Purpose-Led Future Fit

Unilever Caribbean Limited
Annual Report and Accounts 2019

Unilever

Our Purpose

UNILEVER CARIBBEAN HAS A CLEAR PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE. WE BELIEVE THIS IS THE BEST WAY TO CREATE LONG TERM VALUE FOR ALL OUR STAKEHOLDERS, ESPECIALLY IN A VOLATILE AND UNCERTAIN WORLD.

Our Vision

Our Purpose inspires our Vision – to accelerate growth in our business, while reducing our environmental footprint and increasing our positive social impact. We want our business to grow but we recognise that growth at the expense of people or the environment is both unacceptable and commercially unsustainable. Sustainable growth is the only acceptable model for our business.

Our Purpose and Vision combine a commercial imperative to succeed against competition globally and locally, with the changing attitudes and expectations of consumers.

Our People

WITHOUT TALENTED AND COMMITTED EMPLOYEES, WE COULD NEVER DELIVER ON OUR AMBITIONS.

HOW WE ENGAGED IN 2019

Our annual UniVoice survey, available in 48 languages, gives employees at all levels the chance to share views with line managers, colleagues and leadership. In 2019, we had an 98% response rate. Every month we also run smaller pulse surveys to collect real-time insights on key issues.

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OUR ANNUAL REPORT AND ACCOUNTS 2019:

We have chosen a new, simpler format for our 2019 Annual Report and Accounts because we are keen to drive economies through our reporting process, collapsing the previous three-part suite of documents into one that combines the statutory information along with a full narrative to provide a holistic and concise communication about how our strategy, governance, performance and prospects drive value creation for our stakeholders, and consistent, competitive, profitable and responsible growth for Unilever Caribbean Limited and our shareholders.

ONLINE

You can find more information about Unilever online at www.unilever.com. For further information on the Unilever Sustainable Living Plan (USLP) visit www.unilever.com/sustainableliving.

This annual report can be downloaded at https://www.unilever.tt/investor-relations/

For our Corporate Social Responsibility Activities, such as the International Coastal Cleanup, Global Handwashing Day, please go to: https://www.unilever.tt

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Corporate Information

BOARD OF DIRECTORS:

Nuria Hernández Crespo - Chairman
Nicholas Gomez
John De Silva
Camille Chatoor
Danielle Chow
Alejandro Graterol
Nanda Persad
Jorge Enrique Rodriguez

AUDIT COMMITTEE:

Nicholas Gomez - Chairman
Camille Chatoor
Danielle Chow

COMPANY SECRETARY:

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REGISTRAR AND TRANSFER OFFICE:

Trinidad & Tobago Central Depository
10th Floor, Nicholas Towers
63-65 Independence Square
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Telephone: (868) 625-5107

AUDITORS:

KPMG
Savannah East
11 Queen's Park East
Port-of-Spain

BANKERS:

Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain

RBC Royal Bank (Trinidad & Tobago) Limited
31 Eastern Main Road
San Juan

ATTORNEYS:

J.D. Sellier & Company
129-131 Abercromby Street
Port of Spain

Our Strategy

A belief that sustainable business drives superior performance lies at the heart of our strategy to create long-term value for our stakeholders.

Improve people's health,confidence & well-being
With brands that combine superior experiences, bold innovation and a strong sustainable living purpose

Improve the health of the planet
With brands that regenerate nature, fight climate change, and conserve resources for future generations

Contribute to a fairer and more socially inclusive world
With brands that champion human rights, stand up for equality and distribute value fairly

Deliver long-term, superior value
By reshaping our portfolio, and being a fast, low cost and fully digitised company

Serve people everywhere
Through data-driven relationships and channel availability

Use our scale for good
By building trust through transparency and new purpose-led business models

Create capability through lifelong learning
By inspiring and enabling people to never stop growing and take charge of their well-being

Unlock capacity for growth
By being truly agile, always simplifying and leading for an inclusive future of work

Deepen our culture of pioneering
By driving performance through leadership and innovation in all we do

Underpinned by our values

Integrity
We do the right thing in every decision we make, supporting Unilever Caribbean Limited's long-term success.

Respect
We treat people with dignity, honesty and fairness, and celebrate the diversity of people.

Responsibility
We take care of the people we serve and the world in which we operate.

Pioneering
We have a passion for leading our industry, winning in the market, and intelligent risk-taking.

For the benefit of our stakeholders

Consumers | Our people | Society | Planet | Customers | Shareholders

Our Value Creation Model

Our business model describes how we operate to create sustained value for our stakeholders.

What we depend on...

Relationships

Purposeful people

Our 150,000 talented people give their skills and time in Unilever offices, factories, R&D laboratories and tea plantations all over the world – increasingly working in more flexible and agile ways.

Trusted suppliers

More than 60,000 supply chain partners in 162 countries source materials and ingredients and provide critical services for us.

Committed partners

Our relationships with governments, customers, NGOs and other organisations around the world help us to increase our impact beyond what we could achieve on our own.

Resources

Raw materials

We use thousands of tonnes of agricultural raw materials, packaging materials and chemicals for our products.

Financial resources

Cash, equity and debt from our financial stakeholders allow us to invest for the long term.

Intangible assets

The strength of our culture and 400+ brands, as well as our R&D capabilities and intellectual property such as patents and trade marks, set us apart.

Tangible assets

We have more than 300 factories, 350 logistics warehouses, 400 offices, and a delivery fleet in over 190 countries.

What we do...

1. Consumer insights

We track changing consumer sentiment through our 30 People Data Centres around the world, combining social listening with traditional consumer research

2. Innovation

Our marketing and R&D teams use these insights plus the best ideas and thinking from specialists outside Unilever to develop our brands and products. We spend €900 million a year on R&D.

3. Sourcing

We spend €34 billion each year on materials, goods and services with our supply chain partners to create our brands.

4. Manufacturing

Our 300+ factories in 69 countries turn raw materials into nearly 19 million tonnes of products every year.

8. Consumer use

We provide around 150 billion products every year to meet the needs of consumers all over the world.

7. Sales

We use many channels to make our brands available to consumers in 190 countries wherever and whenever they shop – whether this is at large supermarkets, online or in small stores.

6. Marketing

We're the second largest advertiser in the world based on media spend. We create an increasing amount of tailored digital content ourselves to connect with consumers and make it easy to choose a Unilever brand.

5. Logistics

A global network of around 400 distribution centres delivers our products to over 25 million customers.

The value we create for...

Consumers

2.5 billion people use our products every day to feel good, look good and get more out of life.

3 GOOD HEALTH AND WELL-BEING

Our people

We aim to reward people fairly for the work they do, and help them find their personal purpose so they become the best they can be at Unilever.

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Society

We're helping hundreds of millions of people improve their health and wellbeing, and are enhancing livelihoods in the communities where we make and sell our products.

1 NO POVERTY

2 ZERO HUNGER

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

10 REDUCED INEQUALITIES

Planet

We're working with others to make the big changes needed to tackle issues like climate change and plastic waste, while cutting the environmental footprint of our own products as we grow our business.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

Customers

We partner with large and small retailers around the world to grow our business and theirs through selling our brands.

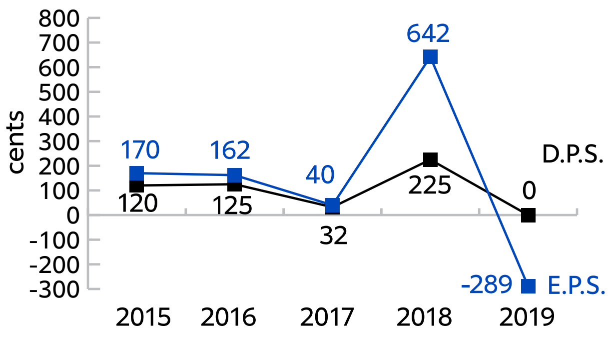
8 DECENT WORK AND ECONOMIC GROWTH

Shareholders

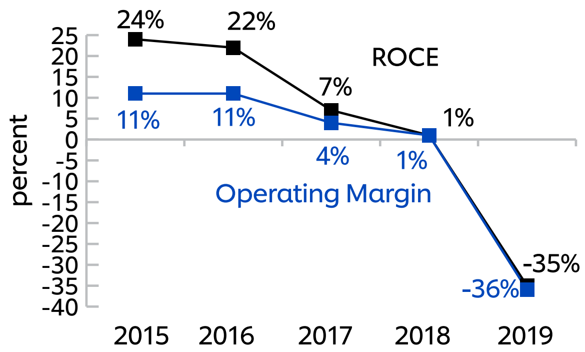
We aim to deliver competitive, profitable and responsible growth, helping us to achieve top third total shareholder return in our industry.

Five-Year Financial Review

(Loss)/Earnings & Dividends Per Share (cents)



Operating Margin & Return on Capital Employed (Percent)



	2019	2018	2017	2016	2015
OPERATING PERFORMANCE					
Turnover (TT$000)	284,548	317,815	464,042	566,302	548,584
(Loss)/earnings before interest and tax (TT$000)	(103,280)	4,534	19,515	61,618	60,163
(Loss)/profit before taxation (TT$000)	(99,065)	7,847	19,163	61,329	59,893
Taxation (TT$000)	23,548	(1,490)	(8,693)	(18,839)	(15,332)
(Loss)/profit after taxation from continuing operations (TT$000)	(75,517)	6,357	10,470	42,490	44,561
(Loss)/profit from discontinued operations, net of tax (TT$000)	(418)	162,167	-	-	-
(Loss)/profit for the year (TT$000)	(75,935)	168,524	10,470	42,490	44,561
Return on Stockholders' Equity	-29.2%	45.3%	4.5%	18.0%	21.0%
Return on Capital Employed	-34.7%	1.0%	6.6%	21.5%	23.6%
Operating (loss)/margin	-36.3%	1.4%	4.2%	10.9%	11.0%
LIQUIDITY INDICATORS					
Current Ratio	1.8	2.8	1.4	1.7	1.7
Net Current Assets (TT$000)	124,594	239,014	65,383	109,107	121,912
CAPITAL STRUCTURE AND LONG-TERM SOLVENCY RATIOS					
Stated Capital (TT$000)	26,244	26,244	26,244	26,244	26,244
Capital Reserves (TT$000)	35,643	35,643	35,643	35,643	35,284
Dividends (TT$000)	-	59,049	8,398	32,805	31,493
Special Dividends (TT$000)	-	-	11,547	-	-
Retained Earnings (TT$000)	198,346	309,722	172,433	173,865	150,445
Total Stockholders' Funds (TT$000)	260,233	371,609	234,320	235,752	211,973
Total Liabilities (TT$000)	202,146	193,834	210,570	214,316	218,806
Capital Employed (TT$000)	297,291	432,951	296,096	285,964	255,256
(LOSS)/EARNINGS AND DIVIDENDS					
(Loss)/earnings per share (TT¢)	(289)	642	40	162	170
DPS (TT¢)	-	225	32	125	120
Special dividend (TT¢)	-	-	44	-	-
MARKET INDICATORS					
Price (loss)/earnings ratio	(7.96)	3.58	72.50	36.94	40.18
Dividend cover	0.00	2.85	1.25	1.30	1.42
Dividend yield (%)	0.00	9.79	1.10	2.09	1.76
Share price at 31 December (TT$)	23.00	22.99	29.00	59.84	68.30
Net asset value per share unit	9.92	14.16	8.93	8.98	8.08

Financial Highlights

TURNOVER (DECREASE %)	OPERATING (LOSS)/ PROFIT AS % OF TURNOVER
(10.5)%	(36.3)%
2018: (31.5)%	2018: 1.4%

(LOSS) BEFORE TAX (INCREASE %)	(LOSS)/EARNINGS PER SHARE
(1,362.5)%	TT$(2.89)
2018: (59.1)%	2018: TT$6.42

TOTAL SHAREHOLDERS' RETURN	RETURN ON CAPITAL EMPLOYED
0.0%	(34.7)%
2018: (13)%	2018: 1%

Chairman's Statement

OVERVIEW

In 2019, the Company responded within a difficult environment and sought to ready itself to deal with the times ahead. Weak economic activity, increasing unemployment and contracting consumer demand characterised the trading environment which impacted Unilever Caribbean Limited (UCL) business in the Domestic and several key overseas markets.

Revenue was TT$284.5m, a decline of 10.5% versus prior year (2018: TT$317.8m). Challenges to growth were faced in key Categories in both the Domestic and overseas Markets.

Selling, Distribution and Administrative expenses were held broadly in line with prior year, resulting in an Operating Profit of TT$464,000.

The Company completed a review of its business model which would put it on a path to a sustainable and profitable operation with the outcome being a partial restructuring of the business. It will now source its Homecare portfolio from global affiliates that are more cost-effective and can supply the portfolio with the innovation required to drive growth.

In making the required changes to the business model, significant restructuring expenses of TT$103.7m were incurred, resulting in an Operating Loss After Restructuring of $103.3m and with an overall Loss for the Period of TT$75.9m. The remeasurement of the defined benefits in relation to the company Pension Plan created a net positive impact of TT$21.7m, resulting in a Total Comprehensive Loss of TT$54.3m for the year.

RETURNS TO SHAREHOLDERS

Given the 2019 Financial results and the continued uncertainty under extraordinary circumstances created by Covid-19 and considering the current financial and economic conditions, the Company will require a strong balance sheet to cover its cash flow needs, and short and midterm capital to face the uncertainty created by these extraordinary circumstances, the Board of Directors has decided that no Dividends will be paid for the year ended 2019 (2018 Total Dividend: TT$2.25), with a Loss Per Share at TT$2.89.

GLOBALLY

UCL is part of the Unilever Group, which provides strategic guidance, technology and training to the local operations. Globally, the group is focused on the Beauty and Personal Care, Foods and Refreshment and Home Care Categories, and UCL is strategically moving to better align. We have been able to leverage this global network to access cost-efficient sourcing of our entire portfolio to position the company to be much more competitive.

LOOKING AHEAD

Covid-19 has caused further uncertainty in a fragile economic context in all the markets we operate, however the Company will focus on delivering growth, leveraging the improved profitability of Home Care, increasing consumer communication, driving Beauty and Personal Care through innovation, and a focus on the Health and Beauty Channel and Refreshment through increased Trade activation. The low-price segment will also be better served through targeted innovation, more relevant communication and expanded distribution.

BOARD COMPOSITION AND SUCCESSION

I am pleased to welcome Ms. Camille Chatoor and Mrs. Danielle Chow who joined our Board as Non-Executive Directors in July and October 2019, respectively. Camille has over 20 years' experience with leading FMCG brands, holding senior Commercial and General Management roles. Danielle has 20 years' experience in legal and external affairs with a publicly listed leading manufacturing multinational, 15 years of which she served as a Director.

In 2019 Mrs. Roxane De Freitas retired from the Board. I would like to thank her for the valued and outstanding contribution over 30 years. Roxane joined UCL in 1989 and held several senior positions, including South Caribbean Sales and Operations Director in 1999 and Managing Director in 2005. Roxane's career took her to Puerto Rico where she was appointed Regional Marketing Director and Regional Export Director. In 2017 she retired as an Executive and continued to serve as a Non-Executive Director until 31st May, 2019. On behalf of the Board and Company, we would like to thank Roxane for her contribution and leadership over the many years with UCL. We wish her all the best and are proud to have shared the UCL story with her over three decades.

ACKNOWLEDGEMENT

Of significant importance is our partnership with our employees whose meaningful and confident contributions have been essential to the business in this challenging year . On behalf of the Board of Directors, I wish to express our gratitude to them as well as to the leadership team.

We also wish to recognise shareholders as vital stakeholders and thank them for their loyalty and support in these times.

The underlying business of this Company continues to perform and I am convinced that moving forward and as a collective group, we can continue to grow and evolve this business in the future.

Nuria

Nuria Hernández Crespo
Chairman

Board of Directors

Nuria Hernández Crespo
Chairman

Nuria Hernández Crespo has been the Chairman of the Board of Directors since 2018.

She is a chemist and marketing professional and a respected senior business leader in the Unilever Group which is reflected in her current appointment as the Chief Executive Officer of Unilever Chile SCC Ltda.

Ms Hernández Crespo has over 22 years of experience in Unilever having joined its operations in Spain in 1997. She has worked in the areas of Research and Development, Foods Solutions, and has held the roles of Marketing Foods Director,Customer Development Director and Vice President of Marketing. She was promoted to Vice President of Beverages responsible for the category strategy for the European continent and therafter as CEO for Unilever's interests in 19 Caribbean markets, where she was responsible for the region's strategic direction and implementation.

She holds a degree in Chemistry from the University of Barcelona, Spain, a Masters in Foods Industry Chemistry from IQS-University Ramon Llul, Spain, and a Masters in Advanced Marketing Management from University Pompeu Fabra, Spain.

Nicholas Gomez
Non-Executive Director

Nicholas Gomez is a member of the Board and the Chairman of the Audit Committee. He is currently the Executive Chairman of Gravitas Business Solutions Limited.

Mr. Gomez has over 30 years of public accounting experience having worked at one of the world's leading auditing firms (Ernst and Young) serving a diversified portfolio of clients in the financial services sector, consumer and industrial products, retail and distribution, public companies, multi- nationals and other large regional and domestic clients. He has served as EY's Country Managing Partner locally and a leader of EY's Regional Assurance operations.

He sits on various Boards in the insurance, financial and manufacturing sectors and with a conglomerate locally and in the Caribbean.

Nicholas is a Fellow of the Association of Chartered Certified Accountants (FCCA) of the UK and a Member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).

John De Silva
Managing Director

Mr. De Silva was appointed Managing Director in November 2017 and has over 20 years experience within multinationals in General Management, Supply Chain, Operations and Finance, having worked in Trinidad and Tobago, Jamaica, Switzerland, The Dominican Republic and Mexico.

He has held senior executive positions in a global Food, Beverage and Nutrition Multinational, including Director of its Jamaican subsidiary, Caribbean Business General Manager and Supply Chain and Operations Manager for Latin America.

John is a Fellow of the Association of Chartered Certified Accountants of the UK and an alumnus of IMD Business School, Switzerland. He is also a past Director of the Trinidad and Tobago Manufacturers' Association.

Camille Chatoor
Non-Executive Director

Camille Chatoor was appointed to the Board of Directors and the Company's Audit Committee in 2019.

She has held various leadership positions as a Brand Manager, Trade Marketing Manager, CARICOM District Manager, Sales and Marketing Director and now General Manager. She has also operated within the Unilever Caribbean marketing function.

She is a seasoned professional able to deliver successfully on the financial and operational goals and objectives for her current employer Caribbean Bottlers T&T Ltd and past organisations.

Mrs. Chatoor graduated from Howard University in 1991, Magna Cum Laude, with a B.A. in Business Administration with a concentration in Marketing.

Danielle Chow
Non-Executive Director

Danielle Chow was appointed to the Board of Directors and the Company's Audit Committee in 2019.

She is an attorney at law, who has operated at a strategic level in various functions in the private sector over the last 30 years, largely in a multinational environment in the fast moving consumer goods (FMCG) industry as well as in the financial sector. She has managed in local and Caribbean markets and has led functions primarily relating to legal, corporate affairs and stakeholder management. She has operated both as a Company Secretary and a Director of a local publicly listed FMCG company. She currently serves as a Commissioner at the Trinidad and Tobago Elections and Boundaries Commission.

She holds a Bachelor of Laws from The University of the West Indies and a Legal Education Certificate from the Hugh Wooding Law School and is a member of the Caribbean Corporate Governance Institute.

Alejandro Graterol
Executive Director

Alejandro Graterol was appointed to the Board of Directors in 2017.

He has over 19 years experience in the fast manufacturing consumer goods (FMCG) industry.

Alejandro has over 16 years in international experience in several areas of Supply Chain from Manufacturing to Go-to-Market. He joined Unilever in 2013 as Logistics and Distribution Director in Mexico and 2 years later he assumed the role of North Latin America Logistics Director in Panama . In 2017 he moved to Dominican Republic to assume the role of End-to-End Supply Chain Director for the Greater Caribbean.

He holds a degree in Mechanical Engineering and MBA from Universidad Simón Bolívar in Caracas, Venezuela.

Nanda Persad
Executive Director

Nanda Persad is a member of the Board and is currently the company's Finance Director.

Ms Persad has operated as a senior Level Executive responsible for building efficient financial operations across domestic, regional and international locations whilst seamlessly directing all accounting and finance functions. She has extensive finance, administration, accounting, internal audit experience including with mergers and acquisition, in diverse industries including oil and gas, food and beverages; distribution and pest control and hygiene.

She is a Fellow of the Association of Chartered Certified Accountants (FCCA) of the UK and a Member of the Institute of Internal Auditors.

Jorge Enrique Rodriguez
Executive Director

Jorge Enrique Rodriguez is a member of the Board and is currently the Customer Development Director, Unilever Mexico, S.A. He is an accountant and financial professional .

He has worked in the Unilever Group for 12 years. He has operated as Brand Building Finance Manager, Foods Solutions Finance Manager for North Latin America, Corporate Chief Accountant Mexico, Greater Caribbean Financial Controller, National Finance Manager Puerto Rico and Director of Financial Controlling Unilever Mexico.

He holds a B.A. in Finance from the Universidad del Valle de Mexico, having graduated with honors.

KEY AREAS OF EXPERIENCE OF DIRECTORS

	Nuria Hernández Crespo	Nicholas Gomez	John De Silva	Camille Chatoor	Danielle Chow	Alejandro Graterol	Nanda Persad	Jorge Enrique Rodriguez
Demonstrated Leadership	x	x	x	x	x	x	x	x
Strategic Marketing	x		x	x				
General Management	x	x	x	x	x			
International Business	x	x	x	x	x	x		x
Local Market Knowledge		x	x	x	x		x	
Marketing/Sales FMCG	x		x	x		x		
Accounting/Audit Expertise	x	x	x				x	x
Corporate Governance		x			x			
Industrial Relations						x		
Business Risk Management	x	x	x		x	x	x	x
Distribution Knowledge	x	x	x	x		x	x	x
Caribbean Market Expertise	x	x	x	x	x	x	x	x
Human Relations/Comp/ Succession	x	x	x	x	x	x		x

BOARD ATTENDANCE

	Nuria Hernández Crespo	Nicholas Gomez	John De Silva	Camille Chatoor	Danielle Chow	Alejandro Graterol	Nanda Persad	Jorge Enrique Rodriguez
Age	47	55	46	50	61	44	48	38
Gender	Female	Male	Male	Female	Female	Male	Female	Male
Nationality	Spaniard	Trinidadian	Trinidadian	Trinidadian	Trinidadian	Venezuelan	Trinidadian	Mexican
Appointment date	May 2018	May 2018	November 2017	July 2019	October 2019	November 2017	November 2017	October 2018
Committee membership	Board (Chairman)	Board, Audit Committee (AC Chairman)	Board	Board, Audit Committee	Board, Audit Committee	Board	Board	Board
Independence Disclosure	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director	Non-Executive Director	Executive Director	Executive Director	Executive Director
Attendance at planned Board Meetings	8/8	8/8	8/8	4/4*	3/3*	8/8	8/8	8/8

* attendance based on appointment date

Governance Report

CORPORATE GOVERNANCE

UNILEVER'S STRUCTURE

Unilever Caribbean Limited (UCL) is a public limited liability company which is listed on the Trinidad and Tobago Stock Exchange and registered in compliance with the Companies Act, 1995 as Company No. U464 (C). It is a subsidiary of Unilever Overseas Holdings AG, which is a wholly owned subsidiary of Unilever plc and its principal business activities are the manufacture and sale of Home Care, Personal Care and Foods and Refreshment products. The Company began operations in Trinidad and Tobago in 1929 and was previously known as Lever Brothers West Indies Limited until the name was changed by Special Resolution at a General meeting of the Company in October 2004.

UCL's purpose is to make sustainable living commonplace. We want to help create a world where everyone can live well within the natural limits of the planet and so we put sustainable living at the heart of everything we do, including our brands and products, our standards of behaviour and our partnerships which drive transformational change across our value chain. All of Unilever's brands are on a journey to becoming purposeful. We believe our purpose and vision are the best way to deliver long term sustainable growth for the benefit of all stakeholders.

BOARD OF DIRECTORS

The Board of Directors of UCL has ultimate responsibility for the management, general affairs, direction, performance and long-term success of our business as a whole. The responsibility of the Directors is collective, taking into account their respective roles as Executive Directors and Non-Executive Directors. The balance of Non-Executive-to-Executive Directors ensures that the Board is able to exercise independent judgement with sufficient management information to enable proper and objective assessment of issues. The Board is not aware of any relationships or circumstances affecting the Directors' independent judgement. Directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board is diversified by nationality and gender and represents a strong team with a broad range of professional backgrounds and styles. A list of current Directors, their roles on the Boards, their dates of appointment, tenure and their other major appointments is set out below. In accordance with shareholder approval at an Annual Meeting, Directors are provided with fees inclusive of an attendance fee for meetings. Executive Directors and Directors who are employees of the Unilever Group or any of its affiliates are not paid fees. All fees are approved by the shareholders.

The Board has delegated the management and operation of UCL to the Managing Director and the Country Leadership Team with the exception of the following matters which are reserved to the Board.: structural and constitutional matters, corporate governance, approval of dividends, approval of overall strategy, and approval of significant transactions or arrangements in relation to mergers, acquisitions, joint ventures and pensions, subject to specific monetary thresholds in accordance with Unilever Table of Authorizations.

The Managing Director can delegate any of his powers and he does so to the members of his Leadership Team and other professionals and experts. They report to the Managing Director and he supervises and determines their roles, activities and responsibilities. While the Leadership members (other than the Managing Director and the Finance Director) are not part of the Board's decision-making process, to provide the Boards with deeper insights, Leadership members may attend those parts of the Board meetings that relate to the operational running of the Company. The Leadership currently consists of the Managing Director, Finance Director, National Sales Manager, Territories Sales Manager, Legal Counsel, Supply Leader and Supply Chain Manager. The details of this Leadership team are provided below.

BOARD COMMITTEES

The Board has established an Audit Committee which provides oversight of the integrity of UCL's financial statements, risk management and internal control arrangements, legal and regulatory requirements, internal and external auditors' performances and which reports its findings to the Board of Directors. The Committee gives due considerations to all relevant laws, regulations, governance codes, listing and other applicable rules as appropriate.

The Committee comprises three (3) independent Non-Executive Directors which is chaired by one of the Non-Executive Directors, who is a financial expert consistent with the Company's Bye-laws. The Chairman of the Committee attends the Shareholder Meetings and is available to answer questions referred to him by the Chairman of the Board.

The Audit Committee Report for 2019 can be found on page 13.

BOARD EFFECTIVENESS

BOARD MEETINGS

A minimum of four face-to-face meetings are planned throughout the calendar year to consider important corporate events and actions. Other adhoc Board meetings are convened to discuss strategic, transactional and governance matters that arise. In 2019 the Board met physically on March 15th, May 28th, October 24th and November 29th. The Chairman sets the Board's agenda, ensures the Directors receive accurate, timely and clear information, and promotes effective relationships and open communication between the Executive and Non-Executive Directors.

ATTENDANCE

The table showing the attendance of current Directors at Board meetings in 2019 can be found on page 10. If Directors are unable to attend a Board meeting they have the opportunity beforehand to discuss any agenda items with the Chairman.

INDEPENDENCE AND CONFLICTS

The Board ensures that there are effective procedures in place to avoid conflicts of interest by Board members in accordance with Unilever's Business Integrity Code. A Director may not vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any situation in which he/she has a conflict.

OUR SHARES

SHARE CAPITAL

UCL's issued and fully paid share capital on 31 December 2019 was 26,243,832 ordinary shares with a market capitalisation of TT$603,608,136.00.

LISTINGS

UCL has ordinary shares listed on the Trinidad and Tobago Stock Exchange.

VOTING RIGHTS

UCL shareholders, proxy holder or individual authorised to represent a shareholder who is not present in person shall have one vote on a show of hands. Upon a ballot, each shall, subject to the articles, have one vote for every share held by the Shareholder.

The Board is committed to facilitating the ownership rights of all shareholders including minority shareholders.

SHAREHOLDERS' MEETING

The Company's Annual Meeting is convened each year. At this meeting the Chairman gives her thoughts on governance aspects of the preceding year and the Managing Director gives a detailed review of the performance of UCL over the last year. Shareholders are encouraged to attend this meeting. Provision is made at Annual Meetings for shareholders to have the opportunity to engage with the Directors and Management.

The appointment of external auditors is considered at this meeting. External auditors are welcomed to and are entitled to address the meeting.

CORPORATE GOVERNANCE COMPLIANCE

One of the key objectives of the Board has always been to establish and drive clear and transparent systems of corporate governance which meet regulatory requirements and best practice. We conduct our operations in accordance with accepted principles of good governance based on international Unilever's policies and principles and, therefore, have sought to:

- Establish a framework for effective governance aligned with Unilever's Corporate Governance.
- Strengthen the composition and performance of the Board and the Audit Committee
- Reinforce loyalty and independence
- Foster accountability
- Strengthen relationship with shareholders

The Company also has policies and principles in place that set the standard for the way it does business and all of its employees are required to comply with these. Our Business Integrity Code set out the standards required from all our people, inclusive of Directors. The Code Policies cover a number of areas, including anti-bribery and corruption, respect, dignity and fair treatment of people, personal data and privacy, and Engaging Externally. Together, the Code and Code Policies help us put our values of Integrity, Respect, Responsibility and Pioneering into practice.

We recognise that improving corporate governance is a continuous process and Directors remain committed to ensuring that our governance processes and culture continue to reflect the standards that are expected by society.

Report of the Audit Committee

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS			FORMER MEMBERS	
Nicholas Gomez	**Camille Chatoor**	**Danielle Chow**	**John De Silva**	**Roxane De Freitas**
Chairman				
Appointed: 24th May, 2018	Appointed: 10th July, 2019	Appointed: 24th October, 2019	Resigned: 24th October, 2019	Resigned: 31st May, 2019
9/9 *	3/3 *	1/1 *	8/8 *	6/6*

* Meeting attendance based on appointment/resignation date and is expressed as the number of meetings attended out of the number eligible to be attended.

If Directors are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the Committee Chair.

HIGHLIGHTS OF 2019

- Annual Report and Accounts
- Accounting for restructuring provisions and disclosures
- Impairment considerations, provisions and disclosures
- Accounting for Employee Benefits
- IFRS 9' Financial Instruments', IFRS 15' Revenue from Contracts with Customers' and IFRS 16' Leases'
- Tax regulations, provisions and disclosures
- Composition of Audit Committee
- Review of Terms of Reference of Audit Committee

PRIORITIES FOR 2020

- Focus areas of the internal audit function including:
  - Restructuring expenditure
  - Related party transactions
  - Distribution arrangements
  - Third Party Logistics
- Retirement and disposal of assets
- Activities related to legal, regulatory and compliance matters
- Arrangements relating to the Spreads business
- Elements of the new business model including the impact of scarcity of foreign exchange in the domestic economy
- New mandates introduced with reviewed Terms of Reference of Committee

MEMBERSHIP OF THE COMMITTEE

The Audit Committee membership is elected annually and comprises only of independent Directors, the majority of whom are not officers or employees of the Company or any of its affiliates. The Committee is chaired by Nicholas Gomez and the other members are Camille Richards Chatoor and Danielle Chow. The Board has satisfied itself that the current members of the Audit Committee are competent in financial matters and have recent and relevant experience with the Chairman having also been identified as a financial expert. Members are all independent from management and are committed to high ethical standards and responsible decision-making.

Other attendees at Committee meetings (or part thereof) included the Finance Director, Internal Auditor, the External Auditor (KPMG) and any other party deemed necessary by the Members.

Throughout the year the Committee members periodically met without others present and also held separate private sessions with the Finance Director, Internal Auditor and the External Auditors, allowing the Committee to discuss any issues in more detail.

Mrs. Roxane De Freitas and Mr. John De Silva resigned from the Committee in 2019 and we take the opportunity to thank them for their valuable contributions.

ROLE OF THE COMMITTEE

The role and responsibilities of the Audit Committee are set out in written terms of reference which are reviewed annually by the Committee, taking into account relevant legislation and recommended good practice. The Committee's responsibilities include, but are not limited to the following matters, and for which relevant issues are brought to the attention of the Board:

- oversight of the integrity of Unilever Caribbean Limited's (UCL) financial statements
- review of UCL's quarterly and annual financial statements (including clarity and completeness of disclosure) and recommendation for approval

- oversight of risk management and internal control arrangements
- oversight of compliance with legal and regulatory requirements
- oversight of the external auditors' performance, objectivity, qualifications and independence
- the performance of the internal audit function
- provision of opinion and advice on matters relating to the financial position and risk management functions of the Company and its affiliates as requested by the Board

HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES

During the year, the Committee's principal activities were as follows:

FINANCIAL STATEMENTS

The Committee reviewed, prior to publication, the quarterly financial press releases together with the associated internal quarterly reports and the half year report from the Finance Director and the Managing Director and with respect to the full-year results, the external auditors' report. It also reviewed this Annual Report and Accounts for 2019. These reviews incorporated the review of accounting policies and significant judgements and estimates underpinning the financial statements as disclosed within Note 3 on page 35 to 36. Particular attention was paid to the following significant issues in relation to the financial statements:

- Revenue recognition – refer to Notes 4(o) and 17 on pages 44 and 67
- Impairment considerations, provisions and disclosures of the Powders product line - refer to Note 8 and 11 on pages 52 to 53 and 63
- Restructuring considerations, provisions and disclosures - refer to note 18 on Pages 67 and 68
- Employee benefits – refer to note 9 on pages 54 to 62
- Expected credit losses on Trade Receivables- refer to Note 12 on Page 64

The external auditors have agreed the list of significant issues discussed with the Audit Committee. In addition to these risks KPMG, as required by auditing standards, also consider the risk of management override of controls. Nothing has come to either our attention or the attention of KPMG to suggest any material suspected or actual fraud relating to management override of controls.

For each of the above areas the Committee considered the key facts and judgements outlined by management. Members of management attended the section of the meeting of the Committee where their item was discussed to answer any questions or challenges posed by the Committee. The issues were also discussed with the external auditors and further information can be found on pages 35 to 36. The Committee was satisfied that there are relevant accounting policies in place in relation to these significant issues and management have correctly applied these policies.

At the request of the Board, the Committee also considered whether the Unilever Caribbean Limited Annual Report and Accounts 2019 was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Committee was satisfied that, taken as a whole, the Unilever Caribbean Limited Annual Report and Accounts 2019 is fair, balanced and understandable.

RISK MANAGEMENT AND INTERNAL CONTROL ARRANGEMENTS

The Committee reviewed Unilever Caribbean Limited's overall approach to risk management and control, and its processes, outcomes and disclosure. It reviewed:

- the Finance Manager's Quarterly Risk and Control Status Report.
- the 2019 corporate risks for which the Audit Committee had oversight and the proposed 2020 corporate risks identified by Unilever Caribbean Limited.

In addition, the Committee reviewed the annual financial plan and Unilever Caribbean Limited's dividend proposal.

In fulfilling its oversight responsibilities in relation to risk management, internal control and the financial statements, the Committee met regularly with senior members of management and is satisfied with the key judgements taken.

INTERNAL AUDIT FUNCTION

The Committee reviewed the Internal Audit Plan for the year and agreed its requirements. It reviewed interim and year-end summary reports and management's responses.

The Committee also considered the performance of the internal audit function and was satisfied with the effectiveness of the function. The Committee met with the Internal Auditor and discussed the results of the audits performed during the year.

AUDIT OF THE ANNUAL ACCOUNTS

KPMG, Unilever Caribbean Limited's external auditors and independent registered public accounting firm, reported in depth to the Committee on the scope and outcome of the annual audit. Their report included audit and accounting matters, governance and control and accounting developments.

The Committee held independent meetings with the external auditors during the year and reviewed, agreed, discussed and challenged their audit plan, including their assessment of the financial reporting risk profile of Unilever Caribbean Limited. The Committee discussed the views and conclusions of KPMG regarding management's treatment of significant transactions and areas of judgement during the year. The Committee considered these views and comments and is satisfied with the treatment in the financial statements.

EXTERNAL AUDITORS

KPMG has been Unilever Caribbean Limited's auditors since 2014 and shareholders approved their re-appointment as the Company's external auditors at the last Annual Meeting. On the recommendation of the Committee, the Directors will be proposing the re-appointment of KPMG at the Company's Annual Meeting in May 2020.

Both Unilever Caribbean Limited and KPMG have safeguards in place to avoid the possibility that the external auditors' objectivity and independence could be compromised, such as audit partner rotation and the restriction on non-audit services that the external auditors can perform as described below.

KPMG has issued a report to the Committee outlining the general procedures to safeguard independence and objectivity, disclosing the relationship with the Company and confirming their audit independence.

Each year, the Committee assesses the effectiveness of the external audit process which includes discussing feedback from the members of the Committee and stakeholders at all levels across Unilever Caribbean Limited.

The Committee also reviewed the statutory audit and audit related services provided by KPMG in compliance with Unilever Caribbean Limited's approved approach. The Company prohibits certain types of engagement by the external auditors, which include bookkeeping and similar services, internal audit, valuation, actuarial and legal services and confirms that no non audit work has been undertaken by KPMG in 2019.

EVALUATION OF THE AUDIT COMMITTEE

The Chairman has concluded that notwithstanding the changes in membership throughout the year, the Committee has performed effectively and to his satisfaction. Nevertheless, the Committee has agreed that it would continue to develop its knowledge of the Company's operations, which would involve knowledge sessions and site visits, in order to regularly update and refresh its skills.

Nicholas Gomez
Chair of the Audit Committee

Camille Chatoor

Danielle Chow

Managing Director's Review

RESTRUCTURING

In December 2019 Unilever Caribbean Limited (UCL) restructured its Laundry Detergent and Hand Dishwash Soap Manufacturing and Warehousing divisions, as well as certain Head Office functions. This decision was necessary to ensure the long-term viability of the company's operations in Trinidad and Tobago and the international Territories we serve. The impact, which is reported in this year's Financial Statements are Impairment of Assets and Materials of $81.3m, Severance of TT$ 30.4m and other related expenses of TT$9.6m. These expenses, net of Pension gains, resulted in a one-off Restructuring charge of TT$103.7m.

This restructuring and strategic sourcing change marks yet another important step in the transformation of the UCL Business Model, following the Spreads divestment in 2018.

UCL will now source its Laundry Detergents (BREEZE and RADIANTE) and Hand Dishwash Soaps (QUIX) from affiliates, where the Company will benefit from significant cost savings due to scale, as well as access to a broader and more value-added portfolio. The improved profitability will fuel a substantial increase in marketing activities and communication to drive growth.

The past two years have seen the Company change from a manufacturing, Homecare and Spreads focused company, to an entity with a diversified portfolio, driving Homecare, Beauty and Personal Care and Foods and Refreshment Business.

MARKET COMMENTS

Total Revenue for the year declined 10.5% driven by declines in the Domestic and Overseas Markets.

The Domestic Market declined 9.5%, as the impact of challenging economic conditions continued to impact Consumer confidence and spending. The biggest decline was seen in the Distributive Trade Channel which covers specialised outlets as well as the price-sensitive Trade, nonetheless, there are new opportunities being created in this channel. The Modern Trade and General Trade Channels declined by mid-single digits.

The Overseas Business declined by 11.8%. During the year Go-to-Market strategies were enhanced in most markets, with a stronger emphasis being put on building distribution reach and in-store execution capabilities, in anticipation of the more profitable Homecare portfolio to be rolled out in 2020.

Margin Improvement has been a priority and UCL has made some solid progress.

SPREADS

UCL manufactured Spreads under a co-manufacturing agreement with Upfield Trinidad and Tobago Limited throughout 2019 and continues. In parallel, UCL as part of a transition agreement, August 31, 2019, saw Upfield Trinidad and Tobago Limited assuming control of the Marketing, Sales and Distribution of this part of the business.

OUR PEOPLE

UCL continues to attract top talent and several key Marketing, Sales, Human Resources and Finance positions were filled in 2019.

The Company's world-class training and development programs continue to be rolled-out bringing global expertise to bear on our local operational strategies and execution.

I would like to thank the Unilever Caribbean team for their commitment and professionalism throughout a transformational 2019 in which we reshaped the business to deliver sustainable, profitable growth.

OUTLOOK

UCL has transformed into a pure commercial operation, focused on consumers and customers, while being supported by leaner, but stronger support functions. Sourcing changes will continue to deliver improved profitability. New formats targeted to the growing low-priced opportunities have been developed and new Distribution and in-store execution capabilities are being rolled out to accelerate the Company's turnaround and return to sustainable profitable growth.

John De Silva
Managing Director

Leadership Team

John De Silva
Managing Director

John De Silva was appointed Managing Director of Unilever Caribbean Limited in November 2017. He is responsible for the leading the senior management team which in 2019 was focused on a program of Strategic Transformation for the sustainability and profitability of the Company.

He has experience at senior leadership levels delivering sustainable, profitable growth and shareholder value through strategies focused on Consumers, Talent Development and Operational Excellence, within a framework of sound Corporate Governance. He has also operated in leadership positions in Supply Chain in the Caribbean and Operations for Latin America.

He is a Fellow of the Association of Chartered Accountants of the UK and an alumnus of IMD Business School, Switzerland.

David Mohan
Supply Leader

David Mohan has held the position of Supply Leader since 2018 and is responsible for Stores, Manufacturing, Quality, Engineering, Safety Health and Environment and Site Security. His major focus in 2019 included P&L responsibility and leading operational transformation in the manufacturing area. He is a member of the Country Leadership Team.

David is an engineer by profession and has held several senior positions with over 35 yrs experience in Local and Multinational organisations. He has worked in the FMCG Industry in Manufacturing and Distribution and the Energy Sector.

He graduated from the University of West Indies and holds a BSc. Degree in Industrial Engineering and an MSc. Degree in Production Engineering and Management.

Moonieram Maraj
Sales Manager – Territories

Moonieram Maraj is the Sales Manager responsible for development of commercial accounts in all lines of business in the Caribbean territories from St Maarten in the north and Guyana and Suriname in the south. He has an accounting background and since 2009 has held various positions across the company including Supply Chain Accountant and Management Accountant.

He has excelled in 2019 by significantly enhancing the profitability of the business he manages. Simultaneously, he positioned the various markets and categories on a growth trajectory by focusing on value creation throughout the value chain. His model leadership skills, has been an asset in rebuilding very strong customer relations, across all markets to aid in his success.

He holds a BSc (Hons) in Management and Finance from the University of the West Indies, St Augustine Trinidad and Tobago.

Jean-Marc Mouttet
National Sales Manager

Jean-Marc Mouttet is a newcomer who became the National Sales Manager in September 2019. He is responsible for National Sales, Customer Marketing and Merchandising. He continued to drive the restructuring of the Home Trade Sales and Customer Marketing programs to strengthen trade relationships and rejuvenate the commercial operations. He has held several leadership roles in multinational FMCG companies and regional conglomerates and has over 25 years' experience in General and Commercial Management having worked in Trinidad, Malta and the Dominican Republic with a wide commercial exposure to the Greater Caribbean.

He holds a B.Sc. Degree in Marketing from Barry University, Florida, United States of America.

Francisco Navarrete
Supply Chain Manager Go to Market

Francisco Navarrete has worked in the Supply Chain function in T&T over the last 4 years, playing a vital role in providing the best and most cost effective service in getting our goods to customers and consumers in a sustainable way.

He has been with the Unilever Group since 2012 as the IT Business Partner for Supply Chain but has over 10 years' experience working in Supply Chain Operations. He has been responsible for implementing substantial process changes in the Company including the Implementation of the financial process managment system, Systems Applications and Products (SAP), contributing with the business transformation of the Customer Service, Warehouse and Distribution and enhancing capabilities as in the Sales and Operation Planning (S&OP) processes.

He graduated from Tecnológico de Monterrey, Mexico with a degree in Industrial Engineering.

Nanda Persad
Finance Manager

Nanda Persad has been the Finance Manager since 2017 and is responsible for the financial health of the organisation. Her major task in 2019 included the Unilever Caribbean Limited transformation.

She is an accountant by profession and has held several leadership roles in multinational organisations.

She is a Fellow of ACCA, Chartered Accountant and a Member of Institute of Internal Auditors.

Arun Joshua Samuel
Marketing Manager – Home Care

Arun Joshua Samuel is the Marketing Manager. He is responsible for accelerating the portfolio transformation for our Home Care business to create a portfolio based on market trends and consumer insights whilst leading his team to deliver innovation and renovation projects to make the business fit for the future. In 2019 he was largely responsible for figuring out the right portfolio, pricing and promotion strategy for current Homecare TT business which was used as a critical input into figuring out the long term sourcing and viability of the business that existed in Homecare in TT.

Arun joined the Company in 2019 but has been with the Unilever Group since 2007. He began his career in the Brand Development Function working on Teas for the South Asia Region, moved on to the Sri-Lankan business where he managed the skin cleansing category as category lead and then in the Foods team as Brand Manager.

He has a Master's in Business Administration (MBA) from the Indian School of Business and has graduated in Mass Media-Advertising from the University of Mumbai, India.

Management Discussion and Analysis

OVERVIEW

Unilever Caribbean Limited is engaged in the Marketing and Sales of consumer goods in the Homecare, Beauty and Personal Care, and Foods and Refreshment categories.

The geographical markets covered by Unilever Caribbean Limited include Trinidad and Tobago and Territories in the Caribbean from St. Maarten in the North to Guyana and Suriname in the South. The Overseas Territories accounted for 42% of Revenue.

FINANCIAL REVIEW HIGHLIGHTS

Turnover declined by 10.5% from TT$ 317.8m to TT$ 284.5m.

Gross Margin was 37.0%, a significant increase of 320bps over the 33.8% for 2018. This also confirms steady improvement over the YTD Q3 2019 GM of 36.0%. The Company, without Spreads, is now generating a GM% above the GM% reported in the last full year in which Spreads was part of the portfolio, i.e., 35.8% reported for FY 2017.

One-off net charges of TT$103.7m were incurred in relation to the restructuring of the Manufacturing and Distribution operations. The Loss After Tax for the year was TT$ 75.9m.

On Continuing Operations, the Loss per Share was $2.88, (2018 Earnings per Share: $0.24) and the Loss Per Share on Discontinued Operations was $0.01, giving a total Loss Per Share of $2.89 for 2019.

Cash at Bank moved to TT$23.7m from TT$63.6m. Significant payments in 2019 included Retroactive Compensation (Backpay) of TT$7.9m and Profit-Sharing of $15.9m per obligations of the Collective Agreement.

Dividends paid during the financial year amounted to TT$56.9m. Net Cash generated by Operating activities was TT$29.3m for the year.

Net Asset Value per share is $9.92.

ECONOMIES AND MARKETS

Most key markets, local and overseas, faced strong economic headwinds and continuing difficult trading conditions throughout 2019. GDP was mostly flat or declined, with only Guyana delivering noteworthy growth.

A lack of consumer confidence accelerated the switch to lower priced options, in all channels.

BALANCE SHEET

Total Assets decreased from TT$ 565.4m to TT$ 462.4m, driven by Fixed Assets impairment and reductions in Due from Affiliates and Cash at Bank. Shareholders' Equity now stands at TT$260.2m compared to TT$371.6 in 2018 and Liabilities have increased from TT$193.8m in 2018 to TT$202.1m. The Company continues to have no interest-bearing Debt.

CATEGORY PERFORMANCE

HOME CARE

The Home Care business brands include BREEZE, RADIANTE, COMFORT, QUIX and CIF in the Laundry Detergent (Powdered and Liquid), Fabric Conditioning Dishwashing Liquids, General Purpose Cleaners and categories. Revenue in this Category declined 6.5%, as consumers' preferences shifted to lower priced offerings, with which the UCL manufacturing operations could not compete.

PERSONAL CARE

The major brands in the category include AXE, DEGREE, DOVE, LIFEBUOY, LUX, SUAVE, TRESEMME and VASELINE.

Revenue declined 7.5% driven by challenges in the Domestic Market, however the Skincare category delivered promising growth.

Territories were slightly ahead of 2019, with very strong growth in Deodorants and Haircare which are positioned well for continued growth.

FOODS AND REFRESHMENT

Major Foods brands in this Category include HELLMANN'S and MAIZENA. The Refreshments business comprises Teas (LIPTON and RED ROSE) and Ice Cream (MAGNUM, BEN AND JERRY'S, BREYERS).

Revenue declined by 20.4%, driven by a decline in Teas as the Trade and Consumers adjusted to a new product blend, format and pricing during H1-2019.

SUMMARY AND OUTLOOK

The new business model will allow a more cost competitive sourcing of the key Homecare Category, that will generate higher margins to fuel additional marketing investment to drive growth. Innovations in formulas and packaging are already in place for an aggressive Q1-2020 launch.

Distribution expansion enabled by additional capabilities and more affordable price points are being rolled out to ensure the low priced portfolio opportunities are captured.

The Company is confident that the transformational actions taken have aligned UCL to the market priorities and prepared it to face and overcome the coming challenges of 2020.

Directors' Report

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019	$'000
Revenue	284,548
Loss before taxation	(99,065)
Taxation credit	23,548
Loss after taxation - continuing operations	(75,517)
Loss from discontinued operations, net of tax	(418)
Other Comprehensive income	21,679
Total Comprehensive loss for the year	(54,256)
Dividends	
Final dividend for 2018	(56,949)
Loss retained for the year	(111,205)
Retained earning brought forward (Adjusted IFRS 9)	309,551
Retained earning carried forward	198,346

CHANGES TO THE BOARD

On 31st May, 2019, Mrs. Roxane De Freitas, Non-Executive Director, resigned from the Board.

On 10th July, 2019, Ms. Camille Chatoor was appointed to the Board as a Non-Executive Director.

On 1st October, 2019, Mrs. Danielle Chow was appointed to the Board as a Non-Executive Director.

ELECTION OF DIRECTORS

To elect Ms. Camille Chatoor as a Director in accordance with section 4.3.1 of Bye law No.1 of the Company for a term from her date of election until the close of the third Annual Meeting of the Company following her election or until retirement in accordance with section 4.4.1 of Bye law No. 1.

To elect Mrs. Danielle Chow as a Director in accordance with section 4.3.1 of Bye law No.1 of the Company for a term from her date of election until the close of the third Annual Meeting of the Company following her election or until retirement in accordance with section 4.4.1 of Bye law No. 1.

BOARD OF DIRECTORS FEES

Directors' fees for the financial year under review amounted in aggregate to TT$241,250.00. Directors receive no additional benefits, but are reimbursed reasonable and customary out-of-pocket expenses associated with their attendance at meetings, and the performance of their role as Directors.

Directors who are also Executives of UCL or its affiliates are not paid fees.

AUDITORS

The Auditors, KPMG, retire at the Ninety-First Annual Meeting, and being eligible, offer themselves for re-election.

Interests of Directors, Senior Officers and Connected Persons

In accordance with the requirements of our Listing Agreement with the Trinidad and Tobago Stock Exchange Limited ("the TTSE") and Rule 601 of the Rules of the TTSE, we record hereunder details of the beneficial interest of each Director and Senior Officer, together with their connected persons, in the share capital of the Company as at the end of the Company's financial year 31 December 2019.

DIRECTORS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
Nuria Hernández Crespo	0	0
Nicholas Gomez	0	0
John De Silva	0	0
Camille Chatoor	0	0
Danielle Chow	0	0
Alejandro Graterol	0	0
Nanda Persad	0	0
Jorge Enrique Rodriguez	0	0

SENIOR OFFICERS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
John De Silva	0	0
David Mohan	0	0
Jean-Marc Mouttet	0	0
Francisco Navarrete	0	0
Nanda Persad	0	0

Substantial Interest/Largest Shareholders

In accordance with the requirements of our Listing Agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below Shareholdings of those parties holding the 10 largest blocks of shares as at December 31, 2019.

	TOTAL SHARES HELD	HOLDING %
Unilever Overseas Holdings AG	13,123,194	50.00
RBC Trust Limited – All Accounts	3,960,148	15.09
T & T Unit Trust Corporation - All Accounts	1,294,384	4.93
Republic Bank Limited - All Accounts	869,625	3.31
Trintrust Limited	714,069	2.72
First Citizens Asset Management Ltd - All Accounts	701,095	2.67
National Insurance Board	511,038	1.95
British American Insurance Co (T'dad) Ltd	384,576	1.47
Tatil Life Assurance Limited - All Accounts	294,684	1.12
T. Geddes Grant Limited - All Accounts	230,746	0.88

SHAREHOLDING MIX AS AT DECEMBER 31, 2019			
Size of shareholding	**Number of shareholders**	**Total shares held**	**Holding %**
Up to 100	450	23,624	0.09
101 to 500	902	242,117	0.92
501 to 1,000	372	281,839	1.07
1,001 to 5,000	392	912,935	3.48
5,001 to 10,000	76	573,218	2.18
10,001 to 100,000	121	3,152,955	12.01
100,001 to 1,000,000	21	4,986,434	19.00
Over 1,000,000	3	16,070,710	61.24
TOTAL	2,337	26,243,832	100.00

On behalf of the Board,

John De Silva

Director

Nicholas Gomez

Director

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Unilever Caribbean Limited (the Company), which comprise the statement of financial position as at December 31, 2019, the statement of profit or loss, statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Company 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 Company's assets, detection/prevention of fraud and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these 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 Company will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

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

John De Silva, Managing Director

Date: April 7, 2020

Nanda Persad, Finance Director

Date: April 7, 2020

Independent Auditors' Report

TO THE SHAREHOLDERS OF UNILEVER CARIBBEAN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Unilever Caribbean Limited ("the Company"), which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Key Audit Matters

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

Timing of revenue recognition

Key audit matter	How our audit addressed the key audit matter
Refer to Note 4 (o) and Note 17 The Company's net sales comprises revenue from the sale of products, adjusted for discounts and product returns. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. Revenue may be inflated due to the pressure that the Company may feel to achieve performance targets at the reporting period end. The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the risks and rewards have been transferred.	Our audit procedures included the following: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition. • Testing a sample of revenue transactions occurring immediately before and after the year end. We inspected invoices and delivery notes to identify the date that risk and reward of ownership of the sold items was transferred to the customer to determine whether the sale was recorded in the appropriate period. • Inspecting a sample of credit notes issued after year end and assessing whether the underlying reason for the issue of the credit note required the reversal of a recorded sale. • Inspecting the underlying documentation supporting a targeted sample of manual journal entries entered in the revenue accounts in the general ledger, during the year and subsequent to the reporting date, to determine the rationale for these entries and that these have been recorded in the appropriate period.

Key Audit Matters (continued)

Measurement of expected credit losses on trade receivables

Key audit matter	How our audit addressed the key audit matter
Refer to Note 4 (f), 4(i), Note 6 and Note 12 Gross trade receivables amounted to $117.2 million (net - $108.2 million). The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required. The determination of Expected Credit Loss (ECL) is highly subjective and requires management to make significant judgements and assumptions.	Our audit procedures included the following: • Obtaining an understanding of the Company's credit control procedures and assessing the design, implementation and operating effectiveness of key internal controls over granting of credit to customers; • Testing a sample of the data used in the model to the underlying accounting records. • Evaluating the ECL model calculations, agreeing the data inputs and checking the mathematical accuracy of the calculations. • Comparing the Company's definition of default, as outlined in the accounting policy against the definition that Company uses for credit risk management. • Assessing whether the disclosures in the financial statements are adequate.

Recognition and measurement of restructuring provision

Key audit matter	How our audit addressed the key audit matter
Refer to Note 4 (n) and Note 18 As of December 31, 2019, the Company recorded restructuring provisions totalling $31 million and restructuring expenses totalling $127 million. Included in the restructuring expense is a benefit of $17.6 million arising from the curtailment of the pension plan. The assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures. Due to the level of judgement relating to recognition, valuation and presentation of provisions, this is considered to be a key audit matter	Our audit procedures included the following: • Considering the alternative outcomes of restructuring programs prepared by the Company and approved by the Board of Directors and the impact of the restructuring decision. • Comparing facts and circumstances outlined in management´s analysis to contracts and supporting documents. • Challenging the costs included in the restructuring program through making inquiries with management and reviewing underlying documentation. • Inspecting minutes of the meetings of the Board of Directors and its sub-committees to obtain details of the key decisions made and their view of the accounting impact. • Assessing the cash flow analysis prepared by management used as a basis of valuation of assets including challenging the residual value. • Assessing the recoverable amounts related to inventory impacted by the restructuring by testing a sample of subsequent sales and comparing to the recorded value. • Comparing a sample of the employee termination costs to payments made and consultant fees to invoices and contracts.

Key Audit Matters (continued)

Impairment testing of property, plant and equipment

Key audit matter	How our audit addressed the key audit matter
Refer to Notes 4 (c) and 9 to the financial statements. The outcome of the impairment testing performed by management is sensitive to the assumptions and estimates used in determining the fair value less cost to sell, such that changes in these assumptions/ estimates may result in different impairment test conclusions. We consider this a key audit matter because it involves significant and complex estimation and the application of a high level of judgment relative to key assumptions and subjective judgements by the Company regarding the fair value less cost to sell.	Our audit procedures included the following: • Assessing the cash flow analysis prepared by management used as a basis of valuation of assets including challenging the residual value. • Evaluating whether the impairment test was performed by management in accordance with the applicable accounting standard. • Considering the assumptions used in the Company's calculations and performing our own sensitivity analysis of a probable reduction in cash flows. • Assessing the appropriateness of the disclosures in the notes to the financial statements, with reference to applicable accounting standards.

Valuation of employee benefits obligation

Key audit matter	How our audit addressed the key audit matter
Refer to Notes 4(m) and Note 9. The Company operates defined benefit pension plans and postretirement medical benefit schemes. Significant assumptions are used in estimating the Company's obligation for these employee benefits. The estimation process poses a significant risk of misstatement, as small variances in the assumptions can have a significant financial impact on the Company's reported results. The key assumptions involved in calculating the obligation are the discount, inflation and salary increases. The Company appointed an external actuarial expert to guide the determination of the assumptions and compute the obligation. The use of significant assumptions increases the risk that the estimate can be materially misstated and required special audit consideration.	Our audit procedures included: • Evaluating the competency and objectivity of the appointed Actuary. • Assessing that the actuarial valuation was performed using the projected unit credit method as required under International Accounting Standard 19, Employee Benefits. • Engaging our own actuarial valuation specialist to assess the assumptions used and compare these to industry norms. • Performing reasonableness checks on the year-over-year change in defined benefit obligations and defined benefit cost, taking into account changes in assumptions and experience and the impact of the curtailment. • Checking that the accounting policy and disclosures were in accordance with the accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2019 Annual Report, but does not include the financial statements and our auditors' report thereon. The 2019 Annual Report is expected to be made available to us after the date of this auditors report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements

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

We communicate with 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Marissa Quashie.

KPMG

Chartered Accountants

Port of Spain

Trinidad and Tobago

April 7, 2020

Statement of Financial Position

December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	66,002	129,511
Retirement benefit asset	9	91,017	56,115
Deferred tax asset	10	15,678	8,311
		172,697	193,937
Current assets			
Inventories	11	45,000	40,994
Taxation recoverable		9,703	9,582
Trade and other receivables	12	108,211	87,436
Due from related companies	13	103,063	169,901
Cash at bank and in hand		23,705	63,593
		289,682	371,506
Total assets		462,379	565,443
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	14	26,244	26,244
Property revaluation surplus		35,643	35,643
Retained earnings		198,346	309,722
Total equity		260,233	371,609
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	9	10,777	26,666
Lease liabilities	5	364	-
Deferred tax liabilities	10	25,917	34,676
		37,058	61,342
Current liabilities			
Trade and other payables	15	81,006	80,450
Lease liabilities	5	9,872	-
Provisions for other liabilities	16	36,205	26,793
Due to parent and related companies	13	38,005	25,249
		165,088	132,492
Total liabilities		202,146	193,834
Total equity and liabilities		462,379	565,443

The notes on pages 35 to 76 are an integral part of these financial statements.

On April 7, 2020 the Board of Directors of Unilever Caribbean Limited authorised these financial statements for issue.

Director   Director

Statement of Profit or Loss

Year ended December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
Continuing operations			
Revenue	17	284,548	317,815
Cost of sales		(179,194)	(210,373)
Gross profit		105,354	107,442
Expenses			
Selling and distribution costs		(76,227)	(76,058)
Administrative expenses		(26,809)	(25,559)
Impairment loss on trade receivables	12	(1,235)	(1,291)
Loss on disposal of plant and equipment		(619)	-
		(104,890)	(102,908)
Operating profit		464	4,534
Restructuring cost	18	(103,744)	-
Operating (loss)/profit after restructuring costs		(103,280)	4,534
Finance income – net	19	419	2,008
Other income		3,796	1,305
(Loss)/profit before tax		(99,065)	7,847
Taxation credit/(expense)	20	23,548	(1,490)
(Loss)/profit from continuing operations		(75,517)	6,357
(Loss)/profit from discontinued operations, net of tax	29	(418)	162,167
(Loss)/profit for the year		(75,935)	168,524
(Loss)/earnings per share for profit attributable to the equity holders of the Company during the year			
Basic and diluted earnings per share			
• Continuing operations		($2.88)	$0.24
• Discontinued operations		($0.01)	$6.18
Total basic and diluted earnings per share	21	($2.89)	$6.42

The notes on pages 35 to 76 are an integral part of these financial statements.

Statement of Comprehensive Income/(Loss)

Year ended December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
(Loss)/profit for the year		(75,935)	168,524
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit asset/liability	9	30,970	(12,664)
Related tax	10	(9,291)	3,799
Other comprehensive income/(loss), net of tax		21,679	(8,865)
Total comprehensive (loss)/income		(54,256)	159,659
(Loss)/profit attributable to:			
Controlling interest		(37,971)	84,270
Non-controlling interest		(37,964)	84,254
		(75,935)	168,524
Total comprehensive (loss)/income attributable to:			
Controlling interest		(27,131)	79,837
Non-controlling interest		(27,125)	79,822
		(54,256)	159,659

The notes on pages 35 to 76 are an integral part of these financial statements.

Statement of Changes in Equity

December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

	Note	Stated Capital $'000	Property Revaluation Surplus $'000	Retained Earnings $'000	Total Equity $'000
Year ended December 31, 2018					
Balance at January 1, 2018		26,244	35,643	172,433	234,320
Adjustment on initial application of IFRS 9	12	-	-	(326)	(326)
Adjusted balance at January 1, 2018		26,244	35,643	172,107	233,994
Total comprehensive income					
Profit for the year		-	-	168,524	168,524
Other comprehensive loss		-	-	(8,865)	(8,865)
Total comprehensive income		-	-	159,659	159,659
Transaction with owners of the Company					
Dividends	22	-	-	(22,044)	(22,044)
Balance at December 31, 2018		26,244	35,643	309,722	371,609
Year ended December 31, 2019					
Balance at January 1, 2019		26,244	35,643	309,722	371,609
Adjustment on initial application of IFRS 16	5	-	-	(171)	(171)
Adjusted balance at January 1, 2019		26,244	35,643	309,551	371,438
Total comprehensive income					
Loss for the year		-	-	(75,935)	(75,935)
Other comprehensive income		-	-	21,679	21,679
Total comprehensive loss		-	-	(54,256)	(54,256)
Transaction with owners of the Company					
Dividends	22	-	-	(56,949)	(56,949)
Balance at December 31, 2019		26,244	35,643	198,346	260,233

The notes on pages 35 to 76 are an integral part of these financial statements.

Statement of Cash Flows

Year ended December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(75,935)	168,524
Adjustments for:			
Depreciation	8	17,812	8,474
Interest expense		990	-
Loss on disposal of and impairment losses on plant and equipment		68,354	-
Impairment change-inventories	18	13,755	-
Gain on disposal of spreads business		-	(169,478)
Net pension cost	9	(11,681)	5,126
Contributions paid	9	(8,140)	(6,198)
Interest income	19	(1,409)	(2,008)
Taxation (credit)/expense	20	(23,687)	5,616
Operating (loss)/profit before working capital changes		(19,941)	10,056
Changes in:			
- Inventories		(17,761)	8,785
- Trade and other receivables		(20,775)	23,419
- Due from related companies		66,838	(143,096)
- Trade and other payables		1,546	(5,917)
- Provisions for other liabilities		9,412	17,890
- Due to parent and related companies		12,756	(28,275)
Cash from/(used in) operating activities		32,075	(117,138)
Interest paid	19	(990)	-
Taxation paid		(1,794)	(4,064)
Net cash generated from/(used in) operating activities		29,291	(121,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,409	2,008
Purchase of plant and equipment	1	(2,134)	(6,623)
Proceeds from sale of spreads business		-	192,857
Net cash (used in)/generated from investing activities		(725)	188,242
CASH FLOWS FINANCING ACTIVITIES			
Dividends paid	22	(56,949)	(35,167)
Payment of lease liabilities		(11,505)	-
Net cash used in financing activities		(68,454)	(35,167)
(Decrease)/increase in cash and cash equivalents		(39,888)	31,873
Cash and cash equivalents at beginning of year		63,593	31,720
Cash and cash equivalents at end of year		23,705	63,593
Represented by:			
Cash at bank and in hand		23,705	63,593

The notes on pages 35 to 76 are an integral part of these financial statements.

Notes to the Financial Statements

December 31, 2019 (Expressed in Trinidad and Tobago Dollars)

1. GENERAL INFORMATION

Unilever Caribbean Limited ('the Company') was incorporated in the Republic of Trinidad and Tobago in 1929, and its registered office is located at Eastern Main Road, Champs Fleurs. The Company is a public limited liability company and is listed on the Trinidad and Tobago Stock Exchange. The principal business activities are the manufacture and sale of homecare, personal care and food products. The Company performed a review of its business model leading to a partial restructuring mainly impacting our manufacturing and warehousing operations. UCL will now source its homecare portfolio from global affiliates. The Company is a subsidiary of Unilever Overseas Holdings AG (50.01% of shares held), which is a wholly owned subsidiary of Unilever PLC, a company incorporated in the United Kingdom.

Discontinued operations are excluded from the results of the continuing operations and presented as profit and loss from discontinued operations (Note 29).

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by:

- The revaluation of freehold properties;
- Net defined benefit asset (obligation) is recognised at fair value of plan assets, adjusted by re-measurements through other comprehensive income (OCI), less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 4(m) and Note 9.

This is the first set of the Company's annual financial statements in which IFRS 16 'Leases' have been applied. The related changes to significant accounting policies are described in Note 5.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet the mandatory repayment terms of its current liabilities. The Company has recognised losses of $75,935 after tax for the year ended December 31, 2019 and as at that date, current assets exceed current liabilities by $124,594.

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses and contingent assets and contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year to amounts reported as at and for the year ended December 31, 2019 is included below:

(i) Allowance for expected credit losses (ECL) – trade receivables

Trade receivables are evaluated for impairment on the basis described in accounting policy 4(f) (i).

Management exercises judgment in determining the adequacy of provisions established for accounts receivable balances. Judgement is used in the measurement of ECLs for trade receivables. Key assumptions are used in the determination of the weighted-average loss rate. Additional information is disclosed in Note 12.

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Measurement of defined benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net cost/income for pensions include the discount rate.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of medium term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 9.

(iii) Impairment of assets

In accordance with IAS 36: Impairment of Assets, Management performed an impairment test on Property, Plant and Equipment and related assets. A full impairment of the Home Care and Liquids Plant was recorded in the statement of profit or loss account. The rationale is that at December 31, 2019 the recoverable amount could not be ascertained with certainty. Management's best estimate of the recoverable amount as at December 31, 2019 was Nil.

(iv) Recognition and measurement of restructuring provision

During the year the Company undertook a restructuring exercise. Key assumptions about the likelihood and magnitude of an outflow of resources is included in Note 18 (a).

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except if mentioned otherwise (see note 5)

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are presented in Trinidad and Tobago dollars, which is the Company's functional 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. 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 profit or loss. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within administration expenses.

(b) 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 management committee that makes strategic decisions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Cost or revaluation

Freehold land and buildings are shown at fair value, based on valuations by external independent valuers periodically, but at least every five years, less subsequent depreciation for buildings. During the intervening periods fair value is determined by management. Additions to freehold land and buildings subsequent to the date of revaluation are shown at cost. 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. 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 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 Company 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 profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to other comprehensive income (OCI) and shown as 'property revaluation surplus' in shareholders' equity. This reserve is non-distributable. Decreases that offset previous increases in the same asset are charged in other comprehensive income and debited against 'property revaluation surplus' directly in equity; all other decreases are charged to profit or loss.

Depreciation methods, useful lives and residual values are measured at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount (Note 4(d)).

Depreciation

Depreciation is calculated to write off the cost/valuation of items of property, plant and equipment less their estimated residual values using the straight-line method over the shorter of their estimated useful lives and lease term and is recognized in profit or loss. Land and capital work in progress are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Freehold buildings	- 40 years
Plant and equipment	- 3 -14.29 years
Motor vehicles	- Lease term

Depreciation methods, useful lives and residual values are measured at each reporting date and adjusted if appropriate.

Gains and losses on disposal of property, plant and equipment are determined by reference to the proceeds and their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset`s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(e) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost;

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

<u>Financial assets – Business model assessment</u>

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

<u>Financial assets at amortised cost</u>

These assets are subsequently measured at amortised cost using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

<u>Financial liabilities – Classification, subsequent measurement and gains and losses</u>

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

A. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

B. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(f) Impairment

(i) Financial assets

Financial instruments

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

  When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(i) Financial assets (continued)

Financial instruments (continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets are carried at amortised cost are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(ii) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

(h) Inventories Cost is determined on the following bases, which has been consistently applied:

- Inventories are stated at the lower of weighted average cost or net realisable value. The inventories relating to the spreads business (Upfield) was derecognized and classed as other receivables.
- The cost of raw and packaging materials and finished goods are determined on a weighted average cost basis.
- Finished goods include a proportion of attributable production overheads.
- Work in progress comprises direct costs of raw and packaging materials and related production overheads. The cost of inventories excludes borrowing costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Inventories Cost is determined on the following bases, which has been consistently applied (continued)

Engineering and general stores are valued at weighted average cost.

Goods in transit are valued at suppliers' invoice cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and less applicable variable selling expenses.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables consist mainly of Value Added Tax (VAT) recoverable, prepayments and amounts receivable from Upfield Trinidad and Tobago Limited as part of the Reverse Master Supply Agreement related to spreads production and sale.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs.

(j) Share capital

Ordinary shares are classified as equity.

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables comprise outstanding statutory liabilities as well as accruals for advertising and promotion. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

(l) Taxation

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation (continued)

(ii) Deferred tax (continued)

differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption

Deferred tax assets and liabilities are offset only if certain criteria are met.

(m) Employee benefits

(i) Short-term

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Post-employee benefits are accounted for as described below.

(ii) Defined benefit plans (Post-employment)

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on Government bonds are used.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(ii) Defined benefit plans (Post-employment) (continued)

The Company also operates a supplementary pension scheme. This is a closed scheme providing ex-gratia pensions for which no additional employees are expected to qualify. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out annually by independent qualified actuaries.

The funds of the Plan are administered by the trustee and are separate from the Company's assets.

The industrial agreement covering the hourly rated employees provides for a termination benefit which functions as a retirement benefit for those employees who are not in the pension plan.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. These benefits are payable in accordance with the Industrial Agreement between the Company and the Trade Union. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(n) Provisions

Provisions are recognised when: The Company 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

The Company recognizes a provision for restructuring when the Company meets its constructive obligation requirements. In accordance with IAS 37 a constructive obligation is met when a formal plan is developed which specifies:

- The business or part of the business concerned;
- The principal locations affected;
- The location, function and approximate number of employees whose services will be terminated;

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

- The expenditures that will be undertaken; and
- When the plan will be implemented and completed.

The Company created a valid expectation of those affected that it will carry out the plan by either starting to implement the plan or announcing its main features to those affected by it.

(o) Revenue recognition

The Company's policies under IFRS 15 are as follows:

Revenue is recognized at a point in time in the amount of the price, before tax on sales, expected to be received for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue is shown net of value-added tax, rebates and discounts. Specific revenue streams are recognised as follows:

Sales of goods

Sales of goods are recognised when the Company has delivered products to the customer 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 Company has objective evidence that all criteria for acceptance have been satisfied.

Interest income

Interest income is recognised when it is determined that such income will accrue to the Company. Interest income is recognised using the effective interest method.

Other income

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

Agent transactions

For procurement and sales of goods and services by the Company, revenue is recognized as commission fees for transactions where the Company does not have control of the goods and services before their transfer to the customer, in other words, transactions where the Company has arranged the procurement as the customer's agent. To determine whether or not the Company has control over goods and services before their transfer to the customer, the following aspects are considered: a) whether the Company is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Company has inventory risk before the specified good or service is transferred to a customer, or after transfer of control to the customer; and c) whether the Company has discretion in establishing the price for the good or service

(p) Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after January 1, 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below. The date of initial application of IFRS 16 for the Company is January 1, 2019.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) Impact of the new definition of a lease

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable before January 1, 2019

i. Determining whether an arrangement contains a lease

At inception of an arrangement the Company determines whether the arrangement is or contains a lease.

ii. Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Policy applicable before January 1, 2019

iii. Leased payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

(ii) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(ii) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or
- rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities on the face of the statement of financial position.

(iii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

(q) New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New and revised IFRS Standards in issue but not yet effective (continued)

Amendments to IAS 1 and IAS 8 Definition of material (continued)

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

Amendments to IFRS 9

Amendments to IFRS 9, Prepayment Features with Negative Compensation, the Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Annual Improvements to IFRS Standards

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs, The Company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to three Standards:

IAS 12 Income Taxes

The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

Amendments to IAS 19

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement, The Company has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Company will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New and revised IFRS Standards in issue but not yet effective (continued)

Amendments to IAS 19 (continued)

make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset))

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to determine whether uncertain tax positions are assessed separately or as a Company; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Leases

The adoption of IFRS 16 did not have an impact on net cash flows.

The Company initially applied IFRS 16 Leases from January 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019.

Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(b) As a lessee

As a lessee, the Company leases assets including property, forklift and motor vehicles. The Company previously classified leases as operating based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Company does not hold any leases that were classified as finance leases under IAS17.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

(b) As a lessee (continued)

The impact of adoption of IFRS 16 is stated below:

(i) Statement of Financial Position

	January 1, 2019 $'000s
Right-of-use and property, plant and equipment	3,181
Lease liabilities	(3,408)
Subtotal	(227)
Tax	56
Net of tax	(171)

When measuring lease liabilities for leases that were classified as generating leases, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 6.44%%

	January 1, 2019 $'000s
Operating lease commitments at December 31, 2019 under IAS 17	19,934
Net operating lease commitments omitted in 2018	1,545
Revised operating lease commitments at December 31 Under IAS 17	21,479
Discounted using the incremental borrowing rate at January 1, 2019	20,095
Renewed lease included in operating lease commitments	(16,687)
Lease liabilities recognised at January 1, 2019	3,408

(ii) Profit or Loss

	December 31, 2019 $'000s
The maturity analysis of lease liabilities is as follows:	
Less than 1 year	364
More than one year	9,872
	10,236

	January 1, 2019 $'000s
Depreciation	10,876
Interest expense	990

(iii) Cash Flows

	January 1, 2019 $'000s
Impact of IFRS 16 on cash flows for the period:	
Depreciation	10,876
Interest expense on lease liabilities	990
Lease payments	(11,505)

6. FINANCIAL RISK MANAGEMENT

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's management system includes activities which assists in the identification and analysis of the risks the Company faces, setting appropriate risk limits and controls, and monitoring the risks and adherence to limits by means of a reliable and up-to-date information systems.

Risk management is carried out in line with policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from commercial transactions when recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Company monitors its exposure to fluctuations in foreign currencies and the appropriate steps are taken to minimise the risk such as purchases and sales in the same currency so as to avoid mismatch.

A 1% weakening of the TT dollar against US dollar with all other variables held constant, would have led to approximately $790 thousand (2018: $1,864 thousand) after tax profit gain in profit or loss. A 1% strengthening of the TT dollar would have led to an equal but opposite effect.

This is as a result of translation of US dollar dominated bank accounts, accounts renewable and related parties.

There were no changes in the policies and procedures for managing foreign exchange risk compared with prior year.

The table below shows the Company's exposure to foreign exchange risk:

	2019			
	USD	**GBP**	**Euro**	**Total**
	$	**$**	**$**	**$**
Trade receivables	23,477	-	-	23,477
Due from related parties	103,063	-	-	103,063
Trade payables	(5,152)	-	(929)	(6,081)
Due to related parties	(29,460)	(53)	-	(29,513)
Net statement of financial position exposure	91,928	(53)	(929)	90,946

(ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets and liabilities other than deposits held at banks and lease liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The Company is not exposed to equity securities price risk since there are no investments held as fair value through profit or loss or as fair value through other comprehensive income.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Financial risk factors (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The Company has credit risk, however the Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Credit risk arises primarily from credit exposures from sales to distributors and retail customers, including outstanding receivables (See Notes 12 and 23(b)).

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties in excess of the provision made.

The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents as well as each class of receivables mentioned in Note 12 and Note 23(b) and due from related parties.

Cash and deposits are held with reputable financial institutions. The income from the Disposal was deposited in an intercompany interest bearing current account managed by Company Treasury and reported under due from related companies.

(c) 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. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances.

	2019 $'000	2018 $'000
Less than one year		
Trade and other payables, excluding statutory liabilities	89,217	77,416
Due to parent and related companies	38,005	25,249
Lease liabilities	9,872	-
Provisions for other liabilities	36,205	26,793
	173,299	129,458
More than one year		
Lease liabilities	364	-

(ii) Fair value estimation

The carrying amount of short-term financial assets and liabilities comprising: cash at bank and in hand, due from related companies, trade and other receivables, trade and other payables, lease liabilities and due to parent and related companies are a reasonable estimate of its fair values because of the short-term maturity of these instruments.

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7. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard its 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.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Company currently has no borrowings to constitute net debt.

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $'000	Freehold Buildings $'000	Plant and Equipment $'000	Motor Vehicle $'000	Work in Progress $'000	Total $'000
Year ended December 31, 2019						
Opening net book value	37,000	13,973	73,552	-	4,986	129,511
Recognition of	-	16,713	2,134	1,676	-	20,523
Adjusted balance at January 1, 2019	37,000	30,686	75,686	1,676	4,986	150,034
Additions	-	-	-	-	2,134	2,134
Transfers	-	2,546	4,186	-	(6,732)	-
Disposals	-	(19)	(600)	-	(153)	(771)
Impairment charge	-	-	(67,583)	-	-	(67,583)
Depreciation charge	-	(8,624)	(8,497)	(690)	-	(17,812)
Closing net book value	37,000	24,588	3,192	986	236	66,002
At December 31, 2019						
Cost or valuation	37,000	38,484	140,986	3,092	236	219,798
Accumulated depreciation	-	(13,896)	(70,211)	(2,106)	-	(86,213)
Impairment	-	-	(67,583)	-	-	(67,583)
Net book value	37,000	24,588	3,192	986	236	66,002

	Freehold Land $'000	Freehold Buildings $'000	Plant and Equipment $'000	Work in Progress $'000	Total $'000
Year ended December 31, 2018					
Opening net book value	37,000	18,418	83,791	15,531	154,741
Additions	-	-	-	6,623	6,623
Transfers	-	2,452	12,555	(15,007)	-
Disposals	-	(6,540)	(14,677)	(2,162)	(23,379)
Depreciation charge	-	(357)	(8,117)	-	(8,474)
Closing net book value	37,000	13,973	73,552	4,986	129,511
At December 31, 2018					
Cost or valuation	37,000	21,473	137,270	4,986	200,729
Accumulated depreciation	-	(7,500)	(63,718)	-	(71,218)
Net book value	37,000	13,973	73,552	4,986	129,511

(i) Work in progress

Work in progress represents site improvement projects which are estimated to be completed during the 2020 financial year.

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Depreciation expense

Depreciation expense of $6,663 thousand (2018: $7,049 thousand has been charged in cost of sales, $10,252 thousand (2018: $782 thousand) in distribution costs and $623 thousand (2018: $643 thousand) in administrative expenses.

(iii) Valuation

An independent valuation of land and buildings was performed by Linden Scott & Associates, professional valuers on January 9, 2017. This valuation, which conforms to International Valuation Standards, was determined by reference to recent market transactions on an arm's length basis. The revaluation surplus was credited to other comprehensive income and is shown in "property revaluation surplus" in equity. The next valuation is due on January 9, 2022.

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

	2019 $'000	2018 $'000
Cost	20,131	19,833
Accumulated depreciation	(5,761)	(7,560)
Net book amount	14,370	12,273

(iv) Impairment loss

In accordance with IAS 36: Impairment of Assets, Management performed an impairment test on Property, Plant and Equipment and related assets. A full impairment of the Home Care and Liquids Plant was recorded in the profit or loss. The rationale is at December 31, 2019 the recoverable amount, in particular fair value, less cost to sell, could not be ascertained with certainty. The assumption undertaken that there is no sale agreement or active market for the plant and related assets. Fair value less costs to sell is determined based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset through an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Management's best estimate of recoverable amount as at December 31, 2019 was nil.

(v) Right-of-use

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. The book value of right-of-use assets are stated below:

2019	Land and Building $'000	Plant and Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at January 1	16,713	2,134	1,676	20,523
Depreciation charge for the year	(8,356)	(1,829)	(690)	(10,875)
Balance at December 31	8,357	305	986	9,648

9. POST-EMPLOYMENT AND TERMINATION BENEFITS

The Company contributes to defined benefit pension plans (the Pension Plans), for its monthly paid and permanent hourly paid employees, which entitles a retired employee to receive an annual pension payment. Employees may retire at age 60-65 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier under certain conditions.

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

The Company's Pension Plans are funded by the Company and employees, the assets of the Pension Plans being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The Company also has two other post-retirement employee benefits arrangements.

(1) An unfunded pension plan for persons who retired prior to the establishment of the two pension plans mentioned above.

(2) A termination lump sum plan for hourly-paid employees as part of its 2007 – 2010 Collective Labour Agreement.

All four of the Company's post-retirement employee benefits arrangements are collectively referred to as "the Plans".

The Plans expose the Company to actuarial risks such as longevity risk, currency risk, interest rate risk and market risk.

	2019 $'000	2018 $'000
Defined benefit asset (liability)		
(i) Retirement benefit asset:		
Monthly paid staff (a)	91,017	56,115
(ii) Retirement benefit and termination liabilities:		
Hourly paid staff (b)	(2,546)	(4,168)
Supplementary pension scheme (c)	(976)	(854)
Termination benefits – lump sum plan (d)	(7,255)	(21,644)
	(10,777)	(26,666)
(iii) Movement in net defined benefit asset:		
Retirement benefit asset	91,017	56,115
Retirement and termination benefit obligations	(10,777)	(26,666)
	80,240	29,449
Balance at January 1	29,449	41,041
Net pension cost/benefit	11,681	(5,126)
Re-measurements recognised in OCI	30,970	(12,664)
Contributions paid	8,140	6,198
Balance at December 31	80,240	29,449
(iv) Total amounts recognised in OCI:		
Monthly paid staff	(27,565)	12,447
Hourly paid staff	(1,403)	1,843
Supplementary pension scheme	201	(4)
Termination benefits – lump sum plan	(2,203)	(1,622)
	(30,970)	12,664

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

	2019 $'000	2018 $'000
Defined benefit asset (liability) (continued)		
(v) Total amounts recognised in profit or loss:		
Current service cost	7,352	7,131
Net interest on net defined benefit asset	(1,911)	(2,494)
Gains on curtailment and settlement	(17,620)	-
Administration expenses	498	489
Net pension expense (Note 18 (b))	(11,681)	5,126
The curtailment arose due to a significant reduction in the number of employees covered by the Plans.		
Net pension expense includes:		
Monthly paid staff	(5,156)	2,008
Hourly paid staff	1,467	1,345
Supplementary pension scheme	44	48
Termination benefits – lump sum plan	(8,036)	1,725
	(11,681)	5,126

Pension expense of $3,160 thousand (2018: $3,509 thousand) has been charged in cost of sales, $1,729,000 (2018: $960,000) in distribution costs and $1,019 thousand (2018: $657 thousand) in administrative expenses.

	Per annum 2019 %	Per annum 2018 %
(vi) The principal assumptions are as follows:		
Discount rate (all Plans)	5.50	5.50
Salary increases:		
- Monthly paid employees	4.50	4.50
- Weekly paid employees	4.00	4.00
- Supplementary pension	2.75	2.75
- Termination/lump sum	4.00	4.00
NIS ceiling/pension increases		
- Future pension increases	2.75	2.75
- Future NIS pension increases	0.00	0.00

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at December 31, are as follows:

	2019 Years	2018 Years
Life expectancy at age 60 for current pensioner		
- Male	21.7	21.0
- Female	26.0	25.1
Life expectancy at age 60 for current members age 40		
- Male	22.6	21.4
- Female	26.9	25.4

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

Defined benefit asset (liability) (continued)

(vi) The principal assumptions are as follows: (continued)

The weighted average duration of the defined benefit obligation at year end is:

	2019 Years	2018 Years
Monthly	14.7	15.5
Hourly	12.4	13.3

(vii) Sensitivity analysis

The following table summarises how the defined benefit obligation as at December 31, 2019 would have changed as a result of a change in the other assumptions used:

	1% pa increase $'000	1% pa decrease $'000
Monthly-Rated Pension Plan		
Discount rate	(27,735)	35,706
Future pension increases	5,611	(4,782)
Future salary increase	29,567	(23,937)

An increase of 1 year in the assumed life expectancies shown in Note 9(vi) would increase the defined benefit obligation at December 31, 2019 by $5.202 million.

	1% pa increase $'000	1% pa decrease $'000
Hourly-Rated Pension Plan		
Discount rate	(2,735)	3,606

An increase of 1 year in the assumed life expectancies shown in Note 9(vi) would increase the defined benefit obligation at December 31, 2019 by $0.494 million.

	1% pa increase $'000	1% pa decrease $'000
Termination Lump Sum Plan		
Discount rate	(626)	765
Future salary increase	769	(639)
Supplementary Pension Plan		
Discount rate	(54)	60
Future salary increase	66	(60)

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets and liabilities

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 majority of the Plan's TT$ bonds were either issued or guaranteed by the Government of Trinidad and Tobago.

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 and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the various Plans.

(a) Retirement benefit asset (Monthly paid staff)

	2019 $'000	2018 $'000
(i) Amounts recognised in the statement of financial position are as follows		
Fair value of plan assets	316,103	288,096
Present value of defined benefits obligation	(225,086)	(231,981)
Retirement benefit asset	91,017	56,115
(ii) Movement in the asset recognised in the statement of financial position:		
Asset as at January 1	56,115	68,432
Net pension cost	5,156	(2008)
Re-measurements recognised in OCI	27,565	(12,447)
Contributions paid	2,181	2,138
Asset as at December 31	91,017	56,115
(iii)Amounts recognised in profit or loss:		
Current service cost	5,707	5,566
Net interest	(3,196)	(3,871)
Gains on curtailment and settlement	(7,977)	-
Administration expenses	310	313
Net pension cost	(5,156)	2,008
(iv)Change in plan assets		
Plan assets at start of year	288,096	301,047
Return on plan assets	21,825	(21,357)
Interest income	15,590	16,342
Company contributions	2,181	2,138
Members' contributions	2,181	2,138
Benefits paid	(13,460)	(11,899)
Expenses paid	(310)	(313)
Plan assets at end of year	316,103	288,096

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

Defined benefit asset (liability) (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

(iv) Change in plan assets

Plan assets are comprised as follows:

	2019		2018	
	$'000	%	$'000	%
Debt instruments	157,004	50	143,326	50
Equity instruments	151,860	48	129,942	45
Other	7,239	2	14,828	5
Fair value of Plan assets	316,103	100	288,096	100

(v) Plan experience

	2019	2018	2017	2016	2015
	$'000	$'000	$'000	$'000	$'000
As at December 31					
Present value of defined benefit obligation	(225,086)	(231,981)	(232,615)	(240,007)	(256,844)
Fair value of Plan assets	316,103	288,096	301,047	290,758	294,190
Surplus	91,017	56,115	68,432	50,751	37,346

(vi) Change in defined benefit obligation:

	2019	2018
	$'000	$'000
Defined benefit obligation at start	231,981	232,615
Service cost	5,707	5,566
Interest cost	12,394	12,471
Members' contribution	2,181	2,138
Gains on curtailment and settlement	(7,977)	-
Experience adjustment	(10,856)	(8,910)
Actuarial losses from changes in demographic assumptions	5,116	-
Benefits paid	(13,460)	(11,899)
Defined benefit obligation at end of year	225,086	231,981

(vii) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company 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. The Company expects to pay $1.4 million to the Pension Plan during 2020.

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

Defined benefit asset (liability) (continued)

(b) Retirement benefit obligation (Hourly paid staff)

	2019 $'000	2018 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	24,299	21,597
Present value of defined benefit obligation	(26,845)	(25,765)
Retirement benefit obligation	(2,546)	(4,168)
(ii) Movement in the obligation recognised in the statement of financial position:		
Defined benefit obligation as at January 1	(4,168)	(2,257)
Net pension cost	(1,467)	(1,345)
Remeasurements recognised in OCI	1,403	(1,843)
Contributions paid	1,686	1,277
Defined benefit obligation as at December 31	(2,546)	(4,168)
(iii) Amounts recognised in profit or loss:		
Current service cost	1,186	1,099
Net interest	163	70
Gains on curtailment and settlement	(70)	-
Administration expenses	188	176
Net pension cost	1,467	1,345
(iv) Change in plan assets		
Plan assets at start of year	21,597	21,886
Return on plan assets	1,155	(1,740)
Interest income	1,197	1,210
Company contributions	1,686	1,277
Members' contributions	940	893
Benefits paid	(2,088)	(1,827)
Expense allowance	(188)	(176)
Termination lump sum transferred in	-	74
Plan assets at end of year	24,299	21,597

Plan assets are comprised as follows:

	2019		2018	
	$'000	%	$'000	%
Debt instruments	12,169	50	9,893	46
Equity instruments	10,947	45	8,806	41
Other	1,183	5	2,898	13
Fair value of Plan assets	24,299	100	21,597	100

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

(b) Retirement benefit obligation (Hourly paid staff) (continued)

(v) Plan experience

As at December 31	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Present value of defined benefit obligation	(26,845)	(25,765)	(24,143)	(22,326)	(21,681)
Fair value of Plan assets	24,299	21,597	21,886	19,630	18,178
Deficit	(2,546)	(4,168)	(2,257)	(2,696)	(3,503)

	2019 $'000	2018 $'000
(vi) Change in defined benefit obligation		
Defined benefit obligation at start	25,765	24,143
Service cost	1,186	1,099
Interest cost	1,360	1,280
Members' contribution	940	893
Gains on curtailment and settlement	(70)	-
Experience adjustments	(583)	103
Actuarial gains	335	-
Benefits paid	(2,088)	(1,827)
Termination lump sum transferred in	-	74
Defined benefit obligation at end of year	26,845	25,765

(vii) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company 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. The Company expects to pay $0.9 million to the Pension Plan during 2020.

(c) Supplementary pension scheme

	2019 $'000	2018 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	(976)	(854)
(ii) Re-measurements recognised in OCI		
Experience losses (gains)	201	(4)
(iii) Amounts recognised in profit or loss:		
Interest on defined benefit obligation	44	48
(iv) Change in defined benefit obligation		
Defined benefit obligation at start	(854)	(923)
Interest cost	(44)	(48)
Actuarial gains	(201)	4
Benefits paid	123	113
Defined benefit obligation at end of year	(976)	(854)

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

(c) Supplementary pension scheme (continued)

(v) Plan experience

As at December 31	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Present value of defined benefit obligation	(976)	(854)	(923)	(1,029)	(1,266)
Deficit	(976)	(854)	(923)	(1,029)	(1,266)

(vi) Funding

The Company pays the pension benefits as they fall due. The Company expects to pay $1.031 million to the Pension Plan during 2020.

(d) Termination benefits lump sum plan

(i) Amounts recognised in the statement of financial position are as follows:

		2019 $'000	2018 $'000
	Present value of defined benefit obligation	(7,255)	(21,644)
(ii)	***Re-measurements recognised in OCI***		
	Experience (gains) losses	(2,203)	1,622
(iii)	***Amounts recognised in profit or loss:***		
	Current service cost	459	466
	Interest on defined benefit obligation	1,078	1,259
	Gains on curtailment and settlement	(9,573)	-
	Net pension cost	(8,036)	1,725
(iv)	***Change in defined benefit obligation***		
	Defined obligation at start	21,644	24,211
	Current service cost	459	466
	Interest cost	1,078	1,259
	Gains on curtailment and settlement	(9,573)	-
	Experience adjustment	(2,203)	(1,622)
	Benefits paid	(4,150)	(2,670)
	Defined benefit obligations at end of year	7,255	21,644

(v) Plan experience

As at December 31	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Present value of defined benefit obligation	(7,255)	(21,644)	(24,211)	(24,367)	(25,059)
Deficit	(7,255)	(21,644)	(24,211)	(24,367)	(25,059)

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (CONTINUED)

(d) Termination benefits lump sum plan (continued)

(vi) Funding

The Company pays the termination lump sums as they fall due. The Company expects to pay $0.150 million to the Pension Plan during 2020.

10. DEFERRED TAXATION

Deferred tax asset and liabilities in the statement of financial position and the deferred tax (credit) charge in profit or loss and other comprehensive income (OCI) are attributable to the following items:

	2018 $'000	Charge (Credit) to Profit or Loss $'000	Charge to OCI $'000	2019 $'000
Deferred tax liabilities				
Accelerated tax depreciation	15,289	(19,230)	-	(3,941)
Retirement benefit asset	16,835	1,180	9,291	27,306
Property revaluation surplus	2,552	-	-	2,552
	34,676	(18,050)	9,291	25,917
Deferred tax asset				
Accumulated tax losses	(311)	(12,134)	-	(12,445)
Retirement benefit obligation	(8,000)	4,767	-	(3,233)
	(8,311)	(7,367)	-	(15,678)
Net deferred tax liability	26,365	(25,417)	9,291	10,239

	2017 $'000	Charge (Credit) to Profit or Loss $'000	Charge to OCI $'000	2019 $'000
Deferred tax liabilities				
Accelerated tax depreciation	11,534	3,755	-	15,289
Retirement benefit asset	19,853	781	(3,799)	16,835
Property revaluation surplus	2,552	-	-	2,552
Accrued intercompany refund	446	(446)	-	-
	34,385	4,090	(3,799)	34,676
Deferred tax asset				
Accumulated tax losses	-	(311)	-	(311)
Retirement benefit obligation	(7,540)	(460)	-	(8,000)
	(7,540)	(771)	-	(8,311)
Net deferred tax liability	26,845	3,319	(3,799)	26,365

11. INVENTORIES

	2019 $'000	2018 $'000
Finished goods	27,191	19,147
Raw materials and supplies	5,929	13,201
Engineering and general stores	-	3,916
Goods in transit (finished goods)	12,089	6,588
Work in progress	-	1,086
	45,209	43,938
Impairment allowance	(209)	(2,944)
	45,000	40,994
Analysis of movements of impairment allowance is as follows:		
At January 1	2,944	4,187
Impairment charge for the year	12	-
Write-offs	(2,747)	(1,243)
At December 31	209	2,944

The cost of inventories recognised as an expense and included in cost of sales of continued operations amounted to $110 million (2018: $143 million).

Inventories impaired during the year were as follows (refer to Note 8):

	2019 $'000
Raw materials & supplies	8,450
Engineering and general stores	1,362
Goods in transit (Finished goods)	78
Work in Progress	3,865
	13,755

12. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivables	58,198	70,657
Allowance for expected credit losses	(9,004)	(7,769)
Trade receivables – net	49,194	62,888
Value added tax recoverable	12,516	17,663
Other receivables and prepayments	46,501	6,885
	108,211	87,436

Other receivables consist of $38 million which was as result of a new transactional phase between Unilever and Upfield Trinidad and Tobago Limited effective October 1, 2019 through a Reverse Master Supply Agreement with a 90 day payment term. ECL recorded as a result was $150 thousand.

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables (excluding VAT receivable) analysed by loss allowance is stated below:

	Expected Weighted average Loss rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
December 31, 2019				
$'000				
Current (not past due)	0.5%	55,751	(279)	No
Overdue by less than 3 months	5.0%	27,091	(1,355)	No
Overdue by less than 3 to 6 months	15.0%	152	(23)	No
Overdue by less than 6 to 12 months	53.3%	269	(143)	No
Overdue by greater than 12 months	100%	7,204	(7,204)	No
		90,467	(9,004)	
December 31, 2018				
$'000				
Current (not past due)	0.5%	45,585	(250)	No
Overdue by less than 3 months	4.9%	17,954	(875)	No
Overdue by less than 3 to 6 months	15.0%	558	(84)	No
Overdue by less than 6 to 12 months	53.0%	-	-	No
Overdue by greater than 12 months	100.0%	6,560	(6,560)	No
		70,657	(7,769)	

Analysis of movements in allowance for expected credit losses is as follows:

	2019 $'000	2018 $'000
At January 1	7,769	6,556
Impairment:		
- Transition adjustment charged to retained earnings	-	326
- Charge to profit or loss	1,235	1,291
Write-offs/reversals	-	(404)
At December 31	9,004	7,769

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2019 $'000	2018 $'000
Trinidad and Tobago dollars	84,734	56,914
United States dollars	23,477	30,522
	108,211	87,436

13. RELATED PARTY TRANSACTIONS AND BALANCES

A party is related to the Company if:

(a) The party is a subsidiary or an associate of the Company;

(b) The party is, directly or indirectly, either under common control or subject to significant influence with the Company, or has significant influence over or joint control of the Company.

(c) The party is a close family member of a person who is part of key management personnel or who controls the Company;

(d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Company;

(e) The party is a joint venture in which the Company is a venture partner;

(f) The party is a member of the Company's or its parent's key management personnel;

(g) The party is a post-employment benefit plan for the Company's employees.

(h) The party, or any member of a Company of which it is a part, provides key management personnel services to the Company or its Parent.

The following transactions were carried out with related parties:

		2019 $'000	2018 $'000
(i)	Sales to related companies (Note 17)	6,304	10,217
(ii)	Purchases from related companies	92,734	93,191
(iii)	Royalties and service fees charged to the Company (Note 18)	15,804	20,664
(iv)	Related party shared services (Note 18)	7,915	-
(v)	Key management compensation:		
	- Short-term employee benefits	5,879	6,648
	- Post-employment benefits	279	650

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (Note 9).

From time to time directors of the Company, or other related entities, may buy goods from the Company. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

(vi) Year end balances arising from sales/purchases of goods/services, royalties and service fees:

	2019 $'000	2018 $'000
Due from related companies	103,063	169,901
Due to parent and related companies	38,005	25,249

The amounts due from related companies included $91.6 million which is held in a Unilever Group Treasury account. No expense has been recognised in the current year or prior year for expected credit losses in respect of amounts due from related parties. The amounts due to parent and related companies have no fixed repayment terms and represent normal trading activities.

14. STATED CAPITAL

	2019 $'000	2018 $'000
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
26,243,832 ordinary shares of no par value	26,244	26,244

15. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payables	37,870	39,555
Other payables and accruals	43,136	40,895
	81,006	80,450

16. PROVISIONS FOR OTHER LIABILITIES

	2019 $'000	2018 $'000
At January 1	26,793	8,903
Additional provisions	34,249	21,680
Unused amounts reversed	(684)	(109)
Used during the year	(24,153)	(3,681)
At December 31	36,205	26,793

17. REVENUE

	2019 $'000	2018 $'000
Third party sales	278,244	307,598
Sales to related companies (Note 13)	6,304	10,217
	284,548	317,815

18. EXPENSES (CONTINUING AND DISCONTINUED OPERATIONS)

		2019 $'000	2018 $'000
(a)	***Expenses by nature***		
	Cost of imported goods sold	77,296	85,620
	Raw materials and packaging materials used	35,304	68,233
	Employee benefit expense (Note 18(b))	82,501	83,428
	Royalties and service fees (Note 13)	15,804	20,664
	Shared services (Note 13)	7,915	-
	Production costs	11,308	34,981
	Advertising and promotional costs	11,210	10,647
	Distribution costs	5,913	20,531
	Human resources costs	3,358	4,343
	Depreciation (Note 8)	17,812	8,474
	Information technology costs	2,236	4,542
	Marketing and sales	10,753	10,932
	Merchandising expenses	4,850	6,098
	Buying and planning	559	688
	TSA- Administration, selling and distribution *	(8,712)	(5,764)
	Loss on disposal of property, plant and equipment	619	-
	Other expenses	5,358	6,299
	Restructuring costs (Note 18 (c))	103,744	-
	Total cost of sales, selling and distribution costs administrative expenses and one-off restructuring	387,828	359,716

During 2019, UCL committed to a plan to restructure product lines in the Home Care manufacturing category due to the decrease in demand from deteriorating economic conditions and lack of competitiveness. Following the announcement of the plan, UCL recognized an expense of $127 million for expected restructuring costs including contract termination costs, consulting fees and employee termination benefits.

* Transactional Sales Agreement (TSA) relates to the cost recovery of management of the discontinued operations.

18. EXPENSES (CONTINUING AND DISCONTINUED OPERATIONS) (CONTINUED)

		2019 $'000	2018 $'000
(a)	***Expenses by nature (continued)***		
	Discontinued Operations (Note 29)		
	Raw materials and packaging materials used	-	16,691
	Production costs	-	12,004
	Other Supply Chain costs	-	3,166
	Distribution costs	-	3,552
	Royalties and service fees	-	3,274
	Marketing and sales	-	819
	Merchandising expenses	-	985
	Loss on disposal WIP	153	-
	Other expenses	404	5,945
	Total cost of sales, selling and distribution and administrative expenses	557	46,436
(b)	***Employee benefit expense***		
	Wages and salaries	72,283	74,075
	National insurance	4,279	4,227
	Pension expense (Note 9)	5,939	5,126
		82,501	83,428
	Pension expense before curtailment	5,939	-
	Gain on curtailment and settlement	(17,620)	-
	Net Pension cost (Note 9(v))	(11,681)	-
(c)	***Restructuring costs***		
	Impairment charge PPE	67,583	-
	Impairment charge inventories	13,755	-
	Manpower cost	30,410	-
	Other expenses	9,616	-
	Restructuring cost	121,364	-
	Pension gains on curtailment/settlement	(17,620)	-
	Net restructuring costs	103,744	-

19. FINANCE INCOME/(EXPENSE)

	2019 $'000	2018 $'000
Interest income	1,409	2,008
Interest expense	(990)	-
Net finance income	419	2,008

The interest expense is in relation to IFRS 16 whereas the interest income, is income generated from an interest-bearing account managed by the Company Treasury.

20. TAXATION

(a) Taxation (credit)/expense comprises:

	2019 $'000	2018 $'000
Current tax	1,707	2,264
Change in estimates related to prior years	23	33
	1,730	2,297
Origination and reversal of temporary differences (Note 10)	(25,417)	3,319
	(23,687)	5,616
Continued operations	(23,548)	1,490
Discontinued operations (Note 29)	(139)	4,126
	(23,687)	5,616

(b) Reconciliation of effective tax rate:

The Company's effective tax rate varies from the statutory rate of 30% as a result of the differences shown below:

	2019		2018	
	$'000	%	$'000	%
(Loss)/profit before tax	(99,622)	100	174,140	100
Tax using the Company's tax rate	(29,886)	(30)	52,242	30.00
Tax effects of:				
Income not subject to tax	(86)	(0.09)	(48,994)	(28.13)
Expenses not deductible for tax purposes	4,498	4.51		
Business Levy	1,707	1.71	2,264	1.30
Changes in estimates related to prior years	80	0.08	104	0.06
Tax (credit)/charge	(23,687)	(23.79)	5,616	3.23

(c) Amounts recognised in OCI:

	Before Tax $	Tax Expense $	After Tax $
2019			
Remeasurements of defined benefit asset/liability	30,970	(9,291)	21,679
2018			
Remeasurements of defined benefit asset/liability	(12,664)	3,799	(8,865)

21. (LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED

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

	2019	2018
(Loss)/profit attributable to equity holders ($'000)	(75,935)	168,524
Weighted average # of ordinary shares in issue ('000) (Note 14)	26,244	26,244
Basic and diluted (loss)/earnings per share ($)	(2.89)	6.42

22. DIVIDENDS

On March 31st, 2020 the Board of Directors decided that no dividends will be distributed for the year ended December 2019 (2018: $2.25 per share).

Dividends accounted for as an appropriation of retained earnings are as follows:

	2019 $'000	2018 $'000
Final dividend for 2018 – $2.17 per share (2017 - $0.76 per share)	56,949	19,944
Interim dividend for 2019 – $0.00 per share (2018 - $0.08 per share)	-	2,100
	56,949	22,044

23. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash at bank, lease liabilities, accounts payables, accounts receivables and due to and from parent and related companies.

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortized cost.

Classification and measurement of financial instruments

Amortized cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents.
- Trade receivables and other current accounts receivable (excluding statutory receivables). Due to their short-term nature, the Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

The Company's financial liabilities include accounts payable and accruals and finance lease liabilities which are recognised initially at fair value and present value of future lease payments respectively.

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

23. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category

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

	2019 $'000	2018 $'000
Loans and receivables at amortised cost:		
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	105,573	83,245
Cash at bank and in hand	23,705	63,593
Due from related parties	103,063	169,901
	232,341	316,739
Financial liabilities at amortised cost:		
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	78,982	77,416
Lease Liabilities	10,236	-
Due to parent and related parties	38,005	25,249
	127,223	102,665

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2019 $'000	2018 $'000
Trade receivables		
Counterparties without external credit rating		
Company 1	-	343
Company 2	49,194	62,545
Company 3	-	-
Total unimpaired trade receivables	49,194	62,888

Company 1 - new customers
Company 2 - existing customers with no default in the past year.
Company 3 - existing customers with some defaults in the past year. All defaults were fully recovered.

Cash and cash equivalents

	2019 $'000	2018 $'000
Reputable financial institutions:		
Cash at bank	23,448	63,593

24. BANK FACILITIES

The Company has facilities with the following financial institutions:

- RBC Royal Bank (Trinidad and Tobago) Limited – overdraft facilities to a maximum of TT$12 million (2018: TT$12 million) on its TTD denominated accounts, with interest at the commercial prime rate of 9.25% (2018: 9.25%).
- Citibank (Trinidad and Tobago) Limited
  - Trade financing facility to a maximum of US$5 million (2018: US$5 million).
  - Working capital financing facility to a maximum of US$1.25 million (2018: US$1.25 million).
  - Overdraft temporary cash US$1.25 million (2018: US$1.25 million)

25. CONTINGENT LIABILITIES

	2019 $'000	2018 $'000
Custom bonds and other guarantees	7,070	9,995

The Company is a defendant in various Industrial Relations matters and also was party to certain other matters at the reporting date. In the opinion of management, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

26. LEASE COMMITMENTS

The future aggregate minimum lease payments under the terms of non-cancellable operating leases is $0.064 million.

	2019 $'000	2018 $'000
Not later than one year	64	-
Later than one year and not later than five years	-	-
	64	-

2019 lease payments recognised in profit or loss under IFRS 16 amount to $0.097 million.

Interest on finance leases amounted to $0.99 million.

2018 lease payments recognised in profit or loss under IAS 17 amount to $11.224 million.

27. OPERATING SEGMENTS

(a) Basis for segmentation

Management has determined the operating segments based on the reports reviewed by the management committee that are used to make strategic decisions.

The Company is organised into three main business segments:

- Home care - manufacture and sale of a range of laundry detergents and other household products.
- Beauty and Personal care - sale of a range of skin care, oral care and personal hygiene products.
- Foods and Refreshments - sale of a wide range of general food items and ice-cream.

There are no sales or other transactions between the business segments.

27. OPERATING SEGMENTS (CONTINUED)

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(i) Business

	Home Care		Beauty & Personal Care		Foods & Refreshments		Discontinued Operations		Total Continued Operations	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	136,266	145,804	82,159	88,855	66,123	83,156	-	59,533	284,548	317,815
Operating (loss)/profit before restructuring cost	(4.628)	(1,562)	2,998	3,395	2,094	2,701	(557)	166,293	464	4,534

(ii) Geographical - Continued Operations

	Revenue		Operating profit before restructuring cost	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trinidad and Tobago	164,696	181,921	355	3,194
Other	119,852	135,894	109	1,340
	284,548	317,815	464	4,534

	2019	2018
	$'000	$'000
Trinidad and Tobago	438,902	534,921
Other	23,477	30,522
	462,379	565,443

The "other" segment includes revenue and receivables from sales to other Caribbean countries including CARICOM, Aruba and the Netherlands Antilles.

28. DETERMINATION OF FAIR VALUES

(a) Valuation models

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

28. DETERMINATION OF FAIR VALUES (CONTINUED)

(a) Valuation models (continued)

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(b) Non-financial instruments measured at fair value

(i) Methodology

The Company's freehold land and buildings were last valued on January 9, 2017 by Linden Scott and Associates Limited. The valuation surveyors used the Investment Method to determine the value of land and buildings. The surplus arising was credited to the property revaluation surplus in equity.

The fair value for land and buildings of $53.2 million (2018: $50.9 million) has been classified as Level 3 in the fair value hierarchy.

The movement in land and buildings – Level 3 hierarchy is disclosed in Note 8.

There were no transfers between levels during the year.

(ii) Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used in measuring items categorised as Level 3 in the fair value hierarchy.

Description	Fair Value at December 31, 2019	Valuation Technique	Significant Unobservable Inputs
Land	$37 million (2018: $37 million)	Investment Method	- Gross monthly rental value
Buildings	$16.2 million (2018: $13.9 million)		- Outgoings - Capitalisation rate

The inputs were based on the current prices being paid for comparable properties in the open market.

(c) Financial instruments not measured at fair value

The financial instruments not measured at FVTPL include cash and cash equivalents, accounts receivable, due from related companies, trade and other payables and due to parent and related companies and finance lease liabilities. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value because of their short-term nature and the high credit quality of counterparties.

29. DISCONTINUED OPERATIONS

	2019 $'000	2018 $'000
Revenue	-	59,533
Cost of sales	-	(31,861)
Gross profit	-	27,672
Expenses		
Selling and distribution costs	-	(14,079)
Administrative expenses	(557)	(496)
	(557)	(14,575)
Operating (loss)/profit	(557)	13,097
Other income	-	153,196
(Loss)/profit before tax	(557)	166,293
Taxation credit/(expense)	139	(4,126)
(Loss)/profit from discontinued operations	(418)	162,167

Effective April 26, 2018, Unilever Caribbean Limited`s Board of Directors agreed to the sale of the Company`s Spreads Business, which includes the margarine brands "Flora, Becel, I Can`t Believe Its Not Butter, Blue Band, Cookeen and Golden Ray". The move came subsequent to Unilever Global`s Sale of its Spreads portfolio to Kohlberg Kravis Roberts LP (KKR). Its wholly owned subsidiary Upfield Trinidad and Tobago Limited, acquired the Trinidad and Tobago Spreads Business from Unilever Caribbean Limited.

The sale of the Spreads Business to Upfield was completed on July 2, 2018. The assets sold by the Company included production assets and other tangible assets used primarily in relation to spreads Business; distribution rights to spreads products in Trinidad & Tobago and Export markets and locally owned intellectual property rights, including the Golden Ray Margarine trademark.

As previously announced, Unilever completed the sale of its Spreads business in July 2018, the impact of which was reflected in our 2018 Q3 results. The income from the disposal and services provided are reported as Other Income of $153.2 million. The proceeds from the Disposal are deposited within an interest-bearing account managed by the Company Treasury and reported under Due from related companies.

Unilever is providing certain services to the Spreads Business for a transitional period.

30. EVENTS AFTER THE REPORTING DATE

The Company has evaluated events occurring after December 31, 2019 in order to assess and determine the need for potential recognition or disclosure in these financial statements. Such events were evaluated through March 31, 2020, the date these financial statements were available to be issued. Based upon this evaluation, the Company has determined the following subsequent event requires disclosure:

In March 2020, a global pandemic was declared by the World Health Organization related to the novel coronavirus disease 2019 (COVID-19). COVID-19 and the actions being taken to respond to same has already begun to impact individuals and businesses in the markets and communities where the Company operates. These impacts currently or in the near future may, among others, include:

- Production and supply chain disruptions;
- Unavailability of Company personnel;
- Reductions in sales, earnings, and productivity;
- Delays in collections;
- Reduced hours of operations in facilities;
- Delays in projects and planned business expansions, including those of customers;

30. EVENTS AFTER THE REPORTING DATE (CONTINUED)

- Capital market disruptions; and
- Reduced tourism, disruptions in public gatherings including non-essential travel and sports, cultural and other leisure activities;

The Company does not have an estimate of the potential impact of these or other factors related to COVID-19. This is a non-adjusting event and an estimate of the financial effect cannot be made at this point in time as the situation remains a rapidly evolving one.

For further information on our economic, environmental and social performance, please visit our website:

www.unilever.tt

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