BHL

Banks Holdings Limited



2018

ANNUAL REPORT

BHL ANNUAL REPORT 2018



Contents

Notice of Annual Meeting 7

Chairman's Report 11-12

Directors' Report 13

Corporate Governance Statement 14-16

Independent Auditor's Report 17-19

Consolidated Statement of Financial Position 20

Consolidated Statement of Income 21

Consolidated Statement of Comprehensive Income 22

Consolidated Statement of Changes in Equity 23-24

Consolidated Statement of Cash Flows 25

Notes To The Consolidated Financial Statements 26-65

Management Proxy Circular 66-67

Proxy Form 69-70

AB InBev

10 Principles

DREAM

1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

PEOPLE

2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.

3 We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

CULTURE

4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.

5 The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.

6 We are a company of owners. Owners take results personally.

7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.

8 We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.

9 Leadership by personal example is at the core of our culture. We do what we say.

10 We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

Our Dream:
Bringing people together for a better world









www.ab-inbev.com

Corporate Profile

as of 31 December 2018

Banks Holdings Limited (BHL) is the largest beverage conglomerate in Barbados comprising five subsidiaries including a brewery - Banks (Barbados) Breweries Limited, a dairy - Barbados Dairy Industries Limited (Pine Hill Dairy), a distribution company - Banks Distribution Limited, which includes a wholesale outlet and a property rental company - Plastic Containers Limited.

Associated Companies

as of 31 December 2018

Citrus Products of Belize Limited	(46.58%)
Chemical Industries Limited	(40%)
GCG Services Limited	(33.33%)
Newtech Inc.	(26.2%)
Tower Hill Merchants Ltd.	(36.7%)
BCB Communications Inc.	(20%)

REGISTERED OFFICE:
Banks (Barbados) Breweries Ltd. Complex,
Newton, Christ Church

AUDITORS:
Grant Thornton Limited

ATTORNEYS-AT-LAW:
Clarke Gittens & Farmer

BANKERS:
FirstCaribbean International Bank

SUBSIDIARIES

as of 31 December 2018

Banks (Barbados) Breweries Limited
Newton, Christ Church
Tel: (246) 227-6750
Fax: (246) 227-6790

Barbados Dairy Industries Limited
(Pine Hill Dairy)
The Pine, St. Michael
Tel: (246) 227-6600
Fax: (246) 227-6660

Banks Distribution Limited
Newton, Christ Church
Tel: (246) 418-2900
Fax: (246) 418-2970

Plastic Containers Ltd.
Thornbury Hill Complex,
Christ Church
Tel : (246) 428-7780

Notice of Annual Meeting

BANKS HOLDINGS LIMITED
Registered Office:
Banks (Barbados) Breweries Limited Complex

Newton, Christ Church, Barbados

Notice is hereby given that the Sixtieth Annual General Meeting of Banks Holdings Limited (the "Company") will be held via Zoom Meeting (Zoom ID#: 924 104 3249 Password: 2309321) on **Wednesday, the 28th day September 2022 at 10:00 A.M**. for the following purposes:

1. To review and adopt the minutes of the Fifty-Ninth Annual General Meeting of the Company held on 19 February 2019.

2. To receive and consider the Consolidated Financial Statements of the Company for the period ending 31 December 2018 and the Auditor's Report thereon.

3. To receive and consider the Consolidated Financial Statements of the Company for the period ending 31 December 2019 and the Auditor's Report thereon.

4. To receive and consider the Consolidated Financial Statements of the Company for the period ending 31 December 2020 and the Auditor's Report thereon.

5. To elect Directors and if thought fit to pass the following resolutions:

   i. THAT in accordance with the requirements of paragraph 4.4 of the By-Law No.2 of the Company, Mr. Christopher Dennis DeCaires be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.

   ii. THAT in accordance with the requirements of paragraph 4.4 of the By-Law No.2 of the Company, Mr. Elvin Royston Sealy be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.

6. To appoint Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration and (if thought fit) to pass the following resolution:

   i. THAT Grant Thornton Limited be and are hereby appointed as Auditors of the Company for the period ending at the close of the next Annual General Meeting after their appointment.

7. To transact any other business which may properly come before the meeting.

By *Order of the Board*

S. Matthew Goodin
Corporate Secretary
31 August, 2022

DIRECTORS

AS OF 31 DECEMBER 2018



MR. CAIO AUGOSTO MIRANDA RAMOS

Non-Independent Director & Chairman - Citizen of Brazil
Mr. Caio Ramos is graduate in Law from State of Parana University and has also completed the Ambev Executive MBA Program at Sao Paulo Business School in Sao Paulo, Brazil.

Mr. Ramos also completed the Program on Corporate Reputation from Stanford University in Palo Alto, California in 2018. Mr. Ramos joined AMBEV in 2002 and has accumulated 16 years' experience in legal, corporate affairs and strategy development.



MR. JOSE INFANTE

Non-Independent Director – Citizen of the Dominican Republic
Mr. Jose Infante was appointed Country Manager of Banks Holdings Limited in 2018.

He joined Cerveceria Nacional Dominicana (CND) in 2010, as a Finance Coordinator. Following AB InBev's acquisition of CND in 2012, Mr. Infante quickly moved through the company's ranks. During his eight years at AMBEV, Mr. Infante has worked in various departments, including human resources, labour relations and sales. Most recently, he worked as CND's commercial manager for two years before his appointment in Barbados.

He holds a Bachelor of Science degree in Business Administration from the Mother and Teacher Pontifical Catholic University in the Dominican Republic. He also has a Master's in Business Administration from the Barna Business School in the Dominican Republic.



MR. RICHARD COZIER

Non-Independent Director – Citizen of Barbados - A member of the BHL Board since November 13th 1997, Mr Cozier is a Fellow of the Institute of Chartered Accountants of Barbados (ICAB). He joined the staff at Banks (Barbados) Breweries Limited in 1979 as an Accountant. He was appointed Chief Accountant in 1985 and six years later, General Manager of another Banks Holdings Limited (BHL) subsidiary, the Barbados Bottling Company (BBC). His dedication and commitment was further rewarded in 1999, when he was appointed Managing Director and CEO of the BHL Group comprising Banks (Barbados) Breweries Limited, Barbados Dairy Industries Limited (Pine Hill Dairy), Barbados Bottling Co. Limited and B&B Distribution Ltd. (now Banks Distribution Limited).

He is a current member of the Master Brewers Association of the Americas, represents The Barbados Chamber of Commerce & Industry on the Board of The Barbados Stock Exchange and is an independent director on the Board of The Barbados Private Sector Association.

DIRECTORS



MR. FERNANDO GUIMARÃES

Non-Independent Director - Citizen of Brazil
Mr. Guimarães is the Finance and Solutions Director with responsibility for the CAC region within the Cerveceria Nacional Dominicana (CND) in the Dominican Republic. Mr. Guimarães joined AMBEV in 2004 through the company's Management Trainee Programme and has held the positions of Planning and Performance Coordinator and Operations Manager during his 14 years with the company. Mr. Fernando Guimarães holds an undergraduate degree in Mechanical Engineering from the Pontifical Catholic University of Rio de Janeiro and an Executive MBA from Brazil's COPPEAD Graduate School of Business.



MR. ALBERTO GAUDRY

Non-Independent Director - Citizen of Mexico
Mr. Alberto Gaudry graduated cum laude with a Bachelor of Engineering and a Master of Engineering from the Pan-American University in Mexico City. He began his career as a Process and Continuous Improvement Analyst for Grupo Modelo, before joining AB InBev's Mexico operation as a National Productivity Coordinator in 2013. A natural leader, he was quickly promoted to the role of National Sales Distribution Manager and later, Regional Operations Director. In January 2017, he took up the role of AB InBev's Logistics Projects Director with responsibility for the Middle Americas region



LRE Corp. represented by MR. LEONARDO CABRAL

Non-Independent Director - Citizen of Brazil
Mr. Leonardo Cabral is the Mergers and Acquisitions Director of AMBEV's Brazil operations. He is a senior finance professional with more than 15 years of experience in corporate development and management consulting. A graduate of the Military Institute of Engineering in Rio de Janeiro, Brazil and the Stanford University Graduate School of Business, Mr. Cabral has worked with some of the most recognizable names in business during his career. Before joining AMBEV in 2017, he worked with PETROBRAS as a Corporate Development Advisor and for Credit Suisse as a Director of Mergers and Acquisitions.



MS. FATIMA VINAS

Non-Independent Director - Citizen of the Dominican Republic
Ms. Fatima Vinas is a prolific executive with over 30 years of successful financial management experience under her belt. Ms. Vinas is the Control and Taxes Director for the Central America and Caribbean region at AB InBev's Cerveceria Nacional Dominicana (CND), where she leads the accounting, taxes and internal control processes for several countries in the area. Ms. Vinas joined CND in 2000 and has worked in several capacities within the company, including as a Corporate Cost Manager, Marketing Administrative Coordinator and Finance Director. She is a graduate of the Pontificia Universidad Católica Madre y Maestra in Santo Domingo with qualifications in Business Administration and has a Master's in Business from the Barna Business School.

Directors



MR. CHRISTOPHER DE CAIRES

Independent Director – Citizen of Barbados, Guyana, and The United Kingdom - Mr. Christopher deCaires joined the BHL Board on February 6th, 2013. He is a Chartered Accountant and holds an MBA from Henley Management College in the United Kingdom. He has over 25 years professional and executive management experience in the Caribbean, Brazil and the United Kingdom. He is currently the Managing Director of Fednav International Ltd, a privately owned international shipping company. His areas of expertise include corporate finance, international taxation, financial management, mergers and acquisitions, information systems, organisational design and business planning. Mr. deCaires has served as a Partner at PricewaterhouseCoopers and Senior Vice President with the Interamericana Trading Corporation. He has also served as Chairman of several statutory corporations of the Government of Barbados and on the Boards of several publicly listed companies in Barbados, Trinidad and Canada.



MR. ELVIN R. SEALY

Independent Director – Citizen of Barbados - Mr. Elvin Sealy is a retired Airline Executive having worked with British Airways in the Caribbean for over 39 years. On his retirement in August 2006 he held the post of Regional Manager South Caribbean and had served in numerous regional management postions in the airline. Mr Sealy has held a number of Board Directorships including the Chairman of the Barbados Water Authority 2006-2008 and Deputy Chairman Grantley Adams Airport Inc 2006-2008. He has been a Director of Banks Holdings Limited (BHL) since 2004. He owns a party goods retail business which has been in operation for over a decade. In 1997 Mr Sealy was appointed a Justice of the Peace and in 2006, a Member of the Order of the British Empire (MBE) for his services to Civil Aviation in The Queen's New Year Honours. He has been an active Rotarian for 30 years and was President between 2008 and 2009.

Corporate Secretary



MR. NIGEL A. BENNETT Corporate Secretary

Nigel Bennett is an attorney-at-law and partner at the Court Caribbean Law Practice. During his career, he has served as legal counsel to the Central Bank of Barbados and an international banking subsidiary of the Royal Bank of Canada (RBC). He was also seconded to a London based "magic circle" law firm. His primary practice areas are corporate and commercial law, international financial services, conveyancing, mortgages and finance related matters. Mr. Bennett also serves as a panel member of the Financial Services Commission's Appeals Tribunal.

Chairman's Report



BHL Chairman's Report

OVERVIEW

Despite challenges in the local economy, the companies of the Banks Holdings Limited ("BHL") Group recorded a steady performance in 2018, capitalizing on the strength of our brands and utilizing innovative sales and marketing strategies to maintain and, in some cases, expand our market share.

Our positive performance was possible because of the tremendous dedication of our team, who have remained dedicated to implementing the necessary processes and systems required to improve the efficiency and reduce wastage in our operation. Even with our successes to date, we remain determined to improve our performance even further over the next few years.

FINANCIALS

In 2018, the BHL Group was able to increase its revenue by 16%, against the previous year. This increase was the result of additional income from the sale of our products.

However, profit from continuing operations was 9% of revenues in 2018, falling from 15.98% recorded in the previous year. This decrease was driven mainly by the loss of mark-up on the sale of Barbados Bottling Co. Ltd. ("BBC") products in the latter half of the year, following the completion of the sale of the BBC plant to Coca Cola Southern Caribbean ("KOSCAB") in June. Positively, the sale of this asset resulted in a gain on disposal income of $91 million and ended several years of negotiations. In this report, the accounting treatment of BBC is provided for in a manner which complies with the relevant International Financial Reporting Standards. As a result, the financial results of this entity are presented as "Loss for the Year from Discontinued Operations" in this report.

Despite the decrease in operating profit, the company continued to improve its financial position, increasing cash flow by $10.5 million. This increase was largely the result of improved working capital management.

Health, Safety and Environment (HSE)

Ensuring the health and safety of our employees is an area of our operations that will never be compromised. In 2016, BHL introduced an official system of reporting of unsafe behaviours and conditions. Through this initiative, we have been able to significantly increase our employee's awareness of existing risks in the operational environment, allowing us to take corrective actions and prevent serious accidents and fatalities.

We're extremely proud of our results to date. At Banks (Barbados) Breweries Ltd, reporting of incidents increased by 66% in 2018 compared to the previous year. There was also a significant decline in first aid injuries and no reports of serious injuries or fatalities for the 12-month period. Similarly, the Pine Hill Dairy

Chairman's Report
cont'd

recorded 21% increase in reporting and recorded no injuries serious enough to warrant time away from work. Banks Distribution Ltd. saw a 9% increase in reporting of unsafe behaviours and unsafe conditions, as well as a 75% decline in first aid injuries with no accident occurrences. All companies were able to solve more than half of all unsafe conditions reported by employees.

Building Stronger Teams

In keeping with our belief that our greatest strength is our people; in 2018, a greater emphasis was placed on the recognition of special occasions such as International Women's Day as well as Mother's and Father's Day.

There was also an increase in coordination of special activities and events such as The Years' of Service recognition program, Academic Excellence Programme, Family Movie Night, "big-screen" football matches, the hosting of an Inter-Company Football tournament and an "End of Year" staff "Jam".



Valentine's Day 2018



Breast Cancer Awareness Day 2018



BHL Academic Excellence Programme 2018



Banks (Barbados) Breweries Ltd. Long Service Awards 2018

Chairman's Report
cont'd

During the year, there was also renewed focus on in-house training. We continue to aid in our staff's development, facilitating training via e-learning in Six Sigma White Belt, Microsoft Excel, 5S Training, Zero Rated Budgeting and Diversity. We also facilitated online training opportunities which allowed staff to learn at their own pace in their preferred environments.



A Pine Hill Dairy employee attends Confined Spaces Training in Cerveceria Nacional Dominicana (CND), Dominican Republic

Finally, we were pleased to welcome our new Country Manager, Jose Infante to our Barbados operation. Mr. Infante has a background in Sales and Human Resources, and replaced Integration Manager, Daniel Levorin, who moved on to a new position within AMBEV's operations in the region.

Building a Better World

Our company's dream is to be the best beer company in a Better World. Our corporate social responsibility effort, known as the Better World programme, focuses on five main areas: smart agriculture, water stewardship, circular packaging, climate action and smart drinking, in line with the United Nations' Sustainable Development Goals. We're proud of what we have already accomplished but we know there is much more to be done.

Chairman's Report
cont'd

SMART DRINKING

We want every experience with our products to be positive, and in 2018, our teams focused on educating our consumers about the harmful use of alcohol. Through a collaboration with Junior Chamber International and the National Council on Substance Abuse, we sponsored the "Safe and Sober" project. During the Crop Over season, we created "Sober Zones" at some popular events, educating patrons on the responsible use of alcohol while providing non-alcoholic beverages, free of charge, to patrons. They were also given a safe place to rest if needed. We impacted 700 people during these events.





Safe and Sober patrons and volunteers

Chairman's Report
cont'd

ENVIRONMENTAL AWARENESS

We also continued our support of environmental causes. In September on International Coastal Clean Up Day, BHL employees joined with employees of our neighbours, KOSCAB, to clean up Enterprise Beach. Our employees collected over 194 pounds of litter during the exercise.



BHL and KOSCAB volunteers on International Oceans Clean Up Day 2018

We were also proud to rename the private road in Newton, Christ Church where three of our companies are located after BHL stalwart, Mr. Richard Cozier.



Richard Cozier Drive

Chairman's Report
cont'd

Building Stronger Brands

Both our alcoholic and non-alcoholic brands performed well in 2018. This performance has fortified our place as the market leader. Despite economic issues, our overall market share grew by 1% compared to last year's performance. However, the strongest performance was recorded by our brewed non-alcoholic category where we reached a record 68.26% market share.





CONCLUSION

On behalf of the Board of Directors, I would like to thank the BHL Management Committee, the Group Leadership Team, and critically, our people for their contribution to the fulfillment of the 2018 results.

Caio Miranda
Chairman and Non-Executive Director

Directors' Report

1) The Directors hereby submit their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

2) The consolidated net income for the year attributable to the parent was 84,931,788

Which is added to the retained earnings brought forward of	243,986,770
Which is also added to the transfers made during the year	6,254,220
Minus dividends of	(146,161,710)
Giving retained earnings carried forward of	189,011,068

3) In accordance with Clause 4.4 of the Company's By-Laws, the following Directors cease to hold office at the end of this Annual Meeting but are eligible for re-election for a period of three (3) years:

- Mr. Elvin Royston Sealy
- Mr. Christopher Dennis DeCaires

4) At the time of the printing of this report, the Directors were still to finalize the quantum of dividend payable for the year ended 31 December 2018.

5) There were no contracts subsisting during or at the end of the financial year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

6) Interest of persons other than Directors holding more than 5% of the issued shares in the Company are as follows:

a. Interests of persons other than Directors holding more than 5% of the issued shares as at 31 December, 2018

Name		No. of Shares	Percentage
SLU Beverages, Ltd.		61,546,604	94.75%

a. Interests of persons other than Directors holding more than 5% of the issued shares as at 29 July, 2022.

Name		No. of Shares	Percentage
SLU Beverages, Ltd.		61,546,604	94.75%

By Order of the Board

Nigel A. Bennett

Corporate Secretary

Corporate Governance Statement

BANKS HOLDINGS LIMITED

The Board of Directors of Banks Holdings Limited (the "Company") is accountable to its shareholders and seeks to execute its social and statutory responsibilities in the best interest of its shareholders, employees, creditors, stakeholders and the general public as a whole. The Board is committed to the observance of good corporate governance standards to ensure that the Company's business is conducted in a prudent, ethical and socially responsible manner.

The Barbados Stock Exchange Inc. ("BSE") issued a number of Corporate Governance Recommendations (the 'Recommendations') as a guide to publicly listed companies. The full text of the Recommendations is available on the BSE's website at www.bse.com.bb. The Recommendations are non-obligatory.

The mandate of the Board of Directors includes the following objectives:

(i) To monitor the performance of the Management Team and to provide general guidance and direction as warranted;

(ii) To engender a corporate culture of integrity and social responsibility throughout the Company;

(iii) To oversee the Company's strategic planning process and approve a strategic plan, budget and financial objectives which take into account among other things, the opportunities and related business risks;

(iv) To identify the principal risks of the Company's business, and ensure the implementation of appropriate systems to identify, manage and mitigate these risks, and

(v) To oversee the design and effectiveness of the Company's internal controls and management information systems.

Nomination of Directors

In accordance with By-Law No. 2, and the provisions of section 66 of the *Companies Act*, Directors are elected by the shareholders. Directors elected to fill casual vacancies are selected by the Board.

Corporate Governance Statement

Board Meetings & Directors' Attendance

As at 31 December, 2018, there were nine (9) Directors of the Company. The Company's By-Laws provide that it shall have a minimum of three (3) Directors and a maximum of ten (12) Directors. There were two (2) Board Meetings during the Financial Year under review.

Outlined below is the table setting out details of the Directors' meeting attendance:

Director	Attendance (No. of Meetings)	Rate
Director	Attendance (No. of Meetings)	Rate
Marcio JULIANO	2 out of 3 *	66%
C. Richard COZIER	3 out of 3	100%
Edwards LACERDA	1 out of 3 *	33%
Ramon A. FRANCO	0 out of 3 *	0%
Saulo MARANHA	0 out of 3 *	0%
LRE CORP	2 out of 3	66%
Daniel LEVORIN	1 out of 3 *	33%
Christopher DECAIRES	2 out of 3	66%
Elvin SEALY	2 out of 3	66%
Caio MIRANDO	2 out of 3	66%
Ferrando GUIMARAES	2 out of 3	66%
Jose INFANTE	2 out of 3	66%
Alberto GAUDRY	0 out of 3	0%
Fatima VINAS	1 out of 3	33%

*Mr. Marcio Juliano, Mr. Eduardo Lacerda, Mr. Ramon Franco, Mr. Saulo Maranha and Mr. Daniel Levorin resigned from the Board pursuant to the Board of Directors meeting on October 10, 2018 and were replaced by Mr. Caio Augosto Miranda Ramos, Mr. Fernando Guimares, Mr. Jose Infante, Mr. Alberto Gaudry, Mr. Leonardo Cabral and Ms. Fatima Vinas.

Directors are remunerated on an annual basis in arrears for those meetings which they attend. All Directors are remunerated in cash only. They do not receive any performance-based incentives, nor do they participate in stock-option plans or receive other forms of compensation. Only Non-executive Directors are paid directors' fees for their service on the Board. A total of $22,200 in Directors' Fees were paid for the Financial Year under review.

Corporate Governance Statement

Audit Fees

In accordance with the mandate the global procurement department of the parent company AB InBev, the Company changed its audit firm from Doloitte to Grant Thornton at the beginning of the financial year under review. The following table presents a summary of all fees paid to the existing Audit firm Grant Thornton Ltd., during the financial year under review as well as fees paid to the former Audit firm Doloitte during the previous financial year:

	2018	2017
Audit Fees	$242,603.13	$229,138.64
Other Fees	-	-
Tax Reviews	$24,254.33	$24,749.38

Executive Management

The day-to-day operation of the Company is managed by a team of Executive Managers whose profiles may be viewed on the Company's website at www.thebhlgroup.com.

Code of Ethics

As mandated by the Recommendations, the Company adopted a Code of Ethics in 2016. The Code of Ethics is reviewed on an annual basis and revised as necessary. It is to be read and applied in conjunction with the BHL Fraud Policy Statement and the BHL Whistleblowing Statement. Each of these policies can be accessed on the Company's website at www.thebhlgroup.com.

Insider Trading

The Company approved and adopted an Insider Trading Policy during the financial year2016, which can be accessed on the Company's website at www.thebhlgroup.com. This ensures that the Company remains in compliance with the Insider Trading Guidelines of the Barbados Stock Exchange Inc. as well as that of its parent company AmBev. Further details about the Insider Trading Guidelines of the BSE may be accessed at the BSE website at www.bse.com.bb.

29 July, 2022

Grant Thornton
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Banks Holdings Limited

Qualified Opinion

We have audited the accompanying 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, 2018, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, 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 Qualified Opinion

We were appointed as auditors of the Group on September 16, 2019 and thus did not observe the counting of the physical inventories as at December 31, 2018. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held as at December 31, 2018, which are stated in the consolidated statement of financial position at $35,884,911. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and the elements making up the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows.

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

Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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 statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 the adoption of IFRS 15, *Revenue from Contracts with Customers*, are included in Notes 5, 6 and 11.

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;

Key Audit Matters *...continued*

Revenue recognition *...continued*

How the Matter was Addressed in the Audit ...continued

- 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.

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, related safeguards.

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.

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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 consolidated financial statements of the Group for the year ended December 31, 2017, were audited by another auditor who expressed an unqualified opinion on those statements on December 10, 2018.

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

Grant Thornton Ltd

Chartered Accountants
April 22, 2020
Barbados

BANKS HOLDINGS LIMITED
Consolidated Statement of Financial Position
As at December 31, 2018

(expressed in Barbados dollars)

	2018 $	2017 $
Assets		
Current assets		
Cash and short-term deposits (note 10)	**194,332,340**	179,855,401
Receivables and prepayments (note 11)	**135,647,771**	30,495,033
Income tax recoverable (note 9)	**–**	6,861
Investments (note 13)	**18,817,358**	18,817,358
Inventories (note 12)	**35,884,911**	26,542,961
	384,682,380	255,717,614
Assets of disposal group held for sale (note 28)	**–**	17,881,206
Assets classified as held for sale (note 28)	**–**	10,915,500
	384,682,380	284,514,320
Current liabilities		
Accounts payable and accruals (note 14)	**183,045,726**	27,783,929
Provision for deposits owed to customers	**1,257,458**	1,307,176
Income tax payable (note 9)	**84,275**	–
	184,387,459	29,091,105
Liabilities from disposal group held for sale (note 28)	**–**	7,441,528
	184,387,459	36,532,633
Working capital	200,294,921	**247,981,687**
Investments in associated companies (note 15)	35,510,236	**37,033,718**
Property, plant and equipment (note 16)	105,463,069	**111,677,018**
Investment properties (note 17)	18,800,000	**19,050,000**
Deferred tax (note 9)	381,889	**4,810,908**
Pension plan asset (note 18)	21,186,000	**14,857,616**
Post-employment medical liability (note 19)	(822,000)	**(1,354,220)**
	380,814,115	434,056,727
Equity		
Share capital (note 20)	**145,565,985**	145,565,985
Capital reserves (note 21)	**36,299,750**	34,851,571
Retained earnings	**189,011,068**	243,986,770
Attributable to equity holders of the parent	**370,876,803**	424,404,326
Non-controlling interests	**9,937,312**	9,652,401
Total equity	**380,814,115**	434,056,727

The notes on pages 1 to 67 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on April 22, 2020.

Caio Augusto

Director

Director

BANKS HOLDINGS LIMITED
Consolidated Statement of Income
For the year ended December 31, 2018
(expressed in Barbados dollars)

	2018 $	2017 $
Sales (note 6)	191,761,656	198,744,856
Cost of sales (note 7)	(141,145,541)	(143,670,337)
Gross profit	50,616,115	55,074,519
Other income	2,604,784	2,704,938
Selling, general and administrative expenses (note 7)	(37,694,087)	(30,338,839)
Profit from operations before undernoted items	15,526,812	27,440,618
Gain on disposal of investment in a subsidiary (note 28)	79,118,422	–
Interest expense	(305,506)	(741,630)
Change in fair value of investment properties (note 17)	(250,000)	650,000
(Loss)/gain on disposal of investments in associated companies (note 15)	(41,234)	26,342,211
Interest income	2,446	2,148
Net unrealised gain on investments	–	8,356,457
Income from operations – parent and subsidiaries	94,050,940	62,049,804
Share of (loss)/income of associated companies (note 15)	(1,070,663)	3,443,356
Income before taxation from continuing operations	92,980,277	65,493,160
Taxation (note 9)	(6,491,433)	(3,640,913)
Net income for the year from continuing operations	86,488,844	61,852,247
Discontinued operations		
Loss for the period from discontinued operations (note 28)	(1,497,852)	(2,188,581)
	84,990,992	59,663,666
Attributable to:		
Equity holders of the parent	84,931,788	58,574,313
Non-controlling interests	59,204	1,089,353
	84,990,992	59,663,666
Earnings per share		
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent (note 23)	1.307	0.902

The notes on pages 1 to 67 are an integral part of these consolidated financial statements.

BANKS HOLDINGS LIMITED
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2018
(expressed in Barbados dollars)

	2018 $	2017 $
Net income for the year	**84,990,992**	59,663,666
Other comprehensive income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement gains on defined benefit plans and post-employment medical liability (notes 18 and 19)	**5,957,220**	9,014,000
Income tax effect (note 9)	**1,970,886**	(1,735,299)
Other comprehensive income for the year, net of tax	**7,928,106**	7,278,701
Total comprehensive income for the year, net of tax	**92,919,098**	66,942,367
Attributable to:		
Equity holders of the parent	**92,634,187**	65,465,375
Non-controlling interests	**284,911**	1,476,992
	92,919,098	66,942,367

The notes on pages 1 to 67 are an integral part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

For the year ended December 31, 2018

(expressed in Barbados dollars)

	Attributable to equity holders of the parent					
	Share capital $	Capital reserves $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance as at December 31, 2016	146,115,299	27,960,509	185,412,457	359,488,265	8,328,799	367,817,064
Net income for the year	–	–	58,574,313	58,574,313	1,089,353	59,663,666
Other comprehensive income (note 21)	–	6,891,062	–	6,891,062	387,639	7,278,701
Total comprehensive income	–	6,891,062	58,574,313	65,465,375	1,476,992	66,942,367
Change in equity component of convertible promissory notes (note 20)	(549,314)	–	–	(549,314)	–	(549,314)
Transactions with owners						
Dividends	–	–	–	–	(153,390)	(153,390)
Balance as at December 31, 2017	**145,565,985**	**34,851,571**	**243,986,770**	**424,404,326**	**9,652,401**	**434,056,727**
Net income for the year	–	–	84,931,788	84,931,788	59,204	84,990,992
Other comprehensive income (note 21)	–	7,702,399	–	7,702,399	225,707	7,928,106
Total comprehensive income	–	7,702,399	84,931,788	92,634,187	284,911	92,919,098
Transfers during the year (note 21)	–	(6,254,220)	6,254,220	–	–	–
Transactions with owners						
Dividends (note 20)	–	–	(146,161,710)	(146,161,710)	–	(146,161,710)
Balance as at December 31, 2018	**145,565,985**	**36,299,750**	**189,011,068**	**370,876,803**	**9,937,312**	**380,814,115**

The notes on pages 1 to 67 are an integral part of these consolidated financial statements.

BANKS HOLDINGS LIMITED
Consolidated Statement of Cash Flow
For the year ended December 31, 2018
(expressed in Barbados dollars)

	2018 $	2017 $
Cash flows from operating activities		
Income before taxation from continuing operations	**92,980,277**	65,493,160
Loss before taxation from discontinued operations (note 28)	**(1,497,852)**	(2,675,752)
Income before taxation	**91,482,425**	62,817,408
Adjustments for:		
Gain on disposal of investment in subsidiary (note 28)	**(79,118,422)**	–
Depreciation (notes 16 and 28)	**12,431,249**	13,636,816
Share of loss/(income) of associated companies (note 15)	**1,070,663**	(3,443,356)
Pension plan income (note 18)	**(1,012,384)**	(184,000)
Pension plan contribution	**(5,000)**	(6,000)
Dividend income	**(364,674)**	–
Provision for inventory obsolescence (note 7)	**334,364**	620,446
Interest expense	**305,506**	830,024
Change in fair value of investment properties	**250,000**	(650,000)
Loss/(gain) on disposal of property, plant and equipment	**161,334**	(2,713)
Post-employment medical liability expense (note 19)	**114,000**	135,000
Loss/(gain) on disposal of investments in associated companies (note 15)	**41,234**	(26,342,211)
Interest income	**(2,446)**	(2,148)
Impairment and loss on disposal of property, plant and equipment	**–**	40,000
Write down asset held for sale	**–**	586,933
Net unrealised gain on investments	**–**	(8,356,456)
Income from grant	**–**	(59,700)
Operating profit before working capital changes	**25,687,849**	39,620,043
(Increase)/decrease in receivables and prepayments	**(9,364,892)**	3,910,022
Increase in inventories	**(9,676,314)**	(1,148,684)
Increase/(decrease) in accounts payable and accruals	**14,419,601**	(3,648,994)
(Decrease)/increase in provision for deposits owed to customers	**(49,718)**	184,586
Cash generated from operations	**21,016,526**	38,916,973
Interest received	**2,446**	2,148
Corporation taxes paid	**(392)**	(340,328)
Interest paid	**(305,506)**	(830,024)
Net cash from operating activities	**20,713,074**	37,748,769
Cash flows from investing activities		
Purchase of property, plant and equipment (note 16)	**(5,719,541)**	(4,737,696)
Dividends received	**708,259**	2,744,769
Proceeds from disposal of property, plant and equipment	**89,467**	11,914
Proceeds from sale of investments in associated companies (note 15)	**68,000**	53,583,250
Net cash (used in)/from investing activities	**(4,853,815)**	51,602,237
Cash flows from financing activities		
Payment of dividends	(5,319,514)	(153,390)
Equity portion of convertible debt fully paid	–	(549,313)
Repayment of long-term liabilities	–	(20,457,494)
Net cash used in financing activities	**(5,319,514)**	(21,160,197)
Increase in cash and short-term deposits	**10,539,745**	68,190,809
Cash and short-term deposits at beginning of year	**183,792,595**	115,601,786
Cash and short-term deposits at end of year (note 10)	**194,332,340**	183,792,595

The notes on pages1 to 67 are an integral part of these consolidated financial statements.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

1. Nature of operations

The principal activity of Banks Holdings Limited (the "Company") and its subsidiaries (together, the "Group") consist 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 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(z).

3. Subsidiary and associated companies

a) Subsidiary companies

	% of Ownership	
	2018	**2017**
Banks (Barbados) Breweries Limited	**100.00%**	100.00%
Banks Distribution Limited	**100.00%**	100.00%
Barbados Dairy Industries Limited	**84.43%**	84.43%
Plastic Containers Limited	**65.00%**	65.00%
Barbados Bottling Company Limited (note 28)	**–**	100.00%

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

4 Subsidiary and associated companies *...continued*

b) Associated companies

	% of Ownership		Principal place of business
	2018	**2017**	
Citrus Products of Belize Limited	**46.58%**	46.58%	Belize
Chemical Industries Limited	**40.00%**	40.00%	Barbados
Tower Hill Merchants Ltd.	**36.70%**	36.70%	England
GCG Services Limited	**33.33%**	33.33%	Barbados
Newtech Incorporated	**26.20%**	26.20%	Barbados
BCB Communications Inc. (note 15)	**-**	20.00%	Barbados

4 New or revised standards or interpretations

New standards and amended standards effective for the financial year beginning January 1, 2018

Certain new and revised standards became effective during the current year. The following are relevant to the Group's operations.

IFRS 9, Financial Instruments

IFRS 9 replaces International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

The adoption of IFRS 9 did not have a material impact on the Group's consolidated financial statements as Management holds financial assets to hold and collect the associated cash flows. Financial assets previously classified as at amortised cost under IAS 39 continue to be accounted for at amortised cost as they meet the hold to collect business model and contractual cash flow characteristics test in IFRS 9.

The Group uses a simplified model of recognising lifetime expected credit losses as the financial assets do not have a significant financing component. There was no impairment of financial assets applying the expected credit loss model that requires an adjustment to the opening retained earnings [see Note 27(a)(ii)].

The adoption of IFRS 9 did not have a material impact on these consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces IAS 18, 'Revenue', IAS 11, 'Construction Contracts', and several Revenue related interpretations. IFRS 15 defines a comprehensive framework for determining when and to what extent revenue can be recognised. In accordance with IFRS 15, an entity shall recognise revenue as a monetary amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question.

4 New or revised standards or interpretations *...continued*

New standards and amended standards effective for the financial year beginning January 1, 2018 *... continued*

IFRS 15, Revenue from Contracts with Customers ...continued

According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer services to customers. The revenue recognition takes place over time or at a point in time, with the transfer of control as the key criterion.

Application of the standard did not have an impact on the recognition of revenue or results of the Group. However, there are additional disclosure requirements and these are outlined in Note 6.

Transfer to Investment Property (Amendments to IAS 40)

The Group has adopted the amendments to IAS 40, Investment Property, for the first time in the current financial year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The adoption of this amendment had no material effect on the consolidated financial statements of the Group for any period presented.

Annual Improvements 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)

Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- IFRS 1 (Amendments), *First-time Adoption of International Financial Reporting Standards – Deletion of Short-term Exemptions*. The amendments removed short-term exemptions in IFRS 1 covering IFRS 7, *Financial Instruments: Disclosures*, IAS 19, *Employee Benefits,* and IFRS 10, *Consolidated Financial Statements,* because the reporting period to which the exemptions applied have already transpired.

- IAS 28 (Amendments), *Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification.* The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

Other amendments to standards

Other standards and amendments that are effective for the first time in 2018 are as follows:

- Applying IFRS 9, *Financial Instruments*, with IFRS 4, *Insurance Contracts*, (Amendments to IFRS 4);
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2); and
- IFRIC 22, *Foreign Currency Transactions and Advance Consideration*.

These amendments do not have an impact on these consolidated financial statements and therefore the disclosures have not been made.

4 New or revised standards or interpretations *...continued*

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, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 16, Leases (effective from January 1, 2019)

IFRS 16 replaces IAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease.* For lessees, it requires that entities account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortisation. The lease liability is accounted for similar to a financial liability which is amortised using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under IAS 17 where lease payments are recognised as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to IAS 17. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as IAS 17. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management plans to adopt the modified retrospective application of IFRS 16 where the cumulative effect of initially applying the standard will be recognised as an adjustment to the opening balance of retained earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Management is currently assessing the financial impact of this new standard 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, 2018. 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);
- 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.

5 Summary of significant accounting policies *...continued*

b) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups 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.

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.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area; or
- Is a subsidiary acquired with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income or loss. Additional disclosures are provided in Note 28. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

5 Summary of significant accounting policies *...continued*

c) Revenue recognition *...continued*

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.

In 2017 and prior periods, the Group recognised revenues based on the provisions of IAS 18 which is to the extent that such revenues and the related costs incurred or to be incurred can be measured reliably and it is probable that future economic benefits will flow to the Group. Specifically, for the sale of goods, revenues were recognised when the risks and rewards of ownership of the goods have passed to the buyer. For rendering of services, revenue is recognised in the accounting period in which the services are provided. Also, the Group applies the revenue recognition criteria set out below.

Sale of goods
Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognized on delivery of goods and customer acceptance.

Dividend income
Dividend income is recognised when the right to receive a dividend is established.

Rental income
The Group also earns rental income from operating leases of its buildings and construction equipment. Rental income is recognised on a straight-line basis over the term of the lease.

5 Summary of significant accounting policies *...continued*

c) Revenue recognition *...continued*

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

Other income
Revenue earned from non-routine services and miscellaneous transactions are categorised as other revenue and recognised on the accrual basis.

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.

5 Summary of significant accounting policies *...continued*

f) Taxation *...continued*

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.

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

5 Summary of significant accounting policies *...continued*

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	3to 10 years
Motor vehicles	5 years
Containers	3 to 10 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 other 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.

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.

5 Summary of significant accounting policies *...continued*

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 investment in associated companies is carried in the consolidated statement of financial position at cost 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 other 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 retirement 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.

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

5 Summary of significant accounting policies *...continued*

l) Employee retirement benefits *...continued*

Post-employment benefits *...continued*
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

The Group accounts for its leases as follows:

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 [see note 5(c)].

Group as a lessee
Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

n) Cash

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

o) Grants

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual instalments.

p) 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.

5 Summary of significant accounting policies *...continued*

p) Investment properties *...continued*

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.

q) Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 19. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of income charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

5 Summary of significant accounting policies *...continued*

q) Share-based payment transactions *...continued*

Equity-settled transactions *...continued*

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where and equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) 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.

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.

5 Summary of significant accounting policies ...continued

s) 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.

t) 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.

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.

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

iii) Classification and initial measurement of financial assets ...continued

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.

iv) Subsequent measurement of financial assets

Financial assets at amortised cost

Under IFRS 9, 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.

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

iv) Subsequent measurement of financial assets ...continued

Financial assets at amortised cost ...continued

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

From January 1, 2018, 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. This replaces IAS 39's 'incurred loss model'. 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

- 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.

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

v) Impairment of financial assets ...continued

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 trade and other receivables 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 trade and other receivables 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 trade receivables 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 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

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

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

(ii) Derecognition ...continued

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.

vii) Accounting policies applied until December 31, 2017

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

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.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- FVTPL.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and short-term deposits and trade and other receivables fall into this category of financial instruments.

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

vii) Accounting policies applied until December 31, 2017 ...continued

Classification and subsequent measurement of financial assets ...continued

(i) Loans and receivables ...continued

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) FVTPL

Investments are initially recorded at cost, being the fair value of consideration given. After initial recognition, investments, which have been classified as at FVTPL, are recorded at their fair value. The fair value of listed investments is their quoted market price at the reporting date. Privately held investments, in the absence of readily ascertainable market values, have been estimated by management on the basis of recent trades of similar investment. Unrealised gains or losses are recorded in the consolidated statement of income.

The values assigned to the investments are based on available information and do not necessarily represent the amounts that might ultimately be realized, since such amounts depend on future circumstances and cannot be determined until the investments are actually liquidated. Because of the inherent uncertainties of valuation, the assigned values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include accounts payable and accruals and provision for deposits owed to customers.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

5 Summary of significant accounting policies *...continued*

t) Financial instruments *...continued*

vii) Accounting policies applied until December 31, 2017 ...continued

Impairment of financial assets ...continued

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognised in income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in income.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of loans and receivables is reduced through use of an allowance account.

u) 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.

v) 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.

5 Summary of significant accounting policies *...continued*

v) Provisions *...continued*

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.

w) 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.

x) 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 earnings per share.

y) 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.

5 Summary of significant accounting policies *...continued*

z) 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:

Provision for expected credit losses on receivables
The Group uses a provision matrix to calculate expected credit losses for 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 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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

5 Summary of significant accounting policies *...continued*

z) Significant accounting judgements, estimates and assumptions *...continued*

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.

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

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 2018 and 2017.

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

	2018 $	2017 $
Country		
Barbados	**179,943,352**	183,596,308
Antigua and Barbuda	**2,667,110**	2,688,083
St. Lucia	**2,265,485**	2,472,251
Other countries	**1,904,115**	2,949,461
Guyana	**1,490,847**	1,397,801
St. Kitts and Nevis	**995,768**	1,046,613
Grenada	**895,304**	830,381
St. Vincent and the Grenadines	**655,568**	726,853
Trinidad and Tobago	**394,951**	2,187,762
United States of America	**344,846**	347,148
Curacao	**204,310**	502,195
	191,761,656	198,744,856

7 Operating expenses by nature

The details of operating expenses by nature are shown below.

	2018 $	2017 $
Materials	**89,946,575**	86,941,845
Staff costs (note 8)	**34,659,718**	35,310,250
Production overhead	**18,074,983**	11,961,803
Advertising and promotions	**12,584,529**	12,722,973
Depreciation (note 16)	**11,682,689**	11,980,908
Taxes and licenses	**7,408,192**	8,016,383
Administrative and office expenses	**1,991,490**	2,547,985
Vehicle expenses	**1,138,227**	2,098,287
Royalties	**588,879**	559,338
Professional fees	**563,985**	2,260,350
Inventory obsolescence (note 12)	**334,364**	620,446
Impairment loss /(recovery) of trade receivables (note 27)	**160,850**	(17,756)
Changes in inventories	**(294,853)**	(993,636)
	178,839,628	174,009,176

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

7 Operating expenses by nature *...continued*

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

	2018 $	2017 $
Cost of sales	**141,145,541**	143,670,337
Selling, general and administrative expenses	**37,694,087**	30,338,839
	178,839,628	174,009,176

8 Staff costs

The breakdown of this account follows:

	2018 $	2017 $
Salaries, wages and allowances	**31,248,855**	29,011,806
NIS contributions	**2,375,030**	3,515,106
Bonus and gratuity	**1,779,500**	2,663,553
Other staff costs	**154,717**	168,785
Post-employment medical (note 19)	**114,000**	135,000
Pension – defined benefit plans (note 18)	**(1,012,384)**	(184,000)
	34,659,718	35,310,250

9 Taxation

Change in tax rate

During the year, the Government of Barbados announced changes to the tax rates from 25% to 30% effective from October 1, 2018. Tax is calculated at 30% on all income earned for the year ended December 31, 2018. The Government of Barbados further announced changes to the tax rates from 5.5%to 1% on a sliding scale effective January 1, 2019.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

9 Taxation ...*continued*

	2018 $	2017 $
Consolidated statement of income		
The taxation charge on net income of continuing operations consist of:		
Current tax expense charge for the year	**91,528**	–
Deferred tax charge for the year	**6,399,905**	3,640,913
Total taxation charge on net income of continuing operations	**6,491,433**	3,640,913
The taxation credit on net loss of discontinued operations relate to deferred credit charge for the period (note 28)	**–**	(487,171)

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

	2018 $	2017 $
Income before taxation from continuing operations	**92,980,277**	65,493,160
Taxed at statutory rates of 30% (2017: 25%)	**27,894,083**	16,373,290
Gain on sale of assets	**(24,291,443)**	(12,459,802)
Effect of different tax rate in certain subsidiaries	**(591,787)**	3,164,181
Effect of change in tax rate on deferred tax assets	**1,433,410**	**–**
Tax effect of non-deductible expenses	**1,023,206**	**–**
Tax effect of capital allowances	**484,612**	(424,264)
Losses unutilised/(utilized)	**391,801**	(2,104,881)
Others	**147,551**	(834,985)
Deferred tax asset previously not recognised	**–**	(72,626)
	6,491,433	3,640,913

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

9 Taxation ...*continued*

	2018 $	2017 $
Deferred tax asset:		
Balance at beginning of year	**4,810,908**	10,126,971
Deferred tax charge recognised in the consolidated statement of income on continuing operations:		
Accelerated depreciation for accounting purposes	**(5,223,671)**	(3,593,890)
Unutilized tax losses	**377,576**	(77,923)
Post-employment medical liability	**9,850**	33,750
Pension plan asset	**(130,250)**	(46,000)
Effect of change in tax rate	**(1,433,410)**	43,150
	(6,399,905)	(3,640,913)
Deferred tax credit recognised on discontinued Operations	**–**	487,171
Deferred tax credit/(charge) recognised in other comprehensive income:		
Post-employment medical liability	**(81,300)**	60,250
Pension plan asset	**(1,277,100)**	(1,795,549)
Effect of change in tax rate	**3,329,286**	–
	1,970,886	(1,735,299)
Transfer to disposal group held for sale	**–**	(427,022)
Balance at end of year	**381,889**	4,810,908

	2018 $	2017 $
The deferred tax asset is analysed as follows:		
Unutilized tax losses	**1,117,406**	3,433,647
Accelerated depreciation for income tax purposes	**384,503**	3,577,127
Post-employment medical liability	**45,210**	250,583
Pension plan asset	**(1,165,230)**	(2,450,449)
	381,889	4,810,908

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

9 Taxation ...*continued*

The Group has unutilised tax losses of $20,316,478 (2017: $21,109,677) 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
2011	1,308,900	2020
2012	1,867,650	2021
2015	8,020,478	2022
2016	268,648	2023
2017	2,850,500	2024
2018	6,000,302	2025
	20,316,478	

Income tax payable/(recoverable)

The movement of income tax payable/(recoverable) as at December 31, is shown below.

	2018 $	2017 $
Balance at beginning of year	**(6,861)**	(6,861)
Current tax expense	**91,528**	**-**
Income tax paid	**(392)**	**-**
Balance at end of year	**84,275**	(6,861)

10 Cash and short-term deposits

	2018 $	2017 $
Cash on hand	**5,304**	5,304
Cash at banks	**194,218,645**	179,741,784
Short-term deposits	**108,391**	108,313
Cash and short-term deposits	**194,332,340**	179,855,401
Cash attributable to disposal group held for sale (note 28)	**-**	3,937,194
	194,332,340	183,792,595

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

10 Cash and short-term deposits *...continued*

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.

Short-term deposits

Short-term deposits represent 90 days term deposits maturing on January 16, 2019 with an interest rate of 0.20% (2017: 0.20%).

11 Receivables and prepayments

	2018 $	2017 $
Trade receivables, gross	**24,870,156**	27,094,979
Allowance for impairment	**(310,457)**	(149,607)
Trade receivables, net	**24,559,699**	26,945,372
Receivable from KOSCAB (Barbados) (note 28)	**107,514,210**	–
Other receivables	**2,897,211**	2,607,507
Prepayments	**676,651**	942,154
	135,647,771	30,495,033

Trade receivables

The Group's trade receivables are 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).

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 $9,006,118 (2017: $9,396,075) (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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

12 Inventories

	2018 $	2017 $
Raw materials	**20,641,219**	12,964,490
Finished goods	**8,737,003**	10,013,347
Work-in progress	**664,943**	525,766
Marketing materials	**1,847,202**	790,681
Fuel and factory supplies	**6,664,664**	4,584,433
	38,555,031	28,878,717
Provision for inventory obsolescence	**(2,670,120)**	(2,335,756)
	35,884,911	26,542,961

The movement of provision for inventory obsolescence is shown below.

	2018 $	2017 $
Balance at beginning of year	**2,335,756**	1,715,310
Provision for the year (note 7)	**334,364**	620,446
Balance at end of year	**2,670,120**	2,335,756

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

13 Investments

	2018 $	2017 $
Financial assets at FVTPL	**18,817,358**	18,817,358

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 equity investments in Bank DIH Limited and other listed equity securities were measured at FVTPL under IAS 39.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

14 Accounts payable and accruals

	2018 $	2017 $
Dividends payable (note 20)	**142,996,141**	2,153,945
Trade payables	**21,773,014**	19,010,734
Other payables and accruals	**18,276,571**	6,619,250
	183,045,726	27,783,929

Included within the trade payables and dividends payable balances of $21,773,014 and $142,996,141 (2017: $19,010,734 and $2,153,945) are intercompany payables totalling $142,408,797 (2017: $4,948,721) (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.

15 Investments in associated companies

	2018 $	2017 $
Cost of investments	**37,460,914**	37,500,914
Decrease in equity value over cost from acquisition to end of year	**(1,950,678)**	(467,196)
	35,510,236	37,033,718

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

	2018 $	2017 $
Balance at beginning of the year	**37,033,718**	63,576,170
Share of net (loss)/income	**(1,070,663)**	3,443,356
Disposal of associates	**(109,234)**	(27,241,039)
Dividends received	**(343,585)**	(2,744,769)
Balance at end of the year	**35,510,236**	37,033,718

During the year, the Group disposed of all of its 20% stake in BCB Communications Inc. (2017: 30% stake in Caribco Limited) for $68,000 (2017: $53,583,250). The resulting loss of $41,234 (2017: gain of $26,342,211) is included in the consolidated statement of income.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

15 Investments in associated companies ...*continued*

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

	2018 $	2017 $
Citrus Products of Belize Limited	**30,730,037**	32,619,422
Other associated companies in aggregate	**4,780,199**	4,414,296
	35,510,236	37,033,718

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

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

Summarized statements of financial position as at December 31, 2018 are as follows:

	Citrus Products of Belize Limited **$**	**Other associated companies** **$**
Current assets	**33,102,779**	**16,878,694**
Non-current assets	**68,833,168**	**945,844**
Current liabilities	**(19,946,119)**	**(3,744,475)**
Non-current liabilities	**(13,072,404)**	**(144,564)**
Net assets	**68,917,424**	**13,935,499**

Summarized statements of financial position as at December 31, 2017 are as follows:

	Citrus Products of Belize Limited **$**	**Other associated companies** **$**
Current assets	39,228,000	18,461,690
Non-current assets	71,570,000	1,482,395
Current liabilities	(22,474,000)	(9,259,250)
Non-current liabilities	(18,866,000)	(640,760)
Net assets	69,458,000	10,044,075

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

15 Investments in associated companies *...continued*

The following illustrates the Group's share of the (loss)/income of associated companies.

	2018 $	2017 $
Citrus Products of Belize Limited	**(1,889,385)**	1,028,621
Other associated companies	**818,722**	2,414,735
	(1,070,663)	3,443,356

Summarized statements of comprehensive income for the year ended December 31, 2018:

	Citrus Products of Belize Limited $	Other Associated Companies $
Revenue	**72,415,363**	**43,934,136**
Total net and comprehensive (loss)/income for the year	**(4,056,215)**	**2,280,191**

Summarized statements of comprehensive income for the year ended December 31, 2017:

	Citrus Products of Belize Limited $	Other Associated Companies $
Revenue	12,207,000	15,977,246
Total net and comprehensive (loss)/income for the year	(5,194,000)	643,962

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

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 $	Total $
At December 31, 2016									
Cost or valuation	14,870,973	40,180,122	22,171,807	116,921,218	11,545,210	5,779,928	20,547,558	2,436,852	234,453,668
Accumulated depreciation	–	(2,343,858)	(12,395,455)	(61,935,397)	(10,553,484)	(2,871,779)	(13,424,795)	–	(103,524,768)
Net book value	**14,870,973**	**37,836,264**	**9,776,352**	**54,985,821**	**991,726**	**2,908,149**	**7,122,763**	**2,436,852**	**130,928,900**
Year ended December 31, 2017									
Opening net book value	14,870,973	37,836,264	9,776,352	54,985,821	991,726	2,908,149	7,122,763	2,436,852	130,928,900
Additions	–	–	1,423,082	1,143,052	500,934	–	298,011	1,372,617	4,737,696
Adjustments, cost	(2,952,096)	(9,327,641)	–	–	–	(1,372,888)	–	–	(13,652,625)
Adjustments, accumulated depreciation	–	777,303	–	–	–	875,853	–	–	1,653,156
Disposals	–	–	–	–	(214,497)	–	–	(9,201)	(223,698)
Writeback of depreciation	–	–	–	–	214,497	–	–	–	214,497
Depreciation charges (note 7)	–	(1,004,900)	(977,244)	(7,615,079)	(527,007)	(340,460)	(1,516,218)	–	(11,980,908)
Closing net book value	**11,918,877**	**28,281,026**	**10,222,190**	**48,513,794**	**965,653**	**2,070,654**	**5,904,556**	**3,800,268**	**111,677,018**

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 $	Total $
At December 31, 2017									
Cost or valuation	11,918,877	30,852,481	23,594,889	118,064,270	12,046,144	4,192,543	20,845,569	3,800,268	225,315,041
Accumulated depreciation	–	(2,571,455)	(13,372,699)	(69,550,476)	(11,080,491)	(2,121,889)	(14,941,013)	–	(113,638,023)
Net book value	**11,918,877**	**28,281,026**	**10,222,190**	**48,513,794**	**965,653**	**2,070,654**	**5,904,556**	**3,800,268**	**111,677,018**
Year ended December 31, 2018									
Opening net book value	11,918,877	28,281,026	10,222,190	48,513,794	965,653	2,070,654	5,904,556	3,800,268	111,677,018
Additions	–	–	18,231	–	–	–	–	5,701,310	5,719,541
Transfers	–	–	798,335	2,577,424	–	–	3,602,097	(6,977,856)	–
Adjustments, cost	–	300	(65,453)	(2,630,870)	(47,222)	25,433	(353,309)	46,972	(3,024,149)
Adjustments, accumulated depreciation	–	390	(6,984)	2,777,097	(143,691)	(25,705)	423,042	–	3,024,149
Disposals	–	–	–	(2,653,463)	(24,543)	(259,740)	–	–	(2,937,746)
Writeback of depreciation	–	–	–	2,450,223	18,626	218,096	–	–	2,686,945
Depreciation charges (note 7)	–	(771,320)	(1,146,867)	(7,652,778)	(298,003)	(271,824)	(1,541,897)	–	(11,682,689)
Closing net book value	**11,918,877**	**27,510,396**	**9,819,452**	**43,381,427**	**470,820**	**1,756,914**	**8,034,489**	**2,570,694**	**105,463,069**

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 $	Total $
At December 31, 2018									
Cost or valuation	11,918,877	30,852,781	24,346,002	115,357,361	11,974,379	3,958,236	24,094,357	2,570,694	225,072,687
Accumulated depreciation	–	(3,342,385)	(14,526,550)	(71,975,934)	(11,503,559)	(2,201,322)	(16,059,868)	–	(119,609,618)
Net book value	**11,918,877**	**27,510,396**	**9,819,452**	**43,381,427**	**470,820**	**1,756,914**	**8,034,489**	**2,570,694**	**105,463,069**

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(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, 2017			
Opening net book value	7,681,180	19,543,261	27,224,441
Transfers	(1,675,894)	(4,150,781)	(5,826,675)
Depreciation	–	(518,848)	(518,848)
Closing net book value	**6,005,286**	**14,873,632**	**20,878,918**
At December 31, 2018			
Opening net book value	6,005,286	14,873,632	20,878,918
Depreciation	–	(405,645)	(405,645)
Closing net book value	**6,005,286**	**14,467,987**	**20,473,273**

Certain of the Group's freehold land and buildings were transferred to assets held for sale in the 2017 consolidated statement of financial position pursuant to an asset and share purchase agreement executed by the Group with KOSCAB (Barbados), a third-party purchaser for the sale of the Group's shares in Barbados Bottling Company Limited (see Note 28). The sale and transfer of freehold land and buildings from the Group to KOSCAB (Barbados) was completed in June 2018. Accordingly, the revaluation surplus attributable to land and building totalling $5,807,129 was transferred from capital reserves to retained earnings (see note 21).

The Group's freehold land and buildings at Wildey and Newton were revalued at a fair value of $55,051,095 based on valuations performed by an accredited independent valuer in August 2014. Management determined that these constitute one class of asset under IFRS 13, 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)	15 – 36
Price per square foot (building)	125 – 225

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

17 Investment properties

	2018 $	2017 $
Balance at beginning of the year	**19,050,000**	8,300,000
Change in fair value of investment properties	**(250,000)**	650,000
Transfer from held for sale	**-**	10,100,000
Balance at end of the year	**18,800,000**	19,050,000

As of December 31, 2018, the Group's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuers.

In 2017, the property at Wildey was transferred to investment property as the potential sale from the prior year did not crystallize. Accordingly, the amounts classified as assets held for sale was transferred to investment properties in 2017.

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:

	2018 $	2017 $
Rental income	1,188,060	980,960
Operating expenses	**(52,403)**	(64,191)
Profit arising from investment properties carried at fair value	1,135,657	916,769

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)	17 – 36
Price per square foot (building)	150 – 200

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

18 Pension plan asset

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

	2018 $	2017 $
Fair value of plan assets	**37,637,649**	39,937,649
Present value of funded obligations	**(16,451,649)**	(25,080,033)
Net asset recognised in the consolidated statement of financial position	**21,186,000**	14,857,616

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

	2018 $	2017 $
Current service cost	**238,000**	303,000
Interest cost	**2,300,616**	2,636,000
Expected return on plan assets	**(3,637,000)**	(3,273,000)
Administrative fees	**86,000**	150,000
Total	**(1,012,384)**	(184,000)

The amount recognised in other comprehensive income is shown below.

	2018 $	2017 $
Gain from change in assumptions	**(9,444,000)**	(7,064,000)
Gain from experience	**(336,000)**	(1,152,000)
Expected return on plan assets	**3,637,000**	3,273,000
Actual return on plan assets	**832,000**	(3,830,000)
Other comprehensive gain	**(5,311,000)**	(8,773,000)

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

18 Pension plan asset ...*continued*

Movements in the net asset are as follows:

	2018 $	2017 $
Balance at beginning of the year	**14,857,616**	6,415,616
Net income recognised in the consolidated statement of income	**1,012,384**	184,000
Other comprehensive income	**5,311,000**	8,773,000
Contributions paid	**5,000**	6,000
Disposal group held for sale	**–**	(521,000)
Balance at end of the year	**21,186,000**	14,857,616

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

	2018 $	2017 $
Balance at beginning of the year	**25,080,033**	31,748,033
Interest cost	**2,300,616**	2,636,000
Current service cost	**238,000**	303,000
Employee contributions	**161,000**	194,000
Administrative fees	**86,000**	150,000
Benefits paid	**(1,634,000)**	(1,914,000)
Actuarial gain on obligation	**(9,780,000)**	(8,216,000)
Disposal group held for sale	**–**	179,000
Balance at end of the year	**16,451,649**	25,080,033

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

	2018 $	2017 $
Fair value of plan assets at beginning of the year	**39,937,649**	38,163,649
Actual return on plan assets	**(832,000)**	3,830,000
Contributions by employer and employees	**166,000**	200,000
Benefits paid	**(1,634,000)**	(1,914,000)
Disposal group held for sale	**–**	(342,000)
Fair value of plan assets at end of the year	**37,637,649**	39,937,649

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

18 Pension plan asset *...continued*

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

	Increase $	Decrease $
Change in discount rate by 1%	(1,758,000)	1,868,000
Change in salary increase by 0.5%	380,000	(344,000)

Life expectancy at age 60 for current pensioners:

Male – 23.6
Female – 26.2

The weighted duration of the defined obligation was 15 years.

The Group expects to contribute $5,000 (2017: $6,261) to its defined benefit pension plans in 2019.

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

	2018 %	2017 %
Bonds	**33**	35
Real estate	**19**	17
Mortgages	**17**	11
Equities	**15**	18
Mutual funds	**14**	14
Others	**2**	5

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

	2018 %	2017 %
Principal actuarial assumptions as at December 31:		
Discount rate at end of year	13.00	9.25
Future promotional salary increases	2.00	2.00
Future inflationary salary increases	3.00	3.00
Future increases in NIS ceiling for earnings	4.25	4.25
Future pension increases	3.75	3.75
Mortality	UP94-AA	UP94-AA

18 Pension plan 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

	2018 $	2017 $
Present value of unfunded obligations	**822,000**	1,354,220
Liability recognised in the consolidated statement of financial position	**822,000**	1,354,220

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

	2018 $	2017 $
Interest cost	**113,000**	135,000
Current service cost	**53,000**	66,000
Benefits paid	**(52,000)**	(66,000)
Total, included in staff costs	**114,000**	135,000

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

	2018 $	2017 $
Gain from experience	**(646,220)**	(241,000)
Other comprehensive income	**(646,220)**	(241,000)

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(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:

	2018 $	2017 $
Net liability at beginning of year	**1,354,220**	1,461,221
Net expense recognised in the consolidated statement of income	**114,000**	135,000
Other comprehensive income	**(646,220)**	(241,000)
Disposal group held for sale	**-**	(1,001)
Net liability at end of year	**822,000**	1,354,220

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

	2018 $	2017 $
Balance at beginning of year	**1,354,220**	1,461,221
Interest cost	**113,000**	135,000
Current service cost	**53,000**	66,000
Benefits paid	**(52,000)**	(66,000)
Actuarial gain	**(646,220)**	(241,000)
Disposal group held for sale	**-**	(1,001)
Balance at end of year	**822,000**	1,354,220

Principal actuarial assumptions used for accounting purposes at December 31, 2018 were as follows

	2018 %	2017 %
Discount rate at end of year	**13.00**	9.25
Future medical claims/premium inflation	**4.25**	4.75

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%	122,000	(101,000)
Change of discount rate by 1%	(90,000)	98,000

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

19 Post-employment medical liability *...continued*

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

Assuming no changes in the premium rates the Group expects to pay premiums of $70,000 during the 2019 financial year (2018: $67,435)

20 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		Stated	
	2018	**2017**	**2018**	**2017**
			$	**$**
At the beginning of the year	**64,960,760**	64,960,760	**145,565,985**	146,115,299
Change in equity component of convertible promissory notes	**-**	**-**	**-**	(549,314)
At the end of the year	**64,960,760**	64,960,760	**145,565,985**	145,565,985

Share-based payment plans

At a Special General Meeting held on May 28, 1998, the shareholders approved an Employee Stock Option ("ESOP") in respect of the senior management of the Group for shares of not more than 5% of the shares outstanding at that date. The term of the options is seven years from the grant date and the options are granted at the closing prices of the Company's shares on the Barbados Stock Exchange as at the date of allotment, less a 10% discount. Under the terms of the ESOP, the options vest in equal monthly installments over a period of three years.

As at December 31, 2017 no stock options at exercise prices of $3.50 were outstanding. All options that were issued in prior years were fully vested at August 31, 2013. Consequently, there were no options that vested during the year and no expense reported for the year ended December 31, 2017.

The fair value equity-settled share options granted is estimated at the date of grant using a binomial model, talking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There were no options granted in the year ended December 31, 2018 and 2017.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

20 Share capital ...*continued*

Dividends

In 2018, the Group's Board of Directors approved the declaration of cash dividends amounting to $146,161,710 (2017: $nil). As at December 31, 2018, unpaid dividends amounting to $142,996,141 is shown as part of accounts payable and accruals in the consolidated statement of financial position (see note 14).

21 Capital reserves

	Revaluation surplus $	Defined benefit plans $	Other reserves $	Total $
Balance as at December 31, 2016	26,616,009	3,246,209	(1,901,709)	27,960,509
Re-measurement gain on defined benefit plans and post-employment medical liability, net of tax	–	6,891,062	–	6,891,062
Balance as at December 31, 2017	**26,616,009**	**10,137,271**	**(1,901,709)**	**34,851,571**
Transfer of revaluation surplus for freehold land and buildings (note 16)	(5,807,129)	–	–	(5,807,129)
Transfer of subsidiary reserves on disposal	–	(447,091)	–	(447,091)
Re-measurement gain on defined benefit plans and post-employment medical liability, net of tax	–	7,702,399	–	7,702,399
Balance as at December 31, 2018	**20,808,880**	**17,392,579**	**(1,901,709)**	**36,299,750**

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

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:

	2018 $	2017 $
Receivables		
Associated companies	**199,590**	192,803
Other related parties	**8,806,528**	9,203,272
	9,006,118	9,396,075
Payables		
Parent company	**138,379,707**	–
Associated companies	**2,875,032**	2,561,192
Other related parties	**1,154,058**	2,387,529
	142,408,797	4,948,721

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

	2018 $	2017 $
Sales to associated companies	**291,601**	1,432,382
Sales to other related parties	**37,202**	1,675,341
Purchases from associated companies	**14,242,073**	10,697,341
Purchases from other related parties	**4,460,601**	3,064,897
Purchases from parent	**305,473**	611,366

The sales to and purchases from related parties are made under normal market prices. Outstanding balances at the year-end are unsecured and interest free. 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, 2018.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

22 Related party balances and transactions *...continued*

Compensation paid to key management of the Group:

	2018 $	2017 $
Short-term employment benefits	**2,000,221**	3,587,161
Post-employment benefits	**42,387**	58,548
	2,042,608	3,645,709

23 Earnings per share

	2018 $	2017 $
Net income for the year	**84,931,788**	58,574,313
Divided by weighted average number of outstanding shares	**64,960,760**	64,960,760
Basic and diluted earnings per share	**1.307**	0.902

Basic earnings per share from continuing operations are calculated based on earnings of $84,931,788 (2017: $58,574,313) and a weighted average of 64,960,760 (2017: 64,960,760) shares in issue during the year.

The Group has no dilutive potential ordinary shares as of December 31, 2018 and 2017.

24 Operating lease comments

The lease expense for the year was $267,910 (2017: $248,029)

Future minimum lease payments under the non-cancellable leases are as follows as of December 31,:

	2018 $	2017 $
Within one year	**232,129**	265,840
After one year but not more than five years	**138,055**	387,268
	370,184	653,108

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

24 Operating lease commitments ...*continued*

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

	2018 $	2017 $
Within one year	**432,000**	432,000

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:

	2018 $	2017 $
Sales	**54,865,957**	59,629,903
Cost of sales	**(47,140,319)**	(47,309,306)
Other income	**38,566**	19,620
Selling, general and administrative expenses	**(3,695,771)**	(4,776,021)
Interest expense	**(123,186)**	(211,434)
Income before taxation	**3,945,247**	7,352,762
Taxation	**(3,458,969)**	(1,166,906)
Net income for the year	**486,278**	6,185,856
Profit allocated to material non-controlling interest	**75,714**	963,138

Summarized statement of financial position:

	2018 $	2017 $
Current assets	**43,110,162**	35,026,312
Non-current assets	**23,847,765**	27,806,822
Current liabilities	**(15,111,645)**	(11,649,527)
Non-current liabilities	**(2,374,625)**	(3,647,858)
Total equity	**49,471,657**	47,535,749
Attributable to non-controlling interest	**7,702,737**	7,401,316

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

25 Material partly-owned subsidiary *...continued*

Summarized cash flow information:

	2018 $	2017 $
Operating	**1,236,794**	7,751,754
Investing	**(609,406)**	(152,151)
Financing	**(1,148,922)**	(5,419,757)
(Decrease)/increase in cash for the year	**(521,534)**	2,179,846

26 Commitments and contingencies

Capital commitments

Capital expenditure of $nil (2017: $5,285,000) was approved by the Directors for the ensuing financial year and no amount were 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, 2018, 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.

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.

27 Financial risk management *...continued*

a) Financial risk factors *...continued*

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, 2018
(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:

As at December 31, 2018	USD	BDS	EURO	XCD	GPB	GYD	Total
Assets							
Cash and short-term deposits	39,487,882	154,844,458	–	–	–	–	194,332,340
Trade and other receivables	116,731,326	18,236,360	–	–	–	3,434	134,971,120
Investments	–	–	–	–	–	18,817,358	18,817,358
Total financial assets	156,219,208	173,080,818	–	–	–	18,820,792	348,120,818
Liabilities							
Accounts payable and accruals	12,770,465	162,833,987	748,143	6,687,274	5,857	–	183,045,726
Provision for deposits owed to customers	–	1,257,458	–	–	–	–	1,257,458
Total financial liabilities	**12,770,465**	**164,091,445**	**748,143**	**6,687,274**	**5,857**	–	**184,303,184**

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(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	XCD	GPB	GYD	Total
As at December 31, 2017							
Assets							
Cash and short-term deposits	95,684,436	84,170,965	–	–	–	–	179,855,401
Trade and other receivables	3,024,221	17,504,351	9,024,307	–	–	–	29,552,879
Investments	–	–	–	–	–	18,817,358	18,817,358
Total financial assets	98,708,657	101,675,316	9,024,307	–	–	18,817,358	228,225,638
Liabilities							
Accounts payable and accruals	9,036,491	16,473,399	28,181	2,008,311	237,547	–	27,783,929
Provision for deposits owed to customers	–	1,307,176	–	–	–	–	1,307,176
Total financial liabilities	9,036,491	17,780,575	28,181	2,008,311	237,547	–	29,091,105

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 deposits. 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 deposits which earn interest based on market rates 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, 2018 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.

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.

	2018 $	2017 $
Cash at banks and short-term investments	**194,327,036**	179,850,097
Trade and other receivables	**134,971,120**	29,552,879
	329,298,156	209,402,976

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 deposits 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, 2018
(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, 2018 or January 1, 2018, 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, 2018 and January 1, 2018 (on adoption of IFRS 9) 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, 2018					
Expected loss rate	0.054%	0.177%	0.584%	100%	
Gross carrying amount	24,403,192	146,915	23,165	296,884	24,870,156
Loss allowance	**13,178**	**260**	**135**	**296,884**	**310,457**
January 1, 2018					
Expected loss rate	0.016%	0.102%	0.635%	100%	
Gross carrying amount	26,059,582	805,506	85,821	144,070	27,094,979
Loss allowance	**4,170**	**822**	**545**	**144,070**	**149,607**

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(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, 2018 reconciles with the trade receivables loss allowance opening balance as follows:

	2018 $	2017 $
Loss allowance as at January 1, calculated under IAS 39	**149,607**	277,060
Amount restated through opening retained earnings	**-**	-
Loss allowance as at January 1, calculated under IFRS 9	**149,607**	277,060
Loss allowance recognised during the year (note 7)	**160,850**	-
Loss allowance unused and reversed during the year (note 7)	**-**	(17,756)
Trade receivables written-off during the year	**-**	(109,697)
Loss allowance as at December 31	**310,457**	149,607

Geographic

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

Credit risk management policies applied until December 31, 2017

Credit risk arises from cash held with bank and financial institution. For bank and financial institution, only independently rated parties with a good rating are accepted.

In 2017 and prior years, trade and other receivables were assessed individually, to determine whether there was any objective evidence that an impairment loss was recognised in a separate provision for impairment. The Group considered that there was evidence of impairment, if any, of the following indicators were present:

- Significant financial difficulties of the debtors;
- Probability that the customers will enter bankruptcy or financial reorganization; and
- Default or late payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised were written-off against the provision when there was no expectation of recovering additional cash.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

27 Financial risk management *...continued*

a) Financial risk factors *...continued*

ii) Credit risk *...continued*

Credit risk management policies applied until December 31, 2017 ...continued

The Group has made adequate provision 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.

The credit risk for cash is considered negligible, since the cash is held with highly-rated financial institutions.

The credit risk for trade and other receivables are standard grade financial instruments with satisfactory financial capability and credit standing but with some elements of risks where a certain measure of control is necessary in order to mitigate risk of default.

Classification of trade receivables as at December 31, 2017

As at December 31, 2017, the aging analysis of trade receivables is as follows:

		Past due but not impaired			
Total $	Neither past due nor impaired $	< 30 Days $	31 – 60 days $	61 – 90 days $	> 90 days $
27,094,979	26,059,582	805,506	66,347	19,474	144,070

With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations since the Group trades only with recognised creditworthy third parties.

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, 2018
(expressed in Barbados dollars)

27 Financial risk management *...continued*

a) Financial risk factors *...continued*

iii) Liquidity risk *...continued*

As at December 31, 2018

	Within 1 year $
Accounts payable and accruals	183,045,726
Provision for deposits owed to customers	1,257,458
Total	184,303,184

As at December 31, 2017

	Within 1 year $
Accounts payable and accruals	27,783,929
Provision for deposits owed to customers	1,307,176
Total	29,091,105

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, 2018.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

27 Financial risk management ...*continued*

c) Fair value of financial assets and liabilities

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	
	2018	2017	2018	2017
	$	$	$	$
Financial assets				
Cash and short-term deposits	**194,332,340**	179,855,401	**194,332,340**	179,855,401
Trade and other receivables	**134,971,120**	29,552,879	**134,971,120**	29,552,879
	329,303,460	209,408,280	**329,303,460**	209,408,280
Financial liabilities				
Accounts payable and accruals	**183,045,726**	27,783,929	**183,045,726**	27,783,929
Provision for deposits owed to customers	**1,257,458**	1,307,176	**1,257,458**	1,307,176
	184,303,184	29,091,105	**184,303,184**	29,091,105

The carrying amounts of financial assets and liabilities comprise the Group's cash and short-term deposits, 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.

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, 2018
(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, 2018, 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, 2018				
Investments	**18,817,358**	**–**	**–**	**18,817,358**
As at December 31, 2017				
Investments	18,817,358	–	–	18,817,358

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, 2018				
Freehold land and buildings	–	–	39,429,273	39,429,273
Investment properties	–	–	18,800,000	18,800,000
	–	**–**	**58,229,273**	**58,229,273**
As at December 31, 2017				
Freehold land and buildings	–	–	40,199,903	40,199,903
Investment properties	–	–	19,050,000	19,050,000
	–	–	59,249,903	59,249,903

During the reporting year ended December 31, 2018, there were no transfers between Level 1 and 2 fair value adjustments (2017: nil).

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

28 Disposal group classified as held for sale

On November 15, 2016, the Company entered into an agreement for the sale of 100% minus one share of the issued and outstanding shares of Barbados Bottling Company Limited for USD $53 million. With Barbados Bottling Company Limited being classified as discontinued operations, the soft drinks segment is no longer included in the segment note. Further, the asset and liabilities, the results of operations and cash flows relating to the disposal group classified as held for sale are shown as separate line items in the consolidated statement of financial position, consolidated statement of income, and consolidated statement of cash flows, respectively, as at December 31, 2017.

In June 2018, the purchase and sale transaction was completed. Accordingly, the Group recognised a gain on sale of a subsidiary amounting to $79,118,422 which is shown in the 2018 consolidated statement of income.

The details of the sale of the subsidiary is as follows:

	2018 $
Consideration received or receivable:	
Trade receivables (see Note 11)	107,514,210
Carrying amount of net assets sold	(25,217,034)
Gain on sale before transfer costs	82,297,176
Transfer costs	(3,178,754)
Gain on sale of a subsidiary	**79,118,422**

The classes of assets and liabilities of the subsidiary classified as held for sale as at December 31, 2017 are as follows:

	2017 $
Assets	
Cash (note 10)	3,937,194
Accounts receivable and prepayments	491,632
Inventories	5,778,115
Pension asset	2,822,031
Deferred tax	53,336
Property, plant and equipment	4,798,898
Total	17,881,206
Liabilities	
Accounts payable and accruals	7,012,741
Grant	179,100
Post-employment medical liability	249,687
Total	7,441,528

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

28. Disposal group classified as held for sale *...continued*

	2017 $
Net assets in the statement of financial position of subsidiary	10,439,679
Adjustments for intercompany balances	4,866,459
	15,306,138

	2018 $	2017 $
Amounts included in accumulated other comprehensive Income		
Re-measurement gains on defined benefit plans	**(81,250)**	401,000
Income tax effect	**–**	(60,150)
	(81,250)	340,850

The analysis of the results of discontinued operations including transactions with related parties is as follows:

	(Five months) 2018 $	(One year) 2017 $
Sales	**18,671,175**	50,193,441
Cost of sales	**(14,885,119)**	(38,520,721)
Gross profit	**3,786,056**	11,672,720
Other income	**32,004**	59,493
Interest expense	**(13,071)**	(88,245)
Selling, general and administrative expenses	**(4,554,281)**	(12,663,812)
Depreciation expense	**(748,560)**	(1,655,908)
Loss before taxation	**(1,497,852)**	(2,675,752)
Taxation (note 9)	**–**	487,171
Net loss for the period	**(1,497,852)**	(2,188,581)
Loss per share		
Basic and diluted loss per share from discontinued operations	**(0.0231)**	(0.337)

Basic and diluted loss per share are based on the loss for the period from discontinued operations of $1,497,852 (2017: $2,188,581).

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

28 Disposal group classified as held for sale *...continued*

The results of operations in 2018 attributable to discontinued operations, excluding transactions with related parties for the period ended December 31, 2018, shown in the consolidated statement of income, is shown below.

	2018 $	2017 $
Loss for the period from discontinued operations	**(1,497,852)**	(2,188,581)

The net cash flows of Barbados Bottling Company Limited are as follows:

	2018 $	2017 $
Operating	–	3,901,941
Investing	–	(497,042)
Net cash inflow	–	3,404,899
Assets classified as held for sale		
Freehold land and building for sale/transferred from property, plant and equipment (note 16)	–	10,915,500

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.

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

29 Segmental reporting *...continued*

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.

2018 Operating segments	**Manufacture and processing of dairy products and fruit juices $**	**Other segments $**	**Adjustments and eliminations $**	**Total $**
Sales	54,865,957	212,382,767	(75,487,068)	191,761,656
Cost of sales	(47,140,319)	(166,793,006)	72,787,784	(141,145,541)
Gross profit	7,725,638	45,589,761	(2,699,284)	50,616,115
Other income	38,566	14,484,365	(11,918,147)	2,604,784
Selling, general and administrative expenses	(3,695,771)	(46,631,091)	12,632,775	(37,694,087)
Segment profit before undernoted items	4,068,433	13,443,035	(1,984,656)	15,526,812
Interest income	–	1,316,233	(1,313,787)	2,446
Interest expense	(123,186)	(1,496,107)	1,313,787	(305,506)
Change in fair value of investment properties	–	(250,000)	–	(250,000)
Gain on disposal of investments in subsidiary and associated companies	–	86,209,779	(7,132,591)	79,077,188
Segment profit before taxation	3,945,247	99,222,940	(9,117,247)	94,050,940
Share of loss of associated companies				(1,070,663)
Income before taxation				92,980,277
2018 Segment assets	66,957,927	644,446,871	(180,891,460)	530,513,338
Investments in associated companies				35,510,236
Total assets				566,023,574
Segment liabilities	17,486,270	316,364,686	(148,641,497)	185,209,459

BANKS HOLDINGS LIMITED
Notes to Consolidated Financial Statements
December 31, 2018
(expressed in Barbados dollars)

29 Segmental reporting ...*continued*

2017 Operating segment	Manufacture and processing of dairy products and fruit juices $	Other segments $	Adjustments and eliminations $	Total $
Sales	59,629,903	214,477,026	(75,362,073)	198,744,856
Cost of sales	(47,309,306)	(159,138,202)	62,777,171	(143,670,337)
Gross profit	12,320,597	55,338,824	(12,584,902)	55,074,519
Other income	19,620	20,864,874	(18,179,556)	2,704,938
Selling, general and administrative expenses	(4,776,021)	(44,168,104)	18,605,286	(30,338,839)
Segment profit before undernoted items	7,564,196	32,035,594	(12,159,172)	27,440,618
Interest income	–	1,431,073	(1,428,925)	2,148
Change in fair value of investment properties	–	650,000	–	650,000
Net unrealised gain on investments	–	8,356,457	–	8,356,457
Gain on disposal of investments in associated companies	–	26,342,211	–	26,342,211
Interest expense	(211,434)	(1,958,834)	1,428,638	(741,630)
Segment profit before taxation	7,352,762	66,856,501	(12,159,459)	62,049,804
Share of income of associated companies				3,443,356
Income before taxation				65,493,160

BANKS HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018
(expressed in Barbados dollars)

29 Segmental reporting ...*continued*

	Manufacture and processing of dairy products and fruit juices $	Other segments $	Adjustments and eliminations $	Total $
2017 Segment assets	62,833,134	491,008,120	(136,812,598)	417,028,656
Operating segments				
Investments in associated companies				37,033,718
Total assets				454,062,374
Segment liabilities	15,297,385	124,880,248	(109,732,308)	30,445,325

30 Comparatives

The classification of certain items in the consolidated financial statements has been changed from the prior period to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reformatted and reclassified in order to achieve comparability with the current period.

31 Subsequent events

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. Management is in the process of re-aligning its internal processes in order to rectify these instances of non-compliance.

BANKS HOLDINGS LIMITED
COMPANY NO: 15726
MANAGEMENT PROXY CIRCULAR

Management is required by the Companies Act Chapter 308 of the laws of Barbados (hereinafter called the "Companies Act") to send forms of proxy with the Notice convening the Meeting. By complying with the Companies Act, Management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the Notice of the Sixtieth (60th) Annual General Meeting of the Shareholders of Banks Holdings Limited (the "Company") to be held via Zoom Meeting (Zoom ID#: 924 104 3249 Password: 2309321) on **Wednesday, the 28th day September 2022 at 10:00 A.M.** (hereinafter called the "Meeting") and is furnished in connection with the solicitation of proxies by the Management of the Company for use at the Meeting, or any adjournment(s) thereof. The solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

Proxies

A shareholder who is entitled to vote at a meeting of shareholders has the right by means of the enclosed proxy form to appoint a person to represent him by inserting the name of such person in the space indicated in the proxy form. Completed proxies must be deposited at the registered office of the Company, at the Banks (Barbados) Breweries Ltd. Complex, Newton, Christ Church, Barbados no later than **Monday, the 26th day of September 2022 at 4:15 P.M.** being no more than forty-eight (48) hours preceding the day of the Meeting, or any adjournment thereof.

Proxies given by shareholders for use at the Meeting may be revoked by the shareholder giving such proxy at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder (or by his attorney). If the shareholder is a company, the revocation may be executed under its corporate seal or by any duly authorised officer or attorney thereof, and deposited at the registered office of the Company at the Banks (Barbados) Breweries Ltd. Complex, Newton, Christ Church at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which the proxy was to be used. Alternatively, it may be delivered to the Chairman of such meeting, on the day of the meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

Record Date, Notice of Meeting and Voting Shares

The Directors of the Company have fixed a record date of **Wednesday, the 7th day of September 2022** for determining the shareholders who are entitled to receive notice of the Meeting. In accordance with the Companies Act, only shareholders of record at the close of business on Wednesday, the 7th day of September, 2022 shall be entitled to receive notice of the Meeting.

Only such registered holder of common shares of the Company shall be entitled to vote at the Meeting. Each holder is entitled to one vote for each share held. As at the date of this Notice, there are **64,960,760** common shares without par value of the Company issued and outstanding.

Election of Directors

The Board of Directors consists of members who retire in rotation. On 31st December 2018, there were nine (9) Board members. The number of Directors of the Company to be elected at the Meeting is two (2). The following are the names of the persons proposed as nominees for election as Directors of the Company and for whom it is intended that votes will be cast for their election as Directors pursuant to the forms of proxy enclosed herewith: -

Nominee Director	Present Principal Occupation
Mr. Christopher Dennis DeCaires	Corporate Executive
Mr. Elvin Royston Sealy	Retired Corporate Executive

With respect to the two persons nominated, the term of office for each person so elected will expire at the close of the third Annual General Meeting of the shareholders of the Company following his election or until his successor is elected or appointed. All nominated candidates are willing to serve and have signed declarations of consent attesting to their willingness to serve. The Management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a director.

Mr. Christopher Dennis DeCaires and Mr. Elvin Royston Sealy are presently Directors of the Company and will retire at the close of the Sixtieth Annual General Meeting in accordance with the provision of Clause 4.4 of the By-Laws of the Company but, being qualified, are eligible for re-election. Mr. Christopher Dennis DeCaires and Mr. Elvin Royston Sealy were elected at the Fifty-Seventh Annual General Meeting of the Company held on Thursday, 19 May 2016 for a period ending at the close of the third Annual General Meeting after their election.

Appointment of Auditors

It is proposed to nominate the firm Grant Thornton Limited, the incumbent auditors of the accounts of the Company, as auditors of the Company to hold office until the next annual meeting of shareholders. In accordance with Section 11(2) of the *Financial Services Commission Act,* 2010-21, the approval of the Financial Services Commission has been sought for this appointment.

Discretionary Authority

Shares represented by proxy, given on the enclosed form of proxy to the persons named in the proxy, shall be voted on any ballot in accordance with the instructions contained therein.

In the absence of shareholder instructions, shares represented by proxies will be VOTED FOR:

(i) The adoption of the Annual Report and Financial Statements for the financial period ended 31 December, 2018.

(ii) The adoption of the Annual Report and Financial Statements for the financial period ended 31 December, 2019.

(iii) The adoption of the Annual Report and Financial Statements for the financial period ended 31 December, 2020.

(iv) The election of Mr. Christopher Dennis DeCaires to hold office until the close of the third Annual General Meeting of the Shareholders of the Company following his election.

(v) The election of Mr. Elvin Royston Sealy to hold office until the close of the third Annual General Meeting of the Shareholders of the Company following his election.

(vi) The re-appointment of incumbent auditors Grant Thornton as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.

Management knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any other matters which are not now known to Management should properly come before the Meeting (or any adjournment thereof) the shares represented by proxies in favour of Management nominees shall be voted on any such matter in accordance with the best judgment of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of Meeting. The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares on the Company have been approved by the Directors of the Company.

No director's statement has been received by the Company pursuant to section 71(2) of the Companies Act.

No auditor's statement has been received by the Company pursuant to section 163(1) of the Companies Act.

BANKS HOLDINGS LIMITED

COMPANY NO: 15726

PROXY FORM

I/We……. of.…

……

……

…… shareholder(s) of BANKS HOLDINGS LIMITED (the "Company") hereby appoint

……of……

……

……... or, failing him, ……

……..of……

……

……as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the Sixtieth (60th) Annual General Meeting of the Shareholders of Banks Holdings Limited (the "Company") to be held via Zoom Meeting (Zoom ID#: 924 104 3249 Password: 2309321) on **Wednesday, the 28th day September 2022 at 10:00 A.M.** (and any adjournment thereof in the same manner), to the same extent and with the same powers as if the undersigned were present at the meeting or such adjournment(s) thereof.

Dated this day of , 2022.

…….
(Please print name of Shareholder)

…….
(Signature of Shareholder)

Please indicate with an 'X' for each resolution below how you wish your votes to be cast. The 'vote withheld' option below is provided to enable you to abstain on any resolution. However, it should be noted that an abstention will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution. In the absence of Shareholder instructions, shares represented by proxies will be VOTED FOR each of the Resolutions itemized in the table below. With respect to amendments to or variations in matters identified in the Notice of Meeting, or other matters that may properly come before the Meeting, proxyholders shall be entitled to exercise their discretion.

AGENDA ITEM	RESOLUTION	FOR	AGAINST	ABSTAIN
5(i)	*THAT in accordance with the requirements of paragraph 4.4 of the By-Law No.2 of the Company, Mr. Christopher Dennis DeCaires be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
5(ii)	*THAT in accordance with the requirements of paragraph 4.4 of the By-Law No.2 of the Company, Mr. Elvin Royston Sealy be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
6	*THAT Grant Thornton Limited be and are hereby appointed as Auditors of the Company for the period ending at the close of the next Annual General Meeting after their appointment.*			

NOTES:

1. (a) A shareholder who is entitled to vote at any meeting of the shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

   (b) In the case of a shareholder who is a body corporate or association, votes at a meeting of shareholders may be given by any individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at the meetings of shareholders of the Company.

2. A proxy must be executed in writing by the shareholder, or his attorney authorised in writing.

3. **Proxy appointments are required to be deposited at the registered office of the Company, Banks (Barbados) Breweries Limited Complex, Newton, Christ Church, Barbados no later than Monday, the 26th day of September 2022 at 4:15 P.M.**

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

(expressed in Barbados dollars)

BHL

Banks Holdings Limited



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