L.J. WILLIAMS LIMITED

Our 95th Year

ANNUAL REPORT 2020

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L.J. Williams Ltd

Company Information

BOARD OF DIRECTORS

Krishna Bahadoorsingh, CMT, Ph.D. (Chairman)
Thomas Jay Williams (Managing Director)
Paul Jay Williams
Michal Andrews
Lawford Dupres
Mariano Browne

SECRETARY

Aegis Business Solutions Ltd
18 Scott Bushe Street
Port of Spain

REGISTERED OFFICE

2 Sixth Avenue
Barataria

AUDITORS

PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain

BANKERS

RBC
Corporate Centre
St Clair Place
7-9 St Clair Avenue
Port of Spain

Scotiabank Trinidad and Tobago Limited
Park and Richmond Streets
Port of Spain

Chairman's Review

I am pleased to report that Group sales for the Financial Year ended March 31, 2020 increased 5% over FY2019 and operating profit was $11.410 million vs $6.997 million for the prior year. Our profit before tax was $6.607 million.

The Parent company performance was slightly above FY2019 results. Our Shipping and Food Divisions did better than prior year but did not achieve budget. The Hardware Division continues to be challenged by the lack of activity here and in other Caricom islands.

Movalite has shown a profit for the year and we will complete the amalgamation process before the end of 2020.

On the retail side, the Home Store has had improved sales due mainly to the opening of our new store in Chaguanas on November 18th 2019. Profit was lower due to expenses associated with the opening of the store as well as building a larger centralized warehouse for The Home Store.

Covid 19

We are all aware of the impact this virus has had on our country and worldwide. The lock down occurred at the end of our financial year (March 31st 2020) and the impact was minimal. However as we move forward we anticipate that FY2021 will be disruptive and we have planned for this disruption. We remain flexible to meet the challenges that may occur and will continue to drive our business wherever we see opportunity.

The Board approved a dividend payment based on 3rd Quarter FY2020 results and this was paid on March 27th 2020.

Krishna Bahadoorsingh, CMT. Ph.D.
Chairman

Managing Director's Report

L.J. Williams Ltd

Parent Company

Food Division sales were up over last year but below budget. Our traditional lines all showed good growth and certain profitable new lines came up to expectation. However other new lines were not contributing sufficiently to our business and were discontinued, with write-offs, which depressed our profitability.

Hardware Division sales continue to be affected by the lack of activity in our market as well as in the Caricom countries that we export to. We continue to look for opportunities to expand our distribution.

The Shipping Division had sales growth of 6% over last year despite the downturn in the economy. The Division continues to be a steady contributor to the Group.

Movalite Ltd

The company performed well for FY2020 and contributed positively to the Group.

The Home Store

We opened our new Chaguanas store in Pennywise Mall in November 2019. We expanded our storage to 20,000 square feet with the new warehouse in Macoya built to service our three outlets, Barataria Main Store, Corinth C3 Mall and Chaguanas Pennywise Mall. Centralising the inventory allows us to more efficiently service the three stores and we are seeing higher sales due, of course, to Chaguanas but also to the better shopping experience afforded by stores freed of clutter.

Our bottom line was also negatively affected by the adoption of a new standard for FY2020, IFRS 16.

IFRS 16

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

This new standard impacts The Home Store significantly, as our lease with Pennywise Plaza and C3 Centre now fall under this new standard.

Under the standard our leases are now assets. This is shown on our Balance Sheet as

L.J. Williams Ltd

Managing Director's Report

Right to use assets (Note 7) and reflected in Current Liabilities (Leases) and in Non-Current Liabilities (Leases).

Now that The Home Store has a new asset it is subject to depreciation and a borrowing, with an element of interest. This interest is based on short term borrowing from our primary bankers at prime (7.5%).

This yearly interest cost and depreciation must now be taken to our P&L and the principal element on the balance sheet. One must remember that these calculations have no bearing on the operation of the lease (the actual lease payment).

For FY 2020 depreciation expense and interest cost impacted the P & L negatively by $660,000 over our annual lease payments and increased our gearing ratio from 28% to 34%.

Outlook

FY2021 will be a year of uncertainty given the impact of Covid 19, low oil and gas prices coupled with most countries including ours taking on massive debt loads to keep their economies afloat.

Our focus will be on growing our current brands by maximizing our distribution points and reducing our inventory on hand. The Home Store, as a retailer, will be the most at risk for our Group if the economy worsens. However our stores are in good locations and we carry a wide variety of products. We are reducing our inventory levels in the stores and have minimized new purchases until August when we start buying for the Christmas season.

Covid 19 has thrown the world into economic turmoil and there are no easy fixes. We will not take anything for granted and the company will be conservative in its expectations for FY2021 and into FY2022. We will be focused on managing our costs and expanding our sales distribution to as many channels as possible as we seek to mitigate the continued decline in our economy.

L.J. Williams Ltd

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of LJ Williams Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Managing Director	Chief Accountant
30 June 2020	30 June 2020

pwc

Independent auditor's report

To the Shareholders of L.J. Williams Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of L.J. Williams Limited (the Company) and its subsidiaries (together 'the Group') as at 31 March 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

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

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

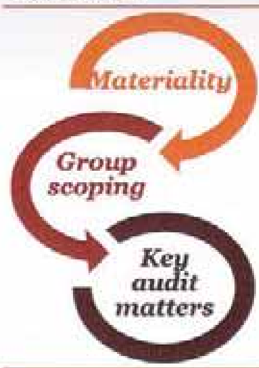
Independence

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

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Our audit approach

Overview



Overall group materiality: $1.47 million*, which represents 1% of revenue.

The Group audit included:

- full scope audits of the parent and one fully owned subsidiary.
- specified procedures on certain balances, consisting of inventories and revenue in the other subsidiary.

Basis of preparation - Impact of COVID-19

* All dollar values stated in this opinion are in Trinidad and Tobago dollars.

Audit scope

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

How we tailored our group audit scope

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

Materiality

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

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

Overall group materiality	$1.47 million
How we determined it	1% of total group revenue
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is the most stable benchmark against which the performance of the Group is measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $73,500, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Basis of preparation - Impact of COVID-19 *Refer to notes 16 (e), 30 (b) to the consolidated financial statements for disclosures of related accounting policies and balances.* The Group was impacted by COVID-19 beginning in the last quarter of the financial year 2020 and continuing through the date of approval of these financial statements. The Group prepares its financial statements using International Financial Reporting Standards, which is a going concern basis of accounting. We focused on the appropriateness of using the going concern basis of accounting as COVID-19 is expected to negatively impact the Group's operating results and cash flows. The Group is subject to several debt covenants pertaining to non-current borrowings. As such, management's going concern assessment included an assessment of the impact of the pandemic on their projected cash flows for the year ending 31 March 2021 to assess whether the Group will be able to continue to meet its liabilities as they fall due and its debt covenant requirements. These cash flow projections are dependent on significant management judgement, particularly in respect of revenue growth rates, and can be influenced by management bias. Due to the Public Health [2019-Novel Coronavirus (2019-nCoV)] Regulations, 2020, which were in effect at year end and ongoing post year end, we were unable to independently verify the existence of inventory as at 31 March 2020. Consequently, we were required to perform alternate audit procedures over the existence of inventory, which required additional time and focus.	Our approach to addressing the matter involved the following procedures, amongst others: A) Obtained management's going concern cash flow projections and assessment of its compliance with existing loan agreements. • Assessed management's historic ability in the past to accurately budget and meet budget expectations by comparing past actual month by month results with historical budget cashflow projections. • Performed independent sensitivity analysis to assess the impact of changes in management's revenue growth rates on the future cash flow projections. • Tested the mathematical accuracy, including verifying spreadsheet formulae, of the cash flow model. • Reperformed management's debt covenant calculations based on management's forecast cash flows, the underlying loan agreements and the associated requirements. • Obtained written confirmation from the relevant financial institution that the Group is in compliance with its existing covenants as at the reporting date. • Considered subsequent events and any associated impact on the Group's cash flows and forecast. • Evaluated whether subsequent event disclosures appropriately reflected the financial impact of COVID-19 on the Group. Based on the procedures above we satisfied ourselves that, even though the impact of COVID-19 on the Group is expected to negatively impact the group's operating results and cash flows, management's use of the going concern basis of accounting was not inappropriate. B) Performed inventory counts subsequent to the year end and selected a sample of inventory items for which we performed roll-back procedures by testing purchases and sales between the count date and 31 March 2020. As a result of the above audit procedures in respect of the existence of inventory, no material differences were noted.

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
30 June 2020

L.J. WILLIAMS LIMITED

Consolidated Financial Statement
31 March 2020

(Expressed in Trinidad and Tobago Dollars)

L.J. WILLIAMS LIMITED

L.J. Williams Ltd

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 31 March 2020 $'000	2019 $'000
Assets			
Non-current assets			
Investment property	5	15,650	15,650
Property, plant and equipment	6	67,345	62,547
Right of use assets	7	15,164	--
Financial assets			
- Fair value through other comprehensive income	8	240	268
Retirement benefit asset	9	--	240
		98,399	78,705
Current assets			
Inventories	10	38,594	38,352
Installation contracts work in progress	11	19	1
Trade and other receivables	12	15,286	13,013
Taxation recoverable		8	8
Cash at bank and on hand	13	5,246	2,609
		59,153	53,983
Total assets		157,552	132,688
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	14	33,976	33,976
Other reserves	15	17,273	17,999
Retained earnings		33,342	29,556
Total equity		84,591	81,531
Liabilities			
Non-current liabilities			
Retirement benefit liability	8	795	--
Lease liabilities	7	11,356	--
Borrowings	16	11,430	11,248
		23,581	11,248
Current liabilities			
Trade and other payables	17	23,586	16,584
Taxation payable		19	20
Lease liabilities	7	4,463	--
Borrowings	16	4,924	3,502
Bank overdrafts and short-term advances	16	16,388	19,803
		49,380	39,909
Total liabilities		72,961	51,157
Total equity and liabilities		157,552	132,688

The notes on pages 18 to 60 are an integral part of these consolidated financial statements.

On 25 June 2020, the Directors of L. J. Williams Limited authorised these consolidated financial statements for issue and were signed off on its behalf.

Director

Director

L.J. Williams Ltd

L.J. WILLIAMS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 March 2020 $'000	2019 $'000
Revenue	18	147,247	140,620
Cost of sales	19	(97,061)	(92,598)
Gross profit		50,186	48,022
Other income	20	1,299	2,045
Net income		51,485	50,067
Administrative expenses	19	(38,724)	(41,342)
Distribution costs	19	(1,351)	(1,748)
Operating profit		11,410	6,977
Finance costs		(4,803)	(3,235)
Profit before taxation		6,607	3,742
Taxation expense	21	(1,353)	(1,335)
Profit for the year		5,254	2,407
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings	6	--	(385)
Remeasurement of retirement benefit (liability)/asset	9	(698)	(484)
		(698)	(869)
Items that may be subsequently reclassified to profit or loss			
Fair value (loss)/gain on financial assets	8	(28)	2
		(28)	2
Total comprehensive profit for the year attributable to equity holders of the company		4,528	1,540
Profit per share attributable to the equity holders of the company during the year			
- basic	22	22¢	10¢

The notes on pages 18 to 60 are an integral part of these consolidated financial statements.

L.J. Williams Ltd

L.J. WILLIAMS LIMITED

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Year ended 31 March 2020					
Balance at 1 April 2019		33,976	17,999	29,556	81,531
Profit for the year		--	--	5,254	5,254
Other comprehensive income:					
Remeasurement of retirement benefit (liability)/asset	8	--	(698)	--	(698)
Fair value loss on financial asset	7	--	(28)	--	(28)
Total comprehensive income for the year		33,976	17,273	34,810	86,059
Transactions with owners in their capacity as owners:					
Dividends paid	23	--	--	(1,468)	(1,468)
Balance at 31 March 2020		33,976	17,273	33,342	84,591
Year ended 31 March 2019					
Balance at 1 April 2018		33,976	18,866	27,883	80,725
Profit for the year		--	--	2,407	2,407
Other comprehensive income:					
Loss on revaluation of land and buildings	6	--	(385)	--	(385)
Remeasurement of retirement benefit asset	8	--	(484)	--	(484)
Fair value gain on financial asset	7	--	2	--	2
Total comprehensive income for the year		33,976	17,999	30,290	82,265
Transactions with owners in their capacity as owners:					
Dividends paid	23	--	--	(734)	(734)
Balance at 31 March 2019		33,976	17,999	29,556	81,531

The notes on pages 18 to 60 are an integral part of these consolidated financial statements.

L.J. WILLIAMS LIMITED

L.J. Williams Ltd

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 March 2020 $'000	Year ended 31 March 2019 $'000
Cash flows from operating activities			
Profit before taxation		6,607	3,742
Adjustments to reconcile profit before taxation to net cash generated from operating activities:			
Dividends received	20	(298)	(177)
Interest paid		2,579	1,183
Gain on sale of property, plant and equipment		(84)	(107)
Depreciation	6,7	5,637	2,976
Contributions paid	9	(190)	(159)
Remeasurement of retirement benefi: (liability)/asset	8	527	444
Net changes in operating assets/liabilities	24	4,470	(3,812)
		19,248	4,090
Taxation paid		(1,386)	(1,335)
Net cash generated from operating activities		17,862	2,755
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(9,232)	(4,219)
Proceeds from sale of property, plant and equipment		115	121
Dividends paid	23	(1,468)	(734)
Dividends received	20	298	177
Net cash used in investing activities		(10,287)	(4,655)
Cash flows from financing activities			
Interest paid		(2,579)	(1,183)
Leases		(1,415)	--
Net of loan proceeds and repayments	25	2,471	(2,450)
Net cash used in financing activities		(1,523)	(3,633)
Net increase/(decrease) in cash and cash equivalents		6,052	(5,533)
Cash and cash equivalents at beginning of year		(17,194)	(11,661)
Cash and cash equivalents at end of year		(11,142)	(17,194)
Represented by:			
Cash		5,246	2,609
Bank overdrafts, short-term advances and bankers' acceptances	16	(16,388)	(19,803)
		(11,142)	(17,194)

The notes on pages 18 to 60 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2020

(Expressed in Trinidad and Tobago Dollars)

1 General information

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

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

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

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

2 Summary of significant accounting policies

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

a. *Basis of preparation*

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

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

(i) *Changes in accounting policy and disclosures*

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

The following standards and interpretations have been adopted by the Goup for the first time for the financial year beginning on or after 1 April 2019.

- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

Other than IFRS 16, the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. The impact of IFRS 16 is further described below.

The Group has adopted IFRS 16 Leases retrospectively from 1 April 2019, but has not restated comparatives for 31 March 2019 as permitted under the transition provisions for the standard. The reclassification and adjustments arising from the new leasing rules are recognised in the opening statement of financial position on 1 April 2019. The new accounting policies are disclosed in Note 2 e.

On adoption of IFRS 16, the Group recognised lease liabilities that were previously classified as operating leases under IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 7.5% for leases with a remaining term of 7.5 years.

2 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

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

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

(i) *Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and Interpretaton 4 Determining whether an Arrangement contains a Lease.

(ii) *Measurement of lease liabilities*

	2019 **'000**
Operating lease commitments as at 31 March 2019	13,054
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(6,372)
Lease liablity recognised at 1 April 2019	7,682
Of which are:	
Current lease liabilities	790
Non-current lease liabilities	6,892

(iii) *Measurement of right of use of assets*

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019. (Note 7)

(iv) *Adjustments recognised in the statement of financial position as at 1 January 2019*

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- Right of use assets – increase by $7,682,000.
- Lease liabilities – increase by $7,682,000.

(b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2019 and not early adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

b. *Consolidation*

(i) *Subsidiaries*

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

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

b. *Consolidation (continued)*

(ii) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relatve interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of significant accounting policies (continued)

c. *Segment reporting*

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

d. *Foreign currency translation*

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

e. *Investment properties*

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

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

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

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

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

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

e. *Investment properties (continued)*

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

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

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

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

f. *Property, plant and equipment*

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity, all other decreases are charged to the consolidated statement of profit or loss and other comprehensive income.

2 Summary of significant accounting policies (continued)

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

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

Leasehold improvements	-	10 – 33⅓%	per annum
Buildings and building improvements	-	2 – 10%	per annum
Plant and machinery	-	6 ⅔ - 10%	per annum
Furniture and office equipment	-	10 – 25%	per annum
Motor vehicles	-	16 ⅔ %	per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within 'other income' in the consolidated statement of profit or loss and other comprehensive income.

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

g. *Leases*

The Group leases various parcels of land on which its retail stores are located, typically made for fixed periods of 3 to 10 years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 28 for details. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 Summary of significant accounting policies (continued)

g. *Leases (continued)*

The lease payments are discounted using the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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

g. *Leases (continued)*

As explained above, the Group has changed its accounting policy for leases where the Group is the lessee.

The new policy is described above and the impact of the change in note 2 (a) (i) (a).

Lessor accounting

Under IFRS 16, the previous accounting policy for lessor accounting under IAS 17 did not change and is described below.

Up until 31 March 2019

Leases of property, plant and equipment under which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments, at the date of inception of the lease. The corresponding rental obligations, net of finance charges, are shown as finance lease liability, on the consolidated statement of financial position. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals paid under operating leases are charged to appropriate expense headings in the profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

h. *Impairment of non-financial assets*

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

Notes to the Consolidated Financial Statements (continued)

31 March 2020

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

i. *Investments and other financial assets*

(i) *Classification*

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

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

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

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

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

(ii) *Recognition and derecognition*

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

(iii) *Measurement*

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

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

Equity instruments

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

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

(iv) *Impairment*

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

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

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

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

Notes to the Consolidated Financial Statements (continued)
31 March 2020
(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

j. *Inventories*

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

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

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

k. *Trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

See Note 3 (a) (ii) for impairment of financial assets accounting policy.

l. *Cash and cash equivalents*

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

m. *Share capital*

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

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

n. *Borrowings*

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

2 Summary of significant accounting policies (continued)

n. *Borrowings (continued)*

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

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

o. *Provisions*

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

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

p. *Employee benefits*

(i) *Pension obligations*

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

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

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

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

2 Summary of significant accounting policies (continued)

p. *Employee benefits (continued)*

(i) *Pension obligations(continued)*

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

Past service costs are recognised immediately in income.

(ii) *Termination benefits*

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

q. *Revenue recognition*

Revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(i) *Sale of goods – wholesale and retail*

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the use and deployment of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific customer site or place of delivery, the risks of obsolescence and loss have been transferred to the customer, or the customer has accepted the products in accordance with the relevant contract.

Sales are recorded based on the price specified in the sales contracts at the time of sale. No element of financing is deemed present as the sales are made with credit terms as specified for entities within the Group, which is consistent with the market practice.

2. Summary of significant accounting policies (continued)

q. *Revenue recognition (continued)*

(ii) *Sales of services – construction contracts*

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts, returns and amounts collected on behalf of third parties (value added taxes).

The Group provides the supply of materials and installation under a fixed price contract. Revenue from providing services is recognised at a point in time in the accounting period in which the services are rendered.

For fixed price contracts revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The installation does not include an integration service and could be performed by another party. It is therefore accounted for as a separate obligation.

Revenue for installation is recognised overtime using an input method of accounting which include inputs to the satisfaction of the performance obligation, for example labour hours expended, costs incurred, time elapsed relative to the total expected inputs to the satisfaction of the Group's performance obligation.

In the case of fixed-price contracts, the customer pays the fixed amount based on the terms of the contract. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(iii) *Sale of services – shipping services*

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

(iv) *Dividend income*

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

2 Summary of significant accounting policies (continued)

r. *Current and deferred tax*

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

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

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

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

s. *Trade payables*

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

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

t. *Offsetting financial instruments*

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

u. *Dividend distribution*

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

3 Financial risk management

a. *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. Management reviews principles for overall risk management, covering specific areas, such as currency risk, cash fow interest rate risk, credit risk, and the investment of excess liquidity. These policies and procedures have remained unchanged throughout the year and have not changed compared to the prior year.

(i) *Market risk*

(a) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactons and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and UK pound sterling. The Group's management monitors the exchange rate fluctuations on a continuous basis and employs appropriate strategies to mitigate any potential losses.

At 31 March 2020 if the currency had weakened/strengthened by 5% against the US dollar with all other variables held constant, the profit for the year would have been $625,631(2019: $307,994) lower/higher .

At 31 March 2020 if the currency had weakened/strengthened by 5% against the UK Pound Sterling with all other variables held constant, the profit for the year would have been $ 130,170(2019: $72,940) lower/higher .

(b) *Price risk*

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

3 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) *Market risk (continued)*

(c) *Cash flow interest rate risk*

The Group finances its operations through a mixture of retained earnings and borrowings. The Group borrows in the desired currencies at fixed and floating rates of interest. Cash flow interest rate risk is the risk that the Group's cash flows will change due to changes in interest rates. Fair value interest rate risk is the risk that the fair value of recognised financial assets and liabilities may change due to changes in interest rates.

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

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2020 and 2019 the Group's borrowings at variable rates were denominated in local currency.

At 31 March 2020 if the interest rate on borrowings had been 0.25% higher/lower with all other variables held constant, profit for the year would have been $107,455 higher/lower (2019: $23,151), mainly as a result higher/lower interest expense on floating rate borrowings.

(ii) *Credit risk*

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The Group is exposed to credit risk, which is the potential for loss due to a debtor's failure to pay amounts when due. The Group manages this by regular analysis of the ability of debtors to settle their outstanding balances. Impairment provisions are established for losses or potential losses that have been incurred at the reporting date.

The Group trades with third parties who are subject to credit verification procedures, which take into account their consolidated financial position and past experience. Individual risk limits are set based on internal analysis.

Credit risk on cash and cash equivalents held by the Group are minimised as all cash deposits are held with banks which have acceptable credit ratings.

3 Financial risk management (continued)

a. *Financial risk factors (continued)*

(ii) *Credit risk (continued)*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

Maximum exposure to credit risk

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

	2020 $'000	2019 $'000
Financial assets - FVOCI	240	268
Trade receivables	13,093	10,908
Other receivables	1,282	1,715
Cash at bank and on hand	5,246	2,609
	19,861	15,500

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

Financial instruments by category

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

	Loans and receivables	
Financial assets		
Financial assets - FVOCI	240	268
Cash at bank and in hand	5,246	2,609
Trade and other receivables (excluding prepayments)	14,375	12,623
	19,861	15,500

	Other financial liabilities at amortised cost	
Financial liabilities		
Trade and other payables (excluding statutory liabilities)	23,586	16,584
Borrowings	32,742	34,553
Lease liabilities	15,819	--
	72,147	51,137

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(ii) *Credit risk (continued)*

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

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

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

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

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

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

The simplified approach

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

Incorporation of forward-looking information

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

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

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

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(ii) *Credit risk (continued)*

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

At 31 March 2020

Aging	Average ECL Rate	Estimated EAD $'000	Expected Credit Loss $'000
Current (0 – 30 days)	0.40%	7,870	32
31 - 60 days	0.54%	3,261	18
61 - 90 days	1.14%	846	10
91 - 120 days	2.77%	535	15
Over 120 days	15.66%	753	117
		13,285	192

At 31 March 2019

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

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

	2020 $'000	2019 $'000
Opening balance under IAS 39 1 April 2019	365	690
Amounts restated through opening retained earnings	--	--
Opening loss allowance as at 1 April 2019 under IFRS 9	365	690
Increase allowance in profit and loss during the year	48	150
Receivables written off during the year	(221)	(475)
Unused amounts reversed	--	--
At 31 March 2020	192	365

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

Notes to the Consolidated Financial Statements (continued)

31 March 2020

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3 Financial risk management (continued)

a. *Financial risk factors (continued)*

(iii) *Liquidity risk*

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

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

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

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

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Contractual cash flow $'000	Carrying amount $'000
At 31 March 2020						
Borrowings	6,852	6,114	6,462	--	19,428	17,221
Leases	5,676	4,938	6,402	2,163	19,179	15,819
Bank overdrafts and Short term advances (Note 16)	16,288	--	--	--	16,288	16,288
Trade and other payables (Note 17)	23,586	--	--	--	23,586	23,586
	52,402	11,052	12,864	2,163	78,481	72,914
At 31 March 2019						
Borrowings	4,561	3,877	9,020	--	17,458	14,750
Bank overdrafts and Short term advances (Note 16)	19,803	--	--	--	19,803	19,803
Trade and other payables (Note 17)	16,584	--	--	--	16,584	16,584
	40,948	3,877	9,020	--	53,845	51,137

3 Financial risk management (continued)

b. *Capital risk management*

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

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

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

The gearing ratios as at 31 March 2020 and 31 March 2019 were as follows:

	2020 $'000	2019 $'000
Total borrowings (Note 16)	32,742	34,553
Total lease liabilities (Note 7)	15,819	—
Less: cash at bank and on hand (Note 13)	(5,246)	(2,609)
Net debt	43,315	31,944
Total equity	84,591	81,531
Total capital	127,906	113,475
Gearing ratio	34%	28%

c. *Fair value estimation*

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

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

The following table presents the Group's assets that are measured at fair value at 31 March 2020 and 31 March 2019.

	2020	2019
Level 1- Financial assets- FVOCI (quoted) (Note 8)	160	188
Level 3- Investment properties (Note 5)	15,650	15,650
Level 3- Land and buildings (Note 6)	59,484	55,070
Level 3- Financial assets- FVOCI (unquoted) (Note 8)	80	80
	75,374	70,988

3 **Financial risk management (continued)**

c. *Fair value estimation (continued)*

(i) *Financial assets in Level 1*

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

(ii) *Financial assets in Level 3*

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

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

	2020 $'000	2019 $'000
Container Recovery And Billing Limited	50	50
Medway Limited	30	30
	80	80

The movements of investments categorised as level 3 during the year are reflected in Note 8.

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

4 Critical accounting estimates and judgements

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

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

(i) *Pension benefits*

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

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

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

(ii) *Fair value of financial instruments*

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

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

Sensitivity to market risk is included in Note 3.

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

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

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

4 Critical accounting estimates and judgements (continued)

(iv) *Income taxes*

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

5 Investment properties

Year ended 31 March 2020	**Car park rental $'000**	**Office rental $'000**	**Total $'000**
At 1 April 2019	8,000	7,650	15,650
At 31 March 2020	8,000	7,650	15,650
Year ended 31 March 2019			
At 1 April 2018	8,000	7,650	15,650
At 31 March 2019	8,000	7,650	15,650

5 Investment properties (continued)

Properties held for long term rental or for capital appreciation are classified as investment properties. Freehold land located at 124 St Vincent Street is operated as a car park rental service and land and building located at 119 Abercromby Street offers office space rental. The rental income and annual revaluation from these properties are included in Note 20.

Valuation processes

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

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

Valuation techniques underlying management's estimate of fair value

The property located at 124 St Vincent Street is freehold land and was valued by professional valuer Brent Augustus & Associates Limited at 31 March 2020 and is currently used to let on a month to month basis to various tenants as a car park. The land's best use is for commercial office development.

The property located at 119 Abercromby Street consists of land and single storey office building and was valued by professional valuer Brent Augustus & Associates Limited at 31 March 2020. Due to the age of the building, it was not considered in the valuation. The land's best use is for commercial office development. Notwithstanding the impact of the Covid-19 pandemic on both the international and local economies, the real estate market has not been affected as at the year end. Management will continue to monitor the economic uncertainty and review the valuations as new information comes to light. See Note 30 (b) for further information.

Income derived from revaluation and rental of investment properties:

	2020 $'000	2019 $'000
Car park rental	404	451
Office space rental	244	198
	648	649

Transfers between levels 2 and 3

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

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

The Group is exposed to property price risk because of investment properties and land and buildings carried at fair value. Had property prices in the market increased by 5% the Group's profits would have increased by $0 (2019: $0), and the Group's reserves would have increased by $0 (2019: $0).

L.J. Williams Ltd

L.J. WILLIAMS LIMITED

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6 **Property, plant and equipment**

	Land and buildings $'000	Plant and machinery $'000	Furniture and office equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Year ended 31 March 2020						
Opening net book amount	55,070	1,098	1,777	3,091	1,511	62,547
Transfer	1,511	--	--	--	(1,511)	--
Additions	4,699	1,224	2,578	731	--	9,232
Adjustment to transfer to IFRS 16	--	--	--	(867)	--	(867)
Depreciation charge	(1,796)	(240)	(594)	(937)	--	(3,567)
Closing net book amount	59,484	2,082	3,761	2,018	--	67,345
At 31 March 2020						
Cost/valuation	74,766	7,311	20,445	6,928	--	109,450
Accumulated depreciation	(15,282)	(5,229)	(16,684)	(4,910)	--	(42,105)
Net book amount	59,484	2,082	3,761	2,018	--	67,345
Year ended 31 March 2019						
Opening net book amount	56,525	1,184	1,858	2,138	--	61,705
Work in progress	--	--	--	--	1,511	1,511
Additions	282	217	566	1,643	--	2,708
Revaluation of land and buildings	(385)	--	--	--	--	(385)
Disposals	--	(13)	--	(3)	--	(16)
Depreciation charge	(1,352)	(290)	(647)	(687)	--	(2,976)
Closing net book amount	55,070	1,098	1,777	3,091	1,511	62,547
At 31 March 2019						
Cost/valuation	68,587	6,087	17,867	7,315	1,511	101,367
Accumulated depreciation	(13,517)	(4,989)	(16,090)	(4,224)	--	(38,820)
Net book amount	55,070	1,098	1,777	3,091	1,511	62,547
At 31 March 2018						
Cost/valuation	68,791	6,050	17,427	6,926	--	99,194
Accumulated depreciation	(12,266)	(4,866)	(15,569)	(4,788)	--	(37,489)
Net book amount	56,525	1,184	1,858	2,138	--	61,705

Depreciation expense of $3,567,000 (2019: $2,976,000) is included in 'Administrative expenses' (Note 19).

6 Property, plant and equipment (continued)

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

The Group has acquired motor vehicles under non-cancellable finance lease arrangements as stated in Note 28. This has been included under the motor vehicles category.

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

	2020 $'000	2019 $'000
Cost-capitalised finance lease	–	4,757
Accumulated depreciation	–	(1,985)
Net book amount	–	2,772

From 2020, leased assets are presented as a separate line item on the statement of financial position, see Note 7.

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

	2020	2019
Cost	54,834	48,624
Accumulated depreciation	(7,486)	(6,920)
	47,348	41,704

Bank borrowings are secured on land and buildings for the value of $54,130,000 (2019: $42,595,000) (Note 16).

7 Leases

Assets	
Buildings	14,297
Motor vehicles	867
	15,164
Lease liabilities	
Current	4,463
Non-current	11,356
Total lease liabilities	15,819

(i) *Amounts recognised in the statement of comprehensive income*

The statement of profit or loss shows the following amounts relating to leases:

Depreciation	2,070
Interest expense (included in finance costs)	1,227
Total cash outflow for leases in 2020 was	2,643

Notes to the Consolidated Financial Statements (continued)
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8 **Financial assets**	**2020 $'000**	**2019 $'000**
Beginning of year	268	266
Fair value (loss)/gain	(28)	2
End of year	240	268
Financial assets include the following:		
Fair value through other comprehensive income:		
Grace Kennedy (Trinidad and Tobago) Limited	160	188
Container Recovery And Billing Limited	50	50
Medway Limited	30	30
	240	268

9 Retirement benefit (liability)/asset

The information below was extracted from the actuarial valuation report dated 1 May 2020.

Amounts recognised in the consolidated statement of financial position:

Fair value of plan assets	(20,461)	(21,251)
Retirement benefit obligation	21,256	21,011
	795	(240)
Effect of asset ceiling	--	--
Net defined benefit (liability)/asset	795	(240)

Movement in the defined benefit obligation over the year is as follows:

At beginning of year	21,011	22,128
Current service cost	515	476
Interest cost	1,130	1,152
Members' contributions	190	159
Benefits paid	(947)	(2,378)
Actuarial losses from changes in demographic assumptions	282	--
Experience adjustments	(925)	(526)
At end of year	21,256	21,011

Movement in the fair value of plan assets over the year is as follows:

At beginning of year	21,251	23,137
Interest income	1,153	1,216
Return on plan assets (excluding interest income)	(1,341)	(1,010)
Employer contributions	190	159
Employee contributions	190	159
Expense allowance	(35)	(32)
Benefits paid	(947)	(2,378)
At end of year	20,461	21,251

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9 **Retirement benefit (liability)/asset (continued)**

Movement in the asset recognised in the consolidated statement of financial position:

	2020 $'000	2019 $'000
At beginning of year	(240)	(1,009)
Pension costs	527	444
Re-measurement recognised in other comprehensive income	698	484
Contributions paid	(190)	(159)
At end of year	795	(240)
Experience losses	698	484
Effect of asset ceiling	--	--
Amount recognised in other comprehensive income	698	484

The principal actuarial assumptions used for accounting purposes were:

	2020	2019
- Discount rate	5.5%	5.5%
- Average individual salary increases	4.0%	4.0%
- Future pension increases	0.0%	0.0%
Life expectancy for current pensioners		
- Male at age 65	17.4	16.9
- Female at age 60	26.0	25.1
Life expectancy for current member		
- Male at age 65	16.5	17.2
- Female at age 60	26.9	25.4

Sensitivity analysis	1%pa increase $000	1%pa decrease $000
- Discount rate	(2,265)	2,739
- Future salary increases	424	(394)

9 **Retirement benefit (liability)/asset (continued)**

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

Expected contributions to post employment benefit plans for the year ending 31 March 2021 are $727,000 (2020: $165,000).

The amounts recognised in the consolidated statement of comprehensive income (Note 19) are as follows:

	2020 $'000	2019 $'000
Current service cost	515	476
Net interest on net defined benefit asset	(23)	(64)
Administration expenses	35	32
Net pension cost	527	444

Plan assets comprise the following:

	2020 $000	2020 %	2019 $000	2019 %
Locally listed equities	2,379	12%	2,537	12%
Overseas equities	2,251	11%	2,201	10%
Government issued nominal bonds	5,462	27%	5,538	26%
Corporate bonds	1,045	5%	564	3%
Mutual bonds	415	2%	426	2%
Cash and cash equivalents	749	4%	981	5%
Other (annuity polices)	8,160	39%	9,004	42%
	20,461	100%	21,251	100%

Asset values as at 31 March 2020 were estimated using the asset values provided as at 31 March 2020 by the Plan's Investment Manager RBC Royal Bank (Trinidad and Tobago) Limited. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. The value of the annuity policies was estimated using the same assumptions as used to value the corresponding liabilities. The value of these policies is reliant on the financial strength of the insurer - Pan-American Life, Guardian Life, Sagicor and Tatil.

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

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10 Inventories

	2020 $'000	2019 $'000
Finished goods	27,552	28,705
Goods in transit	7,030	5,460
Raw materials	3,598	3,702
Manufactured goods	414	485
	38,594	38,352

The cost of inventories recognised as an expense and included in cost of sales amounted to $97,061,000 (2019: $92,598,000). Write-downs of inventories to net realisable value amounted to $803,000 (2019: $728,000). These were recognised as an expense during the year ended 31 March 2020 and included in cost of sales in the statement of profit or loss.

11 Installation contracts work in progress

	2020	2019
At beginning of year	1	70
Contract cost incurred in the year	637	1,114
Contract cost recognised	(619)	(1,183)
	19	1

12 Trade and other receivables

	2020	2019
Trade receivables	13,285	11,273
Less: provision for impairment	(192)	(365)
Trade receivables-net	13,093	10,908
Other receivables	1,282	1,715
Prepayments	911	390
	15,286	13,013

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3(a) (ii).

13 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and on hand	5,246	2,609
Bank overdrafts, short-term advances and bankers' acceptances (Note 16)	(16,388)	(19,803)
	(11,142)	(17,194)

14 Share capital

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

Issued and fully paid	2020 $'000	2019 $'000
46,166,600 'A' common shares of no par value	4,617	4,617
19,742,074 'B' common shares of no par value	29,131	29,131
45,590 8% cumulative participating preference shares of no par value	228	228
	33,976	33,976

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

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

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

15 Other reserves

	Land and buildings revaluation $'000	Retirement benefit asset $'000	Financial assets FVOCI $'000	Total $'000
Balance at 1 April 2019	20,065	(2,214)	148	17,999
Loss on revaluation of land and buildings	--	--	--	--
Remeasurement of retirement benefit (liability)/asset	--	(698)	--	(698)
Fair value gain	--	--	(28)	(28)
Balance at 31 March 2020	20,065	(2,912)	120	17,273
Balance at 1 April 2018	20,450	(1,730)	146	18,866
Loss on revaluation of land and buildings	(385)	--	--	(385)
Remeasurement of retirement benefit asset	--	(484)	--	(484)
Fair value gain	--	--	2	2
Balance at 31 March 2019	20,065	(2,214)	148	17,999

16 Borrowings

	2020 $'000	2019 $'000
Current		
RBC Royal Bank (Trinidad & Tobago) Limited (overdraft)	10,908	14,493
JMMB Trinidad and Tobago Limited (overdraft)	2,075	3,305
RBC Royal Bank (Trinidad & Tobago) Limited (revolving credit)	3,405	1,705
Louwill Credit Union	--	300
Bank overdrafts and short-term advances	16,388	19,803
RBC Royal Bank (Trinidad & Tobago) Limited (commercial mortgage)	2,488	2,301
Caribbean Finance Corporation Limited (finance lease - Note 28)	--	755
RBL (Trinidad and Tobago) Limited (short term loan)	1,308	--
RBC Royal Bank (Trinidad & Tobago) Limited (mortgage loan)	161	149
RBC Royal Bank (Trinidad & Tobago) Limited (short term loan)	967	297
	4,924	3,502
Non-current		
RBC Royal Bank (Trinidad & Tobago) Limited (commercial mortgage)	7,993	10,481
Caribbean Finance Corporation Limited (finance lease - Note 28)	--	429
RBL (Trinidad and Tobago) Limited	1,769	--
RBC Royal Bank (Trinidad & Tobago) Limited (mortgage loan)	167	338
RBC Royal Bank (Trinidad & Tobago) Limited (short term loan)	1,501	--
	11,430	11,248
Total borrowings	32,742	34,553

16 Borrowings (continued)

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

Overdraft facilities

The Group has an overdraft facility of $10,965,000 which bears interest at the rate of 7.5% (2019: 9.5%) per annum.

The Home Store Limited has an overdraft facility of $7,000,000 (2019: $5,000,000) which bears interest at prime plus 0.5%, current effective rate 7.5% (2019: 9.75%) per annum. This facility is subject to call and an annual review. The Company also has an additional seasonal overdraft limit of $3,000,000 (2019: $2,000,000).

Revolving credit

On 31 October 2018 the Group was granted a working capital facility of US$300,000 which was increased to US$500,000 on 2 April 2019 and interest rate reduced to 4.86325%. Repayment terms are interest only and this facility should be paid in full at least once within a twelve month period from initial drawdown.

Commercial mortgage

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

Mortgage loan

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

Short term loan

The Home Store Ltd has a facility for $2,500,000 with an interest rate of 7.5% and monthly instalment of $77,765. This loan was repaid on 31 July 2019.

A new facility was granted for $5,000,000, of which $2,468,255.50 was drawn on 18 November 2019 with an interest rate of 7.5% and monthly instalment of $93,318.65.

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

- Deed of Assignment of Debenture registered between RBC Royal Bank (Trinidad & Tobago) Limited and the Company over the fixed and floating assets. Stamped to secure $11,535,000.
- Registed First Demand Mortgage over a commercial property located on Abercromby Street, Port of Spain. Stamped to secure $5,345,000.
- Deed of Variation to include parcels 119 Abercromby Street and 25A New Street Port of Spain.
- Registered First Demand Mortgage over land and building at Barataria. Stamped to secure $37,250,000.
- Deed of Transfer of Debenture at Lot O, Century Drive, Trincity. Stamped collateral to the above Debenture.
- Assignment of Fire Policy on Stock/ Building, with Sagicor General Insurance incorporated for a total sum insured $76,700,000.
- Registered Demand First Debenture over the fixed and floating assets including uncalled capital and goodwill, stamped to secure $13,625,000.
- Collateral Guarantee and Postponement of Claim to support facilities granted, stamped Collateral to Deed of Mortgage.

16 Borrowings (continued)

b. *JMMB Trinidad and Tobago Limited*

Overdraft facility

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

c. *Louwill Credit Union*

This facility was drawn in March 2011 for $400,000 at a rate of 6% per annum. The facility was further reduced to $300,000 on 31 January 2019. This facility was repaid on 25 June 2019. This facility was unsecured.

d. *Republic Bank Limited*

The Home Store Limited has a facility for $4,000,000 with a variable interest rate of 7% per annum and monthly instalment of $123,509 for three years.

The securities held by Republic Bank Limited were as follows:

First mortgage over property situated at Lot L Century Drive, Trincity Industrial Estate.
Adequate Fire Insurance over property Lot L Century Drive, Trincity Industrial Estate, Trincity, with the Bank's interest noted.

e. *Debt Covenants*

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

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

The Group is in compliance with the debt covenants as at 31 March 2020.

17 Trade and other payables

	2020 $'000	2019 $'000
Trade payables	20,570	14,176
Accrued charges	2,989	2,180
Advance on contract	27	228
	23,586	16,584

Notes to the Consolidated Financial Statements (continued)
31 March 2020
(Expressed in Trinidad and Tobago Dollars)

18 **Segmental information**

At 31 March 2020, the Group was organised into three main business segments:

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

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

	Manufacturing		Trading		Shipping Services		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue – over time	1,594	1,787	--	--	--	--	1,594	1,787
Revenue - at a point in time	9,114	10,505	129,885	122,047	6,654	6,281	145,653	138,833
	10,708	12,292	129,885	122,047	6,654	6,281	147,247	140,620
Gross profit	2,882	3,171	43,282	41,082	4,022	3,769	50,186	48,022
Profit before taxation	--	--	--	--	--	--	6,607	3,742
Profit for the year	--	--	--	--	--	--	5,254	2,407
Total assets	--	--	--	--	--	--	157,552	132,688
Total liabilities	--	--	--	--	--	--	72,961	51,157
Capital expenditure	--	--	--	--	--	--	9,232	2,708

Notes to the Consolidated Financial Statements (continued)

31 March 2020

(Expressed in Trinidad and Tobago Dollars)

19 Expenses by nature

	2020 $'000	2019 $'000
Cost of sales		
Inventories of finished goods sold	93,799	87,123
Raw materials and consumables used	3,262	5,494
Other	--	(19)
	97,061	92,598
Administrative expenses		
Employee benefit expense	21,178	19,473
Other expenses	9,175	10,329
Depreciation (Note 6)	5,638	2,977
Advertising cost	2,509	1,985
Directors fees (Note 27)	224	224
Movalite accounts receivable write-off *	--	6,354
	38,724	41,342

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

	2020 $'000	2019 $'000
Distribution costs		
Transportation costs	1,351	1,748
Employee benefit expense		
Salaries and wages	19,724	17,895
National insurance	1,290	1,134
Pension charge (Note 9)	164	444
	21,178	19,473
Number of employees	195	188

20 Other income

	2020 $'000	2019 $'000
Rental income	917	1,307
Dividend income from financial asset – FVOCI	298	177
Other income	--	494
Gain on sale of property, plant and equipment	84	67
	1,299	2,045

21 Taxation

	2020 $'000	2019 $'000
a. Business levy	906	899
Green fund levy	447	436
Deferred tax (Note 26)	--	--
	1,353	1,335

21 Taxation (continued)

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

	2020 $'000	2019 $'000
Profit before taxation	6,607	3,742
Tax on chargeable profit	1,983	1,123
Expenses not deductible for tax purposes	44	55
Other differences	(77)	(403)
Income not subject to tax	(114)	(85)
Business levy	906	699
Green fund levy	447	436
Recognition of tax losses not previously recognised	(1,836)	(690)
	1,353	1,335

The tax on chargeable profit is calculated at 30% (2019: on the first one million and at 30% thereafter).

22 Profit per share

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

Profit attributable to equity holders of the Group from - continuing operations	5,254	2,407
Weighted average number of ordinary shares in issue	24,358,741	24,358,741
Basic profit per share - continuing operations	22¢	10¢

23 Dividends paid

Dividends paid	1,468	734

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

On 28 January 2020, the Group paid a dividend of $0.006 cents per share on ordinary 'A' share and $0.06 on ordinary 'B' shares and $0.08 on preference shares.

24 Net changes in operating assets/liabilities

Increase in inventories	(241)	(4,937)
(Increase)/decrease in installation contracts work in progress	(18)	69
(Increase)/decrease in trade and other receivables	(2,273)	8,167
Increase/(decrease) in trade and other payables	7,002	(7,111)
	4,470	(3,812)

Notes to the Consolidated Financial Statements (continued)
31 March 2020
(Expressed in Trinidad and Tobago Dollars)

25 **Net cash/(debt) reconciliation**

This section sets out an analysis of net debt and movements in the net debt for each of the periods presented:

Net cash/(debt)

	2020 $'000	2019 $'000
Cash and cash equivalents	5,246	2,609
Borrowings (including overdraft: 2018 also including finance lease liabilities)	(32,742)	(34,553)
Leases liabilities	(15,819)	--
Net cash/debt	(43,315)	(31,944)
Cash and cash equivalents	5,246	2,609
Gross debt-fixed interest rates	(48,561)	(34,553)
Net cash/debt	(43,315)	(31,944)

	Liabilities from financing activities			
	Cash/bank overdraft	Borrowings	Leases	Total
Net debt as at 1 April 2018	(11,661)	(16,735)	(465)	(28,861)
Acquisitions	--	--	(996)	(996)
Cash flows	(5,533)	3,169	277	(2,087)
Net cash/(debt) as at 31 March 2019	(17,194)	(13,566)	(1,184)	(31,944)

	Liabilities from financing activities			
	Cash/bank overdraft	Borrowings	Leases	Total
Net debt as at 1 April 2019	(17,194)	(13,566)	(1,184)	(31,944)
Recognition on adoption of IFRS 16	--	--	(7,682)	(7,682)
Acquistions	--	(7,000)	(9,416)	(16,416)
Cash flows	6,052	4,212	2,463	12,727
Other changes	--	--	--	--
Net cash/(debt) as at 31 March 2020	(11,142)	(16,354)	(15,819)	(43,315)

26 Deferred tax

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

	Accelerated tax depreciation $'000	IFRS 16 $'000	Retirement benefit (liability)/asset $'000	Accumulated tax losses $'000	Total
At 1 April 2019	(3,602)	--	(72)	3,674	--
Credited/(charged) to profit/(loss)	(192)	(197)	311	78	--
Credited/(charged) to other-comprehensive income	--	--	--	--	--
At 31 March 2020	(3,794)	(197)	239	3,752	--
At 1 April 2018	(2,851)	--	(303)	3,154	--
Credited/(charged) to profit/(loss)	(751)	--	231	520	--
Credited/(charged) to other-comprehensive income	--	--	--	--	--
At 31 March 2019	(3,602)	--	(72)	3,674	--

Deferred tax assets are recognised for tax losses carried forward to the amount of deferred tax liability calculated. The Group did not recognise deferred tax assets of $7,481,000 (2019: $9,015,000) in respect of losses amounting to $24,938,000 (2019: $30,050,000) that can be carried forward against future taxable income.

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%). Recognition of deferred tax assets relating to tax losses has been limited due to uncertainty about the timing of utilisation against future profits.

27 Related party transactions

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

Transactions were carried out with the following related parties:

	2020 $'000	2019 $'000
Key management compensation		
Salaries and other short-term benefits	5,750	5,408
Directors fees	224	224

Key management includes divisional and sales managers and directors.

28 Commitments

Non-cancellable operating leases

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

The Group leases various properties under operating leases expiring within 3 and 7.5 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. From 1 April 2019, the Group has recognised right of use assets for these leases, except for short term and low-value leases, see Note 7 for further information.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable:

	Within 1 year $'000	Later than 1 year but not later than 5 years $'000	Later than 5 years $'000
As at 31 March 2020	--	--	--
As at 31 March 2019	1,386	6,261	5,407

Finance leases

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

The future minimum finance lease payments are as follows:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
As at 31 March 2020	--	--	--
As at 31 March 2019	854	481	--

Notes to the Consolidated Financial Statements (continued)
31 March 2020
(Expressed in Trinidad and Tobago Dollars)

29 Contingencies

	2020 $'000	2019 $'000
Bonds		
Comptroller of Customs and Excise	320	270
Cheque Guarantee*	550	365
Furness Anchorage General Insurance Limited customs**	--	200

* undrawn in 2019
** expired on 22 May 2018 and was not renewed

The Group also has a collection item for GBP 10,498.91.

Claim

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

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

30 Events after the statement of financial position

a. On 28 May 2019, the Directors of L.J. Williams Limited resolved to amalgamate Movalite Limited into L.J. Williams Limited by 31 March 2020. Initially management agreed Movalite Limited will continue as a division of L.J. Williams Limited with limited operations. However due to the changes of business as a result of the pandemic and the synergies Movalite Limited brought to the hardware business, it was decided that amalgamation with The Home Store Limited would be more benefical to the Group which will be completed by 31 March 2021. This was resolved by the Directors on 25 June 2020.

b. In March 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) a pandemic. The Government of Trinidad and Tobago declared a Shelter in Place Provision which declared all unessential workers to stay at home from 31 March 2020. This may affect the level of profitability for the financial year ending 31 March 2021. Assessment of the impact on the larger economy is still to be determined, so far L.J. Williams Limited was classified as an essential service and has experienced increase sales in certain lines, however, the Group has experienced stock shortages due to suppliers not being able to fill re-orders due to temporary closure of businesses in Europe and United States due to the pandemic. The Home Store Limited, however was most affected by the pandemic since its business was classified as non-essential and was closed in April 2020. The Home Store Limited Barataria branch reopened on 1 May 2020 as a hardware retailer and the Chaguanas and C3 branches reopened on 11 May with limited access to customers. All branches returned to normal hours of operation from 22 June 2020.

c. On 12 May 2020 a $7,000,000 demand loan was granted at a rate of 7.5% for three years and the overdraft facility was reduced by the corresponding amount of the loan.

L.J. Williams Ltd

Directors' Report

The Directors present their report and statement of accounts for the year ended 31 March 2020.

FINANCIAL RESULTS	$'000
Profit after taxation	5,254
Retained earnings brought forward	29,556
Dividend	(1,468)
Retained earnings carried forward	33,342

DIVIDENDS

The Board approved a dividend payment of 8 cents on Preference Shares, 6 cents on B Shares and .6 cents on A shares based on 3rd Quarter FY2020 results and this was paid on March 27th, 2020.

AUDITORS

The auditors, PricewaterhouseCoopers retire and being eligible, offer themselves for re-appointment.

DIRECTORS' INTEREST

L.J. Williams Ltd

	AS AT 31 MARCH 2019			AS AT 31 MARCH 2020		
	Number of Preference Shares fully paid	Number of 'A' Common Shares fully paid	Number of 'B' Common Shares fully paid	Number of Preference Shares fully paid	Number of 'A' Common Shares fully paid	Number of 'B' Common Shares fully paid
Krishna Bahadoorsingh	-	-	10,550	-	-	10,550
Paul J. Williams	67	592,237	112,281	67	592,237	112,456
Thomas J. Williams	67	591,377	188,414	67	635,987	277,414
Lawford Dupres	-	-	42,000	-	-	42,000
Michal Andrews	-	-	500	-	-	500
Mariano Browne	-	-	-	-	-	-

As at 31 March 2019 and 31 March 2020 there were no beneficial interests attached to any shares registered in the names of the directors in the company's subsidiary companies, such shares being held by the directors as nominees of the company or its subsidiaries.

SUBSTANTIAL INTEREST

	AS AT 31 MARCH 2020		
	Number of Preference Shares fully paid	Number of A' Common Shares fully Paid	Number of 'B' Common Shares fully Paid
Williams Holdings Limited	-	34,932,043	790,666
Colonial Life Insurance Company Ltd.	-	3,498,956	10,190,584

A substantial interest means one-tenth or more of the total voting share capital of the Company.

L.J. Williams Ltd

MANAGEMENT PROXY CIRCULAR

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT 1995

(SECTION 144)
MANAGEMENT PROXY CIRCULAR

1. **NAME OF COMPANY:** L. J. Williams Limited **COMPANY NO:** L2398(95) A

2. **PARTICULARS OF MEETING:**
Date of the Annual General Meeting to be confirmed

3. **SOLICITATION**
It is intended to vote proxies hereby solicited (unless the shareholder directs otherwise) in favour of all resolutions as stated in the Notice of Meeting.

4. **STATEMENTS PURSUANT TO SECTION 76 (2)**
No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act 1995.

5. **STATEMENT PURSUANT TO SECTION 171 (1)**
No statement has been received from any Auditor pursuant to Section 171 (1) of the Companies Act 1995.

6. **SHAREHOLDERS' PROPOSAL PURSUANT TO SECTIONS 116 (A) AND 117 (2)**
No proposal has been received from any Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act 1995.

DATE	NAME AND TITLE	SIGNATURE
June 17th 2020	Aegis Business Solutions Ltd Secretary	AEGIS BUSINESS SOLUTIONS LIMITED Secretary

L.J. Williams Ltd

PROXY FORM | COMPANY NO. L2398(95)A

DATE OF THE ANNUAL GENERAL MEETING TO BE CONFIRMED

I/We (Block Capitals please)…….
member(s) of the above-names Company, do hereby appoint the Chairman of the meeting, or failing him………………………………………………………………………….of……………………………………………………………………………….
………
to be my/our Proxy to vote for me/us on my/our behalf at the 57th (Fifty Seventh) Annual Meeting of L.J. Williams Limited, and at any adjournment thereof, as indicated below, on the Resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

Signed this day of 2020

Signature: ………………………………………………………………………………………

Signature: ………………………………………………………………………………………

Please see Notes below for assistance to complete and deposit this Proxy Form.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no such indication is given, the Proxy will exercise his discretion as to how he votes or whether he abstains from voting.

RESOLUTIONS		FOR	AGAINST
1	To receive and consider the audited consolidated financial statements of the company for the year ended 31 March 2020 and Auditors Report thereon.		
2	To re-elect the following Directors to hold office in accordance with Bye-Law No 1 of the Company. Paul J. Williams Mariano Browne Krishna Bahadoorsingh		
3	To re-appoint PricewaterhouseCoopers as the auditors of the Company and to authorize the directors to fix their remuneration.		

NOTES

1. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not also be a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer, or if such appointer be a corporation, under the common seal.
3. In the case of joint holders, the signature of any one holder will be sufficient but the names of all joint holders should be stated.
4. To be valid, this form must be stamped in accordance with the Stamp Duty Act. A 25-cent postage stamp should therefore be affixed and cancelled by the person completing the proxy. The completed and stamped proxy must then be deposited at the company's registered office, 2 Sixth Avenue, Barataria, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Return to:
The Secretary
L.J. Williams Limited
2 Sixth Avenue
Barataria