L.J. Williams Limited

Consolidated Financial Statements

31 March 2019

(Expressed in Trinidad and Tobago Dollars)

Contents

L.J. Williams Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of LJ Williams Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Managing Director	Chief Accountant
26 June 2019	26 June 2019

Independent auditor's report

To the Shareholders of L.J. Williams Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of L.J. Williams Limited (the Company) and its subsidiaries (together 'the Group') as at 31 March 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

L.J. Williams Limited's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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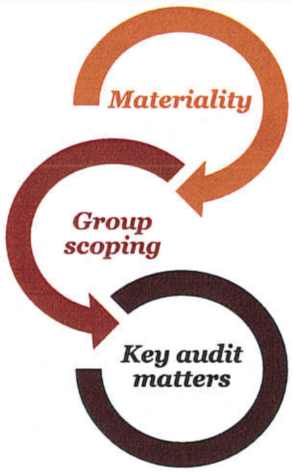
Independent auditor's report (Continued)

Our audit approach

Overview



Overall group materiality: $1.4 million, which represents 1% of revenue.

- The Group audit included full scope audits of the parent and its two fully owned subsidiaries.
- The Group audit engagement team was the auditor for both the parent and subsidiaries.

Debt covenant compliance

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group audit engagement team was the auditor for the parent as well as both of the subsidiaries.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	$1.4 million
How we determined it	1% of total group revenue
Rationale for the materiality benchmark applied	*We chose revenue as the benchmark because, in our view, it is the most stable benchmark against which the performance of the Group can be measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $70,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Debt covenant compliance *See Notes 15, 18 & 29 to the consolidated financial statements.* The Group is subject to several debt covenants pertaining to non-current borrowings. During the year, a legal judgement was issued that resulted in the Group having to write off a material accounts receivable balance in Movalite Limited ("Movalite"). This, together with declining revenues of Movalite in recent years, resulted in the Group taking the decision subsequent to the year end to amalgamate Movalite to form part of the parent company. The primary asset of Movalite at the reporting date was inventory. We focused on this area as these financial activities have a direct impact on the calculation of the required covenants, which if breached could result in the immediate repayment of debt, and could have a significant impact on the Group's continuing cash flows.	We obtained management's calculations and assessments of its compliance with the existing loan agreements. We performed the following audit procedures: • Reperformed management's debt covenant calculations based on the underlying loan agreements and the associated requirements. • Tested the obsolescence of inventory in Movalite by independently determining a provision for inventory based on the aging of inventory and our understanding of the specific industry factors and compared this to management's provision. • We obtained written confirmation from the relevant financial institution that the Group is in compliance with its existing covenants at the reporting date. Based on our procedures performed, management's calculations and forecasts are not unreasonable and no breaches were identified.

Other information

Management is responsible for the other information. The other information comprises the L.J. Williams Limited Annual Report (but does not include the consolidated financial statements and our auditor's report thereon) which is expected to be made available after the date of this auditor's report.

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

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

When we read L.J. Williams Limited's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

Independent auditor's report (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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Dwayne Rodriguez-Seijas.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
28 June 2019

L.J. Williams Limited

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 31 March 2019 $'000	2018 $'000
Assets			
Non-current assets			
Investment property	5	15,650	15,650
Property, plant and equipment	6	62,547	61,705
Financial assets			
- Fair value through other comprehensive income	7	268	266
Retirement benefit asset	8	240	1,009
		78,705	78,630
Current assets			
Inventories	9	38,352	33,415
Installation contracts work in progress	10	1	70
Trade and other receivables	11	13,013	21,180
Taxation recoverable		8	8
Cash at bank and on hand	12	2,609	5,817
		53,983	60,490
Total assets		132,688	139,120
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	33,976	33,976
Other reserves	14	17,999	18,866
Retained earnings		29,556	27,883
Total equity		81,531	80,725
Liabilities			
Non-current liabilities			
Borrowings	15	11,248	13,699
Current liabilities			
Trade and other payables	16	16,584	23,695
Taxation payable		20	22
Borrowings	15	3,502	3,501
Bank overdrafts and short-term advances	15	19,803	17,478
		39,909	44,696
Total liabilities		51,157	58,395
Total equity and liabilities		132,688	139,120

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

On 26 June 2019, the Directors of L. J. Williams Limited authorised these consolidated financial statements for issue and were signed off on its behalf.

_______________ Director _______________ Director

L.J. Williams Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 March 2019 $'000	Year ended 31 March 2018 $'000
Revenue	17	140,620	130,184
Cost of sales	18	(92,598)	(88,980)
Gross profit		48,022	41,204
Other income	19	2,045	2,387
Net income		50,067	43,591
Administrative expenses	18	(41,342)	(31,516)
Distribution costs	18	(1,748)	(1,420)
Operating profit		6,977	10,655
Finance costs		(3,235)	(2,165)
Profit before taxation		3,742	8,490
Taxation expense	20	(1,335)	(1,191)
Profit for the year		2,407	7,299
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings	6	(385)	--
Remeasurement of retirement benefit asset	8	(484)	(1,289)
		(869)	(1,289)
Items that may be subsequently reclassified to profit or loss			
Fair value gain on financial assets	7	2	32
		2	32
Total comprehensive profit for the year attributable to equity holders of the company		1,540	6,042
Profit per share attributable to the equity holders of the company during the year			
- basic	21	10¢	30¢

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

L.J. Williams Limited

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Year ended 31 March 2019					
Balance at 1 April 2018		33,976	18,866	27,883	80,725
Profit for the year		--	--	2,407	2,407
Other comprehensive income:					
Loss on revaluation of land and buildings	6	--	(385)	--	(385)
Remeasurement of retirement benefit asset	8	--	(484)	--	(484)
Fair value gain on financial asset	7	--	2	--	2
Total comprehensive income for the year		33,976	17,999	30,290	82,265
Transactions with owners in their capacity as owners:					
Dividends paid	22	--	--	(734)	(734)
Balance at 31 March 2019		33,976	17,999	29,556	81,531
Year ended 31 March 2018					
Balance at 1 April 2017		33,976	20,123	21,318	75,417
Profit for the year		--	--	7,299	7,299
Other comprehensive income:					
Remeasurement of retirement benefit asset	8	--	(1,289)	--	(1,289)
Fair value gain on financial asset	7	--	32	--	32
Total comprehensive income for the year		33,976	18,866	28,617	81,459
Transactions with owners in their capacity as owners:					
Dividends paid	22	--	--	(734)	(734)
Balance at 31 March 2018		33,976	18,866	27,883	80,725

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

L.J. Williams Limited
Consolidated Statement of Cash Flows
(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 March 2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before taxation		3,742	8,490
Adjustments to reconcile profit before taxation to net cash generated from operating activities:			
Dividends received	19	(177)	(26)
Interest paid		1,183	1,294
Gain on sale of property, plant and equipment		(107)	(61)
Depreciation	6	2,976	3,103
Contributions paid	8	(159)	(196)
Remeasurement of retirement benefit asset	8	444	475
Net changes in operating assets/liabilities	23	(3,812)	(2,894)
		4,090	10,185
Taxation paid		(1,335)	(1,195)
Net cash generated from operating activities		2,755	8,990
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(4,219)	(1,386)
Proceeds from sale of property, plant and equipment		121	79
Dividends paid	22	(734)	(734)
Dividends received	19	177	26
Net cash used in investing activities		(4,655)	(2,015)
Cash flows from financing activities			
Interest paid		(1,183)	(1,294)
Net of loan proceeds and repayments	24	(2,450)	(2,757)
Net cash used in financing activities		(3,633)	(4,051)
Net (decrease)/increase in cash and cash equivalents		(5,533)	2,924
Cash and cash equivalents at beginning of year		(11,661)	(14,585)
Cash and cash equivalents at end of year		(17,194)	(11,661)
Represented by:			
Cash		2,609	5,817
Bank overdrafts, short-term advances and bankers' acceptances	15	(19,803)	(17,478)
		(17,194)	(11,661)

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

1 General information

L.J. Williams Limited ('the Company') and its subsidiaries (together 'the Group') is engaged in merchandising, manufacturing, distribution and ship chandlery. The registered office of the Company is # 2 Sixth Avenue, Barataria, Trinidad.

The Company is a public limited liability company which is listed on the Trinidad and Tobago Stock Exchange and is incorporated in the Republic of Trinidad and Tobago.

The ultimate parent is Williams Holdings Limited. The registered office of the ultimate parent company is # 2 Sixth Avenue, Barataria, Trinidad.

Subsidiaries	Percentage owned	Country of incorporation
Movalite Limited	100%	Republic of Trinidad and Tobago
The Home Store Limited	100%	Republic of Trinidad and Tobago

2 Summary of significant accounting policies

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

a. *Basis of preparation*

The consolidated financial statements of L.J. Williams Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, under the historical cost convention, as modified by the revaluation of land and buildings and investment property and financial assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) *Changes in accounting policy and disclosures*

(a) *New and amended standards adopted by the Group*

The following standards and interpretations have been adopted by the Goup for the first time for the financial year beginning on or after 1 April 2018.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to IAS 40
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

2 **Summary of significant accounting policies**

b. *Basis of preparation*

(ii) *Changes in accounting policy and disclosures (continued)*

(b) *New and amended standards adopted by the Group (continued)*

This has resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and trade receivables at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification, measurement and impairment of financial assets and trade receivables.

On 1 April 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories.

There was no material impact to the consolidated statement of profit or loss and other comprehensive income on the adoption of IFRS 15.

The adoption of these amendments had no material impact on the current period or any prior period and is not likely to affect future periods. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 April 2018 are not material to the Group.

(b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2018 and not early adopted*

The Group's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 16, 'Leases'. IFRS 16, 'was issued in January 2016. It will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases. The accounting for lessors will not significantly change. The Group is assessing IFRS 16's impact. This standard is effective for the financial year beginning 1 April 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

2 **Summary of significant accounting policies (continued)**

b. *Consolidation*

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Changes in ownership interests in subsidiaries without change in control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss and other comprehensive income.

2 **Summary of significant accounting policies (continued)**

c. *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director who makes strategic decisions.

d. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars which is the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other Income'.

e. *Investment properties*

Properties that are held for long –term rental or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group is classified as investment properties.

Investment properties are measured initially at its cost, including related transaction cost and where applicable borrowing cost. After initial recognition investment properties are carried at fair value.

Fair value is based on active market price. Valuations are performed as of the consolidated financial position date by professional valuers who hold recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants make when pricing the property under current market conditions.

If within 12 months of the last valuation management determined there is no significant change to market conditions, management will consult with the valuators and confirm there is no change to the value of investment properties.

Subsequent expenditure is classified to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

2 **Summary of significant accounting policies (continued)**

e. *Investment properties (continued)*

Changes in fair values are recognised in the consolidated statement of profit or loss and other comprehensive income. Investment properties are derecognised when they have been disposed. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price and the adjustment is recorded in the consolidated statement of profit or loss and other comprehensive income within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carry amount and the fair value of this item at the date of transfer is treated in the same manner as revaluation under IAS 16. Any resulting increase in the carrying amount of the properties are recognised in the consolidated statement of profit or loss and other comprehensive income to the extent that it reverses a previous impairment loss, and any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity.

A resulting decrease in the carrying amount of the properties are initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decreases charged to the consolidated statement of profit or loss and other comprehensive income.

f. *Property, plant and equipment*

Leasehold improvements are improvements made to the shop rental at C3 Centre, Corinth. It is depreciated on a straight-line basis on the historic cost for the life of the lease which is ten years. Plant and equipment are stated at historical cost less accumulated depreciation.

Land and buildings comprise mainly factory and offices. Land and buildings are shown at fair value based on valuations by external independent valuers every five years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Independent valuations are performed at regular intervals not exceeding five years. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 **Summary of significant accounting policies (continued)**

f. *Property, plant and equipment (continued)*

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:

Buildings and building improvements	-	2 – 10%	per annum
Plant and machinery	-	6 ⅔ - 10%	per annum
Furniture and office equipment	-	10 – 25%	per annum
Motor vehicles	-	16 ⅔ %	per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 the proceeds with the carrying amounts and are recognised within 'other income' in the consolidated statement of profit or loss and other comprehensive income.

On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

g. *Impairment of non-financial assets*

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

h. *Investments and other financial assets*

Accounting policies effective from 1 April 2018

(i) *Classification*

From 1 April 2018, the Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 Summary of significant accounting policies (continued)

h. *Investments and other financial assets (continued)*

Accounting policies effective from 1 April 2018 (continued)

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

There were no financial assets at FVPL. Available-for-sale financial assets were reclassified to FVOCI.

(iv) *Impairment*

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3 (a) (ii) for further details.

2 **Summary of significant accounting policies (continued)**

h. *Investments and other financial assets (continued)*

Accounting policies applied until 31 March 2018 (continued)

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

(v) *Classification*

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

(a) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the consolidated statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position (Notes 2.j and 2.k).

(vi) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit of loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss and other comprehensive income within 'other (losses)/gains – net' in the period in which they arise.

Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss and other comprehensive income when the Group's right to receive payment is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss and other comprehensive income as 'Gains and losses from available for sale investments'. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group carries the investment at cost.

2 **Summary of significant accounting policies (continued)**

h. *Investments and other financial assets (continued)*

Accounting policies applied until 31 March 2018 (continued)

(vii) *Impairment (continued)*

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is then removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognised in the consolidated statement of profit or loss and other comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss and other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

2 **Summary of significant accounting policies (continued)**

i. *Inventories*

Inventories are stated at the lower of cost or net realisable value, allowance having been made for damaged, slow moving and obsolete items. Cost is determined on the following bases:

- Raw materials are carried at the lower of average cost or net realisable value.
- Inventories in process are carried at the lower of cost or net realisable value.
- Finished goods are carried at the lower of raw materials cost plus a portion of labour and production overheads, or net realisable value.
- Goods for resale are carried at the lower of average cost or net realisable value.
- Goods in transit are carried at suppliers' invoice cost plus freight and insurance, as applicable.

The costs of finished goods and work in progress comprise, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories excludes borrowing costs.

j. *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 (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

k. *Cash and cash equivalents*

In the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hand, bank overdrafts and short-term advances.

l. *Share capital*

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Preference shares which are not redeemable and do not accrue a fixed rate of dividend are classified as equity.

m. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

2 **Summary of significant accounting policies (continued)**

m. *Borrowings (continued)*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are recognised in statement of profit and loss and other comprehensive income in the period in which they occurred.

n. *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.
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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense in the consolidated statement of profit or loss and other comprehensive income.

o. *Employee benefits*

(i) *Pension obligations*

The Group operates a defined benefit pension plan, the assets of which are held in separate trustee-administered funds. The pension plan is funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method with a full valuation done every three years. Roll forward valuations, which are less detailed than full valuations are performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the consolidated statement of profit or loss and other comprehensive income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

2 **Summary of significant accounting policies (continued)**

o. *Employee benefits(continued)*

(i) *Pension obligations(continued)*

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss and other comprehensive income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in statement of other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

(ii) *Termination benefits*

Benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating employment of current employees according to a formal plan without the possibility of withdrawal.

p. *Revenue recognition*

Accounting policies effective from 1 April 2018.

On adoption of IFRS 15 on 1 April 2018, revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group used the five step approach to recognised revenue:

Step One - identify the contract with a customer
Step Two - identify the performance obligations in the contract
Step Three - determine the transaction price
Step Four - allocate the transaction price to the performance obligations
Step Five - recognise revenue when the entity satisfies each performance obligation

The effect on the Group on adoption of IFRS 15 was not material.

(i) *Sale of goods – wholesale*

Sales of goods are recognised when the Group has delivered products to the customer who has some discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) *Sale of goods – retail*

The Group operates two retail outlets for selling home improvement products. Sales of goods are recognised when the Group entity sells a product to the customer. Retail sales are usually in cash, debit card or credit card.

2 **Summary of significant accounting policies (continued)**

p. *Revenue recognition (continued)*

Accounting policies applied from 1 April 2018 (continued)

(iii) *Sales of services – construction contracts*

Contract income is recognised when performance obligation is completed. When the outcome of a construction contract can be estimated reliably, the balance is shown as due from customers on construction contracts, under installation contracts work-in-progress.

(iv) *Sale of services – shipping services*

The Group sells shipping services to other retailers. For sales of services, revenue is recognised services are rendered and customers have signed for acceptance.

(v) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

Accounting policies applied up to 31 March 2018

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met, as described below:

(i) *Sale of goods – wholesale*

Sales of goods are recognised when the Group has delivered products to the customer who has some discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) *Sale of goods – retail*

The Group operates two retail outlets for selling home improvement products. Sales of goods are recognised when the Group entity sells a product to the customer. Retail sales are usually in cash, debit card or credit card.

(iii) *Sales of services – construction contracts*

Contract income is recognised on the percentage stage of completion. When the outcome of a construction contract can be estimated reliably, the balance is shown as due from customers on construction contracts, under installation contracts work-in-progress.

(iv) *Sale of services – shipping services*

The Group sells shipping services to other retailers. For sales of services, revenue is recognised in the accounting period in which the services are rendered.

(v) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2 **Summary of significant accounting policies (continued)**

q. *Current and deferred tax*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the country where the subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

r. *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 payments are due within one year or less. If not, they are presented as non-current liabilities.

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

s. *Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets acquired under finance lease are depreciated over six years.

2 **Summary of significant accounting policies (continued)**

t. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

u. *Dividend distribution*

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

3 Financial risk management

a. *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. Management reviews principles for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

(i) *Market risk*

(a) *Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound sterling. The Group's exposure to foreign exchange risk from the Euro dollar is not significant. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group mitigates its exposure to fluctuations in foreign currencies by monitoring its net holding of foreign currency.

At 31 March 2019 if the currency had weakened/strengthened by 5% against the US dollar with all other variables held constant, the profit for the year would have been $307,994 (2018: $215,369) lower/higher .

At 31 March 2019 if the currency had weakened/strengthened by 5% against the UK Pound Sterling with all other variables held constant, the profit for the year would have been $72,940 (2018: $11,469) lower/higher .

(b) *Price risk*

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets – FVOCI. The Group's exposure to equity securities price risk is not significant as the portfolio of financial assets- FVOCI is not significant.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(i) *Market risk (continued)*

(c) *Cash flow and fair value interest rate risk*

As the Group has no significant interest–bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2019 and 2018 the Group's borrowings at variable rates were denominated in local currency.

At 31 March 2019 if the interest rate on borrowings had been 0.25% higher/lower with all other variables held constant, profit for the year would have been $23,151 higher/lower (2018: $71,104), mainly as a result higher/lower interest expense on floating rate borrowings.

(ii) *Credit risk*

The Group's exposure to credit risk lies primarily with its trade receivables and cash and cash equivalents. Sales to customers are settled in cash or using major credit cards.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Maximum exposure to credit risk

The accounting policies for financial instruments have been applied to the line items below:

	2019 $'000	2018 $'000
Financial assets - FVOCI	268	266
Trade receivables	10,908	18,781
Other receivables	1,715	2,013
Cash at bank and on hand	2,609	5,817
	15,500	26,877

There was no material impact to the carrying value of other receivables on the adoption of IFRS 9.

Credit risk is the risk of default on financial assets that may arise from a counterparty failing to make payments or honour an obligation. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentration of credit risk and trades mainly with recognised credit worthy third parties.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(ii) *Credit risk (continued)*

Business is conducted with only reputable financial institutions. Customers trading on credit terms are subject to credit verification procedures and credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers.

There have been no changes to the way the Group manages this exposure compared to the prior year.

Term deposits and cash are held with reputable financial institutions. There is no formal credit rating policy for the quality of assets held as at the statement of financial position date.

Collateral is not held for any balances exposed to credit risk.

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model.

The Group uses one approach in arriving at expected losses, the simplified approach for trade receivables

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions.

Incorporation of forward-looking information

Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors – GDP growth, affecting the ability of the customers to settle the receivables.

Trade receivables assessed for specific provisions are identified based on certain default triggers (e.g. customers with a significant portion of their invoices > 90 days, customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio .

A provision matrix is then applied to all remaining accounts on a portfolio basis. Customer balances covered by specific provisions are excluded from the portfolio provision calculations to avoid double counting.

The following is a summary of the ECL on trade receivables from a combination of specific and general provisions:

3 Financial risk management (continued)

a. *Financial risk factors (continued)*

(ii) *Credit risk*

Aging	**Average ECL Rate**	**Estimated EAD**	**Expected Credit Loss**
		$'000	**$'000**
Current (0 – 30 days)	0.21%	5,415	11
31 - 60 days	0.22%	3,577	8
61 - 90 days	0.32%	1,295	4
91 - 120 days	0.77%	487	4
Over 120 days	67.80%	499	338
		11,273	365

The movement in the provision for expected credit losses for trade receivables is as follows:

	2019 **$'000**	**2018** **$'000**
Opening balance under IAS 39 1 April 2018	690	1,950
Amounts restated through opening retained earnings	--	--
Opening loss allowance as at 1 April 2018 under IFRS 9	690	1,950
Increase allowance in profit and loss during the year	150	529
Receivables written off during the year	(475)	(83)
Unused amounts reversed	--	(1,706)
At 31 March 2019	365	690

There was no material impact on retained earnings following the adoption of IFRS 9 on 1 April 2018 on trade receivables.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Consistent with the prior year, due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

One of the subsidiary companies has been experiencing reduced revenue levels and as such requires periodic support from the parent company. Management have taken appropriate measures to reduce the operating expenses of the subsidiary company to minimize the need for financial support from the parent company.

Due to the seasonal nature of the operations of certain companies in the Group, management reviews its cash needs monthly and determines which entities have surplus cash vs those that have deficits and operates a treasury management function whereby cash is allocated to the entity that is in need and ensure repayments are made on a timely basis.

The table below analyses the Group's financial liabilities based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Contractual cash flow $'000	Carrying amount $'000
At 31 March 2019						
Borrowings	4,561	3,877	9,020	--	17,458	14,750
Bank overdrafts and Short term advances (Note 15)	19,803	--	--	--	19,803	19,803
Trade and other payables (Note 16)	16,584	--	--	--	16,584	16,584
At 31 March 2018						
Borrowings	4,847	3,852	10,006	2,410	21,115	17,200
Bank overdrafts and Short term advances (Note 15)	17,478	--	--	--	17,478	17,478
Trade and other payables (Note 16)	23,695	--	--	--	23,695	23,695

3 **Financial risk management (continued)**

b. *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and bank overdrafts and bankers' acceptances as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at 31 March 2019 and 31 March 2018 were as follows:

	2019 $'000	2018 $'000
Total borrowings (Note 15)	34,553	34,678
Less: cash at bank and on hand (Note 12)	(2,609)	(5,817)
Net debt	31,944	28,861
Total equity	81,531	80,725
Total capital	113,475	109,586
Gearing ratio	28%	26%

c. *Fair value estimation*

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly (that is prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets that are measured at fair value at 31 March 2019 and 31 March 2018.

Level 1- Financial assets- FVOCI (quoted) (Note 7)	188	186
Level 3- Investment properties (Note 5)	15,650	15,650
Level 3- Land and buildings (Note 6)	55,070	56,525
Level 3- Financial assets- FVOCI (unquoted) (Note 7)	80	80
	70,988	72,441

3 **Financial risk management (continued)**

c. *Fair value estimation (continued)*

(i) *Financial assets in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date, A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 are from the Trinidad and Tobago Stock Exchange.

(ii) *Financial assets in Level 3*

The fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in level 3.

The information below represents the financial instruments that are included in Level 3.

	2019 $'000	**2018 $'000**
Container Recovery And Billing Limited	50	50
Medway Limited	30	30
	80	80

The movements of investments categorised as level 3 during the year are reflected in Note 7.

The fair values of unlisted securities are determined by management based on the lower of net assets or selling price given by the investee and are determined to be the same as cost.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) *Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using certain 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 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 obligations. In determining the appropriate discount rate, the Group considers the interest rates of long-term Government securities 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 liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information including sensitivity to assumptions made is disclosed in Note 8.

(ii) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The Group determines that financial instruments are impaired when there has been a significant or prolonged decline in fair value below its cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee and operational and financing cash flows.

Sensitivity to market risk is included in Note 3.

(iii) *Revenue recognition – Installation contracts work in progress*

When the outcome of a construction contract cannot be estimated reliably, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. The Group uses the input method to determine the appropriate amount of revenue and costs to recognise in a given period. The performance obligations is measured as work progress and the asset is enhanced which is controlled by the customer as other works progresses reference to the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract plus estimated cost to complete. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract costs that relate to future activity on the contract is recognised as an asset provided it is possible that they will be recovered. Such costs represent an amount due from the customers and are classified under installation contracts work-in-progress. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end.

4 Critical accounting estimates and judgements (continued)

(iv) *Income taxes*

Significant judgement is required in determining the provision for income taxes. There are several transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises tax liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(v) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5 Investment properties

	Car park rental $'000	Office rental $'000	Total $'000
Year ended 31 March 2019			
At 1 April 2018	8,000	7,650	15,650
Gain on revaluation	--	--	--
At 31 March 2019	8,000	7,650	15,650
Year ended 31 March 2018			
At 1 April 2017	8,000	7,650	15,650
Gain on revaluation	--	--	--
At 31 March 2018	8,000	7,650	15,650

5 Investment properties (continued)

Properties held for long term rental or for capital appreciation are classified as investment properties. Freehold land located at 124 St Vincent Street is operated as a car park rental service and land and building located at 119 Abercromby Street offers office space rental. The rental income and annual revaluation from these properties are included in Note 19.

Valuation processes

The Group's investment properties were valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the location and segments of the investment properties valued. At the end of each financial year the managing director:

- Verifies the values held to the independent valuation report.
- Assesses property valuation movements compared to the prior year valuation report.
- Holds discussions with the independent valuer.

Valuation techniques underlying management's estimate of fair value

The property located at 124 St Vincent Street is freehold land and was valued by professional valuer Brent Augustus & Associates Limited on 18 March 2019 and is currently used to let on a month to month basis to various tenants as a car park. The land's best use is for commercial office development.

The property located at 119 Abercromby Street consists of land and single storey office building and was valued by professional valuer Brent Augustus & Associates Limited on 18 March 2019. Due to the age of the building, it was not considered in the valuation. The land's best use is for commercial office development.

Income derived from revaluation and rental of investment properties:

	2019 $'000	2018 $'000
Car park rental	451	441
Office space rental	198	198
	649	639

Transfers between levels 2 and 3

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. Changes in Level 2 and 3 fair values are analysed at each reporting date. As part of this assessment, the team reviews the reasons for the fair value movements.

Level 3 fair values of land and buildings have been derived using the Market Basis of Valuation approach. This approach used a perspective on the property market which identified reduced levels of direct foreign investment and local private sector investment within the economy. It also incorporated the fiscal and monetary impact of the expected decline in the economy due to the decline in the energy sector as well as the performance of the non-energy sector.

The Group is exposed to property price risk because of investment properties and land and buildings carried at fair value. Had property prices in the market increased by 5% the Group's profits would have increased by $0 (2018: $0), and the Group's reserves would have increased by $0 (2018: $0).

6 Property, plant and equipment

	Land and buildings $'000	Plant and machinery $'000	Furniture and office equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Year ended 31 March 2019						
Opening net book amount	56,525	1,184	1,858	2,138	--	61,705
Work in progress	--	--	--	--	1,511	1,511
Additions	282	217	566	1,643	--	2,708
Revaluation of land and buildings	(385)	--	--	--	--	(385)
Disposals	--	(13)	--	(3)	--	(16)
Depreciation charge	(1,352)	(290)	(647)	(687)	--	(2,976)
Closing net book amount	55,070	1,098	1,777	3,091	1,511	62,547
At 31 March 2019						
Cost/valuation	68,587	6,087	17,867	7,315	1,511	101,367
Accumulated depreciation	(13,517)	(4,989)	(16,090)	(4,224)	--	(38,820)
Net book amount	55,070	1,098	1,777	3,091	1,511	62,547
Year ended 31 March 2018						
Opening net book amount	57,915	1,437	2,195	1,888	--	63,435
Additions	43	133	429	781	--	1,386
Disposals	--	(13)	--	--	--	(13)
Depreciation charge	(1,433)	(373)	(766)	(531)	--	(3,103)
Closing net book amount	56,525	1,184	1,858	2,138	--	61,705
At 31 March 2018						
Cost/valuation	68,791	6,050	17,427	6,926	--	99,194
Accumulated depreciation	(12,266)	(4,866)	(15,569)	(4,788)	--	(37,489)
Net book amount	56,525	1,184	1,858	2,138	--	61,705
At 31 March 2017						
Cost/valuation	68,748	6,065	16,998	6,221	--	98,032
Accumulated depreciation	(10,833)	(4,628)	(14,803)	(4,333)	--	(34,597)
Net book amount	57,915	1,437	2,195	1,888	--	63,435

Depreciation expense of $2,976,000 (2018: $3,103,000) is included in 'Administrative expenses' (Note 18).

6 Property, plant and equipment (continued)

Land and buildings located at Trincity Industrial Estate were revalued by independent valuators Linden Scott and Associates on 2 January 2019. Land and building located at #2 Barataria was revalued by independent valuators Brent Augustus and Associated on 18 March 2019. Both valuations were made on the basis of open market values. The revaluation loss was credited to other reserves in shareholders' equity.

The Group has acquired motor vehicles under non-cancellable finance lease arrangements as stated in Note 27. This has been included under the motor vehicles category.

Vehicles include the following amounts where the Group is a lessee under a finance lease:

	2019 $'000	2018 $'000
Cost-capitalised finance lease	4,757	3,140
Accumulated depreciation	(1,985)	(1,398)
Net book amount	2,772	1,742

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

Cost	48,624	48,342
Accumulated depreciation	(6,920)	(6,427)
	41,704	41,915

Bank borrowings are secured on land and buildings for the value of $42,595,000 (2018: $42,595,000) (Note 15).

7 Financial assets

Beginning of year	266	234
Fair value gain	2	32
End of year	268	266

Financial assets include the following:

Fair value through other comprehensive income:

Grace Kennedy (Trinidad and Tobago) Limited	188	186
Container Recovery And Billing Limited	50	50
Medway Limited	30	30
	268	266

8 Retirement benefit asset

The information below was extracted from the actuarial valuation report dated 17 May 2019.

	2019 $'000	2018 $'000
Amounts recognised in the consolidated statement of financial position:		
Fair value of plan assets	(21,251)	(23,137)
Retirement benefit obligation	21,011	22,128
	(240)	(1,009)
Effect of asset ceiling	--	--
Net defined benefit asset	(240)	(1,009)
Movement in the defined benefit obligation over the year is as follows:		
At beginning of year	22,128	20,329
Current service cost	476	588
Interest cost	1,152	1,097
Members' contributions	159	196
Benefits paid	(2,378)	(771)
Actuarial losses	--	--
Experience adjustments	(526)	689
At end of year	21,011	22,128
Movement in the fair value of plan assets over the year is as follows:		
At beginning of year	23,137	22,906
Interest income	1,216	1,249
Return on plan assets (excluding interest income)	(1,010)	(600)
Employer contributions	159	196
Employee contributions	159	196
Expense allowance	(32)	(39)
Benefits paid	(2,378)	(771)
At end of year	21,251	23,137
Movement in the asset recognised in the consolidated statement of financial position:		
At beginning of year	(1,009)	(2,577)
Pension costs	444	475
Re-measurement recognised in other comprehensive income	484	1,289
Contributions paid	(159)	(196)
At end of year	(240)	(1,009)
Experience losses	484	1,289
Effect of asset ceiling	--	--
Amount recognised in other comprehensive income	484	1,289

8 Retirement benefit asset (continued)

	2019	2018
The principal actuarial assumptions used for accounting purposes were:		
- Discount rate	5.5%	5.5%
- Future salary increases	4.0%	4.0%
- Expected return on assets	0.0%	0.0%
Life expectancy for current pensioners		
- Male at age 65	16.9	16.9
- Female at age 60	25.1	25.1
Life expectancy for current member		
- Male at age 65	17.2	17.2
- Female at age 60	25.4	25.4

Sensitivity analysis	**1%pa increase $000**	**1%pa decrease $000**
- Discount rate	(2,228)	2,689
- Future salary increases	476	(443)

Funding

The Group meets the balance of the cost of funding the defined benefit Pension Plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above.

Expected contributions to post employment benefit plans for the year ending 31 March 2020 are $165,000 (2019: $200,000).

The amounts recognised in the consolidated statement of comprehensive income (Note 18) are as follows:

	2019 $'000	2018 $'000
Current service cost	476	588
Net interest on net defined benefit asset	(64)	(152)
Administration expenses	32	39
Net pension cost	444	475

Plan assets comprise the following:

	2019		2018	
	$000	%	$000	%
Locally listed equities	2,537	12%	3,902	17%
Overseas equities	2,201	10%	3,390	15%
Government issued nominal bonds	5,538	26%	7,279	31%
Corporate bonds	564	3%	790	3%
Mutual bonds	426	2%	304	1%
Cash and cash equivalents	981	5%	2,010	9%
Other (annuity polices)	9,004	42%	5,462	24%
	21,251	100%	23,137	100%

8 Retirement benefit asset (continued)

Asset values as at 31 March 2019 were estimated using the asset values provided as at 31 March 2019 by the Plan's Investment Manager RBC Royal Bank (Trinidad and Tobago) Limited. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. The value of the annuity policies was estimated using the same assumptions as used to value the corresponding liabilities. The value of these policies is reliant on the financial strength of the insurer - Pan-American Life, Guardian Life, Sagicor and Tatil.

The majority of the Plan's government bonds were issued by the Government of Trinidad & Tobago, which also guarantees many of the corporate bonds held by the Plan. The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

9 Inventories

	2019 $'000	2018 $'000
Finished goods	28,705	24,191
Goods in transit	5,460	4,846
Raw materials	3,702	3,898
Manufactured goods	485	480
	38,352	33,415

The cost of inventories recognised as an expense and included in cost of sales amounted to $92,598 (2018: $88,980).

10 Installation contracts work in progress

At beginning of year	70	79
Contract cost incurred in the year	1,114	3,138
Contract cost recognised	(1,183)	(3,147)
	1	70

11 Trade and other receivables

Trade receivables	11,273	19,471
Less: provision for impairment	(365)	(690)
Trade receivables-net	10,908	18,781
Other receivables	1,715	2,013
Prepayments	390	386
	13,013	21,180

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration. 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 provided in note 3(a)(ii).

12 Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and on hand	2,609	5,817
Bank overdrafts, short-term advances and bankers' acceptances (Note 15)	(19,803)	(17,478)
	(17,194)	(11,661)

13 Share capital

Authorised
130,000,000 'A' common shares of no par value
26,000,000 'B' common shares of no par value
400,000 8% cumulative participating preference shares of no par value

	2019 $'000	2018 $'000
Issued and fully paid		
46,166,600 'A' common shares of no par value	4,617	4,617
19,742,074 'B' common shares of no par value	29,131	29,131
45,590 8% cumulative participating preference shares of no par value	228	228
	33,976	33,976

The voting rights of both the common and preference shareholders are the same. The dividend rights differ as follows:

Each holder of an "A" common share shall be entitled to receive one-tenth (1/10) only of dividends of the amount received by each holder of a "B" common share.

Preference shareholders are entitled to a fixed accumulated preferential dividend of 8% per annum. However, whenever dividends paid to the common shareholders exceed 8%, then all further dividends declared shall be paid to the holders of preference shares in an amount equal to the holder of fifty (50) "A" common shares and five (5) "B" common shares until the total dividend paid to every holder of a preference share to be equal to 12% and thereafter shall not be entitled to any further dividends.

14 Other reserves

	Land and buildings revaluation $'000	Retirement benefit asset $'000	Financial assets FVOCI $'000	Total $'000
Balance at 1 April 2018	20,450	(1,730)	146	18,866
Loss on revaluation of land and buildings	(385)	--	--	(385)
Remeasurement of retirement benefit asset	--	(484)	--	(484)
Fair value gain	--	--	2	2
Balance at 31 March 2019	20,065	(2,214)	148	17,999
Balance at 1 April 2017	20,450	(441)	114	20,123
Remeasurement of retirement benefit asset	--	(1,289)	--	(1,289)
Fair value gain	--	--	32	32
Balance at 31 March 2018	20,450	(1,730)	146	18,866

15 Borrowings

	2019 $'000	2018 $'000
Current		
RBC Royal Bank (Trinidad & Tobago) Limited (overdraft)	14,493	16,178
JMMB Trinidad and Tobago Limited (overdraft)	3,305	--
RBC Royal Bank (Trinidad & Tobago) Limited (revolving credit)	1,705	--
JMMB Trinidad and Tobago Limited (bankers' acceptances)	--	750
Louwill Credit Union	300	550
Bank overdrafts and short-term advances	19,803	17,478
RBC Royal Bank (Trinidad & Tobago) Limited (commercial mortgage)	2,301	2,132
Caribbean Finance Corporation Limited (finance lease - Note 27)	755	357
RBC Royal Bank (Trinidad & Tobago) Limited (mortgage loan)	149	138
RBC Royal Bank (Trinidad & Tobago) Limited (short term loan)	297	874
	3,502	3,501
Non-current		
RBC Royal Bank (Trinidad & Tobago) Limited (commercial mortgage)	10,481	12,782
Caribbean Finance Corporation Limited (finance lease - Note 27)	429	108
RBC Royal Bank (Trinidad & Tobago) Limited (mortgage loan)	338	488
RBC Royal Bank (Trinidad & Tobago) Limited (short term loan)	--	321
	11,248	13,699
Total borrowings	34,553	34,678

15 **Borrowings (continued)**

a. *RBC Royal Bank (Trinidad & Tobago) Limited*

Overdraft facilities

The Group has an overdraft facility of $11,000,000 which bears interest at the rate of 9.5% (2018: 9%) per annum.

The Home Store Limited has an overdraft facility of $5,000,000 which bears interest at prime plus 0.5%, current effective rate 9.75% (2018: 9.5%) per annum. This facility is subject to call and an annual review.

Revolving credit

On 31 October 2018 the Group was granted a working capital loan of US$300,000 and on 3 December 2018 US$200,000 for the financing of foreign payables at interest rate of 6%. Repayment terms are interest only and this facility should be paid in full at least once within a twelve month period from initial drawdown. US$250,000 was repaid on 29 March 2019.

Commercial mortgage

This was used for the construction of a building at Barataria. The facility terms are $24,799,227 for fifteen years at 9.5% per annum. The rate of interest is currently 7.75%. This loan is payable by monthly instalments of $267,816 inclusive of interest until 30 December 2023.

Mortgage loan

The facility terms are $1,520,000 for fifteen years at 7.75% per annum. This loan is payable by monthly instalments of $15,169 inclusive of interest until 30 March 2022.

Short term loan

This facility was granted for $2,500,000 and bears an interest rate of 7.5% with a monthly instalment of $77,765 and matures on 31 July 2019.

The securities held by RBC Royal Bank (Trinidad and Tobago) Limited were as follows:

- Deed of Assignment of Debenture registered between RBC Royal Bank (Trinidad & Tobago) Limited and the Company over the fixed and floating assets. Stamped to secure $11,535,000.
- Registed First Demand Mortgage over a commercial property located on Abercromby Street, Port of Spain. Stamped to secure $5,345,000.
- Deed of Variation to include parcels 119 Abercromby Street and 25A New Street Port of Spain.
- Registered First Demand Mortgage over land and building at Barataria. Stamped to secure $37,250,000.
- Deed of Transfer of Debenture at Lot O, Century Drive, Trincity. Stamped collateral to the above Debenture.
- Assignment of Fire Policy on Stock/ Building, with Sagicor General Insurance incorporated for a total sum insured $57,900,000.
- Registered Demand First Debenture over the fixed and floating assets including uncalled capital and goodwill, stamped to secure $13,625,000.
- Collateral Guarantee and Postponement of Claim to support facilities granted, stamped Collateral to Deed of Mortgage.

15 Borrowings (continued)

b. *JMMB Trinidad and Tobago Limited*

Overdraft facility

This facility for $5,000,000 bears an interest rate of 9% per annum. This facility is unsecured.

Bankers' acceptance

This represents a banker's acceptance for $750,000 bearing interest rate of 7% per annum with a maturity date 16 May 2018. It was rolled over for a further 120 days at the same rate and matured on 13 September 2018. This facility is unsecured.

c. *Louwill Credit Union*

This facility was drawn in March 2011 for $400,000 at a rate of 5% per annum. This facility was increased to $750,000 on 30 April 2015 and was reduced by $200,000 on 22 December 2015. The facility was further reduced to $300,000 on 31 January 2019. Maturity date is 25 June 2019. This facility is unsecured.

d. *Debt Covenants*

In order to comply with the loan agreement with RBC Royal Bank (Trinidad & Tobago) Limited, L.J. Williams Limited and The Home Store Limited has to:

a. maintain a minimum Debt Service Coverage ratio
b. not to exceed the maximum Funded Debt to EBITDA ratio.

The Group is in compliance with the debt covenants as at 31 March 2019.

16 Trade and other payables

	2019 $'000	2018 $'000
Trade payables	14,176	20,072
Accrued charges	2,180	2,397
Advance on contract	228	1,226
	16,584	23,695

17 Segmental information

At 31 March 2019, the Group was organised into three main business segments:

a. Manufacture and sale of a range of adhesives, manufacture and installation of curtain walls, shop fronts, panels and partitions.
b. Trading of grocery and hardware products.
c. Provision of shipping services.

The segment results for the year ended 31 March are as follows:

	Manufacturing		Trading		Shipping Services		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue – over time	12,292	13,761	122,047	109,950	6,281	6,473	140,620	130,184
Gross profit	3,171	4,204	41,082	32,756	3,769	4,244	48,022	41,204
Profit before taxation	--	--	--	--	--	--	3,742	8,490
Profit for the year	--	--	--	--	--	--	2,407	7,299
Total assets	--	--	--	--	--	--	132,688	139,120
Total liabilities	--	--	--	--	--	--	51,157	58,395
Capital expenditure	--	--	--	--	--	--	2,708	1,386

18 Expenses by nature

	2019 $'000	2018 $'000
Cost of sales		
Inventories of finished goods sold	87,123	82,240
Raw materials and consumables used	5,494	6,673
Other	(19)	67
	92,598	88,980
Administrative expenses		
Employee benefit expense	19,473	17,846
Other expenses	10,329	9,749
Depreciation (Note 6)	2,977	3,103
Advertising cost	1,985	1,102
Foreign exchange gain	--	(508)
Directors fees (Note 26)	224	224
Movalite accounts receivable write-off *	6,354	--
	41,342	31,516

* The Arbitrator in the case of NH International (Caribbean) Limited vs Movalite Limited awarded the case against the company in February 2019, as a result the Group has written off the receivable of $6,354,000.

	2019 $'000	2018 $'000
Distribution costs		
Transportation costs	1,748	1,420
Employee benefit expense		
Salaries and wages	17,895	16,318
National insurance	1,134	1,053
Pension charge (Note 8)	444	475
	19,473	17,846
Number of employees	188	167

19 Other income

	2019 $'000	2018 $'000
Rental income	1,307	1,264
Dividend income from financial asset – FVOCI	177	26
Other income	494	41
Gain on foreign exchange	--	984
Interest income	--	23
Gain on sale of property, plant and equipment	67	49
	2,045	2,387

20 Taxation

	2019 $'000	2018 $'000
a. Business levy	899	795
Green fund levy	436	396
	1,335	1,191

20 Taxation (continued)

b. The tax on profit before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2019 $'000	2018 $'000
Profit before taxation	3,742	8,490
Tax on chargeable profit	1,123	2,547
Expenses not deductible for tax purposes	55	143
Other differences	(403)	(346)
Income not subject to tax	(85)	(22)
Business levy	899	795
Green fund levy	436	396
Recognition of tax losses not previously recognised	(690)	(2,322)
	1,335	1,191

The tax on chargeable profit is calculated at 30% (2018: on the first one million and at 30% thereafter).

21 Profit per share

Basic profit per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

Profit attributable to equity holders of the Group from - continuing operations	2,407	7,299
Weighted average number of ordinary shares in issue	24,358,741	24,358,741
Basic profit per share - continuing operations	10¢	30¢

22 Dividends paid

	2019 $'000	2018 $'000
Dividends paid	734	734

On 23 February 2018 and 25 March 2019, the Group paid a dividend of $0.003 cents per share on ordinary 'A' shares and $0.03 on ordinary 'B' shares and $0.08 on preference shares.

23 Net changes in operating assets/liabilities

Increase in inventories	(4,937)	(4,433)
Decrease in installation contracts work in progress	69	9
Decrease/(increase) in trade and other receivables	8,167	(3,104)
(Decrease)/increase in trade and other payables	(7,111)	4,634
	(3,812)	(2,894)

24 Net changes on borrowings

	Commercial mortgage loan	Mortgage loan	Finance lease	Short term Loan	Related party	Total
Balance at 1 Apil 2017	16,888	754	321	1,994	--	19,957
New loans	--	--	536	--	3,000	3,536
Repayments	(1,974)	(128)	(392)	(799)	(3,000)	(6,293)
Balance at 31 March 2018	14,914	626	465	1,195	--	17,200
Balance at 1 April 2018	14,914	626	465	1,195	--	17,200
New loans	--	--	996	--	--	996
Repayments	(2,132)	(139)	(277)	(898)	--	(3,446)
Balance at 31 March 2019	12,782	487	1,184	297	--	14,750

25 Deferred tax

The analysis of deferred tax assets and (liabilities) is as follows:

	Accelerated tax depreciation $'000	Retirement benefit asset $'000	Revaluation surplus $'000	Accumulated tax losses $'000	Total $'000
At 1 April 2018	(1,957)	(303)	(894)	3,154	--
Credited/(charged) to profit/(loss)	(866)	231	--	(635)	--
Credited/(charged) to other-comprehensive income	--	--	115	(115)	--
At 31 March 2019	(2,823)	(72)	(779)	3,674	--
At 1 April 2017	(1,264)	(724)	(894)	2,882	--
Credited/(charged) to profit/(loss)	(693)	421	--	272	--
Credited/(charged) to other-comprehensive income	--	--	--	--	--
At 31 March 2018	(1,957)	(303)	(894)	3,154	--

Deferred tax assets are recognised for tax losses carried forward to the amount of deferred tax liability calculated. The Group did not recognise deferred tax assets of $9,015,00 (2018: $8,383,000) in respect of losses amounting to $30,050,000 (2018: $28,196,000) that can be carried forward against future taxable income.

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2018: 30%). Recognition of deferred tax assets relating to tax losses has been limited due to uncertainty about the timing of utilisation against future profits.

26 Related party transactions

The Group's majority shareholder is Williams Holdings Limited which is incorporated in the Republic of Trinidad and Tobago and owns 54% of the issued share capital. The remaining 46% of shares is widely held. The shares of Williams Holdings Limited are governed by a trust for the benefit of the Williams family.

Transactions were carried out with the following related parties:

	2019 $'000	2018 $'000
Key management compensation		
Salaries and other short-term benefits	5,408	4,715
Directors fees	224	224

Key management includes divisional and sales managers and directors.

On 1 September 2017 a loan of $3,000,000 was granted by a related party at an interest rate of 8% per annum. It was repaid on 29 December 2017.

Interest paid	--	68

27 Leases

Operating leases

On 1 June 2016 the Group entered into an operating lease agreement with Furness Rental Limited for one motor vehicle for three years with a monthly payment of $10,000, which matured on 31 May 2019.

The Company entered into a 10 year operating lease agreement on 21 October 2015 for the Shop located at C3 Centre, Corinth. The commencement date was 1 December 2016 and expires on 31 November 2026.

The future minimum operating lease payments on the above operating leases are as follows:

	Less than 1 year $'000	Between 1 and 5 years $'000	Between 5 and 10 years $'000
As at 31 March 2019	1,386	6,261	5,407
As at 31 March 2018	1,325	5,939	7,115

Finance leases

The Group leases certain motor vehicles under non- cancellable finance lease agreements from Caribbean Finance Company Limited.

The future minimum finance lease payments are as follows:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
As at 31 March 2019	854	481	--
As at 31 March 2018	398	125	--

28 Contingencies

Bonds

The Group has customs and excise and immigration department bonds amounting to $270,000 (2018: $245,000). Furness Anchorage General Insurance Limited customs bond $200,000 (2018: $200,000 which expired on 22 May 2018. An application to renew this bond is in progress. Also, the Group has a cheque guarantee bond for $365,000 (2018: $350,000) to Customs and Excise to honour cheque payments to them on imported goods. The cheque guarantee bond was undrawn in 2019.

Claim

The Group is currently dealing with a legal matter and claim arising in the ordinary course of business. The outcome of this matter is still pending.

In 2013 a former Shipping Principal filed a lawsuit for funds withheld from them to settle a tax liability that they incurred. The net amount withheld is $6 million. The Group filed a counterclaim against them for $14 million and is now pending arbitration. This matter is still before the court.

29 Events after the statement of financial position

a. The company entered into a bridging financing agreement for $4,000,000 with Republic Bank Limited, signed on 15 February 2019. This will convert to a commercial mortgage loan after six month at 7% per annum. This loan is payable by monthly instalments of $123,509 inclusive of interest for 36 months. The loan is secured by a first Mortgage over property situated at Lot L Century Drive, Trincity Industrial Estate, Trincity in the name of the company, to be recognised and stamped to cover $4,000,000. Adequate Fire Insurance over property Lot L Century Drive, Trincity Industrial Estate, Trincity. On 3 April 2019 $3,000,000 was drawn for expansion and renovation of the Macoya warehouse.

b. On 28 May 2019, the Directors of L.J. Williams Limited resolved to amalgamate Movalite Limited into L.J. Williams Limited by 31 March 2020. Movalite Limited will continue as a division of L.J. Williams Limited with limited operations.