

Banks Holdings Limited

Consolidated Financial Statements
December 31, 2021
(expressed in Barbados dollars)

Grant Thornton Ltd

3rd Floor
CGI Tower
Warrens
P.O. Box 5033
St. Michael BB12001
Barbados W.I.

T +1 246 537 3445
F +1 246 537 8934

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Banks Holdings Limited

Opinion

We have audited the consolidated financial statements of **Banks Holdings Limited** (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters ...continued***Revenue recognition****Description of the Matter*

Revenue is one of the key performance measures used to assess business performance. There is a risk that the amount of revenues presented in the consolidated financial statements is higher than the amount that was actually earned by the Group. Revenue from sale of goods is recognised when control over the goods has been transferred to the customers (i.e. generally when the customer has acknowledged receipt of the goods). In our view, revenue recognition is significant to our audit because the amount is material to the consolidated financial statements. It also involves voluminous transactions, requires proper observation of cut-off procedures and testing the validity of transactions, and directly impacts the Group's profitability.

The Group's disclosures about its revenues and related receivables, and revenue recognition policies including IFRS 15, *Revenue from Contracts with Customers*, are included in Notes 5, 6 and 11, respectively.

How the Matter was Addressed in the Audit

Our audit procedures performed to address the risk of material misstatement relating to revenue recognition included the following:

- Obtained an understanding of the Group's processes and controls over revenue recognition, approval and documentation;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with IFRS 15;
- Performed substantive analytical review procedures over revenues such as but not limited to, yearly and monthly analyses of sales and sales mix composition based on our expectations, investigation of variances from our expectations, and verifying that the underlying data used in the analyses were reliable;
- Tested on a sample basis, the sales invoices, delivery receipts and cash receipts of sales transactions throughout the current year to determine the validity and occurrence of sales;
- Confirmed accounts receivables using positive confirmations, on a sample basis, and performed alternative procedures for non-responding customers, such as, examined evidence of subsequent collections, and corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately prior and subsequent to the current period to determine whether the related sales transactions were recognised in the proper reporting period; and
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with IFRS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

Other Matters

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

The engagement partner on the audit resulting in this independent auditor's report is Jefferson E. Hunte.

Grant Thornton Ltd

Chartered Accountants

March 25, 2024

Barbados


Banks Holdings Limited
Consolidated Statement of Financial Position
As at December 31, 2021

(expressed in Barbados dollars)


	2021 \$	2020 \$
Assets		
Current assets		
Cash and short-term deposit (note 10)	201,000,330	189,559,340
Receivables and prepayments (note 11)	21,959,472	24,330,441
Investments (note 13)	68,168,339	38,953,338
Inventories (note 12)	28,656,229	30,740,103
	319,784,370	283,583,222
Assets classified as held for sale (note 28)	–	7,806,568
	319,784,370	291,389,790
Current liabilities		
Accounts payable and accruals (note 14)	41,203,862	34,660,418
Income tax payable (note 9)	160,287	113,815
Provision for deposits owed to customers	–	85,326
	41,364,149	34,859,559
Working capital	278,420,221	256,530,231
Investments in associated companies (note 15)	1,761,570	32,574,394
Property, plant and equipment (note 16)	86,747,848	94,884,659
Investment properties (note 17)	6,300,000	6,300,000
Deferred tax asset (note 9)	1,999,367	1,506,215
Pension plan (liability)/asset (note 18)	(2,154,575)	2,276,000
Post-employment medical liability (note 19)	(1,555,000)	(1,737,000)
Accounts payable and accruals (note 14)	(118,857,545)	(509,740)
	252,661,886	391,824,759
Equity		
Share capital (note 20)	145,565,985	145,565,985
Capital reserves (note 21)	12,340,348	15,748,246
Retained earnings	86,988,302	221,277,874
Attributable to equity holders of the parent	244,894,635	382,592,105
Non-controlling interests	7,767,251	9,232,654
Total equity	252,661,886	391,824,759

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

Approved by the Board of Directors on March 25, 2024.



Director



Director

Banks Holdings Limited
Consolidated Statement of Income
For the year ended December 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Sales (note 6)	126,565,094	129,496,339
Cost of sales (note 7)	(95,262,277)	(90,183,253)
Gross profit	31,302,817	39,313,086
Other income	2,628,654	1,510,312
Selling, general and administrative expenses (note 7)	(34,349,319)	(26,649,197)
(Loss)/profit from operations before undernoted items	(417,848)	14,174,201
Unrealised fair value gains on investments (note 13)	29,215,001	5,445,933
Interest income	1,202	1,094
Change in fair value of investment properties (note 17)	–	(3,298,432)
Loss on disposal of assets held for sale (note 28)	(767,054)	–
Interest expense	(3,596,508)	(3,308,442)
Loss on disposal of investments in associated companies	(22,942,118)	–
Income from operations – parent and subsidiaries	1,492,675	13,014,354
Share of loss of associated companies (note 15)	(3,809,432)	(3,713,796)
(Loss)/income before taxation	(2,316,757)	9,300,558
Taxation (note 9)	114,655	(838,357)
Net (loss)/income for the year	(2,202,102)	8,462,201
Attributable to:		
Equity holders of the parent	(1,773,024)	8,338,000
Non-controlling interests	(429,078)	124,201
	(2,202,102)	8,462,201
(Loss)/earnings per share		
Basic and diluted (loss)/earnings per share attributable to equity holders of the parent (note 23)	(0.027)	0.128

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

Banks Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended December 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Net (loss)/income for the year	(2,202,102)	8,462,201
Other comprehensive loss, net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Re-measurement losses on defined benefit plans and post-employment medical liability (notes 18 and 19)	(3,801,575)	(16,535,000)
Income tax effect (note 9)	209,087	909,425
Other comprehensive loss for the year, net of tax	(3,592,488)	(15,625,575)
Total comprehensive loss for the year, net of tax	(5,794,590)	(7,163,374)
Attributable to:		
Equity holders of the parent	(5,180,922)	(6,630,758)
Non-controlling interests	(613,668)	(532,616)
	(5,794,590)	(7,163,374)

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

Banks Holdings Limited

Consolidated Statement of Changes in Equity For the year ended December 31, 2021

(expressed in Barbados dollars)

	Attributable to equity holders of the parent			Total	Non- controlling interests	Total equity
	Share capital	Capital reserves	Retained earnings			
	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019	145,565,985	30,717,004	212,939,874	389,222,863	9,765,270	398,988,133
Net income for the year	–	–	8,338,000	8,338,000	124,201	8,462,201
Other comprehensive loss (note 21)	–	(14,968,758)	–	(14,968,758)	(656,817)	(15,625,575)
Total comprehensive loss	–	(14,968,758)	8,338,000	(6,630,758)	(532,616)	(7,163,374)
Balance as at December 31, 2020	145,565,985	15,748,246	221,277,874	382,592,105	9,232,654	391,824,759
Net loss for the year	–	–	(1,773,024)	(1,773,024)	(429,078)	(2,202,102)
Other comprehensive loss (note 21)	–	(3,407,898)	–	(3,407,898)	(184,590)	(3,592,488)
Total comprehensive loss	–	(3,407,898)	(1,773,024)	(5,180,922)	(613,668)	(5,794,590)
Transactions with owners						
Dividends (note 20)	–	–	(132,516,548)	(132,516,548)	(851,735)	(133,368,283)
Balance as at December 31, 2021	145,565,985	12,340,348	86,988,302	244,894,635	7,767,251	252,661,886

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

Banks Holdings Limited

Consolidated Statement of Cash Flows For the year ended December 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Cash flows from operating activities		
(Loss)/income before taxation	(2,316,757)	9,300,558
Adjustments for:		
Loss on disposal of investments in associated companies	22,942,118	–
Depreciation (note 16)	11,717,917	12,091,224
Share of loss of associated companies (note 15)	3,809,432	3,713,796
Interest expense	3,596,508	3,308,442
Loss on disposal of assets held for sale (note 28)	767,054	–
Pension plan expense/(income) (note 18)	312,000	(1,414,000)
Post-employment medical liability expense (note 19)	183,000	143,000
Provision for inventory obsolescence (note 7)	145,003	225,960
Change in fair value of investment properties (note 17)	–	3,298,432
Loss on disposal of property, plant and equipment	–	58,161
Interest income	(1,202)	(1,094)
Post medical payments (note 19)	(48,000)	(49,000)
Impairment (reversal)/loss of trade receivables (note 27)	(76,109)	295,773
Dividend income (note 13)	(821,958)	(404,433)
Unrealised fair value gains on investments (note 13)	(29,215,001)	(5,445,933)
Operating profit before working capital changes	10,994,005	25,120,886
Decrease in receivables and prepayments	2,042,178	2,874,903
Decrease in inventories	1,938,871	3,580,159
Increase/(decrease) in accounts payable and accruals	428,244	(4,412,617)
Decrease in provision for deposits owed to customers	(85,326)	(967,129)
Cash generated from operations	15,317,972	26,196,202
Interest received	1,202	1,094
Income tax paid (note 9)	(122,938)	(336,424)
Interest paid	(3,505,190)	(3,203,864)
Net cash from operating activities	11,691,046	22,657,008
Cash flows from investing activities		
Proceeds received from disposal of asset held for sale	7,039,514	–
Proceeds from reduction of investments in associated companies	1,833,488	–
Proceeds received from disposals of investments in associated companies	1,756,918	–
Dividends received	1,697,726	622,445
Purchase of property, plant and equipment (note 16)	(3,581,106)	(4,244,701)
Net cash from/(used in) investing activities	8,746,540	(3,622,256)
Balance carried forward	20,437,586	19,034,752

Banks Holdings Limited

Consolidated Statement of Cash Flows ...*continued*

For the year ended December 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Balance brought forward	20,437,586	19,034,752
Cash flows from financing activities		
Interest paid on lease liabilities (note 14)	(91,318)	(104,578)
Repayments of lease liabilities (note 14)	(355,785)	(543,382)
Payment of dividends	(8,549,493)	–
Net cash used in financing activities	(8,996,596)	(647,960)
Increase in cash and short-term deposit	11,440,990	18,386,792
Cash and short-term deposits at beginning of year	189,559,340	171,172,548
Cash and short-term deposit at end of year (note 10)	201,000,330	189,559,340

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

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

1 Nature of operations

The principal activity of Banks Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) consists of the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing of carbonated and non-carbonated beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products.

2 General information, compliance with International Financial Reporting Standards (IFRS) and going concern assumption

In 2015, approximately 95% of the Company’s share capital was acquired by SLU Beverages Ltd. (“SLU”), a company incorporated and domiciled in St. Lucia. SLU is a subsidiary of Cerveceria Nacional Dominicana (“CND”) headquartered in the Dominican Republic. The ultimate parent is AB-Inbev, a company incorporated and domiciled in Brazil. The registered office of the Company is at the Pine, St. Michael, Barbados.

The consolidated financial statements of the Group have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment properties and investments, which are carried at fair value. The measurement bases are fully described in the summary of accounting policies. The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5(x).

3 Subsidiary and associated companies

a) Subsidiary companies

	% of Ownership	
	2021	2020
Banks (Barbados) Breweries Limited	100%	100%
Banks Distribution Limited	100%	100%
Barbados Dairy Industries Limited	84.43%	84.43%
Plastic Containers Limited	65%	65%

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

3 Subsidiary and associated companies ...continued

b) Associated companies

	% of Ownership		Principal place of business
	2021	2020	
Delivery and Handling Services Limited	50.00%	50.00%	Barbados
Tower Hill Merchants Limited	36.70%	36.70%	England
GCG Services Limited	33.33%	33.33%	Barbados
Newtech Incorporated	26.20%	26.20%	Barbados
Citrus Products of Belize Limited	—	46.58%	Belize
Chemical Industries Limited	—	40.00%	Barbados

4 New or revised standards or interpretations

New standards and amended standards effective for the financial year beginning January 1, 2021

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of such new standards and amendments and has concluded that these will not be relevant. Accordingly, the Group has made no changes to its accounting policies in 2021.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, several new, but not yet effective standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have impacted and been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

5 Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

5 Summary of significant accounting policies ...continued

a) Basis of consolidation ...continued

- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other equity holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss of each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Non-current assets held for sale

The Group classifies non-current assets as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental cost directly attributable to the sale, excluding finance costs and income tax expense.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

5 Summary of significant accounting policies ...continued

b) Non-current assets held for sale ...continued

The criteria for asset held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the expected sale within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

c) Revenue recognition

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and
- collection of the consideration in exchange of the goods and services is probable.

The Group derives revenue from sale of goods at a point in time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities, if any, for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

5 Summary of significant accounting policies ...continued

d) Expenses

Expenses are recognised in the consolidated statement of income upon utilisation of the service or as incurred.

e) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Group’s functional currency is Barbados dollars. The consolidated financial statements are also presented in Barbados dollars, which is the Group’s presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

f) Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from and/or obligations to fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Barbados.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

5 Summary of significant accounting policies ...continued

f) Taxation ...continued

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expenses in the consolidated statement of income, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land and buildings) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

g) Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Work-in-progress and finished goods comprise the direct cost of production and an attributable proportion of direct overheads appropriate to location and condition. Net realisable value is the price at which the stock can be realised in the normal course of business after deducting cost to complete and sell.

Supplies are valued at cost. Provisions are made for obsolete, slow moving and defective items as considered appropriate in the circumstances.

h) Property, plant and equipment

Depreciation of property, plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

Freehold buildings	40 years
Leasehold buildings	20, 33 1/3 and 50 years
Plant and machinery and spares	3 to 20 years
Furniture, fittings and other equipment	3 to 10 years
Motor vehicles	5 years
Containers	3 to 10 years
Right-of-use assets	1.33 years to 5 years

Freehold land and freehold buildings are revalued every five years on the basis of their market value which is determined by independent real estate appraisers.

Increases in the carrying amount arising on revaluation of freehold land and buildings are recognised in the consolidated statement of comprehensive income and accumulated in revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in the consolidated statement of other comprehensive income and reduce the revaluation surplus in equity; all other decreases are charge in the consolidated statement of income.

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(expressed in Barbados dollars)

5 Summary of significant accounting policies ...continued

h) Property, plant and equipment ...continued

Capital work in progress represents assets under construction and is stated at cost. These include the design and direct costs to the extent that they are directly attributable to the acquisition or construction of the property, and any other directly attributable costs of bringing the property to working condition. Capital work in progress is not depreciated until such time that the relevant assets are ready for use.

i) Segmental reporting

The Group derives its revenue in two major segments – (1) the brewing and bottling of alcoholic and non-alcoholic beverage and manufacture of carbonated and non-carbonated drinks and (2) the manufacturing and processing of dairy products and fruit juices. The Group's operations are located in Barbados.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors which is responsible for allocating resources and assessing performance of the operating segments has been identified as the chief operating decision-maker.

j) Investments in associated companies

Investments, where the Group has significant influence, are classified as associated companies and are accounted for under the equity method of accounting. The investments in associated companies are carried in the consolidated statement of financial position at costs plus post acquisition changes in the Group's share of net assets of the associates, less any impairment value. The consolidated statement of income reflects the share of the results of operations of the associates.

Where there has been a change recognised directly in other comprehensive income, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

k) Provision for deposits owed to customers

The quantity of containers in customers' possession, on which the provision for deposits is based, is estimated by management, having regard to the level of sales and the turnaround of containers.

l) Employee benefits

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in other payables and accruals, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Banks Holdings Limited

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5 Summary of significant accounting policies ...continued

l) Employee benefits ...continued

Post-employment benefits

The Group operates a defined benefit plan, the assets of which are held in a separate fund administered by Trustees. The Group meets the balance of the cost of funding the plan and the Group pays contributions of 0.1% of the employee's salary. The funding requirements are based on regular actuarial valuations of the pension plan every three years, and the assumptions used to determine the funding may differ to those set out in Note 18.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The Group also operates a contributory defined contribution pension scheme. Contributions are charged to the consolidated statement of comprehensive income in the year to which they relate.

The Group also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from the Group to Guardian Life. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued by independent qualified actuaries.

m) Leases

Leases are accounted for as follows:

(i) Group as a lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Banks Holdings Limited

Notes to Consolidated Financial Statements

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5 Summary of significant accounting policies ...continued

m) Leases ...continued

(i) Group as a lessee ...continued

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedient. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use asset has been included in property, plant and equipment and lease liabilities have been included in accounts payable and accruals.

(ii) Group as a lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in the consolidated statement of income on a straight-line basis over the lease term.

Banks Holdings Limited

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5 Summary of significant accounting policies ...continued

n) Cash and short-term deposit

Cash and short-term deposit comprises of cash at banks and in hand and short-term deposit net of bank overdrafts, if any.

o) Investment properties

Properties that are held by the Group to earn third party rental income and/or for capital appreciation are classified as investment properties.

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Transfers are made to investment property when there is a change in use, evidenced by ending of owner occupation.

Gains and losses arising from the changes in fair values of investment properties are included in the consolidated statement of income in the year in which they arise. Fair values are based on market value which is determined by independent valuers and/or directors' valuation taking into consideration asset replacement and land tax valuations and valuations of similar properties.

Investment properties are derecognised either when they have been disposed of or whether they are permanently withdrawn from use and no further economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in income in the period of derecognition.

p) Impairment of other non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated cash flows are discounted to their present value taking into account the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

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5 Summary of significant accounting policies ...continued

p) Impairment of other non-financial assets ...continued

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

q) Borrowing costs

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

r) Financial instruments

i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

ii) Measurement methods

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the consolidated statement of income.

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5 Summary of significant accounting policies ...continued

r) Financial instruments ...continued

iii) Classification and initial measurement of financial assets

At initial recognition, the Group initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expenses in the consolidated statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the current and prior periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in the consolidated statement of income are presented within finance costs, finance income or other financial items, except for loss allowance of trade and other receivables, which is presented within selling, general and administrative expenses.

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5 Summary of significant accounting policies ...continued

r) Financial instruments ...continued

iv) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and short-term deposits and trade and other receivables are included within this category of financial instruments.

Financial assets at FVTPL

Equity instruments are instruments that do not contain contractual obligations to pay the instrument holder and that evidence residual interests in the issuer's net assets. The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. A gain or loss on equity investment that is subsequently measured at FVTPL is recognised in profit or loss.

v) Impairment of financial assets

The Group uses IFRS 9's impairment requirement which assesses on a forward-looking basis, the expected credit losses – the 'expected credit loss model' on its financial assets carried at amortised cost and with the exposure arising from financial guarantees. Instruments within the scope of the new requirements include, trade receivables and other debt-type financial assets measured at amortised cost, other receivables, contract assets, if any, recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and

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5 Summary of significant accounting policies ...continued

r) Financial instruments ...continued

v) Impairment of financial assets ...continued

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for financial assets at amortised cost and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses loss allowance of financial assets at amortised cost on a collective basis as they possess shared credit risk characteristics based on the days past due. Refer to Note 27(a)(ii) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group categorises financial assets at amortised cost for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. When recoveries are made, these are recognised in the consolidated statement of income.

vi) Classification and subsequent measurement and derecognition of financial liabilities

(i) Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the

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5 Summary of significant accounting policies ...continued

r) Financial instruments ...continued

vi) Classification and subsequent measurement and derecognition of financial liabilities ...continued

(ii) Derecognition ...continued

original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

s) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

t) Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the likelihood of an outflow of resources is remote.

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5 Summary of significant accounting policies ...continued

u) Events after the reporting date

Post year-end events that provide additional information about the Group's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

v) Earnings per share

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares outstanding during the period after giving retroactive effect to stock dividends declared, stock splits and reverse stock splits during the period, if any.

Diluted earnings per share are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic (loss)/earnings per share.

w) Equity, capital reserves and retained earnings

Share capital represents the proceeds of shares that have been issued.

Capital reserves comprises the revaluation surplus from revaluating land and buildings, re-measurement of defined benefit plan, other reserves of an associated company and adjustments relating to currency translation on associates.

Retained earnings include cumulative balance of net income or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments.

All transactions with shareholders of the parent company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

x) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

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5 Summary of significant accounting policies ...continued

x) Significant accounting judgements, estimates and assumptions ...continued

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate expected credit losses for trade and other receivables. The provision rates are based on days past due for groupings of customers that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the expected credit losses on the Group's trade and other receivables is disclosed in Note 27(a)(ii).

Estimated impairment of inventories

Management recognises a provision for inventory losses when the realisable values of inventory items become lower than cost due to obsolescence or other causes. Obsolescence is based on the physical condition of inventory items. Obsolescence is also established when inventory items can no longer be utilised. Obsolete goods when identified are charged to the consolidated statement of income. The Group believes such estimates represent a fair charge for the level of inventory losses in a given year. The Group's policy is to review on an annual basis the condition of its inventory.

Deferred tax assets

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

Employee retirement benefits

The present value of the defined benefit funded obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in note 18.

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5 Summary of significant accounting policies ...continued

x) Significant accounting judgements, estimates and assumptions ...continued

Valuation of properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. In addition, it measures land and buildings at revalued amount with changes to fair value being recognised in other comprehensive income. For investment properties, a valuation methodology based on reference to market-based evidence was used. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Notes 16 and 17.

Distinction between investment properties and owner-managed properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

6 Sales

All of the Group's sales are recognised at a point in time, being the time of delivery to and acceptance by the customer, for both 2021 and 2020.

The Group's sales disaggregated by primary geographical market is as follows:

	2021	2020
	\$	\$
Country		
Barbados	113,973,206	119,421,485
St. Lucia	3,066,109	2,218,926
Antigua and Barbuda	2,476,455	1,923,064
Guyana	1,818,981	1,316,387
St. Kitts and Nevis	1,607,136	1,165,408
Other countries	1,219,013	1,544,902
Grenada	1,203,782	876,492
St. Vincent and the Grenadines	638,224	467,477
United States of America	562,188	562,198
	126,565,094	129,496,339

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7 Operating expenses by nature

The details of operating expenses by nature are shown below.

	2021	2020
	\$	\$
Materials	47,006,897	44,024,667
Staff costs (note 8)	27,851,037	21,316,373
Production overhead	14,614,354	14,717,895
Advertising and promotions	12,741,786	14,517,689
Depreciation (note 16)	11,717,917	12,091,224
Administrative and office expenses	7,804,111	3,504,818
Taxes and licenses	7,485,526	6,820,145
Professional fees	1,150,110	1,133,764
Royalties	1,023,822	809,654
Vehicle expenses	261,230	466,145
Provision of inventory obsolescence (note 12)	145,003	225,960
Impairment (recovery)/loss of trade receivables (note 27)	(76,109)	295,773
Changes in inventories	(2,114,088)	(3,091,657)
	<u>129,611,596</u>	<u>116,832,450</u>

These expenses are classified in the consolidated statement of income as follows:

	2021	2020
	\$	\$
Cost of sales	95,262,277	90,183,253
Selling, general and administrative expenses	<u>34,349,319</u>	<u>26,649,197</u>
	<u>129,611,596</u>	<u>116,832,450</u>

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8 Staff costs

The breakdown of this account follows:

	2021	2020
	\$	\$
Salaries, wages and allowances	19,381,705	20,215,409
Bonus and gratuity	4,398,667	336,958
Other staff costs	1,806,093	247,795
NIS contributions	1,769,572	1,787,211
Pension – defined benefit plans (note 18)	312,000	(1,414,000)
Post-employment medical (note 19)	183,000	143,000
	<hr/> 27,851,037	<hr/> 21,316,373

9 Taxation

	2021	2020
	\$	\$
Consolidated statement of income		
The taxation charge on net income consists of:		
Current tax expense charge for the year	169,410	253,647
Deferred tax (credit)/charge for the year	(284,065)	584,710
	<hr/> (114,655)	<hr/> 838,357

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9 Taxation ...continued

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

	2021	2020
	\$	\$
(Loss)/income before taxation	<u>(2,316,757)</u>	9,300,558
Taxed at statutory rate of 5.5% (2020: 5.5%)	(127,422)	511,531
Others	1,855,737	817,720
Losses utilized	–	(20,393)
Tax effect of capital allowances	(154,696)	(77,793)
Tax effect of non-taxable income expenses	<u>(1,688,274)</u>	<u>(392,708)</u>
	<u>(114,655)</u>	838,357
	2021	2020
	\$	\$
Deferred tax asset:		
Balance at beginning of year	<u>1,506,215</u>	1,181,500
Deferred tax credit/(charge) recognised in the consolidated statement of income on continuing operations:		
Accelerated depreciation for accounting purposes	116,156	(21,679)
Unutilized tax losses	94,398	(490,431)
Leases	48,926	–
Pension plan asset	17,160	(77,770)
Post-employment medical liability	<u>7,425</u>	<u>5,170</u>
	<u>284,065</u>	<u>(584,710)</u>
Deferred tax credit recognised in other comprehensive income:		
Pension plan asset	226,522	870,045
Post-employment medical liability	<u>(17,435)</u>	<u>39,380</u>
	<u>209,087</u>	909,425
Balance at end of year	<u>1,999,367</u>	<u>1,506,215</u>

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

9 Taxation ...continued

	2021	2020
	\$	\$
The deferred tax asset is analysed as follows:		
Unutilized tax losses	1,140,129	1,045,731
Accelerated depreciation for income tax purposes	703,058	586,902
Pension plan asset	118,502	(125,180)
Post-employment medical liability	85,525	95,535
Leases	48,926	–
Revaluation reserve	(96,773)	(96,773)
	<u>1,999,367</u>	<u>1,506,215</u>

The Group has unutilised tax losses of \$20,729,601 (2020: \$19,013,277) available to be carried forward by certain subsidiaries and applied against future taxable income of those companies. The losses have not been agreed by the Revenue Commissioner of the Barbados Revenue Authority, but they are not in dispute. The losses and their expiry dates are as follows:

Income year	Amount	Expiry date
	\$	
2015	2,234,157	2022
2018	4,408,368	2025
2019	6,221,008	2026
2020	4,282,094	2027
2021	3,583,974	2028
	<u>20,729,601</u>	

Income tax payable

The movement of income tax payable as at December 31, is shown below.

	2021	2020
	\$	\$
Balance at beginning of year	113,815	196,592
Current tax expense	169,410	253,647
Income tax paid	(122,938)	(336,424)
	<u>160,287</u>	<u>113,815</u>

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

10 Cash and short-term deposit

	2021 \$	2020 \$
Cash at banks	200,886,570	189,445,645
Short-term deposit	108,456	108,391
Cash on hand	5,304	5,304
	<u>201,000,330</u>	<u>189,559,340</u>

Cash at banks is held with several local commercial banks in non-interest bearing accounts. The amounts held in these accounts facilitate the short-term commitments and day-to-day operations of the Group.

11 Receivables and prepayments

	2021 \$	2020 \$
Trade receivables, gross	17,741,511	17,952,368
Allowance for impairment	(46,609)	(276,018)
Trade receivables, net	17,694,902	17,676,350
Other receivables	3,018,201	4,989,389
Prepayments	1,246,369	1,664,702
	<u>21,959,472</u>	<u>24,330,441</u>

Trade receivables

The Group's trade receivables represent amounts due from customers for the goods sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless, they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are disclosed in Note 27(a)(ii).

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

11 Receivables and prepayments ...continued

Receivables from related parties

Included within the trade and other receivables balances are receivables from associated companies and other related parties under common ownership amounting to \$7,207,299 (2020: \$7,003,423) (note 22).

Due to the short-term nature of the Group's trade receivables, their carrying amount is considered to be the same as their fair value.

12 Inventories

	2021	2020
	\$	\$
Raw materials	14,470,945	15,734,096
Fuel and factory supplies	9,980,753	8,323,911
Finished goods	5,062,378	6,951,214
Marketing materials	1,171,201	1,227,313
Work-in progress	492,166	1,054,997
	<hr/>	<hr/>
	31,177,443	33,291,531
Provision for inventory obsolescence	(2,521,214)	(2,551,428)
	<hr/>	<hr/>
	28,656,229	30,740,103

The movement in the provision for inventory obsolescence is shown below.

	2021	2020
	\$	\$
Balance at beginning of year	2,551,428	2,325,468
Provision for the year (note 7)	145,003	225,960
Write-offs during the year	(175,217)	-
	<hr/>	<hr/>
Balance at end of year	2,521,214	2,551,428

The provision for inventory obsolescence for the year is included in cost of sales.

13 Investments

	2021	2020
	\$	\$
Financial assets at FVTPL	68,168,339	38,953,338

Banks Holdings Limited

Notes to Consolidated Financial Statements

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(expressed in Barbados dollars)

13 Investments ...continued

Financial assets at FVTPL include the equity investment in Banks DIH Limited together with listed equity securities. The Group accounts for these investments at FVTPL and did not make the irrevocable election to account for it at FVOCI.

The Group recognised unrealised fair value gains on financial assets at FVTPL amounted to \$29,215,001 during the year (2020: \$5,445,933).

During the year, dividends received from Banks DIH Limited amounted to \$821,958 (2020: \$404,433).

14 Accounts payable and accruals

	2021 \$	2020 \$
Dividends payable	129,464,929	4,492,749
Accruals and other payables	21,860,763	17,993,338
Trade payables	8,153,633	11,831,806
Lease liabilities	582,082	852,265
	<hr/>	<hr/>
Total accounts payable and accruals	160,061,407	35,170,158
	<hr/>	<hr/>
Current	41,203,862	34,660,418
Non-current	118,857,545	509,740
	<hr/>	<hr/>
	160,061,407	35,170,158

Included within the trade payables and dividends payable are intercompany payables of \$1,279,043 and \$118,547,220, respectively (2020: \$6,033,451 and \$nil) (note 22).

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 30 – 120-day terms; and
- Other payables are non-interest bearing and are settled within three to six months.

Leases

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 \$	2020 \$
Current	271,757	342,525
Non-current	310,325	509,740
	<hr/>	<hr/>
	582,082	852,265

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

14 Accounts payable and accruals ...continued

Leases ...continued

The Group has leases for the equipment and motor vehicles and are reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a separate class in the property, plant and equipment (see note 16).

The lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased asset as security. Further, the Group must keep the office building in a good state of repair and return the property in its original condition at the end of the lease. Also, the Group must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contract.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on consolidated statement of financial position:

December 31, 2021

Right-of-use asset	No. of right-of-use asset leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Motor vehicles	15	0.5 years to 2.58 years	0.5 years to 2.58 years	15	—	—	—
Equipment	8	1 year	1 year	8	—	—	—

December 31, 2020

Right-of-use asset	No. of right-of-use asset leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Motor vehicles	15	0.5 years to 3.58 years	0.5 years to 3.58 years	15	—	—	—
Equipment	8	2 years	2 years	8	—	—	—

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

14 Accounts payable and accruals ...continued

Leases ...continued

The lease liabilities are unsecured and future minimum lease payments at December 31, are as follows:

December 31, 2021

	Within 1 year \$	2 – 5 years \$	Total \$
Lease payments	334,433	374,856	709,289
Finance charges	(62,676)	(64,531)	(127,207)
	<hr/>	<hr/>	<hr/>
Net present values	271,757	310,325	582,082

December 31, 2020

	Within 1 year \$	2 – 5 years \$	Total \$
Lease payments	447,103	848,326	1,295,429
Finance charges	(104,578)	(338,586)	(443,164)
	<hr/>	<hr/>	<hr/>
Net present values	342,525	509,740	852,265

The Group did not enter into any short-term lease arrangements during the year with no commitments as at December 31, 2021.

As at December 31, 2021, the Group has no commitment to a lease which has not yet commenced.

Total cash outflows for repayments of lease liabilities and interest portion of the lease liabilities for the year ended December 31, 2021 were \$355,785 (2020: \$543,382) and \$91,318 (2020: \$104,578), respectively.

The right-of-use assets and accumulated depreciation as at December 31, 2021 and 2020 and the related depreciation expense for the year then ended are shown separately under property, plant and equipment (see note 16).

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

15 Investments in associated companies

	2021 \$	2020 \$
Cost of investments	4,433,967	38,652,928
Decrease in equity value over cost from acquisition to end of year	<u>(2,672,397)</u>	<u>(6,078,534)</u>
	<u>1,761,570</u>	<u>32,574,394</u>

Movement in investments in associated companies during the year is as follows:

	2021 \$	2020 \$
Balance at beginning of year	32,574,394	36,506,202
Dividends received	(875,768)	(218,012)
Reduction of investments	(1,833,488)	–
Share of net loss	(3,809,432)	(3,713,796)
Disposals	<u>(24,294,136)</u>	<u>–</u>
Balance at end of year	<u>1,761,570</u>	<u>32,574,394</u>

The following illustrates the Group's carrying amount of investment in associated companies.

	2021 \$	2020 \$
Citrus Products of Belize Limited	–	26,685,024
Other associated companies in aggregate	<u>1,761,570</u>	<u>5,889,370</u>
	<u>1,761,570</u>	<u>32,574,394</u>

Other associated companies consist of the remaining associated companies as disclosed in Note 3(b).

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

15 Investments in associated companies ...continued

The following illustrates the summarized financial information of the Group's material associates:

Summarized statements of financial position as at December 31, 2021 are as follows:

	Citrus Products of Belize Limited	Other associated companies
	\$	\$
Current assets	–	5,739,598
Non-current assets	–	108,138
Current liabilities	–	(4,030,978)
Non-current liabilities	–	(64,977)
	<hr/>	<hr/>
Net assets	–	1,751,781

Summarized statements of financial position as at December 31, 2020 are as follows:

	Citrus Products of Belize Limited	Other associated companies
	\$	\$
Current assets	33,484,870	21,410,321
Non-current assets	68,815,000	641,420
Current liabilities	(32,590,386)	(9,378,240)
Non-current liabilities	(10,707,360)	(75,414)
	<hr/>	<hr/>
Net assets	59,002,124	12,598,087

The following illustrates the Group's share of the loss of associated companies.

	2021	2020
	\$	\$
Citrus Products of Belize Limited	(4,224,709)	(4,045,013)
Other associated companies	415,277	331,217
	<hr/>	<hr/>
	(3,809,432)	(3,713,796)

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

15 Investments in associated companies ...continued

Summarized statements of comprehensive income for the year ended December 31, 2021:

	Citrus Products of Belize Limited \$	Other associated companies \$
Revenue	<u>51,705,845</u>	<u>45,205,722</u>
Total net and comprehensive (loss)/income for the year	<u>(9,069,792)</u>	<u>1,691,070</u>

Summarized statements of comprehensive income for the year ended December 31, 2020:

	Citrus Products of Belize Limited \$	Other associated companies \$
Revenue	<u>54,109,620</u>	<u>50,212,630</u>
Total net and comprehensive (loss)/income for the year	<u>(8,684,012)</u>	<u>968,755</u>

The principal activities of the material associate company, Citrus Products of Belize Limited, is the manufacturing and distribution of a range of citrus products.

Banks Holdings Limited

Notes to Consolidated Financial Statements December 31, 2021

(expressed in Barbados dollars)

16 Property, plant and equipment

	Freehold land \$	Freehold buildings \$	Buildings on leasehold land \$	Plant and machinery \$	Furniture, fittings and other equipment \$	Motor vehicles \$	Containers \$	Capital works in progress \$	Right-of- use assets \$	Total \$
At December 31, 2019										
Cost or valuation	13,113,000	27,304,458	24,625,192	118,212,516	11,998,407	3,958,236	25,410,799	3,842,480	1,046,038	229,511,126
Accumulated depreciation	–	–	(15,712,618)	(79,296,341)	(11,681,915)	(2,451,150)	(17,898,210)	–	(274,106)	(127,314,340)
Net book value	13,113,000	27,304,458	8,912,574	38,916,175	316,492	1,507,086	7,512,589	3,842,480	771,932	102,196,786
Year ended December 31, 2020										
Opening net book value	13,113,000	27,304,458	8,912,574	38,916,175	316,492	1,507,086	7,512,589	3,842,480	771,932	102,196,786
Additions	–	29,088	–	313,870	103,257	–	3,187,577	610,909	592,557	4,837,258
Transfers	–	–	–	599,437	1,053,804	–	29,836	(1,683,077)	–	–
Disposals	–	–	–	(52,599)	–	–	–	(5,562)	(237,368)	(295,529)
Writeback of depreciation	–	–	–	–	–	–	–	–	237,368	237,368
Depreciation charges (note 7)	–	(682,611)	(1,214,447)	(7,214,141)	(232,936)	(246,758)	(2,085,493)	–	(414,838)	(12,091,224)
Closing net book value	13,113,000	26,650,935	7,698,127	32,562,742	1,240,617	1,260,328	8,644,509	2,764,750	949,651	94,884,659
At December 31, 2020										
Cost or valuation	13,113,000	27,333,546	24,625,192	119,073,224	13,155,468	3,958,236	28,628,212	2,764,750	1,401,227	234,052,855
Accumulated depreciation	–	(682,611)	(16,927,065)	(86,510,482)	(11,914,851)	(2,697,908)	(19,983,703)	–	(451,576)	(139,168,196)
Net book value	13,113,000	26,650,935	7,698,127	32,562,742	1,240,617	1,260,328	8,644,509	2,764,750	949,651	94,884,659

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

16 Property, plant and equipment ...continued

	Freehold land \$	Freehold buildings \$	Buildings on leasehold land \$	Plant and machinery \$	Furniture, fittings and other equipment \$	Motor vehicles \$	Containers \$	Capital works in progress \$	Right-of- use assets \$	Total \$
Year ended										
December 31, 2021										
Opening net book value	13,113,000	26,650,935	7,698,127	32,562,742	1,240,617	1,260,328	8,644,509	2,764,750	949,651	94,884,659
Additions	–	–	–	181,684	183,084	–	129,862	3,064,150	22,947	3,581,727
Disposals	–	–	(18,231)	(118,378)	(1,263,918)	–	–	(621)	(83,203)	(1,484,351)
Writeback of depreciation	–	–	18,231	118,378	1,263,918	–	–	–	83,203	1,483,730
Depreciation charges (note 7)	–	(902,583)	(1,203,194)	(5,785,219)	(336,226)	(238,176)	(2,805,001)	–	(447,518)	(11,717,917)
Closing net book value	13,113,000	25,748,352	6,494,933	26,959,207	1,087,475	1,022,152	5,969,370	5,828,279	525,080	86,747,848
At December 31, 2021										
Cost or valuation	13,113,000	27,333,546	24,606,961	119,136,530	12,074,634	3,958,236	28,758,074	5,828,279	1,340,971	236,150,231
Accumulated depreciation	–	(1,585,194)	(18,112,028)	(92,177,323)	(10,987,159)	(2,936,084)	(22,788,704)	–	(815,891)	(149,402,383)
Net book value	13,113,000	25,748,352	6,494,933	26,959,207	1,087,475	1,022,152	5,969,370	5,828,279	525,080	86,747,848

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

16 Property, plant and equipment ...continued

If the freehold land and freehold buildings were stated on the historical cost basis, the amounts would be as follows:

	Freehold land	Freehold buildings	Total
	\$	\$	\$
At December 31, 2020			
Opening net book value	6,005,286	14,062,342	20,067,628
Depreciation	–	29,088	29,088
	–	(405,645)	(405,645)
Closing net book value	6,005,286	13,685,785	19,691,071
At December 31, 2021			
Opening net book value	6,005,286	13,685,785	19,691,071
Depreciation	–	(405,645)	(405,645)
Closing net book value	6,005,286	13,280,140	19,285,426

The Group's freehold land and buildings at Wildey and Newton were revalued at a fair value of \$40,417,458 based on valuations performed by an accredited independent valuer in December 2019. Management determined that these constitute one class of asset under IFRS 13, *Fair Value Measurement*, based on the nature, characteristics and risks of the properties. The fair value of the land and building was determined using the market comparable approach and replacement cost approach.

Fair hierarchy disclosures are in Note 27(d).

Significant valuation inputs:	\$
Price per square foot (land)	11 – 17
Price per square foot (building)	58 – 174

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

17 Investment properties

	2021 \$	2020 \$
Balance at beginning of the year	6,300,000	17,405,000
Change in fair value of investment properties	–	(3,298,432)
Reclassified to assets classified as held for sale	–	(7,806,568)
	<hr/>	<hr/>
Balance at end of the year	6,300,000	6,300,000

In 2020, the certain investment properties were reclassified to assets held for sale (see note 28).

As of December 31, 2021, the Group's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuer.

The fair value of the land and buildings was determined using the market comparable approach, which is based on the price a property would sell in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash and achievable in a reasonable time.

Included in profit from operations are the following amounts arising on investment properties:

	2021 \$	2020 \$
Rental income	962,060	956,060
Operating expenses	(112,722)	(120,441)
	<hr/>	<hr/>
Profit arising from investment properties carried at fair value	849,338	835,619

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 27(d).

Significant valuation inputs:	\$
Price per square foot (land)	15 – 30
Price per square foot (building)	60 – 140

Banks Holdings Limited

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(expressed in Barbados dollars)

18 Pension plan (liability)/asset

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

	2021 \$	2020 \$
Fair value of plan assets	38,323,425	38,167,000
Present value of funded obligations	<u>(40,478,000)</u>	<u>(35,891,000)</u>
Net (liability)/asset recognised in the consolidated statement of financial position	<u>(2,154,575)</u>	2,276,000

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

	2021 \$	2020 \$
Interest cost	2,489,000	2,324,000
Current service cost	376,000	172,000
Administrative fees	67,000	93,000
Expected return on plan assets	<u>(2,620,000)</u>	<u>(4,003,000)</u>
Total, included in staff costs (note 8)	<u>312,000</u>	<u>(1,414,000)</u>

The amount recognised in other comprehensive income is shown below.

	2021 \$	2020 \$
Loss from change in assumptions	2,865,000	11,698,000
Expected return on plan assets	2,620,000	4,003,000
Actual return on plan assets	<u>(1,366,425)</u>	<u>118,000</u>
Other comprehensive loss	<u>4,118,575</u>	<u>15,819,000</u>

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

18 Pension plan (liability)/asset ...continued

Movements in the net (liability)/asset are as follows:

	2021 \$	2020 \$
Balance at beginning of year	2,276,000	16,681,000
Net (expense)/income recognised in the consolidated statement of income	(312,000)	1,414,000
Other comprehensive loss	(4,118,575)	(15,819,000)
	<hr/>	<hr/>
Balance at end of year	(2,154,575)	2,276,000

Changes in the present value of the funded obligations are as follows:

	2021 \$	2020 \$
Balance at beginning of year	35,891,000	23,150,649
Actuarial loss on obligation	2,865,000	11,698,000
Interest cost	2,489,000	2,324,000
Current service cost	376,000	172,000
Administrative fees	67,000	93,000
Employee contributions	83,000	87,000
Other adjustments	–	351
Benefits paid	(1,293,000)	(1,634,000)
	<hr/>	<hr/>
Balance at end of year	40,478,000	35,891,000

Changes in the fair value of plan assets are as follows:

	2021 \$	2020 \$
Fair value of plan assets at beginning of year	38,167,000	39,831,649
Actual return on plan assets	1,366,425	(118,000)
Contributions by employer and employees	83,000	87,000
Benefits paid	(1,293,000)	(1,634,000)
Other adjustments	–	351
	<hr/>	<hr/>
Fair value of plan assets at end of year	38,323,425	38,167,000

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

18 Pension plan (liability)/asset ...continued

A quantitative sensitivity analysis for significant assumptions on the present value of the funded obligations as at December 31, 2021 is shown below.

	Increase \$	Decrease \$
Change in discount rate by 1%	(5,967,129)	7,641,242
Change in salary increase by 0.5%	1,121,893	(978,030)

Life expectancy at age 65 for current pensioners:

Male – 19.2

Female – 21.7

The weighted duration of the defined obligation was 15 years.

The Group expects to contribute \$nil (2021: \$nil) to its defined benefit pension plans in 2022.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2021 %	2020 %
Bonds	35	36
Mortgages	21	21
Real estate	15	15
Mutual funds	15	15
Equities	11	11
Others	3	2

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience history

	2021 %	2020 %
Principal actuarial assumptions as at December 31:		
Discount rate at end of year	6.25	7
Future promotional salary increases	5	5
Future inflationary salary increases	3	3
Future increases in NIS ceiling for earnings	4.25	4.25
Future pension increases	3.75	3.75
Mortality	UP94-AA	UP94-AA

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

18 Pension plan (liability)/asset ...continued

Through its defined benefit plan, the Group is exposed to various risks:

- Longevity risk;
- Inflation risk;
- Interest rate risk due to the liabilities being of longer duration than the date securities; and
- Investment risk in order to counter the inflation risk and improve the investment return.

19 Post-employment medical liability

	2021 \$	2020 \$
Present value of unfunded obligations	<u>1,555,000</u>	1,737,000
Liability recognised in the consolidated statement of financial position	<u>1,555,000</u>	<u>1,737,000</u>

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

	2021 \$	2020 \$
Interest cost	124,000	97,000
Current service cost	<u>59,000</u>	<u>46,000</u>
Total, included in staff costs (note 8)	<u>183,000</u>	143,000

The amount recognised in the consolidated statement of comprehensive income is shown below.

	2021 \$	2020 \$
(Gain)/loss from experience	<u>(317,000)</u>	716,000
Other comprehensive (gain)/loss	<u>(317,000)</u>	716,000

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

19 Post-employment medical liability ...continued

Movements in the net liability recognized in the consolidated statement of financial position are as follows:

	2021	2020
	\$	\$
Net liability at beginning of year	1,737,000	927,000
Net expense recognised in the consolidated statement of income	183,000	143,000
Benefits paid	(48,000)	(49,000)
Other comprehensive (gain)/loss	(317,000)	716,000
	<hr/>	<hr/>
Net liability at end of year	1,555,000	1,737,000

Changes in the present value of the unfunded obligations are as follows:

	2021	2020
	\$	\$
Balance at beginning of year	1,737,000	927,000
Interest cost	124,000	97,000
Current service cost	59,000	46,000
Benefits paid	(48,000)	(49,000)
Actuarial (gain)/loss	(317,000)	716,000
	<hr/>	<hr/>
Balance at end of year	1,555,000	1,737,000

Principal actuarial assumptions used for accounting purposes at December 31, were as follows:

	2021	2020
	%	%
Discount rate at end of year	6.25	7
Future medical claims/premium inflation	4.25	4.25

A one percentage point change in the assumed rate of the following assumptions would have the following effect on the present value of the obligation:

	Increase	Decrease
	\$	\$
Change of medical inflation by 1%	423,424	(330,735)
Change of discount rate by 1%	(307,114)	396,490

The weighted duration of the defined benefit obligation was 11 years.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

19 Post-employment medical liability ...continued

Assuming no changes in the premium rates, the Group expects to pay premiums of \$48,000 during the 2022 financial year (2021: \$70,000).

20 Equity

Share capital

Authorized

The Company is authorized to issue an unlimited number of shares of one class designated as common shares.

Stated and issued

	Number of shares		Stated value	
	2021	2020	2021	2020
			\$	\$
At the beginning and end of year	64,960,760	64,960,760	145,565,985	145,565,985

Dividends

For the 2021 financial period, the Company's Board of Directors approved the declaration of cash dividends amounting to \$132,516,548 on August 25, 2021.

21 Capital reserves

	Revaluation surplus	Defined benefit plans	Other reserves	Total
	\$	\$	\$	\$
Balance as at December 31, 2019	22,471,612	10,147,101	(1,901,709)	30,717,004
Re-measurement loss on defined benefit plans and post-employment medical liability, net of tax	—	(14,968,758)	—	(14,968,758)
Balance as at December 31, 2020	22,471,612	(4,821,657)	(1,901,709)	15,748,246
Re-measurement loss on defined benefit plans and post-employment medical liability, net of tax	—	(3,407,898)	—	(3,407,898)
Balance as at December 31, 2021	22,471,612	(8,229,555)	(1,901,709)	12,340,348

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

21 Capital reserves ...continued

Other reserves

These reserves are comprised primarily of the Group's share on other reserves of an associated company and adjustments relating to currency translation on associates.

22 Related party balances and transactions

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, parent company and its key management personnel, directors and shareholders.

Included in accounts receivable and accounts payables are the following related party balances:

	2021	2020
	\$	\$
Receivables (note 11)		
Other related parties	7,042,203	6,860,515
Associated companies	165,096	142,908
	<u>7,207,299</u>	<u>7,003,423</u>
Payables (note 14)		
Parent company	118,547,220	—
Other related parties	1,279,043	2,382,411
Associated companies	—	3,651,040
	<u>119,826,263</u>	<u>6,033,451</u>

During the year, the Group entered into the following transactions with its associates and related companies:

	2021	2020
	\$	\$
Sales to other related parties	565,818	—
Purchases from associated companies	—	8,829,222
Purchases from other related parties	1,991,340	3,600,544
Purchases from parent	207,622	—

The sales to and purchases from related parties are made under normal market prices. Outstanding balances at the year-end are unsecured, interest free and have no fixed terms of repayments. There have been no guarantees provided or received for any related party receivables or payables and the Group has not made any provision for doubtful debts relating to amounts owed by related parties for the year ended December 31, 2021 (2020: \$nil).

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

22 Related party balances and transactions ...continued

Compensation paid to key management of the Group:

	2021 \$	2020 \$
Short-term employment benefits	<u>3,121,900</u>	<u>3,126,125</u>

23 (Loss)/earnings per share

	2021 \$	2020 \$
Net (loss)/income for the year attributable to equity holders of the parent	(1,773,024)	8,338,000
Divided by weighted average number of outstanding shares	<u>64,960,760</u>	<u>64,960,760</u>
Basic and diluted (loss)/earnings per share	<u>(0.027)</u>	<u>0.128</u>

Basic (loss)/earnings per share from continuing operations are calculated based on (loss)/earnings of \$(1,773,024) (2020: \$8,338,000) and a weighted average of 64,960,760 (2020: 64,960,760) shares in issue during the year.

The Group has no dilutive potential ordinary shares as of December 31, 2021 and 2020.

24 Operating lease commitments

Future minimum lease receivables under the non-cancellable leases are as follows:

	2021 \$	2020 \$
Within one year	<u>432,000</u>	<u>432,000</u>

Banks Holdings Limited

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December 31, 2021

(expressed in Barbados dollars)

25 Material partly-owned subsidiary

Financial information of Barbados Dairy Industries Limited, a subsidiary that has a material non-controlling interest, is provided below:

Summarized statement of income:

	2021	2020
	\$	\$
Sales	50,332,837	52,476,670
Cost of sales	(46,920,137)	(45,788,546)
Other income	286,642	20,426
Selling, general and administrative expenses	(6,833,406)	(4,314,465)
Interest expense	(399,499)	(375,923)
	<hr/>	<hr/>
(Loss)/income before taxation	(3,533,563)	2,018,162
Taxation	16,809	(319,278)
	<hr/>	<hr/>
Net (loss)/income for the year	(3,516,754)	1,698,884
	<hr/>	<hr/>
(Net loss)/profit allocated to material non-controlling interests	(547,559)	264,516

Summarized statement of financial position:

	2021	2020
	\$	\$
Current assets	39,098,930	42,031,692
Non-current assets	15,794,248	17,540,408
Current liabilities	(14,594,738)	(13,006,004)
Non-current liabilities	(555,748)	(1,135,974)
	<hr/>	<hr/>
Total equity	39,742,692	45,430,122
	<hr/>	<hr/>
Attributable to non-controlling interests	6,998,139	7,730,287

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

25 Material partly-owned subsidiary ...continued

Summarized cash flow information:

	2021	2020
	\$	\$
Operating	(1,732,970)	4,558,361
Investing	(1,131,770)	(517,478)
Financing	(1,909,543)	(1,337,944)
	<u>(4,774,283)</u>	<u>2,702,939</u>
(Decrease)/increase in cash for the year		

26 Commitments and contingencies

Capital commitments

There was no capital expenditure approved by the Directors for the ensuing financial year and no amount was contracted for at the period end date.

Legal claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of business. These include claims filed against the Group for unfair or wrongful dismissal of employees, breaches of contracts and damages for personal injuries, and other related matters. No provision has been made in the consolidated financial statements as of December 31, 2021, in respect of these claims as the amount and outcome is not presently determinable.

As of the date of approval of the consolidated financial statements, the Group does not believe that any of the litigation matters will have a material effect on its consolidated profit or loss or consolidated statement of financial position.

Other contingencies

Effective December 2019, the Group had its shares suspended on the Barbados Stock Exchange Inc. (BSE) pursuant to Rule 3.01.5 1(a) and (b) of the Rules of the BSE as a consequence of the requirement to submit the quarterly and annual audited financial statements to the Financial Services Commission (FSC) and annual audited consolidated financial statements to the BSE within the time period stipulated by those regulatory bodies.

On July 22, 2022, the suspension regarding the trading of the Group's shares on the BSE was lifted.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group has not entered into forward contracts to reduce risk exposures. The Group's risk management focuses on actively seeking to minimise potential adverse effects on its financial performance.

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

i) Market risk

i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates primarily in the Barbados market and is therefore not subject to significant foreign currency risk. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

The Group has transactional currency exposures. Approximately 10% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 70% of purchases are denominated in a currency other than the functional currency. However, the majority of the Group's transactions are in United States dollars which has a fixed exchange rate to the functional currency. Fluctuations in currencies other than United States dollars are not considered significant.

Foreign currency exposure also arises from investments by the Group in currencies other than the unit's functional currency.

Banks Holdings Limited

Notes to Consolidated Financial Statements December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk ...continued

i) Foreign currency risk ...continued

The aggregate value of financial assets and liabilities are denoted in Barbados dollars, except for the following:

	USD \$	BDS \$	EURO \$	CAD \$	XCD \$	GPB \$	GYD \$	Total \$
As at December 31, 2021								
Assets								
Cash and short-term deposits	400,471	200,599,859	–	–	–	–	–	201,000,330
Trade and other receivables	9,457,239	11,063,912	–	16,164	175,788	–	–	20,713,103
Investments	–	–	–	–	–	–	68,168,339	68,168,339
Total financial assets	9,857,710	211,663,771	–	16,164	175,788	–	68,168,339	289,881,772
Liabilities								
Accounts payable and accruals	14,108,328	142,560,492	1,505,511	–	1,686,435	200,641	–	160,061,407

Banks Holdings Limited

Notes to Consolidated Financial Statements
December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk ...continued

i) Foreign currency risk ...continued

	USD \$	BDS \$	EURO \$	CAD \$	XCD \$	GPB \$	GYD \$	Total \$
As at December 31, 2020								
Assets								
Cash and short-term deposits	377,676	189,181,664	–	–	–	–	–	189,559,340
Trade and other receivables	10,348,778	12,106,913	–	17,688	192,360	–	–	22,665,739
Investments	–	–	–	–	–	–	38,953,338	38,953,338
Total financial assets	10,726,454	201,288,577	–	17,688	192,360	–	38,953,338	251,178,417
Liabilities								
Accounts payable and accruals	16,531,804	14,663,001	1,764,122	–	1,976,125	235,106	–	35,170,158
Provision for deposits owed to customers	–	85,326	–	–	–	–	–	85,326
Total financial liabilities	16,531,804	14,748,327	1,764,122	–	1,976,125	235,106	–	35,255,484

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk ...continued

ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest is earned on short-term deposit. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event unexpected movements arise. The Group's financial assets and liabilities are non-interest bearing with the exception of short-term deposit which earns interest based on market rate as disclosed in Note 10.

iii) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified in the consolidated statement of financial position as financial assets at FVTPL. The Group's portfolio includes equity securities that are quoted on the Guyana Stock Exchange, and its exposure to equity securities price risk is not material because the total of these securities is insignificant in relation to its consolidated statement of financial position and because of the limited volatility in this market. The Group does not hold equity securities that are quoted on the world's major securities markets. If market prices as at December 31, 2021 had been 10% higher/lower with all other variables held constant, the change in equity securities would have been insignificant.

ii) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The Group's credit risk arises from cash at banks, as well as credit exposures to customers and receivables. Cash at banks are only held with well-known reputable banks and financial institutions. If no independent rating exists for customers, management assesses the credit quality of customers on an individual basis, taking into account their financial position, credit history and other factors. The utilization of credit limits is regularly monitored. Services rendered to customers are settled primarily in cash and cheques.

The Group has made adequate allowance for impairment for any potential credit losses and the amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Banks Holdings Limited

Notes to Consolidated Financial Statements December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

Credit risk management

Credit risk arises from cash, contractual cash flows of financial assets carried at amortised cost as well as credit exposure to customers, including outstanding receivables.

The credit risk in respect of cash balances with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of the customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit term ranges between 30 to 60 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of aging analysis, together with credit limits per customer.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by groups of similar customers, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial position, as summarized below.

	2021	2020
	\$	\$
Cash at banks and short-term deposit	200,995,026	189,554,036
Trade and other receivables	20,713,103	22,665,739
	<u>221,708,129</u>	<u>212,219,775</u>

Impairment of trade receivables

The Group's trade receivables for sale of goods is subject to the expected credit loss model. While cash at banks and short-term deposit and other receivables at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

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

Banks Holdings Limited

Notes to Consolidated Financial Statements December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

Impairment of trade receivables ...continued

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

The expected credit loss rates are based on the payment profiles of sale of goods over a period of thirty-six (36) months before December 31, 2021 or January 1, 2021, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group also considered the Gross Domestic Product and the unemployment rate of the territories in which it sells goods to be the most relevant factors, and accordingly, if needed, adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, was determined as follows for trade receivables:

	Current \$	1 to 60 days past due \$	61 to 90 days past due \$	More than 90 days past due \$	Total \$
December 31, 2021					
Expected loss rate	0.11%	1.48%	5.54%	100%	
Gross carrying amount	17,714,889	–	–	26,622	17,741,511
Loss allowance	19,987	–	–	26,622	46,609
December 31, 2020					
Expected loss rate	0.26%	1.48%	5.54%	100%	
Gross carrying amount	17,671,669	42,701	9,060	228,938	17,952,368
Loss allowance	45,946	632	502	228,938	276,018

Banks Holdings Limited

Notes to Consolidated Financial Statements
December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

Impairment of trade receivables ...continued

The closing balance of the trade receivable loss allowance as at December 31, reconciles with the trade receivables loss allowance opening balance as follows:

	2021	2020
	\$	\$
Loss allowance as at January 1	276,018	112,529
Loss allowance (reversed)/provision recognised during the year (note 7)	(76,109)	295,773
Trade receivables written-off during the year	(153,300)	(132,284)
	<hr/>	<hr/>
Loss allowance as at December 31 (note 11)	46,609	276,018

Impairment of other receivables

Other receivables are financial assets measured at amortised cost and considered to have low credit risk. During the year, no loss allowance is recognised as management believes that there is no risk of collecting those financial assets due to their short-term duration and the counterparties have access to sufficiently highly liquid assets in order to repay the receivable if demanded at the reporting date.

Geographic

The Group's counterparties are located in Barbados, Belize and other Caribbean territories.

iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Group utilizes available credit facilities such as loans, overdrafts and other financing options.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, based on contractual undiscounted payments.

Banks Holdings Limited

Notes to Consolidated Financial Statements December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

a) Financial risk factors ...continued

iii) Liquidity risk ...continued

As at December 31, 2021

	Within 1 year \$	2 to 5 years \$	Total \$
Accounts payable and accruals	41,266,538	118,922,076	160,188,614

As at December 31, 2020

	Within 1 year \$	2 to 5 years \$	Total \$
Accounts payable and accruals	34,764,996	848,326	35,613,322
Provision for deposits owed to customers	85,326	–	85,326
Total	34,850,322	848,326	35,698,648

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' values.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2021.

c) Fair value of financial assets and liabilities

Short-term financial assets and liabilities

The carrying amounts of financial assets and liabilities comprise the Group's cash and short-term deposit, trade and other receivables, accounts payable and accruals and provision for deposits owed to customers approximate their fair values because of their short-term maturities.

Long-term liabilities

The estimated fair value of lease liabilities and dividends payable within accounts payable and accruals not quoted in an active market are based on discounted cash flows using interest rates for new debts with similar remaining maturities.

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

c) Fair value of financial assets and liabilities ...continued

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the consolidated financial statements:

	Carrying amount		Fair value	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial assets				
Cash and short-term deposit	201,000,330	189,559,340	201,000,330	189,559,340
Trade and other receivables	20,713,103	22,665,739	20,713,103	22,665,739
	221,713,433	212,225,079	221,713,433	212,225,079
Financial liabilities				
Accounts payable and accruals	160,061,407	35,170,158	160,061,407	35,170,158
Provision for deposits owed to customers	–	85,326	–	85,326
	160,061,407	35,255,484	160,061,407	35,255,484

d) Fair value hierarchy

The Group measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

27 Financial risk management ...continued

d) Fair value hierarchy ...continued

Level 1: quoted (unadjusted) prices in active markets for identifiable assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement of financial assets

As at December 31, the Group held the following financial instruments carried at fair value on the consolidated statement of financial position:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at December 31, 2021				
Investments	68,168,339	–	–	68,168,339
As at December 31, 2020				
Investments	38,953,338	–	–	38,953,338

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at December 31, 2021				
Freehold land and buildings	–	–	38,861,352	38,861,352
Investment properties	–	–	6,300,000	6,300,000
	–	–	45,161,352	45,161,352
As at December 31, 2020				
Freehold land and buildings	–	–	39,763,935	39,763,935
Investment properties	–	–	6,300,000	6,300,000
	–	–	46,063,935	46,063,935

During the reporting year ended December 31, 2021, there were no transfers between Level 1 and 2 fair value adjustments (2020: nil).

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

28 Assets classified as held for sale

In 2020, certain investment property located at Widley with market value of \$7,806,568 was reclassified to assets classified as held for sale due to change in intention (see note 17). During the year, the assets classified as held for sale was sold and accordingly, the Group recognised loss on disposal of assets amounted to \$767,054 (2021: \$nil).

29 Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Segment performance is evaluated based on revenue and profit or loss before tax and is measured consistently with profit or loss in the consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

2021 Operating segments	Manufacture and processing of dairy products and fruit juices \$	Other segments \$	Adjustments and eliminations \$	Total \$
Sales	50,332,837	143,660,734	(67,428,477)	126,565,094
Cost of sales	(46,920,137)	(115,370,617)	67,028,477	(95,262,277)
Gross profit	3,412,700	28,290,117	(400,000)	31,302,817
Other income	286,642	11,450,814	(9,108,802)	2,628,654
Selling, general and administrative expenses	(6,833,406)	(33,518,780)	6,002,867	(34,349,319)
Segment loss before undernoted items	(3,134,064)	6,222,151	(3,505,935)	(417,848)
Fair value gains on investments	–	29,215,001	–	29,215,001
Interest income	–	933,234	(932,032)	1,202
Interest expense	(399,499)	(6,885,528)	3,688,519	(3,596,508)
Loss on disposals of investments in associated companies	–	(23,347,018)	404,900	(22,942,118)
Impairment loss on investments in associated companies	–	(3,202,981)	3,202,981	–
Loss on disposal of assets held for sale	–	(767,054)	–	(767,054)
Segment profit before taxation	(3,533,563)	2,167,805	2,858,433	1,492,675

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

29 Segmental reporting ...continued

2021 Operating segments ...continued	Manufacture and processing of dairy products and fruit juices \$	Other Segments \$	Adjustments and eliminations \$	Total \$
Share of loss of associated companies				(3,809,432)
Loss before taxation				<u>(2,316,757)</u>
2021 Segment assets	54,893,178	568,419,243	(208,480,836)	414,831,585
Investments in associated companies				<u>1,761,570</u>
Total assets				<u>416,593,155</u>
2021 Segment liabilities	<u>15,150,486</u>	<u>328,819,669</u>	<u>(180,038,886)</u>	<u>163,931,269</u>
2020 Operating segments				
Sales	52,476,670	145,459,984	(68,440,315)	129,496,339
Cost of sales	<u>(45,788,546)</u>	<u>(112,970,182)</u>	<u>68,575,475</u>	<u>(90,183,253)</u>
Gross profit	6,688,124	32,489,802	135,160	39,313,086
Other income	20,426	10,168,290	(8,678,404)	1,510,312
Selling, general and administrative expenses	<u>(4,314,465)</u>	<u>(28,825,970)</u>	<u>6,491,238</u>	<u>(26,649,197)</u>
Segment profit before undernoted items	2,394,085	13,832,122	(2,052,006)	14,174,201
Fair value gains on investments	–	5,445,933	–	5,445,933
Interest income	–	1,094	–	1,094
Interest expense	(375,923)	(6,088,551)	3,156,032	(3,308,442)
Change in fair value of investment properties	–	(3,298,432)	–	(3,298,432)
Segment profit before taxation	<u>2,018,162</u>	<u>9,892,166</u>	<u>1,104,026</u>	<u>13,014,354</u>

Banks Holdings Limited

Notes to Consolidated Financial Statements

December 31, 2021

(expressed in Barbados dollars)

29 Segmental reporting ...continued

2020 Operating segments <i>...continued</i>	Manufacture and processing of dairy products and fruit juices \$	Other Segments \$	Adjustments and eliminations \$	Total \$
Share of loss of associated companies				<u>(3,713,796)</u>
Income before taxation				<u>9,300,558</u>
2020 Segment assets	<u>59,572,100</u>	<u>541,984,430</u>	<u>(205,199,866)</u>	<u>396,356,664</u>
Investments in associated companies				<u>32,574,394</u>
Total assets				<u>428,931,058</u>
2020 Segment liabilities	<u>14,141,978</u>	<u>198,540,429</u>	<u>(175,576,108)</u>	<u>37,106,299</u>

30 Impact of COVID-19 pandemic

In December 2019, a novel strain of coronavirus (COVID-19) began to spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organisation (WHO) on January 30, 2020. WHO subsequently declared COVID-19 a pandemic on March 11, 2020. The effect of this pandemic did not have a significant impact on the consolidated financial statements as at December 31, 2021.

31 Post reporting date events

Investment in subsidiaries

In April 2024, the Group sold all the shares held in Plastic Containers Limited to a third party for a consideration of \$1,462,500.