680,990 | - | - | 2,502,425 |
| Disposal | - | - | (124,253) | - | - | (124,253) |
| Depreciation charge for the year | <u>-</u> | <u>(800,766)</u> | <u>(363,970)</u> | <u>(981,085)</u> | <u>-</u> | <u>(2,145,821)</u> |
| NET BOOK VALUE | <u>\$24,131,051</u> | <u>\$36,727,670</u> | <u>\$521,398</u> | <u>\$2,541,017</u> | <u>\$1,371,666</u> | <u>\$65,292,802</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

| | 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 | <u>-</u> | <u>(2,509,079)</u> | <u>(4,437,321)</u> | <u>(20,272,738)</u> | <u>(27,219,138)</u> |
| NET BOOK VALUE | <u>\$24,131,051</u> | <u>\$37,528,436</u> | <u>\$559,852</u> | <u>\$2,841,112</u> | <u>\$65,060,451</u> |
| 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 | <u>-</u> | <u>(800,762)</u> | <u>(348,134)</u> | <u>(879,947)</u> | <u>(2,028,843)</u> |
| NET BOOK VALUE | <u>\$24,131,051</u> | <u>\$37,528,436</u> | <u>\$559,852</u> | <u>\$2,841,112</u> | <u>\$65,060,451</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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 DEPOSIT

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

(a) Non-Current

Held-to-maturity

| | 2021 | 2020 |
|--|-------------|----------------|
| Government of St. Lucia 5.75% fixed rate note – maturing 29 th August, 2024 | 1,000,000 | 1,000,000 |
| Government of St. Kitts 1.50% fixed rate note – maturing 18 th April, 2057 | 1,000,000 | 1,000,000 |
| Government of St. Lucia 6.80% 5 year treasury note – maturing 17 th December, 2020 | - | 1,500,000 |
| Government of St. Lucia 6.75% treasury note – maturing 9 th August 2027 | 2,000,000 | - |
| Government of St. Lucia 4.5% fixed rate bonds – maturing 1st September, 2022 | - | 1,722,515 |
| Government of Antigua 5.75% treasury note – maturing 10 th October, 2020 | <u>-</u> | <u>570,000</u> |

4,000,000 5,792,515

Available-for-sale

| | | |
|---|------------------|----------|
| ECHMB Non-cumulative 5% callable preference shares | <u>1,500,000</u> | <u>-</u> |
|---|------------------|----------|

Balance at 30th September, 2021 \$5,500,000 \$5,792,515

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

6. FINANCIAL INSTRUMENTS (continued)

| | 2021 | 2020 |
|---|---------------------|---------------------|
| <i>(b) Current</i> | | |
| <i>Loans and Receivables –</i> | | |
| First Citizen Investment Services | | |
| 2.65% Fixed deposit – maturing 12 th November 2021 | 2,566,264 | 2,500,014 |
| Ariza Credit Union | | |
| 2.0% Fixed deposit- maturing 27 th July, 2022 | 2,040,000 | 2,000,000 |
| 2.75% Fixed deposit – maturing 28 th April, 2022 | 1,055,756 | 1,027,500 |
| 2.75% Fixed deposit – maturing 23 rd July, 2021 | - | 2,055,000 |
| ECHMB corporate paper | | |
| 2.50% - maturing 6 th July, 2022 | 3,000,000 | 3,000,000 |
| 2.50% - maturing 30 th December, 2021 | 2,100,000 | 600,000 |
| 2.50% - maturing 28 th September, 2022 | 3,000,000 | - |
| ECHMB fixed deposit | | |
| 2.70% - maturing 12 th March, 2022 | <u>2,000,000</u> | <u>1,300,000</u> |
| | <u>15,762,020</u> | <u>12,482,514</u> |
| <i>Held-to-maturity –</i> | | |
| Government of St. Lucia | | |
| 7.15% bonds – maturing 24 th September, 2021 | - | 1,000,000 |
| 7.15% bonds – maturing 6 th August, 2021 | - | 1,900,000 |
| First Citizen Investment Services-St. Lucia | | |
| 2.5% bonds maturing 3 August, 2022 | 2,093,597 | 2,093,596 |
| Government of St. Lucia | | |
| 4.5% treasury note – maturing 7 th September, 2022 | 1,722,515 | - |
| First Citizen Investment Services | | |
| 2.5% Eurobond - maturing 3 rd October, 2021 | 1,615,298 | 1,575,901 |
| Government of Grenada | | |
| 3% treasury note – maturing 30 th July, 2022 | <u>2,427,185</u> | <u>-</u> |
| | <u>7,858,595</u> | <u>6,569,497</u> |
| | <u>\$23,620,615</u> | <u>\$19,052,011</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

7. INVENTORIES

| | 2021 | 2020 |
|-----------------------------------|---------------------|---------------------|
| Lumber department | 1,402,095 | 1,125,272 |
| Building supplies | 7,137,091 | 5,801,855 |
| Hardware | 3,810,329 | 3,255,878 |
| Agency | 5,842,584 | 5,799,348 |
| Appliances | 2,814,027 | 2,399,282 |
| Food Fairs | 4,564,530 | 5,944,221 |
| Home Centre | 435,285 | 494,881 |
| Motor department | 2,205,170 | 4,687,039 |
| LAND Shop | 331,709 | 630,422 |
| Business equipment and stationery | 216,872 | 164,375 |
| Packaging materials | - | 90,008 |
| Goods-in-transit | <u>2,654,534</u> | <u>2,244,892</u> |
| | <u>\$31,414,226</u> | <u>\$32,637,473</u> |

8. TRADE AND OTHER RECEIVABLES

| | | |
|-------------------------|---------------------|--------------------|
| Trade receivables – net | 8,888,105 | 7,816,567 |
| Other receivables - net | <u>2,074,972</u> | <u>769,000</u> |
| | <u>\$10,963,077</u> | <u>\$8,585,567</u> |

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

| | | |
|--|--------------------|------------------|
| Balance as at 1 st October, 2020 | 903,702 | 820,080 |
| Net increase in provision for the year | <u>810,243</u> | <u>83,622</u> |
| Balance as at 30 th September, 2021 | <u>\$1,713,945</u> | <u>\$903,702</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

9. AFFILIATED COMPANIES

| | 2021 | 2020 |
|---|------------------|------------------|
| (a) Amount due from affiliated companies | | |
| Independence Agencies Limited | <u>\$83,614</u> | <u>\$52,103</u> |
| (b) Amount due to affiliated companies | | |
| Coreas Hazells Inc. | 34,824 | - |
| McBride (Caribbean) Limited | 171,505 | 569,439 |
| Independence Agencies Limited | 325,171 | 170,219 |
| Minvielle & Chastanet Limited | 103,200 | - |
| Home Depot Limited | <u>6,294</u> | <u>-</u> |
| | <u>\$640,994</u> | <u>\$766,658</u> |

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 | 3,487,326 | 602,953 |
| Bank overdraft | <u>(205,958)</u> | <u>(70,815)</u> |
| Cash and cash equivalents in the statement of cash flows | <u>\$3,281,368</u> | <u>\$532,138</u> |

11. STATED CAPITAL

| | | |
|---|---------------------|---------------------|
| Authorised | | |
| - 1,500,000 ordinary shares of no par value | | |
| Issued | | |
| - 1,500,000 ordinary shares of no par value | <u>\$17,175,750</u> | <u>\$17,175,750</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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:

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Balance at 1 st October, 2020 | 22,200 | 36,999 |
| Less: Depreciation for the year | <u>(14,800)</u> | <u>(14,799)</u> |
| Balance at 30 th September, 2021 | <u>\$7,400</u> | <u>\$22,200</u> |

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 1 st October, 2020 | 22,687 | 36,999 |
| Add: Accretion of interest | 643 | 1,288 |
| Less: Principal payments | <u>(15,600)</u> | <u>(15,600)</u> |
| Balance at 30 th September, 2021 | 7,730 | 22,687 |
| Less: Short-term portion | <u>(7,730)</u> | <u>(14,957)</u> |
| Long-term portion | <u>\$ -</u> | <u>\$7,730</u> |

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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

| | 2021 | 2020 |
|----------------------------------|---------------------|---------------------|
| Trade payables | 4,299,899 | 3,037,738 |
| Provision for outstanding claims | 1,169,450 | 1,106,450 |
| Accruals | 5,046,450 | 5,622,664 |
| Other payables | <u>6,308,484</u> | <u>4,220,436</u> |
| | <u>\$16,824,283</u> | <u>\$13,987,288</u> |

16. BORROWINGS

a) Long-term borrowings

| | | |
|--|--------------------|--------------------|
| CIBC First Caribbean International Bank (Barbados) Limited | <u>\$4,690,596</u> | <u>\$3,009,855</u> |
|--|--------------------|--------------------|

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

16. BORROWINGS (continued)

| | 2021 | 2020 |
|--|------------------|-----------------|
| <i>b) Short-term borrowings</i> | | |
| CIBC First Caribbean International Bank (Barbados) Limited | | |
| - Overdraft account | <u>\$205,958</u> | <u>\$70,815</u> |

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, 2021 | Fire | Motor | Marine | Total |
|---|--------------------|--------------------|------------------|--------------------|
| <i>Gross</i> | | | | |
| At the beginning of the year | 2,252,782 | 1,734,573 | 171,391 | 4,158,746 |
| Premiums written | 5,093,643 | 3,706,843 | 425,267 | 9,225,753 |
| Earned during the year | <u>(5,075,985)</u> | <u>(3,649,485)</u> | <u>(393,195)</u> | <u>(9,118,665)</u> |
| At the end of the year | <u>\$2,270,440</u> | <u>\$1,791,931</u> | <u>\$203,463</u> | <u>\$4,265,834</u> |
| <i>Reinsurance</i> | | | | |
| At the beginning of the year | 1,973,683 | 29,962 | 133,997 | 2,137,642 |
| Premium written | 4,563,363 | 85,691 | 318,524 | 4,967,578 |
| Earned during the year | <u>(4,536,166)</u> | <u>(98,191)</u> | <u>(299,976)</u> | <u>(4,934,333)</u> |
| At the end of the year | <u>\$2,000,880</u> | <u>\$17,462</u> | <u>\$152,545</u> | <u>\$2,170,887</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

17. RESERVE FOR UNEXPIRED PREMIUMS (continued)

| Balance at 30th September, 2021 | Fire | Motor | Marine | Total |
|---|--------------------|--------------------|------------------|--------------------|
| <i>Net</i> | | | | |
| At the beginning of the year | 279,098 | 1,704,611 | 37,395 | 2,021,104 |
| Premiums written | 530,280 | 3,621,152 | 106,743 | 4,258,175 |
| Earned during the year | <u>(539,819)</u> | <u>(3,551,294)</u> | <u>(93,219)</u> | <u>(4,184,332)</u> |
| At the end of the year | <u>\$269,560</u> | <u>\$1,774,469</u> | <u>\$50,918</u> | <u>\$2,094,947</u> |
| | | | | |
| Balance at 30th September, 2020 | Fire | Motor | Marine | Total |
| <i>Gross</i> | | | | |
| 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 | <u>(5,046,158)</u> | <u>(3,773,953)</u> | <u>(416,148)</u> | <u>(9,236,259)</u> |
| At the end of the year | <u>\$2,252,782</u> | <u>\$1,734,573</u> | <u>\$171,391</u> | <u>\$4,158,746</u> |
| <i>Reinsurance</i> | | | | |
| 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 | <u>(4,359,512)</u> | <u>(139,125)</u> | <u>(319,436)</u> | <u>(4,818,073)</u> |
| At the end of the year | <u>\$1,973,684</u> | <u>\$29,962</u> | <u>\$133,996</u> | <u>\$2,137,642</u> |
| <i>Net</i> | | | | |
| 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 | <u>686,646</u> | <u>(3,634,828)</u> | <u>(96,712)</u> | <u>(4,818,186)</u> |
| At the end of the year | <u>\$279,098</u> | <u>\$1,704,611</u> | <u>\$37,395</u> | <u>\$2,021,104</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

18. OTHER INCOME

| | 2021 | 2020 |
|---|---------------------|--------------------|
| Investment income | 853,351 | 1,078,338 |
| Rental income | 798,325 | 801,434 |
| Gain on disposal of property, plant and equipment | 195,274 | 13,999 |
| Premium profit commission | 350,644 | 413,097 |
| Miscellaneous income | <u>97,259</u> | <u>17,824</u> |
| | <u>\$ 2,294,853</u> | <u>\$2,324,692</u> |

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 | <u>\$8,591,683</u> | <u>\$8,770,388</u> |
| Tax at applicable statutory rate 28% | 2,405,671 | 2,455,709 |
| Tax effect of items that are adjustable in determining taxable profit: | | |
| Income not subject to tax | (248,046) | (299,716) |
| Expenses not deductible for tax purposes | 236,625 | 70,624 |
| Other items | <u>273,320</u> | <u>168,452</u> |
| Tax expense | <u>\$2,667,570</u> | <u>\$2,395,069</u> |

20. CONTINGENT LIABILITIES

The Group is contingently liable for letters of credit and warehouse bonds totalling approximately \$3,866,533 (2020 - \$ 3,848,654).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

21. RELATED PARTY TRANSACTIONS

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

a) Transactions were carried out with affiliated companies

| | 2021 | 2020 |
|--------------------|--------------------|--------------------|
| Sales of goods | <u>\$1,358,964</u> | <u>\$796,674</u> |
| Purchases of goods | <u>\$4,187,922</u> | <u>\$3,765,656</u> |

b) Transactions with parent Company

| | | |
|------------------------|--------------------|------------------|
| Human Resource support | <u>\$138,024</u> | <u>\$113,400</u> |
| Dividends paid | <u>\$1,178,531</u> | <u>\$982,109</u> |

22. EARNINGS PER SHARE

This is based on the net profit for the year of \$5,924,113 (2020 - \$6,375,319) and issued shares of 1,500,000 (2020 – 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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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 | |
|--------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Statutory deposits | 2,033,750 | 2,533,750 |
| Financial instruments | 29,120,615 | 24,844,526 |
| Trade and other receivables | 10,963,077 | 8,585,567 |
| Amount due from affiliated companies | 83,614 | 52,103 |
| Cash and cash equivalents | <u>3,487,326</u> | <u>602,953</u> |
| | <u>\$45,688,382</u> | <u>\$36,618,899</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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, 2021 | | | | | |
| Expected credit loss rate (%) | 4.8% | 13.02% | 45.49% | 47.97% | 13.09% |
| Estimated total gross carrying amount at default | 6,784,961 | 1,723,823 | 1,442,112 | 276,131 | 10,227,027 |
| Expected credit loss | <u>325,884</u> | <u>224,510</u> | <u>656,075</u> | <u>132,453</u> | <u>1,338,922</u> |
| Net carrying amount | <u>\$6,459,077</u> | <u>\$1,499,313</u> | <u>\$786,037</u> | <u>\$143,678</u> | <u>\$8,888,105</u> |
| Balance at 30th September, 2020 | | | | | |
| Expected credit loss rate (%) | 3.54% | 10.20% | 10.47% | 68.77% | 7.71% |
| Estimated total gross carrying amount at default | 5,234,473 | 1,565,805 | 1,441,265 | 227,645 | 8,469,188 |
| Expected credit loss | <u>185,432</u> | <u>159,768</u> | <u>150,876</u> | <u>156,545</u> | <u>652,621</u> |
| Net carrying amount | <u>\$5,049,041</u> | <u>\$1,406,037</u> | <u>\$1,290,389</u> | <u>\$71,100</u> | <u>\$7,816,567</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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:

| | 2021 | 2020 |
|--------------------------------|---------------------|--------------------|
| Government | 257,674 | 171,543 |
| Retailers | 3,564,631 | 2,853,897 |
| Hotels and restaurants | 876,154 | 414,677 |
| Manufacturers | 245,899 | 234,609 |
| Individuals | <u>7,732,658</u> | <u>5,814,543</u> |
| | 12,677,016 | 9,489,269 |
| Less: Provision for impairment | <u>(1,713,945)</u> | <u>(903,702)</u> |
| | <u>\$10,963,071</u> | <u>\$8,585,567</u> |

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021**

(continued)

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, 2021 | | | | |
| Trade and other payables | 14,619,807 | 2,654,476 | - | 16,824,283 |
| Amount due to affiliated companies | 640,994 | - | - | 640,994 |
| Amount due to parent company | 52,346 | - | - | 52,346 |
| Taxation payable | - | 844,047 | - | 844,047 |
| Lease liability | - | 7,731 | - | 7,731 |
| Borrowings | 205,958 | - | 4,690,596 | 4,896,554 |
| Reserve for unexpired premiums | - | <u>2,094,947</u> | - | <u>2,094,947</u> |
| | <u>\$15,069,105</u> | <u>\$5,601,201</u> | <u>\$4,690,596</u> | <u>\$25,360,902</u> |
| 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 |
| Amount due to parent company | - | 1,077,116 | - | 1,077,116 |
| Taxation payable | - | 14,957 | 7,730 | 22,687 |
| Borrowings | 70,815 | - | 3,009,855 | 3,080,670 |
| Reserve for unexpired premiums | - | <u>2,021,104</u> | - | <u>2,021,104</u> |
| | <u>\$12,334,944</u> | <u>\$5,618,699</u> | <u>\$3,017,585</u> | <u>\$20,971,228</u> |

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

| | US\$ | GBP | EURO | BD\$ | EC\$ | Total |
|---|---------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Assets | | | | | | |
| Statutory deposits | - | - | - | - | 2,033,750 | 2,033,750 |
| Financial instruments | 1,722,515 | - | - | - | 27,398,100 | 29,120,615 |
| Trade and other receivables | - | - | - | - | 10,963,077 | 10,963,077 |
| Amount due from affiliated companies | - | - | - | - | 83,614 | 83,614 |
| Cash and cash equivalents | <u>19,773</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,467,553</u> | <u>3,487,326</u> |
| Balance at 30th September, 2021 | <u>\$1,742,288</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$43,946,094</u> | <u>\$45,688,382</u> |
| Liabilities | | | | | | |
| Amount due to affiliated companies | 171,405 | - | - | 52,347 | 450,403 | 674,155 |
| Trade and other payables | 939,492 | 15,247 | 33,592 | - | 15,861,337 | 16,849,668 |
| Taxation payable | - | - | - | - | 844,047 | 844,047 |
| Borrowings | - | - | - | - | 4,896,554 | 4,896,554 |
| Reserve for unexpired premiums | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,094,947</u> | <u>2,094,947</u> |
| Balance at 30th September, 2021 | <u>\$1,110,097</u> | <u>\$15,247</u> | <u>\$33,592</u> | <u>\$52,347</u> | <u>\$24,147,288</u> | <u>\$25,359,371</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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 | - | - | - | - | 2,533,750 | 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 | <u>19,773</u> | - | - | - | <u>583,180</u> | <u>602,953</u> |
| Balance at 30th September, 2020 | <u>\$1,742,288</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$34,876,611</u> | <u>\$36,618,899</u> |
| 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 | - | - | - | - | <u>2,021,104</u> | <u>2,021,104</u> |
| Balance at 30th September, 2020 | <u>\$1,926,554</u> | <u>\$ -</u> | <u>\$18,086</u> | <u>\$ 15,705</u> | <u>\$18,988,196</u> | <u>\$20,948,541</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

24. SALES AND COMMISSION INCOME

| | 2021 | 2020 |
|------------------------------|----------------------|----------------------|
| Sales | 128,653,857 | 117,870,266 |
| Net premium income (Note 25) | 3,635,750 | 3,794,645 |
| Commission income | <u>1,019,729</u> | <u>938,490</u> |
| | <u>\$133,309,336</u> | <u>\$122,603,401</u> |

25. NET PREMIUM INCOME

| | | |
|--------------------------------|--------------------|--------------------|
| Gross premium income | 8,996,291 | 9,047,747 |
| Less: Reinsurance | <u>(4,967,578)</u> | <u>(5,049,102)</u> |
| | 4,028,713 | 3,998,645 |
| Movement of unexpired premiums | (73,842) | 214,936 |
| Net claims | (820,300) | (809,553) |
| Net commission received | 1,150,893 | 991,723 |
| Loss reinsurance | <u>(649,714)</u> | <u>(601,106)</u> |
| | <u>\$3,635,750</u> | <u>\$3,794,645</u> |

26. COST OF SALES

| | | |
|------------------------|----------------------|---------------------|
| Cost of inventory sold | 100,084,100 | 90,839,685 |
| Labour | <u>432,566</u> | <u>428,942</u> |
| | <u>\$100,516,666</u> | <u>\$91,268,627</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

27. DIRECT EXPENSES

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| Advertising | 576,855 | 777,013 |
| Salary, wages and other employment benefits | 10,102,053 | 9,779,325 |
| Communication | 191,509 | 205,811 |
| Electricity | 1,365,055 | 1,279,845 |
| Freight and handling | 730,757 | 714,707 |
| Repairs and maintenance | 1,067,155 | 899,859 |
| Fees and licenses | 114,891 | 114,086 |
| Miscellaneous | 19,216 | 13,641 |
| Packaging materials | 322,454 | 434,723 |
| Security | 571,550 | 539,371 |
| Stamps, stationery and supplies | 232,653 | 206,220 |
| Travelling | - | 43,990 |
| Garbage Disposal | 47,610 | 56,600 |
| Rates and taxes | <u>54,137</u> | <u>40,187</u> |
| | <u>\$15,395,896</u> | <u>\$15,048,778</u> |

28. INTEREST EXPENSE

| | | |
|-----------------|------------------|-----------------|
| Bank borrowings | <u>\$128,117</u> | <u>\$84,178</u> |
|-----------------|------------------|-----------------|

29. EVENTS AFTER THE REPORTING PERIOD

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

30. COMPARATIVE FIGURES

Certain of the 2020 comparative figures have been classified to conform to the current year's financial statements presentation. These changes have no impact on the surplus reported for the previous year.

31. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2021 | 2020 |
|---|--------------------|--------------------|
| Advertising | 259,183 | 249,367 |
| Audit fees | 95,150 | 92,000 |
| Directors | 71,000 | 60,000 |
| Electricity | 243,434 | 222,238 |
| Communication | 209,735 | 208,480 |
| Exchange gain | (375,996) | (474,504) |
| Insurance | 439,198 | 467,191 |
| Legal and professional fees | 481,464 | 460,574 |
| Other expenses | 1,441,361 | 952,390 |
| Rates and taxes | 157,657 | 183,208 |
| Repairs and maintenance | 662,551 | 758,147 |
| Defined contribution expense | 327,837 | 321,617 |
| Salary, wages and other employment benefits | 3,802,542 | 3,292,124 |
| Stamp tax | <u>996,088</u> | <u>919,648</u> |
| | <u>\$8,811,204</u> | <u>\$7,712,480</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021
(continued)**

32. BUSINESS SEGMENTS

| | Merchandising, Distribution and Shipping | Insurance |
|--|--|------------|
| As at 30 th September, 2021 | \$ | \$ |
| Total income | 130,744,443 | 4,859,746 |
| Net profit | 3,582,252 | 2,341,861 |
| Total assets | 106,890,345 | 35,512,465 |
| Total liabilities | 19,947,256 | 5,413,646 |
| | | |
| As at 30 th 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 |

33. FIVE-YEAR FINANCIAL SUMMARY

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Stated Capital | 17,175,750 | 17,175,750 | 17,175,750 | 17,175,750 | 17,175,750 |
| Shareholders' equity | 117,041,908 | 113,367,795 | 108,867,476 | 106,048,827 | 103,944,802 |
| Net profit | 5,924,113 | 6,375,319 | 4,520,772 | 3,604,025 | 3,319,882 |
| Dividends paid | 2,250,000 | 1,875,000 | 1,650,000 | 1,500,000 | 1,200,000 |
| Earnings per share | \$3.95 | \$4.25 | \$3.01 | \$2.40 | \$2.21 |