PKF

Accountants &
business advisers

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2021

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2021

CONTENTS

*******************o0o********************

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carib Brewery (St. Kitts & Nevis) Limited ('the Company') which comprise the statement of financial position as at 31st December, 2021, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in St. Kitts-Nevis, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Company's 2021 Annual Report

Other information consists of the information included in the Company's 2021 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A., CPA, CGA (Mrs.), Michelle K. Bain ACCA (Miss.)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and The Audit Committee for the Financial Statements

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

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

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

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

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

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

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

PKF

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

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

PKF

GRENADA

March 2nd, 2022

Accountants & Business Advisers

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	2021	2020
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	21,832,168	22,635,562
Intangible assets	7	695,522	828,873
Deferred tax asset	8	7,545,986	4,620,322
Investment security	9	40,248	40,248
		30,113,924	28,125,005
Current Assets			
Inventories	10	9,150,687	8,165,739
Trade and other receivables	11	5,260,809	4,562,017
Amount due from Group Companies	12	1,438,817	1,935,034
Cash and cash equivalents	13	4,507,606	4,381,205
		20,357,919	19,043,995
TOTAL ASSETS		$50,471,843	$47,169,000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	14	8,200,000	8,200,000
Capital reserve	15	77,500	77,500
Retained earnings		30,765,316	26,638,596
TOTAL EQUITY		39,042,816	34,916,096
Non-Current Liabilities			
Past service benefits liability	16	315,865	293,195
Deferred tax liability	17	1,946,695	1,875,782
		2,262,560	2,168,977
Current Liabilities			
Trade and other payables	18	5,990,007	6,577,774
Provision for repayment of deposits on cases		667,970	772,071
Amount due to Group Companies	12	712,638	1,316,098
Taxation payable	19 (a)	1,795,852	1,417,984
		9,166,467	10,083,927
TOTAL LIABILITIES		11,429,027	12,252,904
TOTAL EQUITY AND LIABILITIES		$50,471,843	$47,169,000

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on March 2nd, 2022 and signed on its behalf by:

:Mark Wilkin : Anthony N Sabga III

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	**2021**	2020
Revenue			
- Local		31,137,794	31,298,148
- Export		12,594,997	13,617,638
		43,732,791	44,915,786
Cost of sales		(32,468,432)	(31,985,555)
		11,264,359	12,930,231
Other income	24	167,635	258,839
		11,431,994	13,189,070
Administrative expenses (Schedule 1)		(3,626,824)	(4,528,638)
Marketing and distribution expenses (Schedule 2)		(4,848,425)	(3,847,117)
Income before taxation		2,956,745	4,813,315
Tax credit	19 (b)	1,066,045	771,086
Income for the year after taxation		4,022,790	5,584,401
Other comprehensive income			
- Past service employee benefit liability	16	7,222	1,597
Less: Related taxation		(2,383)	(527)
		4,839	1,070
Total comprehensive income carried to statement of change in equity		$4,027,629	$5,585,471
Income for the year attributable to:			
Owners of the parent		2,058,864	2,858,096
Non-controlling interest		1,963,926	2,726,305
		$ 4,022,790	$5,584,401
Total comprehensive income attributable to:			
Owners of the parent		2,061,341	2,858,644
Non-controlling interest		1,966,288	2,726,827
		$4,027,629	$5,585,471
EARNINGS PER SHARE		$0.49	$0.68

The accompanying notes form an integral part of these financial statements

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)

	Stated Capital	Capital Reserve	Retained Earnings	Total Equity
Balance at 1st January, 2020	8,200,000	77,500	23,513,287	31,790,787
Unclaimed dividends reinstated			(162)	(162)
Total comprehensive income for the year	-	-	5,585,471	5,585,471
Dividends paid - $0.35 per share (Note 22)	-	-	(2,460,000)	(2,460,000)
Balance at 31st December, 2020	8,200,000	77,500	26,638,596	34,916,096
Inventory adjustment (Note 26)	-	-	103,856	103,856
Tax impact on past service employee benefit liability	-	-	4,765	4,765
Total comprehensive income for the year	-	-	4,027,629	4,027,629
Balance at 31st December, 2021	$8,200,000	$77,500	$30,765,316	$39,042,816

The accompanying notes form an integral part of these financial statements

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)

	2021	2020
OPERATING ACTIVITIES		
Net income for the year before taxation	2,956,745	4,813,315
Adjustment for:		
Depreciation and amortization	7,450,765	7,642,324
Employee benefits adjustments	7,222	1,597
Loss on disposal of property, plant and equipment	(3,918)	48
Operating profit before working capital changes	10,410,814	12,457,284
Trade and other receivables	(698,792)	6,176,902
Amount due from Group Companies	496,217	2,212,176
Inventories	(881,091)	290,615
Trade and other payables	(587,767)	(185,244)
Amount due to Group Companies	(603,460)	(5,794,183)
Provision for repayment of deposits on cases	(104,101)	(245,864)
Taxation paid	(1,417,989)	(4,657,674)
Net cash provided by operating activities	6,613,831	10,254,012
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	4,000	-
Purchase of property, plant and equipment	(6,514,100)	(6,466,591)
Purchase of intangible asset	-	(5,073)
Dividends payables reinstated	-	(162)
Net cash used in investing activities	(6,510,100)	(6,471,826)
FINANCING ACTIVITIES		
Past service employee benefits liability	22,670	26,357
Dividends paid	-	(2,460,000)
Net cash provided by/(used in) financing activities	22,670	(2,433,643)
Increase in cash and cash equivalents	126,401	1,348,543
Cash and cash equivalents - at beginning of year	4,381,205	3,032,662
- at end of year	$4,507,606	$4,381,205
REPRESENTED BY:		
Cash on hand and at Bank	$4,507,606	$4,381,205

The accompanying notes form an integral part of these financial statements

1. INCORPORATION AND INFORMATION

Incorporation:

The Company was incorporated as a public limited liability company under the provision of the Companies Act Chapter 335 of the Laws of St. Kitts-Nevis.

In accordance with the provisions of the Companies Act (No.22 of 1196), the Company was re-registered as a Company with limited liability under the provision of the Companies Act (No. 22 of 1996).

The Company's registered office is situated at "Marshall House", Independence Square West, Basseterre, St. Kitts.

In accordance with a resolution of change of name dated 1 May, 1997, the name of the company previously known as St. Kitts Breweries Limited was changed to Carib Brewery (St. Kitts & Nevis) Limited by the issue of a Change of Name Certificate dated 3 July, 1997 by the Registrar of Companies.

Principal Activity:

The Company is engaged in the manufacture, brewing and distribution of beer, lager, stout and non-alcoholic beverages and has the capacity to engage in any lawful acts or activities.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation

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

(b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st, 2020 except for the adoption of new standards and interpretations below.

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

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

(ii) Standards in issue not yet effective

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

  In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  – Right-of-use assets and lease liabilities.
  – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

(iii) Improvements to International Reporting Standards

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Improvements to International Reporting Standards

Annual improvements to IFRS Standards 2018-2020 cycle

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

IFRSs – Subject of Amendment

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent" test for derecognition of financial liabilities

IFRS 16 Leases – Lease incentives

IAS 41 Agriculture – Taxation in fair value measurements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment

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

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

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

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

	Per annum
Buildings	2.5% to 4%
Fences	10%
Plant, machinery and equipment	2.5% to 50%
Motor vehicles	20%
Furniture, fittings and equipment	20% to 50%
Returnable bottles	33.33% to 50%
Returnable crates	10% to 16.67%

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Inventories

Inventories are valued as follows:

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

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

(e) Returnable bottles and crates in circulation

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

(f) Foreign currencies

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and Cash Equivalents

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

(h) Trade and Other Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

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

(i) Financial instruments

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

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

Initial measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(i) Recognition and measurement

Subsequent measurement categories of financial assets and liabilities

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

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

Amortized cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and:
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Classification and measurement

Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Management only designates an instrument at FVPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by - instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis, or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Classification and measurement (continued)

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

(iii) Impairment

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(iii) Impairment (continued)

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

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

(iv) Write offs

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

(v) Derecognition of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(vi) Financial liabilities

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

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

(j) Revenue Recognition

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

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

(k) Related Parties

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

(l) Income tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

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

(m) Stated capital

Ordinary shares are classified as equity.

(n) Trade payables

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

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

(o) Provisions

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

(p) Dividends

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Finance charges

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

(r) Intangible assets

Amortisation is charged to comprehensive income on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

Software costs – 5-10 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

(s) Past service benefits liability

The Company provides past service benefits to their retirees. These benefits are unfunded. The entitlement to these benefits is based on the employees remaining in service up to retirement age and the completing of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefits plan.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

i) Valuation of property

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

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

ii) Provision for expected credit losses of trade receivables

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

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

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

iii) Property, plant and equipment

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

iv) Provision for inventory obsolescence

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

v) Impact of COVID-19

Background

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

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

(v) Impact of COVID-19 (continued)

Consideration of the statements of financial position and further disclosures

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

Expected Credit Losses

Trade and other receivables:

For trade and other receivables, the Company adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9. In response to the COVID-19 pandemic, the Company assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 31 December 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

Going concern

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

4. OTHER INCOME

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

5. PROFIT FOR THE YEAR

This profit is stated after charging:

	2021	2020
Auditors' remuneration	70,000	70,000
Directors' fees and expenses	6,503	6,553
Depreciation	7,317,414	7,504,580
Amortization	133,351	137,744

6. PROPERTY, PLANT AND EQUIPMENT

	Land and Building at Cost	Plant and Machinery at Cost/Valuation	Other Assets at Cost	Capital Work-in-Progress at Cost	Returnable Bottles	Total
Balance at 1st January, 2020						
Cost/valuation	5,110,995	42,274,365	4,644,098	2,669,682	13,901,251	68,600,391
Accumulated depreciation	(3,789,590)	(32,054,135)	(2,797,413)	-	(6,285,654)	(44,926,792)
NET BOOK VALUE	**$1,321405**	**$10,220,230**	**$1,846,685**	**$2,669,682**	**$7,615,597**	**$23,673,599**
For the year ended 31st December, 2020						
Opening book value	1,321,405	10,220,230	1,846,685	2,669,682	7,615,597	23,673,599
Additions for the year	-	-	-	2,630,791	3,835,800	6,466,591
Transfer	20,084	3,733,126	833,166	(4,725,945)	139,569	-
Disposals for the year (NBV)	-	-	(48)	-	-	(48)
Depreciation charge for the year	(114,146)	(2,084,153)	(463,094)	-	(4,843,187)	(7,504,580)
NET BOOK VALUE	**$1,227,343**	**$11,869,203**	**$2,216,709**	**$574,528**	**$6,747,779**	**$22,635,562**
Balance at 31st December, 2020						
Cost/valuation	5,131,079	46,007,491	5,377,042	574,528	17,786,620	74,966,760
Accumulated depreciation	(3,903,736)	(34,138,288)	(3,160,333)	-	(11,128,841)	(52,331,198)
NET BOOK VALUE	**$1,227,343**	**$11,869,203**	**$2,216,709**	**$574,528**	**$6,747,779**	**$22,635,562**
For the year ended 31st December, 2021						
Opening book value	1,227,343	11,869,203	2,216,709	574,528	6,747,779	22,635,562
Additions for the year	-	-	-	3,258,020	3,256,080	6,514,100
Transfer	103,023	1,148,380	360,124	(1,611,527)	-	-
Disposals for the year (NBV)	-	(77)	(3)	-	-	(80)
Depreciation charge for the year	(94,237)	(1,747,420)	(597,077)	-	(4,878,680)	(7,317,414)
NET BOOK VALUE	**$1,236,129**	**$11,270,086**	**$1,979,753**	**$2,221,021**	**$5,125,179**	**$21,832,168**
Balance at 31st December, 2021						
Cost/valuation	5,234,102	44,316,920	5,330,341	2,2221,021	21,132,700	78,235,084
Accumulated depreciation	(3,997,973)	(33,046,834)	(3,350,588)	-	(16,007,521)	(56,402,916)
NET BOOK VALUE	**$1,236,129**	**$11,270,086**	**$1,979,753**	**$2,2221,021**	**$5,125,179**	**$21,832,168**

7. INTANGIBLE ASSETS

	2021	2020
Computer software:		
Gross carrying amount – at beginning of year	1,574,507	1,569,434
Additions for the year	-	5,073
Gross carrying amount – at end of year	1,574,507	1,574,507
Accumulated amortization – at beginning of year	745,634	607,890
Current year amortization	133,351	137,744
Accumulated amortization – end of year	878,985	745,634
	$695,522	$828,873

8. DEFERRED TAX ASSETS

	2021	2020
Balance at beginning of year	4,620,322	2,151,022
Deferred tax charge	2,925,664	2,469,300
Balance at end of year	$7,545,986	$4,620,322
- Employee benefits	104,235	96,754
- Un-utilized capital allowance	7,441,751	4,523,568
	$7,545,986	$4,620,322

9. INVESTMENT SECURITY

	2021	2020
St. Kitts Development Limited:		
- 261 Ordinary shares of $100 each	10,930	10,930
- 900 Preference shares of $100 each	29,318	29,318
	$40,248	$40,248

9. INVESTMENT SECURITY (continued)

The only asset of St. Kitts Development Limited is land at Half Moon Bay and Muddy Pond located adjacent to Frigate Bay (prime tourist resort). The Company has the approval of the Government for the development of these lands for housing and tourism. The Company has commenced development of these lands.

The Director's opinion based on the current market value of lands of similar nature in the adjacent Frigate Bay Development and general land value in St. Kitts, is that the present value of the Company's lands exceeds their historical value quite considerably.

The fair value of the St. Kitts Development Limited shares was estimated at cost since insufficient information was available to measure fair value.

10. INVENTORIES

	2021	2020
Raw materials (including packaging)	4,266,693	2,895,619
Work-in-progress	1,076,536	890,803
Finished products – manufactured and imported	1,820,286	2,462,100
Consumables	1,255,514	798,810
Inventories net of provisions	8,419,029	7,047,332
Goods in transit	731,658	1,118,407
	$9,150,687	$8,165,739

Analysis of provision for impairment of inventory

	2021	2020
Balance at 1st January, 2021	2,472,365	1,743,009
Charge for the year	410,752	1,039,451
Recoveries	(548,007)	(310,095)
Balance at 31st December, 2021	$2,335,110	$2,472,365

11. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	2,508,026	2,321,585
Due to other related party	48,698	67,803
Less: expected credit loss on trade receivables	(743,262)	(826,088)
	1,813,462	1,563,300
Prepayment and other receivables (Net of expected credit loss)	3,447,347	2,998,717
	$5,260,809	$4,562,017

Aging analysis of trade receivable:

	Total	Neither past due nor impaired	Past due but not impaired	
			30 to 90 days	Over 90 days
31 December, 2021	$1,813,462	$ 63,970	$1,675,415	$ 74,077
31 December, 2020	$1,563,300	$862,608	$564,387	$136,305

Analysis of expected credit loss of trade and other receivables

	Trade	Other	Total 2021	Total 2020
Balance at 1st January, 2021	826,088	127,294	953,382	881,097
IFRS 9 adjustment to Equity	11,595		11,595	57,367
Charge for the year	74,517	8,004	82,521	704,754
Recoveries	(168,938)	(3,174)	(172,112)	(689,836)
Balance at 31st December, 2021	$743,262	$132,124	$875,386	$953,382

11. TRADE AND OTHER RECEIVABLES (continued)

Rebate due from Government of St. Kitts-Nevis is included in the prepayments and other receivables. The carrying value of trade and other receivables approximates fair value. Credit quality of the customer is assess based on regular monitoring of accounts receivables and actual incurred historical data. Customers credit risk is also managed by establishing defined limits based on the customer's ability to pay. Accounts receivable are unsecured.

12. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of CDC (St. Kitts) Limited which owns a 51% interest in its share capital. The remaining 49% of the shares are widely held. The ultimate parent company is Ansa McAL Limited.

	2021	2020
(a) Year-end balances:		
Due from related parties:		
Caribbean Development Corporation	962,763	738,980
Carib Brewery Limited	353,437	1,191,338
Carib Brewery (Grenada) Limited	21,000	4,716
Ansa Polymer	76,552	
Ansa McAl Trading	25,065	-
Total	$1,438,817	$1,935,034
Due to related parties:		
CDC Limited	503,703	790,047
Ansa McAl Trading	-	116,751
Ansa McAl Limited	-	117,427
Ansa Chemicals	22,515	-
Trinidad and Tobago Insurance Company Limited	23,771	-
Easi Industries Supplies	873	31,451
Carib Glassworks Limited	160,576	253,874
Carib Brewery (Grenada) Limited	1,200	6,548
	$712,638	$1,316,098

12. RELATED PARTY TRANSACTIONS (continued)

These balances are as a result of transactions incurred in the normal course of business and are unsecured. The Company has not made any allowance for expected credit loss in respect of related party debtors.

b) Other related parties

	2021	2020
a) Sales of goods	$359,123	$315,066
b) Purchase of goods	$1,549,940	$775,922

c) The following transactions were carried out with related parties during the year:

a) Sales of goods	$9,787,209	$10,716,426
b) Purchase of goods	$5,514,756	$5,965,954
c) Payment of dividends	$ -	$3,222,305

ii) Compensation of key management personnel of the company:

Salaries and other benefits	$1,531,596	$1,689,990

13. CASH AND CASH EQUIVALENTS

Cash on hand	756	762
Current accounts	4,506,850	4,380,443
	$4,507,606	$4,381,205

13. CASH AND CASH EQUIVALENTS (Continued)

Collateral for Banking Facilities

Royal Bank of Canada:

Registered Demand First Mortgage Debenture creating a fixed first charge on all assets of the Company including uncalled capital and goodwill and a floating charge on all other assets stamp to secure $3,850,000.00.

The above debenture ranks pari-passu with a debenture in favour of CIBC First Caribbean International Bank Limited, in the ratio of Barclays Bank EC$1,700M and Royal Bank EC$3,400M, as per agreement dated July 26,1991.

CIBC First Caribbean International Bank Limited:

Mortgage debenture registered and stamped for XCD2,400,000 giving the bank a 1st legal charge over the real property of the company, and a floating charge over the business assets. This debenture ranks pari-passu with the debenture held by the Royal Bank of Canada.

14. STATED CAPITAL

	2021	2020
Authorised		
- 15,000,000 ordinary shares of $1 each	$15,000,000	$15,000,000
Fully paid Up		
- 8,200,000 ordinary shares of $1 each	$8,200,000	$8,200,000

15. RESERVE

Capital Reserve – Surplus on Return on Investment:

During the year ended 31 December, 2001, there was a full and final return on the investment in St. Kitts Tourism Development Company Limited in the amount of $232,500. The Capital Reserve is made up as shown hereunder:

15. RESERVE (continued)

	2021	2020
Return on investments	232,500	232,500
Original cost of investment	(155,000)	(155,000)
Surplus on return on investment	$77,500	$77,500

16. PAST SERVICE BENEFIT LIABILITY

Changes in the present value of the Defined Benefit Obligation are:		
Opening present value of Defined Benefit Obligation	293,195	266,838
Current service cost	15,246	14,376
Interest cost	14,646	13,578
Actuarial gains on obligation	(7,222)	(1,597)
Closing present value of Defined Benefits Obligation	$315,865	$293,195
The amount recognized in the Statement of Financial Position are as follows:		
Present value of the Defined Benefits Obligation	312,562	288,327
Liability recognized in statement of financial position	$312,562	$288,327
The amounts recognized in profit or loss are as follows:		
Current service cost	15,246	14,376
Net interest cost	14,646	13,579
Expense recognized in the profit or loss	$29,892	$27,955
The amounts recognized in other comprehensive income		
Experience gains – Demographic	(7,222)	(1,597)
Total amount of actuarial gain recognized in other comprehensive income	$(7,222)	$(1,597)

17. DEFERRED TAX LIABILITY

	2021	2020
Balance at 1st January, 2021	1,875,782	1,887,378
Deferred tax expense/(credit)	70,913	(11,596)
Balance at 31st December, 2021	$1,946,695	$1,875,782
Deferred tax liability comprises:		
- Accelerated capital allowances	$1,946,695	$1,875,782

18. TRADE AND OTHER PAYABLES

Trade creditors	1,760,379	2,220,984
Due to other related parties	315,590	94,693
Other payables, provisions and accruals	3,914,038	4,262,097
	$5,990,007	$6,577,774

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

19. TAXATION PAYABLE

(a) Statement of financial position

Current	$1,795,852	$1,417,984

(Expressed in thousands of Eastern Caribbean Dollars)

19. TAXATION PAYABLE (continued)

b. (***Credit)/charge in the statement of comprehensive income***

	2021	2020
The charge in the statement of comprehensive income comprised the following:		
Taxation credit against income	(1,066,045)	(771,086)
Taxation charge against other comprehensive income	2,383	527
	$(1,063,662)	$(770,559)
Profit before taxation	2,956,745	4,813,315
Tax at applicable statutory rate 33%	975,726	1,588,394
Tax effect of expenses not deductible in determining taxable profits	323,489	424,066
Tax effects of non-taxable income	(4,156,349)	(4,493,821)
Additional taxes as per agreement	1,795,836	1,710,339
Tax effect re: Employee benefits - Income statements	2,383	527
Other	(4,747)	(64)
Taxation expense	$(1,063,662)	$(770,559)

(Expressed in thousands of Eastern Caribbean Dollars)

20. CAPITAL COMMITMENTS

At 31st December, 2021, there was a capital commitment of EC$1,837,166 (2020 – EC$271,080) related to outstanding amounts due for the completion of the new office building, a new bright beer vessel and one caser/uncaser.

21. CONTINGENT LIABILITIES

The Company's legal counsel has advised that at 31st December 2021, there were no pending and existing litigation against the Company.

22. DIVIDEND PAID

	2021	2020
2020: Final dividend paid - $0.30	$ -	$2,460,000

The 2019 final dividends of $0.30 per ordinary share (amounting to $2,460,000) has been charged as an appropriation of reserve in 2020.

No dividend was paid in 2021.

23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the number of ordinary shares in issue during the year.

Net profit for the year after taxation	$4,022,790	$5,584,401
Number of shares in issue during the year	8,200,000	8,200,000
Basic earnings per share	$0.49	$0.68

24. OTHER INCOME

	2021	2020
(Gain)/loss on disposal of property, plant and equipment	3,918	(48)
Tent rental and other income	163,717	258,887
	$167,635	$258,839

25. RISK MANAGEMENT

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

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

(a) Credit risk:

Credit risk management

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

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

25. RISK MANAGEMENT (continued)

(a) Credit risk: (continued)

Trade receivables

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

Credit risk management

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

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

	Gross Maximum Exposure	
	2021	2020
Investment security	40,248	40,248
Trade and other receivables	5,260,809	4,562,017
Amount due from Group Companies	1,438,817	1,935,034
Cash and cash equivalents	4,507,606	4,381,205
	$11,247,480	$10,918,504

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

25. RISK MANAGEMENT (continued)

(a) Credit risk: (continued)

December 31st, 2021	Current	31-90 days	90-180 days	Over 180 days	Total
Expected credit loss rate	1%	16%	35%	100%	
Gross carrying amount	1,354,562	490,088	92,584	619,490	2,556,724
Expected credit loss booked	(13,546)	(78,414)	(31,812)	(619,490)	(743,262)
Net carrying amount	$1,341,016	$411,674	$60,772	$ -	$1,813,462

December 31st, 2020	Current	31-90 days	90-180 days	Over 180 days	Total
Expected credit loss rate	3%	10%	25%	100%	
Gross carrying amount	871,321	594,092	242,089	681,886	2,389,388
Expected credit loss booked	(26,140)	(59,409)	(58,653)	(681,886)	(826,088)
Net carrying amount	$845,181	$534,683	$183,436	$ -	$1,563,300

(b) Fair values:

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

25. RISK MANAGEMENT (continued)

(c) Liquidity risk

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

Liquidity risk management process:

The Company's liquidity management process includes:

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

The table below summaries the maturity profile of the Company's financial liabilities at 31st December, 2021 based on contractual undiscounted payments.

	On Demand	< 1 year	Total
Trade and other payables	5,990,007	-	5,990,007
Provision for repayments of deposits on cases	667,970	-	667,970
Amount due to Group Companies	-	712,638	712,638
Balance at 31st December, 2021	$6,657,977	$712,638	$7,370,615
Trade and other payables	6,577,774	-	6,577,774
Provision for repayments of deposits on cases	772,071	-	772,071
Amount due to Group Companies	-	1,316,098	1,316,098
Balance at 31st December, 2020	$7,349,845	$1,316,098	$8,665,943

25. RISK MANAGEMENT (continued)

Market risk

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

Interest rate risk

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

Currency risk

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

25. RISK MANAGEMENT (continued)

(d) Currency risk:

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

	TT$	US$	EC$	BD$	GBP$	EURO€	Total
2021							
Current Assets							
Cash and cash equivalents	-	444,286	4,063,320	-	-	-	4,507,606
Trade and other receivables	-	2,052,444	3,495,238	-	-	-	5,547,682
Investment security	-	-	40,248	-	-	-	40,248
	$ -	$2,496,730	$7,598,806	$ -	$ -	$ -	$10,095,536
Current liabilities							
Trade and other payable	-	1,303,334	4,640,127	39,201	5,044	2,301	5,990,007
Provision for repayment of deposits on cases	-	-	667,970	-	-	-	667,970
Amount due to Group Companies	-	711,438	1,200	-	-	-	712,638
	$ -	$2,014,772	$5,309,297	$39,201	$5,044	$2,301	$7,370,615
Net currency risk exposure	$ -	$481,958	$2,289,509	$(39,201)	$(5,044)	$(2,301)	$2,724,921

25. RISK MANAGEMENT (continued)

(a) Currency risk:

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

	TT$	US$	EC$	BD$	GBP$	EURO€	Total
2020							
Current Assets							
Cash and cash equivalents	-	1,247,596	3,133,609	-	-	-	4,381,205
Trade and other receivables	-	482,838	4,521,978	-	-	-	5,004,816
Investment security	-	-	40,248	-	-	-	40,248
	$ -	$1,730,434	$7,695,835	$ -	$ -	$ -	$9,426,269
Current liabilities							
Trade and other payable	-	1,394,896	5,182,878	-	-	-	6,577,774
Provision for repayment of deposits on cases	-	-	772,071	-	-	-	772,071
Amount due to Group Companies	-	1,309,550	6,548	-	-	-	1,316,098
	$ -	$2,704,446	$5,961,497	$ -	$ -	$ -	$8,665,943
Net currency risk exposure	$ -	$(974,012)	$1,734,338	$ -	$ -	$ -	$760,326

26. INVENTORY ADJUSTMENT

	2021	2020
Change in accounting estimates – provision for inventory	$103,856	$ -

Inventories in the statement of financial position have been remeasured to conform to the current year's financial statements disclosure.

27. EVENTS AFTER THE REPORING PERIOD

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

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED

ADMINISTRATIVE, MARKETING AND DISTRIBUTION EXPENSES
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)

SCHEDULE I

ADMINISTRATIVE EXPENSES

	2021	2020
Staff costs	2,099,735	2,112,882
Directors' fees	6,503	6,553
Depreciation	266,347	265,549
Equipment rental	7,104	7,270
Insurances	22,078	24,764
Other	1,225,057	2,111,620
	$3,626,824	$4,528,638

SCHEDULE II

MARKETING AND DISTRIBUTION EXPENSES

Staff costs	1,912,608	1,506,269
Depreciation	386,716	277,463
Rent	242,124	114,984
Insurances	101,029	79,293
Credit loss (recovery)/expense	(77,996)	71,488
Export costs	161,370	201,329
Other	2,122,574	1,596,291
	$4,848,425	$3,847,117

Carib Brewery St. Kitts 2021 Final

Final Audit Report 2022-03-02

Created:	2022-03-02
By:	Rachenda Ramdeen (rachenda.ramdeen@ansamcal.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAMqmW-SLIfG-ktt5k89zzAu6E2QiPdpb0

"Carib Brewery St. Kitts 2021 Final" History

Document created by Rachenda Ramdeen (rachenda.ramdeen@ansamcal.com)

2022-03-02 - 3:39:21 PM GMT- IP address: 190.213.57.86

Document emailed to ANS III (anthony.sabga3@ansamcal.com) for signature

2022-03-02 - 3:39:55 PM GMT

Email viewed by ANS III (anthony.sabga3@ansamcal.com)

2022-03-02 - 3:42:16 PM GMT- IP address: 190.213.57.86

Document e-signed by ANS III (anthony.sabga3@ansamcal.com)

Signature Date: 2022-03-02 - 3:43:12 PM GMT - Time Source: server- IP address: 190.213.57.86

Agreement completed.

2022-03-02 - 3:43:12 PM GMT