ANGOSTURA'S ANNUAL REPORT 2020

CELEBRATE THE SPIRIT OF TRINIDAD AND TOBAGO

SCAN & DOWNLOAD

2020 Annual Report

THE COLOUR of RESILIENCE

INTRODUCING

ANGOSTURA® cocoa bitters

TASTE THE UNEXPECTED

Few flavours delight one's palate in a way that leaves you wanting more. None more so than the rich taste of cocoa! ANGOSTURA®, celebrated worldwide for its rich history in creating aromatic and orange bitters, has expanded its renowned collection to include ANGOSTURA® cocoa bitters.

We only use the world's finest, the Trinitario cocoa from Trinidad and Tobago. This paired with 200 years of unparalleled bitters expertise have resulted in this truly decadent, indulgent new flavour. Top notes of rich bitter, floral, nutty cocoa with a bold infusion of aromatic botanicals provide endless possibilities to remix classic cocktails and put a luxurious spin on a main dish or a sweet treat.

Trinidad and Tobago is one of the few countries designated as a 100% fine or flavour cocoa producer. A status it has held for decades. Enjoy.

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ANGOSTURA®

2020 Annual Report

The Colour Of Resilience

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Image Factory Limited

Angostura®, a world market leader for bitters, is one of the Caribbean's leading rum producers and home to a superb collection of rum brands.

WHO WE ARE

Our iconic drinks include Angostura 1824®, Angostura® 1787, Angostura 1919®, Angostura® 7-year-Old rum, Angostura® 5year Old rum, Angostura® Reserva, Angostura Single Barrel®, White Oak and its innovative array of flavours – Sorrel, Coconut, Watermelon and Pink Grapefruit – Forres Park Puncheon, Black Label, and Royal Oak.

As a market leader for bitters, Angostura® produces products such as Angostura® aromatic bitters, Angostura® orange bitters, Angostura® cocoa bitters, Amaro di Angostura® and signature beverages which include Angostura® Lemon Lime and Bitters and Angostura® Sorrel and Bitters.

Along with being a Royal Warrant Holder to the Queen of England for our Angostura® aromatic bitters, we have successfully marketed our iconic bitters globally and have a geographic reach into 170 markets. The recipe for Angostura® aromatic bitters has not been changed since the first bottle was introduced to the world in 1824 and remains a top secret.

Many of our brands have been bringing joy for generations in Trinidad and Tobago, our core rum market. Meanwhile, our premium rums have been causing a stir at countless international competitions over the past decade and have been awarded many prestigious accolades internationally. In addition, Angostura® aromatic bitters has been named the **Number One Selling Bitters** and **Number One Trending Bitters** since 2018 by Drinks International.

VISION, MISSION, GUIDING PRINCIPLE AND VALUES

VISION

Proudly grow for the betterment of the environment and the people of Trinidad and Tobago.

MISSION

Be a world-renowned rum company with sought after brands rooted in authenticity and craftsmanship, while accelerating the ingenuity and mystique of delivering exceptional Aromatic Spirits and other beverages.

“Celebrate the spirit of Trinidad & Tobago”

GUIDING PRINCIPLE

“No Stickin” - Be relentless in making it happen!

VALUES

Integrity
Togetherness
Tenacity
Passion

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Terrence Bharath (Chairman), Mrs. Michal Andrews, Ms. Alana Beaubrun, Ms. Renée Johncilla, Ms. Ingrid Lashley

COMPANY SECRETARY

Mrs. Kathryna Baptiste Assee, Company Secretary, Ms. Tishana Abdool, Assistant Company Secretary

REGISTERED OFFICE

Corner Eastern Main Road & Trinity Avenue , Laventille, Republic of Trinidad and Tobago
Telephone No. (868) 623-1841, Fax: (868) 623-1847
E-mail: corpsec@angostura.com Website: www.angostura.com

REGISTRAR & TRANSFER AGENT

Trinidad & Tobago Central Depository Limited, 10th Floor, Nicholas Towers, 63-65 Independence Square
Port of Spain, Republic of Trinidad and Tobago
Telephone No. (868) 625-5107/9 Fax: (868) 623-0089

AUDITORS

PricewaterhouseCoopers, 11-13 Victoria Avenue, Port of Spain, Republic of Trinidad and Tobago
Telephone: (868) 299-0700, Fax: (868) 623-6025

BANKERS

Republic Bank Limited, Promenade Centre, 72 Independence Square, Port of Spain, Republic of Trinidad and Tobago

First Citizens Bank Limited. Corporate Banking Unit, 2nd Floor, Corporate Centre, 9 Queen's Park East, Port of Spain, Republic of Trinidad and Tobago

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

Scotiabank Limited, Scotia Centre Branch, 56-58 Richmond Street, Port of Spain, Republic of Trinidad and Tobago

ATTORNEYS-AT-LAW

Lex Caribbean, First Floor, 5-7 Sweet Briar Road , Port of Spain, Republic of Trinidad and Tobago
Tel: 1 (868) 628-9255, Fax: 1 (868) 628-6714

CHAIRMAN'S REPORT

"In fiscal 2020, a year of unprecedented challenges and adversity, Angostura Holdings Limited persevered and quickly adapted, continuing its annual revenue growth trend from 2017."

ANGOSTURA®

Prior to COVID-19, the world accepted freedom of movement and association as a given norm. Suddenly, the pandemic came, and social distancing, a ban on mass gatherings, restrictions on the openings and operations of bars and restaurants and lockdowns became the norm.

What was taken as a right before, became but a past memory. The pandemic severely disrupted global economies, entertainment, travel, concerts, cinemas, schools and Universities to name a few, with the result that the livelihoods of millions were suddenly thrust into jeopardy.

Globally, restrictions were put in place to protect lives to avoid a health crisis, but economically it resulted in a severe blow. According to the World Bank, global activity is estimated to have contracted by 4.3% due to COVID-19 in 2020, which was the fourth most severe global recession of the past 150 years, exceeded only by the First World War, the Great Depression, and the Second World War. No country has been spared from the pandemic; businesses both small and large and even those that have been around for 196 years like Angostura, have felt the impact of the pandemic.

The Central Bank of T&T reported that despite the challenges from the pandemic, the private sector in the non-energy sector showed positive signs of adapting to the COVID-19 restrictions and limitations. The Central Bank also reported that growth was recorded in some sectors by the third quarter in 2020 including the manufacturing industry.

In fiscal 2020, a year of unprecedented challenges and adversity, Angostura Holdings Limited persevered and quickly adapted, continuing its annual revenue growth trend from 2017. Reported revenue for the fiscal year ended December 31, 2020 was $905.4 million, an increase of $58.2 million or 6.9% over the prior year. The Group reported profit before tax of $212.7 million which represented a 6.8% increase from the prior year over the comparative period. The Group's ability to record growth during such a challenging and uncertain period, is testimony to its ability to adapt, to innovate in the face of change and to move into areas of commerce that it regarded as more lucrative. Despite the limitations facing the global economy, the Group was able to expand its reach, enter new markets and international retail outlets which, in the face of supply chain challenges and border controls, amounted to another major achievement.

The accomplishments of the Group in 2020 would not have been possible without the hard work of employees and the way they adapted to the new norm despite the disruptions to their daily lives. Even as the world grappled with the challenges brought on by the pandemic and changed the way we conducted business, our employees remained steadfast in their commitment to the Group. The Board is grateful for their support during this difficult period.

TAKING CARE OF OUR STAKEHOLDERS DURING THE PANDEMIC

At the outbreak of the pandemic, protecting our employees was our top priority.

During this unprecedented period, the Group provided flexible working schedules for employees to ensure their safety as some were able to work from home and take care of their families. The Board and the Executive team worked assiduously to ensure health and safety measures were instantly implemented to safeguard employees against the spread of the virus. Maintaining business continuity was crucial but that was not the only consideration as protecting citizens of the country also became a major priority. Being conscious of the vulnerability of our citizens, the Group produced 70,000 bottles of hand sanitizer and donated them to frontline workers including security forces and health care workers, gas stations, Government Ministries, NGOs and our fenceline communities.

Our employees generously gave up some of their vacation leave which amounted to a value of $1 million from their paid vacation entitlements, towards buying grocery items for the most vulnerable. The shutdown of schools impacted many students who did not have access to a device for online classes. The Board granted approval for the purchase of laptops that were donated to secondary schools across the country.

GROWTH

The setbacks caused by the pandemic did not prevent us from achieving our milestones as innovation played a key role in the Group's growth in 2020.

The year started off with the launch of White Oak Coconut Flavoured rum in February which was a big player in the Carnival celebrations. In July, the Group added another line to its iconic bitters brand by introducing to the world, Angostura® cocoa bitters which was part of the Group's efforts to support the local agricultural industry using T&T's Trinitario cocoa. The innovative Angostura® cocoa bitters came 13 years after Angostura® orange bitters was launched. Angostura® cocoa bitters is now exported to several markets including the United Kingdom, Europe and the USA. Our bitters line is now sold in over 1,300 Walmart stores. This has strengthened the Group's strategic position globally. The expansion of the bitters range generated a higher demand for Angostura® aromatic bitters, Angostura® orange bitters and Angostura® cocoa bitters and this resulted in an increase in revenue growth of 19.3% in fiscal 2020 for the brand. The Group's innovation did not stop there; in August, White Oak Watermelon Flavoured rum was launched, which gained excellent traction on the local market.

The rum segment, which represented 65% of our total 2020 revenue, grew by 8.5% due to increased local consumer demand for Forres Park Puncheon and White Oak. The closure of bars and bar-related services shortly after Carnival 2020, reduced consumption at on-premise avenues and shifted consumption to off-premise purchases. The Group navigated its focus to the wholesaler and supermarket channels to compensate for lost sales in the on-premise consumption.

Our two largest international markets, North America and the EMEAA (Europe, Middle East, Asia, Africa) contributed 22.8% of total revenue. The impact of COVID-19 on the EMEAA resulted in a severe contraction of demand from this region, which is more culturally inclined to bar and restaurant consumptions and was therefore significantly impacted by the closure of these businesses during 2020. The EMEAA market contracted overall by 7% in 2020, with some signs of recovery noted in late 2020.

By contrast, our North American market reported growth of 28% in 2020, mainly due to increased demand for bitters which contributed 96% of revenue in the region and grew by 31% in 2020.

PROFITABILITY

Planned upgrade works on the Group's Water Resource Recovery and Anaerobic Digester facility (also known as the Waste Water Treatment Plant) were directly impacted by the global pandemic and resulted in reduced production capacity.

Engineers working on the plant from abroad had to leave our shores when borders were closed, which prevented the planned completion of the upgrade works. As a result, there was a delay in the commissioning of the plant and the cost of production per litre of alcohol (LOA) increased. Fortunately, four months after the planned commissioning date, on August 3rd, we commissioned the plant in the throes of COVID-19. These pressures on our Gross Profit margin were exacerbated by the periodic declines in demand internationally, as well as increased demand in local products with higher customs duties. We closed fiscal 2020 with a Gross Profit margin of 47%, compared to 49% in the prior period. With the plant now being fully commissioned and gradually getting up to peak performance, we expect an increase in daily production and the reaping of economies of scale, with efficiency going up and production costs going down.

ANGOSTURA COPPED PRESTIGIOUS TTMA AWARD

Amid the disruptions caused by the pandemic, the thought of good fortune came quite unexpectedly with the revelation that Angostura had won the Manufacturer of the Year (Large) 2019 Award.

This prestigious Award is bestowed by the Trinidad and Tobago Manufacturers' Association (TTMA). Angostura was able to win this award because of the significant amount of local content used in our products and the percentage increase in our production from 2018 to 2019. The TTMA also took into account our compliance with Health, Safety and the Environment standards and increased employment in 2019. I was humbled to receive such an Award on behalf of the Board and all of our employees, the latter being truly deserving of such a high accolade.


A Time of Achievement
Proudly Moving Forward
JANUARY
White Oak Coconut Launch
FEBRUARY
Angostura® Global Cocktail Challenge
APRIL
Hand Sanitizer Donated to Frontline Workers and All Schools
MAY
COVID-19 Family Assistance
$1 Million Food Drive
JULY
ANGOSTURA® Cocoa Bitters Launch
AUGUST
Opening of State-of-the-Art Wastewater Treatment Facility
SEPTEMBER
White Oak Watermelon Launch
OCTOBER
SEA Students' Book Voucher & Secondary Schools' Laptop Distribution
NOVEMBER
Angostura® Sorrel and Bitters Launch
DECEMBER
TTMA Winner of Manufacturer of the Year 2019
Angostura® Tribute Chairman's Choice Rum Launch
THE ANGOSTURA HISTORICAL DIGEST
ANGOSTURA SOLERA WINES & SPIRITS
THE MARABELLA DEPOT
2021
COMING SOON
"In a year of extraordinary global challenges, Angostura® strengthened our commitment to caring for and serving our country while showcasing the brilliance of Trinidad and Tobago on the world stage. As we move forward, we will continue to embrace opportunities to drive development and uplift our country."- Terrence Bharath, Chairman of Angostura® Holdings Ltd.
THE HOUSE OF ANGOSTURA® EST. 1824
DESIGNATE, DON'T DRINK AND DRIVE.

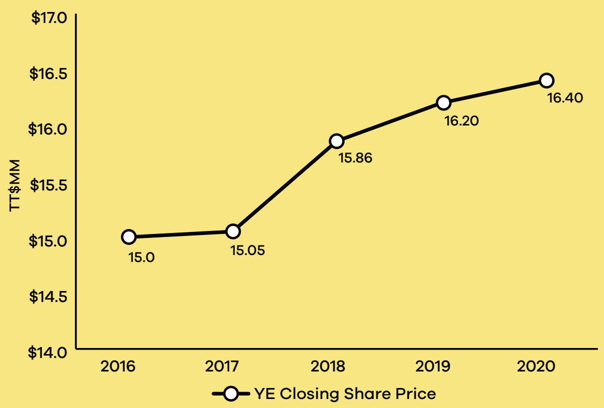
DIVIDEND

The Board of Directors is pleased to recommend a final dividend in respect of the year ended December 31, 2020 of $0.30 per share with a payment date of September 21, 2021 and record date of September 03, 2021.

The proposed dividend will represent a 15.4% increase over the 2019 total dividend declared (2019: $0.26 per share) and earnings per share of $0.71 (2019: $0.69). The Board of Directors is mindful of its obligation to increase shareholder value and is committed to share the profits of the company with its owners, those who, by their investment, have believed in us through their continued ownership of shares. The dividend is reflective of the need to balance the return on investment with prudent management of our resources, ensuring that the interest of all stakeholders is paramount. We thank the shareholders for understanding our constraints and caution which prevented us from declaring an interim dividend in the face of uncertainty in the midst of pandemic conditions.

SHARE PRICE

The share price has appreciated by 9% from 2017.



Terrence Bharath
Chairman

DIRECTORS' REPORT

Dear Shareholder,
The Directors present the Annual Report and Audited Financial Statements for the fiscal year ended December 31, 2020.

The Company recognises that a robust corporate governance structure is crucial to its optimal performance and facilitates the ultimate goal of building long-term value for its stakeholders.

Accordingly, the Company strives to uphold the highest standards of corporate governance and is guided by the following five (5) principles as outlined in the *Trinidad and Tobago Corporate Governance Code 2013*:

1. **Establish a Framework for Effective Governance**

   The Company is headed by an effective Board of Directors, which is collectively responsible for the long-term success of the Company. As permitted by the Company's By-Law No. 1, the Board delegates certain of its powers to its Sub-Committees, subject to section 84(2) of the Companies Act, Chap. 81:01. The Sub-Committees make recommendations to the Board for approval.

2. **Strengthen the Composition and Performance of Board and Committees**

   All of our Directors are independent and possess diverse skills, knowledge, experience and perspectives, which lends to an effective Board.

3. **Reinforce Loyalty and Independence**

   The Board upholds the highest levels of ethics and business conduct and acts honestly and in good faith, in the best interest of the Company, ahead of other interests.

4. **Foster Accountability**

   The Board presents an accurate, timely, balanced and understandable assessment of the Company's performance, position and prospects through (inter alia) timely disclosure of material matters affecting the Company, a robust Audit Committee and reporting to Shareholders on an annual basis.

5. **Strengthen Relationships with Shareholders**

   The Board strives to promote constructive relationships with all Shareholders with a view to facilitating the exercise of their ownership rights and encouraging engagement with the Company. The Company's annual and special meetings foster active participation by Shareholders.

THE BOARD OF DIRECTORS

The Board of Directors currently comprises five (5) Directors. They are:

Mr. Terrence Bharath - Chairman
Mrs. Michal Andrews
Ms. Alana Beaubrun
Ms. Renée Johncilla
Ms. Ingrid Lashley

The biographies of the Directors are as follows:

TERRENCE BHARATH – CHAIRMAN

Mr. Bharath, Attorney-at-Law, graduated from the University of Nottingham, United Kingdom with a Bachelor of Laws Degree with Honours in the year 1986.

Thereafter, he attended the Council of Legal Education in London and became a member of Lincoln's Inn. In 1987, he successfully completed the examination for the call to the Bar of England and Wales and was thereafter admitted to practice as an Attorney-at-Law in Trinidad and Tobago. Mr. Bharath, since his return to Trinidad in the month of October 1987, has been in practice for a period of thirty-four (34) years as an Advocate and is currently the Head of Chambers at Carlisle Chambers, Barristers and Attorneys-at-Law.

His principal areas of practice include complex litigation and intricate non litigious matters. Having attained thirty-four (34) years' experience in advocacy and advisory work, his experience and knowledge span a wide cross section of commercial matters and Courts. These include, but are not limited to the following matters, Banking, Security instruments, Company Law, Judicial Review, Pension, Negligence, Land Law, Arbitration, FIDIC, Trust, regulation of the Financial Sector, the Securities Act, Telecommunications Law, Environmental Law, Fraud and Insolvency. Mr. Bharath has also represented parties at two (2) Commissions of Enquiry, the last being the Commission of Enquiry into the collapse of the CL Financial Group, where he represented the Policy Holders of Trinidad and Tobago.

For the past twenty-four (24) years Mr. Bharath has sat on fifteen (15) Boards and has gained a wide array of knowledge in various commercial ventures, ranging from the Financial Sector to the Manufacturing Sector.

Mr. Bharath served as a Director of the Trinidad and Tobago Unit Trust Corporation, one of the largest financial services companies in Trinidad and Tobago, for eighteen (18) years. Mr. Bharath has also delivered guest lectures at the Hugh Wooding Law School (HWLS) and has been an Associate Tutor at HWLS for a period of eight (8) years. Having a passion for the societal development of Trinidad and Tobago, he holds the belief that the development of the nation's youth is a major contributor to our success as a country. In this regard, he has and continues to serve as a Board member of a charitable organisation for the past 11 years. This organisation is the only one in the country, located in the heart of the city of Port of Spain, which seeks to rehabilitate children from unfortunate circumstances. It provides housing and protection to the children with a view to preparing them for return to society.

In the year 2016, Mr. Bharath was appointed as a Board member and on June 25, 2018 was made the Chairman of the Board of Angostura Holdings Limited and its subsidiaries.

MICHAL ANDREWS – DIRECTOR

Mrs. Michal Andrews is a qualified Accountant with more than 30 years' experience in Taxation Law and Policy.

During her career, Mrs. Andrews served as the Financial Comptroller of Norwood Kitchens in the UK. On her return to Trinidad in 1974, she joined the Inland Revenue in Trinidad and Tobago as a Field Officer, where she later progressed to become a member of the Board of Inland Revenue and was appointed its first Commissioner for the administration of the Value Added Tax (VAT) Regime. She was also a part-time lecturer in VAT systems at the University of the West Indies, St. Augustine.

In 1992 Mrs. Andrews became a Partner at Ernst & Young and headed the firm's tax practice. In her capacity as an independent consultant, she also worked with the private sector. Mrs. Andrews retains significant expertise in the area of VAT and was afforded the opportunity to work alongside Government bodies in several Caribbean countries to assist with the conduct of impact studies and the implementation of VAT regimes. Mrs. Andrews also relayed her knowledge on an international front where she provided consultancy services to the Governments of Zimbabwe, Belize and Puerto Rico in VAT regimes.

Mrs. Andrews is also the Managing Director and co-owner of M & J Services Limited, which is a Real Estate Company that owns and operates STOR-IT, the first self-storage facility in Trinidad and Tobago.

Further strengthening her skill set, Mrs. Andrews' academic qualifications include being an Accredited Director of the Institute of Chartered Secretaries of Canada, a Fellow of the Association of Chartered Certified Accountants (FCCA) UK, and a member of the Association of Chartered Certified Accountants (ACCA). She holds a BSc. (Hons.) in Accounting from the University of the West Indies, Mona Campus, Jamaica and a post graduate Diploma in International Taxation from the Harvard Law School.

In addition to her held directorships on the Boards of Angostura Holdings Limited and its subsidiaries, Mrs. Andrews currently serves as a Director on the Boards of Trinidad and Tobago Insurance Limited (TATIL), TATIL Life Assurance Ltd., L.J. Williams Co. Limited, and private companies such as Ref-Planner Ltd, El Socorro Ltd and Playa Bella Ltd, to mention a few. Mrs. Andrews also makes time for greater causes as she works with the charitable organisation Women in Action for the Needy and Destitute (WAND) where she serves as a Director.

ALANA BEAUBRUN – DIRECTOR

Ms. Alana Beaubrun is a senior Human Resource professional who retains a wealth of expertise and knowledge in the area of Human Resources.

She is currently the Director Human Resources - Global Manufacturing at Methanex Limited. Ms. Beaubrun graduated from the University of the West Indies in 1994 where she completed a BSc. in Sociology and Management and was the recipient of a National Petroleum Marketing Company Limited Scholarship. In 2003, Ms. Beaubrun advanced her studies in HR where she completed an MA in Human Resource Management from the Thames Valley University located in Ealing, London. In 2012, she went on to complete studies in Strategic HR Planning at the University of Michigan, Ross Business School. Further strengthening her academic qualifications, Ms. Beaubrun is a Graduate Member of the Chartered Institute of Personnel & Development.

In her spare time Ms. Beaubrun enjoys volunteering at The Shelter for Battered Women and Children based in Port of Spain, Trinidad, where she also served as a member of the Board until 2019. In addition to her directorships on the Boards of Angostura Holdings Limited and its subsidiaries, she is also the Chairman of the Group's Human Resources Committee. Ms. Beaubrun is also an Advisory Board Member for the Master of Human Resource Management programme offered at the Arthur Lok Jack Graduate School of Business. Her expertise in the HR field has afforded her the privilege of presenting at various conferences hosted by the Human Resource Managers Association of Trinidad and Tobago (HRMATT) and the Employers Consultative Association (ECA) Forum. Ms. Beaubrun's presentations included Talent Development in Challenging Times, Peer to Peer Recognition and Managing Employee Absence.

For the period 1994 – 2001, Ms. Beaubrun worked at local companies such as RBTT Bank Limited, Process Plant Services Limited, Titan Methanol and Agostini's Limited where she served in various specialised roles in the area of Human Resource Management. In 2004, Ms. Beaubrun expanded her portfolio as a Senior Human Resource Officer at Harris Interactive located in London, UK. On her return to Trinidad in 2005, she retained various managerial roles at Nestlé Trinidad & Tobago Ltd., Angostura Limited and then onto Methanex Limited where she is currently based.

RENÉE JOHNCILLA – DIRECTOR

Ms. Renée Johncilla is an Attorney-at-Law who was admitted to practice law in Trinidad and Tobago in October 1996.

Currently serving as the Managing Attorney at Rosa Chambers, she is an independent practitioner with over twenty-four years of post-admission practice. Ms. Johncilla is a commercial Attorney whose experience is deeply embedded in corporate and commercial litigation. Her extensive legal knowledge and expertise certifies Ms. Johncilla as a remarkable addition to the Board of Angostura and its subsidiaries since her appointment in 2018.

In the early phase of her career, Ms. Johncilla functioned as the Senior Corporate Secretarial Services Assistant at Price Waterhouse up to the beginning of 1997, after which she participated in the pilot of the judicial research assistant programme launched in 1997 by the Judiciary of Trinidad and Tobago. Following this project, she entered into private practice, and thereafter functioned as in-house corporate counsel in various sectors including the Financial, Fast Moving Consumer Goods (FMCG), Manufacturing and Energy sectors. Upon gaining vast experience as in-house counsel throughout the region, she then returned to private practice.

As corporate counsel, Ms. Johncilla worked for a number of prestigious institutions including Trinidad and Tobago National Petroleum Marketing Company (Trinidad), British American Tobacco/West Indian Tobacco Company Limited (Trinidad), Caribbean Development Bank (Barbados), National Gas Company of Trinidad and Tobago Limited (Trinidad), and BP Trinidad and Tobago LLC (Trinidad).

She holds a Bachelor of Laws (Honours) degree from the University of the West Indies (UWI) and the Legal Education Certificate from the Hugh Wooding Law School. Ms. Johncilla also completed a post graduate diploma in Finance and Financial Law from the School of Oriental and African Studies, University of London. She also possesses a Bachelor of Arts (Honours) degree in Education from UWI, alongside the post-graduate Diploma in Education from UWI.

Ms. Johncilla practices before the Supreme Court of Trinidad and Tobago (including the Family Division), the Industrial Court in Trinidad, and the Equal Opportunity Tribunal.

Her notable background and expertise have fostered her publication of the Practical Law Chapter on Trinidad and

Tobago entitled Corporate Governance and Directors' Duties in Trinidad and Tobago: Overview: 2015, 2016, 2017 & 2020 in the Practical Law Multijurisdictional Guide. Practical Law is a subsidiary of Thomson Reuters, one of the leading legal publishers in the United Kingdom.

In addition to the Angostura Group of Companies, Ms. Johncilla also serves on the Boards of the Trinidad and Tobago Bureau of Standards, Marikell Services Limited and The Serenon Group Limited (the latter two being family-owned businesses).

INGRID LASHLEY – DIRECTOR

Ms. Ingrid L-A Lashley was appointed as a Director on the Board of Angostura Holdings Limited and its subsidiaries in 2016 where she continues to provide leadership in the areas of Risk and Compliance in the capacity of Chairman of the Company's Audit Committee.

An experienced banker and former Managing Director and Chief Executive Officer of The Trinidad and Tobago Mortgage Finance Company Limited, Ms. Lashley holds a Master's in Business Administration (MBA) in Accounting and Finance from McGill University in Montreal, Canada. She also retains the designations of Certified Management Accountant (CMA), Certified Public Accountant (CPA) and Chartered Accountant (CA).

Ms. Lashley serves on the boards of private, publicly listed and state-owned companies. In addition to her business directives, she also finds time to serve on charitable and professional boards.

All Directors are independent Directors with a variety of skills and experience which assist the Company in improving its governance framework and which ensures that the Board works effectively.

SKILLS MATRIX

The Skills Matrix in relation to the Directors is as follows:

	Terrence Bharath	Michal Andrews	Alana Beaubrun	Renee Johncilla	Ingrid Lashley
Years on Board (as at Dec 31, 2020)	4.5	2	1	2	4.5
Independent Business Owner / Consultant	x	x		x	x
C-Level	x	x	x	x	x
Industry Experience	x		x		
Finance / Accounting		x			x
Technology/IT/Cyber					
Risk Management	x			x	x
Internal Audit					x
Marketing or PR	x				
Operations	x	x		x	x
Legal	x			x	
Corporate Governance	x	x	x	x	x
Compensation/HR / IR	x		x	x	
Ethics & Compliance	x	x		x	x
Regional Business	x	x		x	
International Business	x	x	x	x	x
Merger & Acquisitions	x				x
Regulatory	x	x		x	x
Change Management			x	x	x

APPOINTMENT AND ROTATION OF DIRECTORS

Ms. Ingrid L-A Lashley, who retires in accordance with paragraph 4.6.1 of By-Law No.1 of the Company, being eligible, offers herself for re-election as a Director of the Company at the next Annual Meeting in accordance with paragraph 4.4.1 of By-Law No.1 of the Company.

FREQUENCY OF RE-ELECTION

All Directors retire after serving no more than three (3) years and offer themselves for re-election at the next meeting immediately after.

The Board discharges its responsibility for effective Corporate Governance by ensuring a robust framework for same exists. The Board comprises five (5) Directors, all of whom are non-executive and independent in the discharge of their responsibilities to the Company. This robust framework is supported by the frequent Board and Sub-committee meetings held with the Executive Management team of the Company.

The Board of Angostura Holdings Limited (AHL) has delegated certain of its functions to Sub-committees, which include Audit, Human Resources, and Sales, Marketing & Operations. Each of these Sub-committees has adopted independent Terms of Reference and Committee Charters that ensure that all Directors acting on behalf of the Company are aware of their duties and responsibilities. All Sub-committees refer their recommendations to the Board in order to obtain final approval. Further, the Board recently commissioned two (2) new Sub-Committees namely: 1) Governance Committee – to assist the Board in monitoring and executing corporate governance best practices including Board composition and evaluation and 2) Manufacturing & Production Committee – to assist the Board in in discharging its responsibilities relating to the Group's overall current and strategic direction, risks, investments, and progress in the area of manufacturing and production initiatives.

The roles of the Audit, Human Resources and Sales, Marketing & Operations Sub-committees are as follows:

THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee will also review: the effectiveness of the Company's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Internal Auditor reports to the Audit Committee.

Committee members are:

Ms. Ingrid Lashley (Chairman)
Mrs. Michal Andrews
Ms. Renée Johncilla

THE HUMAN RESOURCES COMMITTEE:

The purpose of the Human Resources Committee of the Board of Directors is to assist the Board in discharging its responsibilities relating to Executive staffing and Executive and staff compensation.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors and management, as well as provide regular updates to the Board on its activities. The Committee will also ensure proper succession planning for Executives at this level.

Committee members are:

Ms. Alana Beaubrun (Chairman)
Ms. Renée Johncilla

THE SALES, MARKETING & OPERATIONS COMMITTEE:

The purpose of the Sales, Marketing and Operations Committee of the Board of Directors is premised on the following: to provide guidance on the sales, marketing and operations plans of Angostura Holdings Limited and its subsidiaries, locally, regionally, and internationally and, in furtherance thereof, to recommend the sales, marketing and operations budgets to the Board and evaluate the sales, marketing and operations budgets against actual performance on a monthly basis.

Committee members are:

Mr. Terrence Bharath (Chairman)
Mrs. Michal Andrews

FREQUENCY OF MEETINGS AND ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS

On average, the Board meets once per month, but holds additional meetings as necessary. Generally, the Audit Committee also meets once per month. The Human Resources and Sales, Marketing & Operations Committees meet as required, on average about six (6) times per year.

The record of attendance of Directors at Board and Sub-committee Meetings for 2020 is as follows:

ANGOSTURA HOLDINGS LIMITED 2020 BOARD AND SUB-COMMITTEE MEETINGS				
	Board / Sub-Committees			
Name of Director	**Angostura Holdings Limited**	**Audit Committee**	**Human Resources Committee**	**Sales, Marketing & Operations Committee**
	No. Meetings Held In 2020			
	16	**10**	**9**	**10**
Terrence Bharath	16	N/A	N/A	10
Michal Andrews	16	9	N/A	10
Alana Beaubrun	13	N/A	9	N/A
Renee Johncilla	16	10	9	N/A
Ingrid Lashley	16	10	N/A	N/A

N/A - Non Member

COMPANY'S ETHICAL FRAMEWORK

The Company has in effect a Code of Business Conduct and Ethics to which its employees as well as the Board of Directors subscribe.

The Code outlines the extent to which the private interests of Directors could be accommodated within the Company's operations to ensure the highest level of transparency. All employees and Directors of the Group attest to reading and adhering to the Code of Business Conduct and Ethics during the orientation process and agree to abide by its contents.

INTERESTS OF DIRECTORS, SENIOR OFFICERS AND CONNECTED PERSONS AS AT DECEMBER 31, 2020

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVES OF ANGOSTURA HOLDINGS LIMITED (AS AT DECEMBER 31, 2020)

NAME	POSITION	NUMBER OF SHARES HELD	SHARES HELD BY CONNECTED PERSON	SHARE CERTIFICATE NUMBER
EXECUTIVES				
*Mr. Ian Forbes	Chief Executive Officer (Ag.)	0	0	N/A
**Mrs. Kathryna Baptiste Assee	Group General Counsel/Corporate Secretary	0	0	N/A
***Mrs. Carol Homer-Caesar	Chief Operating Officer (Ag.)	0	0	N/A
Ms. Ginelle Lambie	Chief Financial Officer	0	0	N/A
Mr. Rahim Mohammed	Executive Manager- Corporate Services	0	0	N/A
****Ms. Hema Ramkissoon	Executive Manager - Marketing	0	0	N/A
Mr. Alejandro Santiago	Executive Manager - Regional Sales	0	0	N/A
DIRECTORS				
Mr. Terrence Bharath	Chairman	0	0	N/A
Mrs. Michal Andrews	Director	0	0	N/A
Ms. Alana Beaubrun	Director	0	0	N/A
Ms. Renée Johncilla	Director	0	0	N/A
Ms. Ingrid Lashley	Director	0	0	N/A

* Mr. Ian Forbes was appointed to act as the Chief Executive Officer with effect from September 30, 2020. Mr. Peter Sandström was appointed as Chief Executive Officer with effect from January 13, 2020 and resigned as Chief Executive Officer with effect from September 30, 2020.

** Mrs. Kathryna Baptiste Assee was appointed to the position of Group General Counsel with effect from March 01, 2020, in addition to her substantive position of Corporate Secretary.

*** Mrs. Carol Homer-Caesar was appointed to act as Chief Operating Officer with effect from November 01, 2020.

**** Ms. Hema Ramkissoon was appointed to the position of Executive Manager – Marketing with effect from July 20, 2020.

TOP TEN SHAREHOLDERS AS AT DECEMBER 31, 2020

NAME	SHAREHOLDINGS	PERCENTAGE
Rumpro Company Limited	92,551,212	44.87%
National Investment Fund Holding Company Limited	61,677,011	29.90%
National Insurance Board	9,665,190	4.69%
Colonial Life Insurance Company [Trinidad] Ltd	5,294,866	2.57%
MASA Investments Limited	1,993,961	0.97%
TATIL Life Assurance Limited	1,866,716	0.90%
TATIL Life Assurance Limited A/C C	1,800,000	0.87%
Republic Bank Limited A/C 1162 01	1,542,922	0.75%
First Citizens Asset Management Ltd Pt7	1,518,497	0.74%
RBC Trust (Trinidad & Tobago) Limited - T534	1,476,360	0.72%

DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACTS WITH THE COMPANY (PURSUANT TO SECTION 93(1)(A) OF THE COMPANIES ACT CHAPTER 81:01)

During the financial year ending December 31, 2020 no Director or officer had been a party to a material contract or proposed material contract with the Company.

DISCLOSURE OF DIRECTORS AND OFFICERS WHO ARE DIRECTORS OR OFFICERS OF COMPANIES THAT ARE A PARTY TO MATERIAL CONTRACTS WITH THE COMPANY (PURSUANT TO SECTION 93(1)(B) OF THE COMPANIES ACT CH. 81:01)

Ms. Ingrid Lashley, Director, is a Director on the Board of Directors of the Telecommunications Services of Trinidad and Tobago Limited (TSTT). TSTT is a party to a material contract with the Company.

FINANCIAL RESULTS FOR THE YEAR

The Directors present this Summary Statement of Account for the year ended December 31, 2020.

	2020		2019 (restated)	
	Per Share $	$ Millions	Per Share $	$ Millions
Profit attributable to Shareholders	0.71	145.6	0.69	142.7
Other Reserve Movements	(0.02)	(4.60)	0.16	32.9
Dividends on Ordinary Stock	0.30	61.7	0.26	53.5
Interim Dividend	0.00	0.0	0.09	18.5
Final Dividend	0.30	61.7	0.17	35.0
Retained profits from previous year	4.41	907.5	4.00	822.5
Retained profits at end of the year	4.97	1022.6	4.41	907.5

DIVIDENDS

The Directors have recommended a final dividend in respect of the year ended December 31, 2020 of $0.30 per share.

AUDITORS

The auditors of the Company for the financial year ended December 31, 2021 will be appointed at the Annual Meeting.

By Order of the Board

Kathryna Baptiste Assee
Corporate Secretary
April 28, 2021

EXECUTIVE TEAM

Standing (L-R):
Carol Homer-Caesar - Chief Operating Officer (Ag.)
Ian Forbes - Chief Executive Officer (Ag.)
Alejandro Santiago - Executive Manager - Regional Sales

Seated (L-R):
Kathryna Baptiste Assee - Group General Counsel/Corporate Secretary
Rahim Mohammed - Executive Manager - Corporate Services
Hema Ramkissoon - Executive Manager - Marketing
Ginelle Lambie - Chief Financial Officer

MANAGEMENT TEAM

Ilyas Mohammed
Logistics Manager

William Jordan
Quality Assurance Manager

Ann Marie O'Brien
Manager – Blending

Calvin John
Chief Engineer

OPERATIONS TEAM

Wendell Kipps
Plant Manager - Distillery Operations

Marc Paul
Manager - Process Operations

Aruna Narinesingh
Quality Control Manager

Rance Williams
Inventory Manager

Mark Mohammed
Senior Mechanical Engineer

Not pictured: Sharon Ramsaran – Plant Manager - Bottling Operations, Wendell Collymore – Senior Electrical Engineer, Anessia Warner – Warehouse Manager, Ayanna De Noon – Maintenance Planning Engineer, Keegan Ramgolam – Procurement Manager, Pamela Niamath – Senior Manager- Supply Chain.

FINANCE

(L-R): Melinda De Freitas Peters – Credit Controller, Shazara Khan – Management Accountant, Nilaja Roach – Manager Business Analysis
Not pictured: Amar Seechan – Manager Finance

INTERNATIONAL SALES

(L-R): Nikecia Moore-Burrowes – Project Manager and Melissa Shonika Clarke – Commercial Operations Manager.
Not pictured: Leesha Alexander – Commercial Manager, Brian Tom Yew - Manager Export & Business Development

MARKETING

(L-R): Shivanie Harripersad – Marketing Analyst, Kavita Debideen - Marketing Manager, Lawn Davis – Marketing Manager, Vitra Deonarine - Marketing Manager.

(L-R): Rita Purdeen-Nandlal - Internal Audit Manager and Lystra Rampersad-Mahabir - Manager - Risk and Compliance

OFFICE OF THE CEO

REGIONAL SALES

Sheldon Roach – Manager – Local Sales and David Pantin – Manager – Trade Marketing
Not pictured: Ricardo Bideshi – Manager – Retail Operations.

CORPORATE SERVICES & CORPORATE COMMUNICATIONS

(L-R): Joy Matouk – Corporate Services Manager, Nicolas Seepersad – Manager HSSE, Michelle Gonzales - HR Operations Manager, Candice Diaz – Manager Industrial Relations, Judy Kanhai – Manager, PR & Hospitality, Stephen Lai Yim – Manager ICT
Not pictured: Rachael Sudan – Manager Human Resources

Our limited-edition closures symbolise a proud story. The cane stalks and butterfly reflect the superior sweetness of the sugar that gave Angostura™ rums their world-famous rich quality. It's a story that is central to Trinidad and Tobago's legacy and with these closures we pay homage to our country's colourful heritage and extraordinary spirit.

MANAGEMENT DISCUSSION AND ANALYSIS

CEO'S OVERVIEW

2020

The COVID-19 pandemic crippled the global economy and will certainly go down in history as one of the deepest wounds that will leave long-lasting scars for the worldwide population.

Its impact on economies, business, travel and social life in general was truly unimaginable, as was the loss of approximately two million lives globally in 2020. Mankind's ability to adapt to new and unexpected challenges were and continue to be tested.

Notwithstanding the challenges brought on by the pandemic, the Group stood firm and resolute, inspired by the intrepid and innovative spirit of its founder Dr. Johann G.B. Siegert in 1824. The Group would not have been able to weather this unrelenting storm without the resilience and commitment of employees, and for that I would like to sincerely thank the Angostura family.

As a corporate citizen, the Group could not sit back and watch its stakeholders suffer at the hands of the dreaded coronavirus. At a time when the country was in dire need of assistance, the Group felt it had a responsibility to step in to assist in the fight against the virus. As soon as the pandemic hit Trinidad and Tobago (T&T), a decision was taken to modify one of our production lines to facilitate the manufacture of 70,000 bottles of hand sanitizer that were all donated. The Group was among the first in T&T to provide tangible support to frontline personnel in this manner.

Families were struggling to put food on the table for their loved ones during this outbreak, and in order to bring relief, employees of the Group decided to donate some of their paid vacation entitlements towards a fund to purchase grocery items. Collectively, the employees donated $1 million in what was an unprecedented display of goodwill that brought joy to families across the country. Due to the closure of schools, students had to engage in online classes, but many were unable to do so because of the lack of access to devices. The Group stepped in and donated laptops for secondary school students.

In addition to the Group's charitable efforts, safeguarding our employees during the outbreak of the pandemic was our top priority. Strong health and safety measures were rolled out to minimise transmission of COVID-19 in our offices and production facilities. Employees were also given the option of working from home, where applicable, in a bid to reduce the number of people on our premises at any given time. With schools being closed, working remotely allowed employees to care for their children and their educational needs. The Group ensured that no more than five persons in each department were present at the same time to allow for social distancing; and for those working in the production plant where more than five persons were required, stringent safety measures were implemented to protect these employees.

The Group revised its business continuity plans to ensure operational resiliency at a time when economies and lives were being disrupted by the pandemic. The success of our plans could not have been possible without our employees rallying together to beat all the odds.

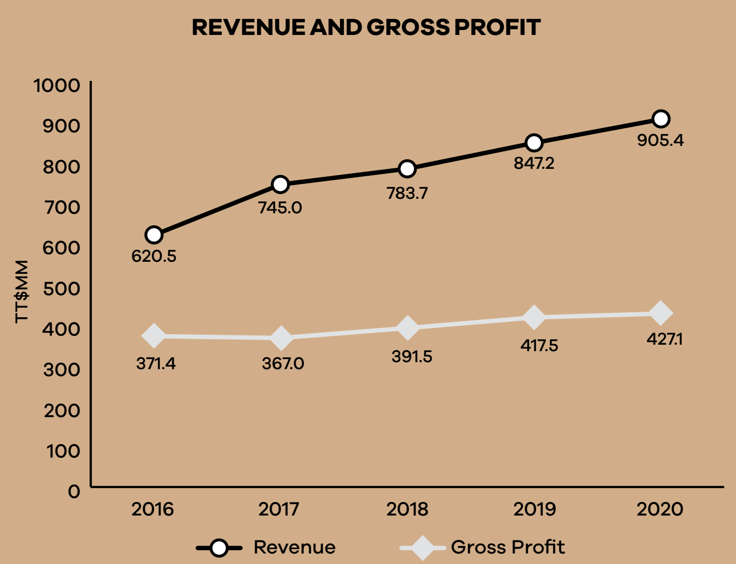
A heartfelt thank you to the Angostura family for handling these troubling times with grace and for consistently demonstrating their dedication to helping communities minimise the economic hardships during the pandemic.

PERFORMANCE

Despite the impact of the COVID-19 pandemic, the Group recorded profit before tax of $212.7 million, which represented an increase of 6.8% or $13.6 million over the prior comparative period. Revenue and Gross Profit (GP) have generally trended upward over the five-year period 2016-2020 (please refer to the graph below)

Revenue increased by 6.9% to $905.4 million compared to $847.2 million recorded in 2019, making this the third consecutive year of top line growth following a period of revenue contraction from 2015 to 2016. The revenue growth in 2020 was due primarily to the performance of the local market, which contributed 70% of overall sales and grew by 11% or $61 million.

During the year, the Group reduced discretionary spending but remained focused on its strategic projects, bolstered by our strong Balance Sheet and liquidity positions, and by our continued investment in lucrative markets and brands, essential to our sustained long-term growth. Notwithstanding this, savings in marketing expenditure of $4.6 million or 6.2% due to the closure of the on-premise consumption segment (bars and restaurants in particular) shortly after Carnival 2020, resulted in a reduction of in-house promotions. Marginal savings in selling and administrative expenses, together with an increase in interest income of $4.1 million or 47%, helped alleviate reduced GP margins. The Group reported results from operating activities of $200.9 million, an increase of $9.8 million or 5.2% over the prior period.

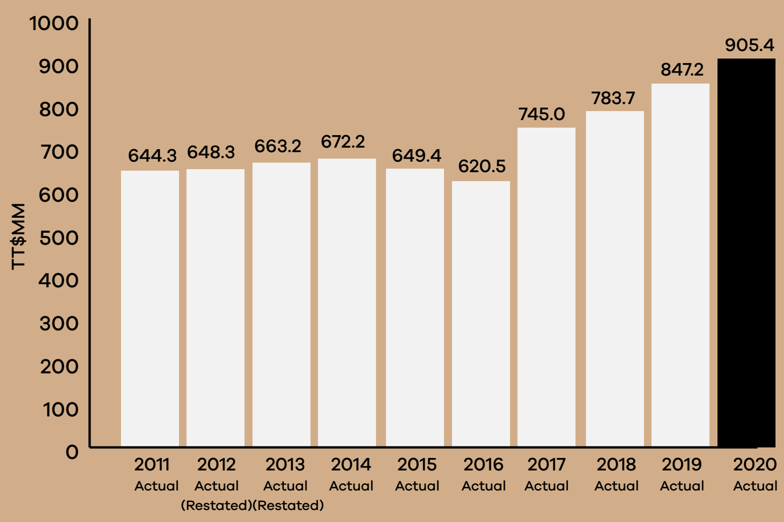


Angostura was also able to achieve growth in its branded business in the export markets of 9.9% or $22.5 million despite a daunting year-long global economic shutdown directly linked to the pandemic's impact on society and the adaptability of social behaviour. This growth was due to the Group's ability to quickly acclimatise to the crisis. The global on-premise trade was negatively affected by lockdown measures, such as the ban on mass gatherings and restrictions on bars and restaurants. The Group pivoted its strategy in its key export markets in North America, UK and Europe by moving all of its on-trade and on-premise activities to online.

The Group's branded revenue, which is revenue derived from the sale of Angostura rums, bitters and carbonated beverages, increased by 9.9% or $78.7 million. Branded revenue in the local market grew by 10% or $56.2 million, despite an unprecedented shutdown of the country's economy that included on-premise trade. Regardless of these developments, the Group remained optimistic, persistent and cohesive during this difficult period and adapted to the new normal, thereby generating growth in the local market.

The bitters segment surpassed budget projections due to the increase in demand from all our export markets and grew by 19.3% or $34.5 million. This growth in bitters was particularly driven by the USA and European markets, which increased by 32.3% or $31.1 million and 15.4% or $6.6 million respectively.

LOCAL AND EXPORT REVENUE



The demand for bitters during the pandemic exceeded expectations to such an extent that the Group had to increase its production capacity. An increase in output to meet demand was achieved by additional manpower hired on a short-term basis. The increase in manpower facilitated a change from a single production shift system in Q1 to a three (3) shift system by October 2020. This was the first time in 25 years that the demand for bitters was so high that the Group had to implement a three (3) shift system. Management is grateful for the support of the President General of the Seamen and Waterfront Workers Trade Union (SWWTU) and the Union Executive for their cooperation and support to facilitate these changes within our business, as they were instrumental to our realisation of the 2020 Business Plan amidst the COVID-19 pandemic.

The Group's assets increased by 9% to $1.5 billion, while the solvency ratio decreased to 70% over the period 2019 to 2020. This is a strong indicator of the financial health of the Group.

INNOVATION

Despite the uncertainty brought about by the pandemic, the Group continued its strong innovation agenda with the introduction of ANGOSTURA® cocoa bitters, made from T&T's very own unique and flavourful Trinitario cococa nibs, one of our treasured gems.

It is among a few select cocoa varieties that are world famous for their exquisite flavour and are of great importance and value to chocolatiers. ANGOSTURA® cocoa bitters pays homage to the local cocoa industry and its farmers who are continuously working to revive this industry.

The innovation continued with the launch of two additional flavour variants of our famous White Oak Rum. The Group introduced White Oak Coconut and White Oak Watermelon Flavoured Rums. The Watermelon Flavoured Rum was launched as a limited-edition rum and is available only while stocks last. Our next innovative project was the launch of our carbonated soft drink (CSD) variant Sorrel and Bitters. This product was launched in time for the Christmas season and was an instant success. The launch was also accompanied with the re-introduction of our well-known carbonated beverage, Angostura® Lemon Lime and Bitters, in a glass bottle format, thereby giving consumers a choice of glass or cans. The final project in the Group's busy year of innovation was the launch of our limited-edition cask rum, Angostura® Tribute, Chairman's Choice. This rum was launched in honour of T&T's unique rum making history and heritage. The rum was produced from a single specially selected aged rum cask and was hand-crafted. Only a limited quantity of five hundred and ten (510) bottles were produced and sold. The quantity was defined by the yield of the cask. This made the product bespoke and ultra-exclusive and represented the Group's return to its blending and rum crafting heritage.

THE WATER RESOURCE RECOVERY AND ANAEROBIC DIGESTER FACILITY

The re-engineering of the Water Resource Recovery and Anaerobic Digester facility (also referred to as the Waste Water Treatment Plant) is a well-known undertaking of the Group, which commenced in 2018.

The project execution phase of this undertaking was reached in late 2019 and was scheduled to be completed by May 2020. However, the project was impacted by the sudden onset of the COVID-19 pandemic. The foreign engineering team that had been working on the project since October 2019 was required to urgently leave the country in March 2020 before the closure of international borders. Despite this major setback, the Group was able to adapt, set up a local commissioning team and continue the project with virtual support from the foreign engineering consultants, eventually getting to the point of re-commissioning of the facility in August 2020. The Group is pleased to announce that the plant has re-started with the assistance of two commissioning engineers who returned to Trinidad after the re-opening of the economy in late July 2020 and is going through its acceptance testing phase. This is a major milestone for the Group, as the non-performance of the facility from 2017 to the majority of 2020 limited the production capacity of the distillery.

STRATEGIC FOCUS 2020 TO 2022

The Group has developed and rolled out a strategic framework for the three-year period 2020 to 2022 focused on two major objectives as follows:

- To build our people; and
- Angostura, the pride of Trinidad and Tobago.

The Executive team is committed to the realisation of our three-year strategic plan and to the objectives stated above. In closing, I wish to thank you for your confidence in the Executive team, for the opportunity to serve and ultimately meet the expectations of the stakeholders of the Group in 2021.

Ian Forbes
CEO (Ag.)
April 28, 2021


BOLLINGER
CHAMPAGNE
BOLLINGER
SPECIAL CUVÉE
BRUT
BOLLINGER
CHAMPAGNE
BOLLINGER
ROSÉ
BRUT


LOW RATE DIGESTER
4700 M3

IN AUGUST 2020, THE GROUP COMMISSIONED THE CARIBBEAN'S FIRST STATE OF THE ART WATER RESOURCE RECOVERY AND ANAEROBIC DIGESTER FACILITY.

OUR OPERATIONS

The opening of the WRRAD facility

SUCCESSFUL RECERTIFICATION

We maintained focus on process efficiency and product quality as we continue to proudly grow for the betterment of the environment and the people of Trinidad and Tobago. In 2020, our plants were successfully recertified in accordance with Version 5 of the FSSC 22000 certification scheme.

This scheme, which is recognised by the Global Food Safety Initiative, outlines the requirements for the audit and certification of food safety and quality management systems.

WRRAD FACILITY

In August 2020, after over one year of project planning and construction, we commissioned the Caribbean's first state of the art Water Resource Recovery and Anaerobic Digester (WRRAD) facility.

The WRRAD facility places the Group at the forefront of the alcohol industry in the region and will ensure that the Group operates within global environmental guidelines and best practices.

With the advent of the COVID-19 pandemic and the shift in consumption trends, specifically at-home consumption and off-trade purchasing, our teams effectively collaborated to meet both local and export demands.

OUR INNOVATIONS

Credit must be given to our talented all-female blending team who played a fundamental role in the Group's increased innovation in 2020 amid the global pandemic.

All-female blending team. (L-R):Ariana Maharaj, Ann Marie O'Brien, Carol Homer-Caesar, Narissa Joseph

WHITE OAK COCONUT

In January 2020, White Oak Coconut was launched both locally and regionally. Bottled at 35% alcohol by volume, this smooth blend of White Oak and natural Caribbean coconut flavour is crystal clear, filtered and blended to perfection, with full-bodied coconut flavour in every sip.

As the second flavour within its range, White Oak Coconut was introduced as a permanent addition and remained on the shelves all year. At the end of 2020, the sale of White Oak Coconut exceeded expectations by being 13.5% above its budgeted figures.

ANGOSTURA® COCOA BITTERS

In July 2020, we added another flavour to our world-renowned aromatic and orange bitters portfolio with the launch of ANGOSTURA® cocoa bitters.

ANGOSTURA® cocoa bitters is made using Trinidad and Tobago's own Trinitario cocoa, a unique and untapped resource. The beans from the Trinitario cocoa are globally acclaimed for their bold characteristics and depth of flavour and aroma.

ANGOSTURA® cocoa bitters contains top notes of rich, floral and nutty cocoa, combined with an intoxicating infusion of aromatic botanicals. Crafted to inspire creativity and experimentation with flavour combinations, this new product is ideal for use in professional and at-home settings with both sweet and savoury applications.

This latest innovation is part of the Group's bid to promote our local agricultural treasure, cocoa, around the world.

As one of this country's major exporters, ANGOSTURA® cocoa bitters has been exported to several markets including the U.S.A. where it has been placed in over 1,300 Walmart stores, and also is available in the United Kingdom and Europe.

FEELS LIKE CHRISTMAS!

ANGOSTURA® cocoa bitters brought yuletide flavour to two exciting seasonal beverages at Rituals Coffee House, their Iced Cinnamon Mocha and Holiday Nog.

WHITE OAK WATERMELON

As the third flavour launched in the White Oak flavour line, White Oak Watermelon was introduced in August 2020 as a seasonal flavour.

This flavour was also the first product in the Group's product portfolio to include the upgraded labels that advised consumers on the number of calories per serving and warning signs such as underage consumption, driving under the influence, and drinking during pregnancy.

DUGAS 40 ANNIVERSAIRE LIMITED EDITION RUM

This limited-edition rum was exclusively created to celebrate Société Dugas' 40th anniversary and has been listed at Société Dugas in France from October 2020.

Aged 17 years, this is a deliciously smooth expression with elegant layers of deep oak perfume, hints of warm vanilla and a touch of raisins and dried fig in the background, made from a hand-selected cask by our Master Distiller, John Georges, and chosen for its unique taste profile.

"When it comes to rum, it's no longer enough to simply release a bottle of great age. What turns peak consumers' interests are brands who can communicate authentic stories such as the genuine and long-standing relationship with the House Angostura® and Dugas. The House of Angostura® always endeavours to produce exceptional aged rums, but this collaboration has provided inspiration to create a particular style of rum by focusing on the aromas derived from distinctive oak cask chosen. The result is a multi-sensory experience of indulgent aromas and flavours".

Master Distiller John Georges

ANGOSTURA® SORREL & BITTERS

In November 2020, we extended our line of carbonated soft drinks to include a new flavour, Angostura® Sorrel and Bitters. This product was launched just in time for the Christmas season in Trinidad and Tobago and has become a mainstay for consumers nationwide, with calls for year-round production.

ANGOSTURA® TRIBUTE CHAIRMAN'S CHOICE

Angostura® Tribute Chairman's Choice was launched in December 2020 and is the first edition from the Angostura Private Cask Collection.

The collection will comprise mature rums, originating from specially selected casks, and focus on the artistry and craftsmanship used in our ageing process. It captures the ageing process of our award-winning rums while highlighting the journey of our rums from the canefield to the shelf.

Bottled at 44.7% alcohol by volume, Angostura® Tribute, Chairman's Choice, aged 20 years, has been created with the rum connoisseur in mind, those who desire to see rum at its finest. Each bottle was numbered with the cask number and bottle number granting the consumer a novel experience of owning one single bottle of this distinctive single cask expression, not to be replicated.

OUR PEOPLE

Our employees are a critical asset to the success and sustainability of our Group. In a culture where most engagement activities are premised on employees coming together to partake in events, workshops and team building activities, in 2020, our HR team was forced to rethink these strategies to keep our employees engaged.

CARNIVAL CALYPSO COMPETITION AND CARNIVAL LIME

On the cusp of the lockdown and as the last event where employees could gather socially, the Calypso competition saw eight entrants vying for bragging rights and amazing prizes.

The last competition of this nature was held in 2018 and as such, employees were eager to put pen to paper to showcase their creative skills. External judges were brought in to ensure transparency and the reigning champions emerged from the Quality Management Department with their song entitled "QC Niceness." The evening ended with a staff lime on the courtyard with performances by soca artistes, including Nadia Batson and Iwer George.

Chief Operating Officer at the time, Ian Forbes presents first place prize to the winners from the Quality Management Department with their song QC Niceness

Thereafter, the Group rose to the challenge and adapted its engagement strategies for the 'new normal', some of which are highlighted below.

ONLINE ZUMBA

While the staff gym was inaccessible due to the COVID-19 regulations, the Group's health and wellness initiatives continued online with weekly Zumba sessions via the Zoom software.

On April 7, 2020 at 5:00 p.m. the first virtual class kicked off with our certified Zumba fitness instructors. Through the use of the online platform, the Group sought to keep its employees active and ensured that the benefit of exercise was still available at home.

MENTAL HEALTH SESSIONS (SEA AND ADAPTING TO WORKING FROM HOME)

In preparation for the SEA examinations, employees with children who were due to sit the SEA exam in August 2020 were afforded a Mental Health workshop.

Participants were able to discuss their struggles and their coping mechanisms for the impending exam via an interactive Zoom session. Topics included managing exams stress and fears, child-friendly mindfulness and motivational exercises. Further, SEA gift packages were provided to the children.

Employees also attended two-hour sessions that outlined productivity challenges while working from home and strategies to balance work and family life.

The Employee Assistance Programme was also made available 24/7 both online and via a hotline for all members of staff and their immediate families.

ANGOSTURA® COCOA BITTERS COMPETITION

As part of the launch of Angostura® cocoa bitters, all staff received a personal bottle and a specially branded face mask. A cooking competition was held to showcase the innovative culinary skills of our fellow Angosturians while using Angostura® cocoa bitters.

Employees were asked to create and submit a recipe using the product as a mandatory ingredient via email and thereafter, submit a video showcasing the product and of course, their cooking skills. The winning recipe was awarded to Sharda Boodram from the Public Relations & Hospitality Department with her 'Cocoa Explosion Cheesecake' and 'Crème De Cocoa'. Other popular recipes included the 'Trintario Cocoa Crème', 'Calypso's Revenge' and 'Moka Jumbie'.

BREAST CANCER AWARENESS

Each year, during the month of October, in support of Breast Cancer Awareness, female employees were registered in the Scotiabank 5k Walk.

While the event took to a virtual platform, the Group had to be creative in ensuring that awareness and support was shown. To commemorate breast cancer survivors and to remind women of the importance of regular health checks, one hundred and fifty masks were specially made in the traditional pink colour used for breast cancer awareness. The masks were distributed to all female employees, and all staff were encouraged to wear pink clothing throughout the month.

LONG SERVICE AWARDS (COVID-19 EDITION)

Each year employees are commemorated for their hard work, dedication and loyalty to the Group through its Long Service Awards.

In 2020, this customary awards function and dinner celebration was modified in accordance with COVID-19 regulations. The event was held at the House of Angostura, Laventille, where it was transformed into a warm and welcoming ambiance with soft, instrumental music and floral décor preserving the distinctive feeling of pride and appreciation, with all COVID-19 protocols being observed.

Each awardee and milestone grouping received their individual award with a commemorative photo and surprise token to show the Group's appreciation for their service. A total of forty employees were recognised at this event.

The future of employee engagement at the Group will continue to adapt and evolve with the ongoing pandemic in 2021. Nonetheless, an optimal environment filled with perseverance, encouragement, recognition and reward is our main pursuit.

ANGOSTURA GLOBAL COCKTAIL CHALLENGE 2020

The Group's Chairman, Terrence Bharath presents the winner's cheque to Marv Cunningham

The first global cocktail challenge to be hosted by Angostura was in 2001. The event has evolved over the years as the scope and popularity grew and has progressed from being a yearly event to a biennial event.

Competitors spanned the globe and were organised by their geographic location. The AGCC was the event through which the world could be brought to the House of Angostura® and by extension T&T. The AGCC took place ahead of the greatest show on earth and for all international attendees, the final was not just about the competition but an immersive experience into the culture and home of our world-famous bitters and richly awarded rum range.

The nine finalists competing were Shana Rajahram (Trinidad & Tobago), Marv Cunningham (The Bahamas), Chad Lawrence (Canada), Gustavo Costa (Brazil), Mike Jordhoy (France), Simon Dacey (United Kingdom), Vasile Dorofeev (Dubai), Rohan Massie (Australia) and Agung Satria (Vietnam).

Marv Cunningham was crowned the champion on February 22, 2020, Rohan Massie was awarded second place and Agung Satria was awarded third place. Mr. Cunningham whose specialty is culinary cocktails also received an award for Best Rum Cocktail in the competition for 'Mas-Curried' and Mr. Massie picked up the Best Amaro Cocktail Award for 'Hidden Perfection'.

Mr. Cunningham has also been awarded a two-year contract as the Angostura® Global Brand Ambassador for ANGOSTURA® aromatic bitters, ANGOSTURA® orange bitters, Angostura® Rums and Amaro di ANGOSTURA®.

ANGOSTURA® SOLERA WINES AND SPIRITS (SOLERA)

Solera is the Group's signature retail outlet comprising of two outlets, one in North and one in South Trinidad.

In spite of both Solera outlets being closed for two months in April and May, the final 2020 performance of Solera was commendable achieving 10% above annual budget. A few highlights of Solera's achievements include:

- The successful launch of a website and e-commerce platform which has received positive reviews on both customer service and delivery service. This e-commerce platform, since its launch in August 2020, has contributed to the Group's sales and afforded our customers the ease of shopping from the comfort of their homes.
- In light of restrictions due to the COVID-19 pandemic, our team reconfigured our sales event to ensure the safety of our customers by holding a sale over a period of three weeks.
- The introduction of new brands allowed the imported portfolio to compete in additional categories as well as have a more expansive and attractive range of offerings for customers and consumers with brands such as Bollinger Champagne, Mars Japanese Whiskey, Greenall's and Opihr Gin, Courvoisier Cognac, Sauza and Ghost tequila.
- Prior to the reopening in June 2020, all safety protocols were put in place and, with full staff adherence to the procedures, no Solera personnel presented with symptoms or fell ill following our reopening. As a testament to our customers' confidence in the protocols implemented, both Solera outlets saw an increase in customer traffic.

HSSE HIGHLIGHTS

Our commitment to Health, Safety, Security and the Environment (HSSE)

We aim to provide a safe and secure workplace environment for our employees, contractors and visitors. With the advent of the COVID-19 pandemic, our teams collaborated to implement critical safety measures in accordance with local and international best practices such as:

- Modification of entry requirements and access control including the installation of sinks for hand washing and temperature check stations
- Design and implementation of an incident action plan in the event of on-site transmission
- Deployment of additional contract security for COVID-19 screening
- Robust communication and awareness programmes
- Institution of a monitoring and evaluation programme for the protocols specific to COVID-19
- Modification of business operations to promote social distancing and reduce physical interactions
- Workplace compliance inspections for COVID-19
- Increased frequency of workplace cleaning and sanitation protocols

Our HSSE objectives programme has served to establish the foundations to improve HSSE Management for the Group. In 2020, the Group was able to focus on fostering a positive HSSE culture, ensuring compliance to HSSE requirements and improving employee awareness and appreciation of HSSE. While participation and involvement in this programme proved challenging given the new normal, our team was able to complete:

44
HSSE Leadership Walkthroughs

527
HSSE Inspections

1,094
Toolbox Talks

Environmental protection continues to be a priority for the Group. The commissioning of the WRRAD facility is a testament to this commitment as the Group strives to go beyond simply meeting regulatory and legal requirements. As an ISO:14001 certified organisation, the Group will continue to prioritise environmental performance with a proactive focus on environmental sustainability management. The installation of the new fully automated Biogas flare with the continuous monitoring and plant upgrades has eliminated the nuisance odours and negative impacts on the community and the environment.

OUR COMMUNITY

CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

The Group produced 70,000 bottles of hand sanitizer that were donated to the country to assist in the fight against COVID-19.

The COVID-19 pandemic led to a global shortage of sanitizing products, as this was in high demand to combat the spread of the coronavirus.

As a corporate citizen of Trinidad and Tobago, the Group could not sit by and watch our stakeholders suffer at the hands of this virus. We were able to produce pharmaceutical grade alcohol and transformed our distilling capability to produce 50,000 bottles of 375 ml and 20,000 bottles of 1.75 litres of hand sanitizer. The sanitizer was manufactured according to the World Health Organization's recommendations and comprised of 80% ethyl alcohol and small amounts of hydrogen peroxide and glycerin.

We donated hand sanitizer to numerous organisations including public hospitals, Government Ministries, first responders and the surrounding communities of Morvant/Laventille.

Chief Operating Officer, Ian Forbes and Executive Manager – Corporate Services, Rahim Mohammed join employees on the production line to assist in bottling and packaging the bottles of hand sanitizer for donation. Picture taken in March 2020.

The Group donated hand sanitizer to the TTPS to protect officers. Commissioner of Police, Gary Griffith collected the bottles on behalf of his officers from Executive Manager-Corporate Services, Rahim Mohammed.
Picture taken in April 2020.

Members of the T&T Prison Service utilising the Group's hand sanitizer.

Boxes of hand sanitizer being loaded for T&T Defence Force.

A healthcare worker sanitizing her hands with the Group's hand sanitizer before attending to patients.

A police officer using the Group's hand sanitizer before performing his duty.

(L-R) COO Ian Forbes and Executive Manager – Corporate Services, Rahim Mohammed chat with MP for Laventille West, The Honourable Fitzgerald Hinds while distributing hand sanitizer to the fenceline communities of Morvant/ Laventille.

(L-R) COO Ian Forbes with MP for Laventille East, The Honourable Adrian Leonce, distribute boxes of hand sanitizer to the health centre in the community.

Pictures taken in April 2020.

The Group donated 7,000 bottles of hand sanitizer to every Government and Government Assisted school in T&T. (L-R) The then Minister in the Ministry of Education, The Honourable Dr. Lovell Francis and Minister of Education, The Honourable Anthony Garcia with the Group's CEO (Ag.) Ian Forbes.

As part of our commitment to provide relief during a difficult social and financial time, we provided additional support to four secondary schools and seventeen primary schools within our fenceline communities of Morvant/Laventille, which included provision of hand washing sinks, thermal temperature scanners, soap dispensers, liquid soap, paper towels, health and safety signs, cleaning detergents and water tanks.

We also donated hand sanitizer with customised labels to all Government and Government assisted schools in order to aid in protecting our students who were returning to school to sit their exams.

Secondary schools from the Morvant/Laventille communities received additional support from the Group as they prepared to re-open their doors for students to write exams. Public Relations Officer, Ronda Betancourt (2nd from left) with representatives from the schools.

"FROM OUR ANGOSTURA FAMILY TO YOURS"

As the hardships brought on by COVID-19 continued, our employees donated $1 million from their paid vacation entitlements to create a pool of funds in an unprecedented display of goodwill. These funds were used to purchase groceries to help families across T&T who were financially impacted by the pandemic. The employees then gave their time to source, order and package the items that were delivered to families throughout the country.

Boxes of grocery items being packed to distribute to families across the country.

Hampers were given to NGOs and groups including the Loveuntil Foundation, Serving Women and Youth, National Family Services, Inter-Agency Task Force, the North Eastern Division Community Policing Unit and councillors from the Morvant/Laventille communities.

Each hamper contained over 60 items which included canned foods, dry goods, fresh produce, meats, dairy products, cleaning supplies and toiletries.

Employees assisting in the packaging of hampers to be distributed.

The Group's Messenger, Russell Wilson assists in giving hampers to the Chairman of Loveuntil Foundation, Brian Jones

Industrial Relations Manager, Candice Diaz handing over hampers to Michelle Serrette of National Family Services.

HELPING TO REBUILD LIVES

Inspired by the resilience of three siblings ages 12, 18 and 21, who had been left homeless following the death of their parents, we partnered with the Coosal's Group of Companies to assist these siblings in finishing to build their home in Penal.

Seven other companies joined with us to offer the siblings furniture, appliances, food and book vouchers, internet services, tablet devices, paint and bottled water.

The Boodram's family home in Penal.

The Group's Executive Manager – Corporate Services, Rahim Mohammed and General Manager of Operations of the Coosal's Group of Companies, Glenn Mahabirsingh assist in the construction of the Boodram family's house. Looking on is Meera Boodram.

We also assisted several families in the Morvant/Laventille areas whose homes were damaged by heavy winds by purchasing building materials to replace their roofs.

HELPING WITH EDUCATION

As part of our continued support for the future of our nation, we donated book vouchers and stationery supplies to six NGOs to assist children in preparing for the new school term.

In addition, book vouchers and stationery supplies were given to seventeen SEA students from primary schools within our fenceline communities of Morvant/Laventille to assist them in preparation for secondary school.

17 SEA students from primary schools in Morvant/Laventille received book vouchers and stationery supplies.

Laptop donation to Secondary schools

The Group purchased and donated laptops to 18 Secondary schools across the country. The laptops were purchased from Memory Bank Computers Limited who donated laptop bags for each device. The laptops were given to students in Forms 4 and 5 who did not have access to a device needed for remote learning while schools remained close due to the COVID-19 pandemic.

The laptops were handed over by the Group's CEO (Ag.) Ian Forbes (6th from left) to the Minister of Education, The Honourable Dr. Nyan Gadsby-Dolly (5th from left) and Minister in the Ministry of Education, The Honourable Lisa-Henry David (3rd from left).

CHRISTMAS HAMPERS

In a bid to bring Christmas cheer to families across the country, the Group donated food supplies, books and toy vouchers to NGOs and families.

Our employees once again donated funds that were used to purchase laptops, additional food supplies and book vouchers to assist families in need. The employees then distributed the laptops to families with children who were unable to acquire access to a device.

The Group donated vouchers to the Gift For Life Foundation which were used to purchase food and toys for families for the Christmas period.

The Group donated food and toy vouchers to ITNAC which they used to purchase items for families for the Christmas period.

ANGOSTURA CHAMPIONS AWARD

One of the Group's final initiatives for 2020 included the 2nd biennial Angostura Champions Award , which celebrated and awarded benevolent citizens who give of themselves to a noble cause. During a pandemic, the main objective of the Award was triumph over darkness. The winner, Elizabeth Aleong, has been working with children with disabilities and providing therapy and support services for them, regardless of their family's income level.

Elizabeth Aleong was the 2020 Angostura Champions Award winner. She received $50,000 towards her charity work.

She received her cheque from the Minister of Trade and Industry, Senator the Honourable Paula Gopee-Scoon and Group Chairman, Terrence Bharath.

The five finalists of the 2020 Angostura Champions Award, who have been giving of themselves selflessly to ensure that they help families and communities in dire need. The dedicated individuals are (2nd from left) Kenneth Listhrop, a music director who spends his time teaching children to play musical instruments; (3rd from left)Valdeen Tamara-Shears, a domestic violence advocate; (3rd from right) Elizabeth Aleong; (2nd from right) Shivam Teelucksingh, an IT technician who has been repairing computer devices free of charge for families in need and (1st from right) Anushka Teelucksingh, an organiser of blood drives. With the finalists are the Group's CEO (Ag.) Ian Forbes (1st from left) and Chairman, Terrence Bharath (middle).

ANGOSTURA® CREATES SONG OF UNITY AND RESILIENCE

We unite as one people with one goal to love one another and emerge from this pandemic stronger, for we are resilient, passionate, and fun loving in all respects.

The song, described as an anthem of unity, harmony and strength, is titled "Resilient". It portrays the talents of our Caribbean people and sends an overarching message of perseverance which celebrates the strength of our people. The Group was pleased to provide an opportunity to our regional artistes to perform and promote unity in light of the various challenges.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Angostura Holdings Limited ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the 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 the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised 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.

Ian Forbes, CEO (a.g)
Date: 29 March 2021

Ginelle Lambie, CFO
Date: 29 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANGOSTURA HOLDINGS 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 Angostura Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at December 31, 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

The Group's consolidated financial statements comprise:

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

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.

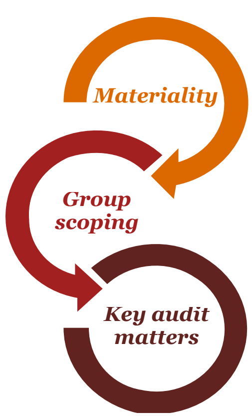
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



- Overall group materiality: TT$9.1 million, which represents 5% of average profit before tax over the last five (5) years.
- The Group audit included the full scope audit of the Company and two subsidiaries which were deemed to be individually financially significant components.
- Valuation of the retirement benefit asset and the medical plan liability

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Our audit approach (cont'd)

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.

In addition to the Company, the following components were deemed to be individually financially significant and were subject to full scope audits:

- Angostura Limited
- Trinidad Distillers Limited

The Group audit engagement team was the auditor for the Company as well as these two components.

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	TT$9.1 million
How we determined it	5% of average profit before tax over the last five (5) years
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average profit before tax over the last 5 years due to the historic volatility of earnings.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT$458,400, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Our audit approach (cont'd)

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 (cont'd)	How our audit addressed the key audit matter
Valuation of the retirement benefit asset and the medical plan liability *Refer to notes 5(h), 12 and 33 to the consolidated financial statements for disclosures of related accounting policies and balances.* The Group sponsors a defined benefit pension plan and a medical plan. As part of the initial audit procedures related to opening balances, it was identified that the Group's medical plan, which has existed for a number of years and which includes a post retirement element, was not previously recorded as a liability. This resulted in management restating comparatives and opening balances to record the medical plan obligation amounting to TT$18.5m as at December 31, 2019 and TT$16.9m as at January 1, 2019. For the current financial year, as at December 31, 2020, the Group reported: • a retirement benefit asset of TT$49m, which represents 3.3% of total assets, comprised of plan assets valued at TT$382m (of which TT$380m is based on a Managed Fund Contract with an insurer), and a defined benefit obligation of TT$333m. • a medical plan liability of TT$20m which represents 8.2% of total liabilities. The valuation of the retirement benefit asset and the medical plan liability requires significant levels of judgement and technical expertise in determining appropriate assumptions. Changes in a number of key assumptions could have a material impact on the calculation of the pension and medical liabilities including; • discount rates; • mortality rates; • salary increases; and • medical inflation rates.	Our approach to addressing the matter involved the following procedures, amongst others: As part of our audit procedures over the opening balances of the consolidated statement of financial position, inquired about the medical plan and evaluated the previously adopted accounting policy and accounting treatment. Obtained the relevant actuarial reports and tested the underlying data and assumptions supporting the prior year numbers. Assessed the independence and competence of the actuary used by management to calculate the pension obligation and medical liabilities to determine whether they were qualified and whether there was any affiliation to the Group. Tested the discount rate, mortality rate and salary increase key assumptions for the net pension asset and medical liability for the current year by comparing to relevant supporting information as follows: • management discount rates to the yield of a Government of Trinidad and Tobago bond of a similar tenor; • mortality rates to relevant publicly available statistics for Trinidad and Tobago; and • salary increases to historical increases, taking into account the current economic climate as well as terms specified in the existing trade union agreements. Performed the following procedures over the assumptions used in the medical inflation rates calculation: • evaluated the assumptions used by management's independent expert and assessed whether they were consistent with prior periods and publicly available data; and • tested the census data used in the actuarial calculation by comparing it to personnel files.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Our audit approach (cont'd)

Key audit matters (cont'd)

Key audit matter (cont'd)	How our audit addressed the key audit matter
Management utilises an independent external actuary to perform certain calculations with respect to the estimated obligations. As part of management's identified restatement, the external actuary was further utilised to assist in determining the medical plan obligations for the relevant years. Management also utilises the work of the plan's Administrator to perform the valuation of the plan's assets in the Managed Fund, some of which are not traded on active markets. The fair value of the plan's unquoted investments is determined based on a model developed by the Administrator. Significant judgement and assumptions are utilised due to the limited external evidence available to support the valuations. We focused our audit efforts in this area due to the material impact of the opening balance adjustments on the consolidated financial statements and due to the degree of estimation uncertainty involved in determining the valuation of the retirement benefit asset and the medical plan liability.	With respect to the plan's unquoted investments in the Managed Fund, obtained a report from the auditors of the Administrator to assist in our evaluation of the pension plan assets valuation. Based on the audit procedures performed, we identified that adjustments were required to correct the consolidated financial statements related to post-employment benefit plans as further described in Note 33 to the consolidated financial statements. The results of the audit procedures over the year-end balances indicated that the valuation of the retirement benefit asset and the medical plan liability is supported by the evidence obtained.

Other information

Management is responsible for the other information. The other information comprises the Angostura Holdings Limited's Annual Report 2020 (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 the Angostura Holdings Limited's Annual Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2019 were audited by another firm of auditors whose report, dated April 23, 2020, expressed an unmodified opinion on those consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

- 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, actions taken to eliminate threats or safeguards applied.

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 Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain

Trinidad, West Indies

29 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

	Notes	As at December 31 2020 $'000	As at December 31 2019 $'000 Restated	As at January 01 2019 $'000 Restated
Assets				
Non-current assets				
Property, plant and equipment	10	348,630	333,491	299,785
Investments	11	3,168	108	108
Deferred tax asset	19	9,460	13,557	10,008
Retirement benefit asset	12	48,973	48,378	60,417
		410,231	395,534	370,318
Current assets				
Inventories	13	291,772	253,769	245,491
Trade and other receivables	14	182,337	185,870	145,742
Taxation recoverable		26,057	25,966	24,107
Investments	11	492,711	385,495	294,368
Cash and cash equivalents	16	74,025	107,625	119,075
		1,066,902	958,725	828,783
Total assets		1,477,133	1,354,259	1,199,101
Equity and liabilities				
Equity				
Share capital	17	118,558	118,558	118,558
Reserves	18	99,444	104,041	71,119
Retained earnings		1,022,649	907,503	822,542
Total equity		1,240,651	1,130,102	1,012,219
Liabilities				
Non-current liabilities				
Post-employment benefit obligation	12	26,027	25,979	25,383
Deferred tax liability	19	60,812	61,131	67,225
Lease liabilities	27	10,080	8,703	6,476
		96,919	95,813	99,084
Current liabilities				
Trade and other payables	20	111,280	107,298	80,929
Taxation payable		6,341	5,761	4,098
Bank overdraft	28	17,226	11,954	--
Lease liabilities	27	4,716	3,331	2,771
		139,563	128,344	87,798
Total liabilities		236,482	224,157	186,882
Total equity and liabilities		1,477,133	1,354,259	1,199,101

The notes on pages 66 to 124 are an integral part of these consolidated financial statements.

On March 29, 2021, the Board of Directors of ANGOSTURA HOLDINGS LIMITED authorised these consolidated financial statements for issue.

Director

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

	Notes	Year ended December 31 2020 $'000	2019 $'000 Restated
Revenue	9	905,399	847,200
Cost of goods sold		(478,307)	(429,723)
Gross profit		427,092	417,477
Selling and marketing expenses	21	(135,275)	(140,205)
Administrative expenses	21	(90,289)	(91,323)
Expected credit loss on trade receivables	7(a)	2,138	(4,304)
Other (expenses)/income	23	(2,816)	9,430
Results from operating activities		200,850	191,075
Finance costs	22	(837)	(555)
Finance income	11	12,727	8,648
Profit before tax		212,740	199,168
Taxation expense	24	(67,109)	(56,478)
Profit for the year		145,631	142,690
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	12	(20)	(11,746)
Related tax	19	5	3,524
Gain on revaluation of land and building	18	--	32,922
Other comprehensive loss for the year - net of tax		(15)	24,700
Total comprehensive income for the year		145,616	167,390
Profit for the year attributable to:			
Owners of the Group		145,631	142,690
Total comprehensive income attributable to:			
Owners of the Group		145,616	167,390
Dividend paid per share	32	17¢	24¢
Earnings per share - Basic	25	71¢	69¢

The notes on pages 66 to 124 are an integral part of these consolidated financial statements.

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 December 31, 2018 as previously reported		118,558	100,796	835,814	1,055,168
Restatement for correction of errors	33	--	(29,677)	(13,272)	(42,949)
Balance as at December 31, 2018 restated		118,558	71,119	822,542	1,012,219
Profit for the year - restated		--	--	142,690	142,690
Other comprehensive income/(loss) for the year restated		--	32,922	(8,222)	24,700
Total comprehensive income for the year restated		--	32,922	134,468	167,390
Transactions with owners in their capacity as owners					
Dividends to equity holders	32	--	--	(49,507)	(49,507)
Balance as at December 31, 2019 restated		118,558	104,041	907,503	1,130,102
Balance as at January 01, 2020		118,558	104,041	907,503	1,130,102
Reclassification of Angostura Canada Inc. translation reserve	18	--	(4,597)	4,597	--
Profit for the year		--	--	145,631	145,631
Other comprehensive loss for the year		--	--	(15)	(15)
Total comprehensive income for the year		--	(4,597)	150,213	145,616
Transactions with owners in their capacity as owners					
Dividends to equity holders	32	--	--	(35,067)	(35,067)
Balance as at December 31, 2020		118,558	99,444	1,022,649	1,240,651

The notes on pages 66 to 124 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

	Notes	Year ended December 31 2020 $'000	Year ended December 31 2019 $'000 Restated
Profit before tax		212,740	199,168
Adjustments for:			
Depreciation	10	20,148	26,164
Loss on disposal of property, plant and equipment	23	4,637	9
Gain on derecognition of lease liability		(1,049)	--
Unrealised foreign exchange gain		(1,504)	(3,798)
Finance costs	22	837	555
Finance income	11	(12,727)	(8,648)
Dividend income	23	(118)	(173)
Gain on lease payments arising from COVID-19 rent concession		(383)	--
Post-employment benefit cost	12	11,432	9,890
Operating profit before working capital changes		234,013	223,167
Change in trade and other receivables		3,533	(37,368)
Change in inventories		(38,003)	(8,278)
Change in trade and other payables		3,982	26,079
Cash generated from operating activities		203,525	203,600
Interest paid		(774)	(555)
Corporation tax refunds received		270	867
Corporation tax paid		(63,107)	(63,661)
Post-employment benefit premiums paid		(11,999)	(8,998)
Net cash generated from operating activities		127,915	131,253
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		204	220
Acquisition of property, plant and equipment	10, 27	(32,173)	(20,986)
Additions to investments		(488,700)	(401,459)
Redemptions of investments		387,418	317,635
Dividends received	23	118	173
Interest received		4,052	2,471
Net cash used in investing activities		(129,081)	(101,946)
Cash flows from financing activities			
Dividends paid	32	(35,067)	(49,507)
Principal elements of lease payments	27	(3,762)	(3,013)
Net cash used in financing activities		(38,829)	(52,520)
Net decrease in cash and cash equivalents		(39,995)	(23,213)
Cash and cash equivalents at January 01		95,671	119,075
Effect of movement in exchange rate on cash held		1,123	(191)
Cash and cash equivalents at December 31		56,799	95,671
Represented by:			
Cash and bank	16	74,025	107,625
Bank overdraft	28	(17,226)	(11,954)
		56,799	95,671

The notes on pages 66 to 124 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 • EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

1. REPORTING ENTITY

Angostura Holdings Limited (the Group) is a limited liability Company incorporated and domiciled in the Republic of Trinidad and Tobago. The Group's registered office is Corner Eastern Main Road and Trinity Avenue, Laventille, Trinidad and Tobago. The Group has its primary listing on the Trinidad and Tobago Stock Exchange. It is a holding Group whose subsidiaries are engaged in the manufacture and sale of rum, ANGOSTURA® aromatic bitters and other spirits, and the bottling of alcoholic and other beverages on a contract basis. The consolidated financial statements of the Group as at and for the year ended December 31, 2020 comprise the Group and its subsidiaries (together referred to as the "Group" and individually as the "Group companies").

The principal subsidiaries are:

Company	Country of Incorporation	Percentage Owned	Principal Activities
Angostura Limited	Trinidad and Tobago	100%	Sale of rum, ANGOSTURA® aromatic bitters and other spirits
Trinidad Distillers Limited	Trinidad and Tobago	100%	Manufacture and sale of rum, ANGOSTURA® aromatic bitters and other spirits
Warspite Limited	Trinidad and Tobago	100%	Dormant
Ginger Lilly Shores Limited	Trinidad and Tobago	100%	Dormant
Servis Limited	Trinidad and Tobago	100%	Dormant
Anstor Limited	Trinidad and Tobago	100%	Dormant
Silver Rock Enterprises Limited	St. Lucia	100%	Dormant
Angostura International Limited (Delaware)	United States of America	100%	Dormant
Angostura International Limited (Canada)	Canada	100%	Dormant

Trinidad Distillers Limited owns 100% of Fernandes Distillers Limited a company incorporated in the Republic of Trinidad and Tobago and is currently dormant.

Angostura International Limited (Canada) owns 100% of Fernandes Distillers International Limited a company incorporated in Canada and is currently dormant.

Angostura Limited owns 50% of Petit Trou Point Association Limited a company incorporated in the Republic of Trinidad and Tobago and is currently dormant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

2. BASIS OF ACCOUNTING

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet the mandatory repayment terms of its current liabilities and realisation of assets. The Group has recognised profits of $145,631 thousand after tax for the year ended December 31, 2020 and as at that date, current assets exceed current liabilities by $927,339 thousand.

(b) *Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Equity securities at fair value through other comprehensive income (FVOCI);
- Net retirement benefit asset (obligation) - plan assets, measured at fair value;
- Leasehold lands and buildings measured at fair value less depreciation;
- Certain right of use leasehold lands measured at net present value less depreciation;
- Freehold land measured at fair value.

3. 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'). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is ANGOSTURA HOLDINGS LIMITED's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. USE OF ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively, unless those revisions are the result of a change in accounting policy or a correction of a significant error, in which case the revision is required retrospectively, in the earliest reporting period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2020 is included in the following notes:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

4. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

- Note 6 - determination of fair values.
- Note 7 (a) - measurement of ECL allowance for trade receivables and key assumptions in determining the weighed-average loss rate.
- Note 12 - retirement benefit (asset) obligation - measurement of retirement benefit assets and obligations; key actuarial assumptions.
- Note 20 - Other payables – provision for advertising and promotion.
- Note 27 - leases – discount and incremental borrowing rates.

5. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, where applicable.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at each reporting date. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(v) Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The interest in the joint venture is accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 5 (c)(iv).

As at the year end the Group had an interest in one joint venture (Note 15).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. However, foreign currency differences arising from the translation of investments are recognised in profit or loss.

(c) Financial instruments

Financial instruments include trade receivables, equity securities at FVOCI, cash and cash equivalents, borrowings, debt securities, related party balances and trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Trade receivables

(i) Classification, recognition and initial measurement

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 are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Investments

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(i) Classification and subsequent measurement

The Group classifies its investments into one of the following three categories:

(a) Amortised cost

(b) Equity Instruments at FVOCI (Fair value through other comprehensive income)

(c) Financial Instruments at FVTPL (Fair value through profit and loss)

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

(a) Amortised cost

A financial asset is classified at amortised cost only if it meets both of the following criteria:

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

(b) Financial assets at FVOCI

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Investments (cont'd)

(i) Classification and subsequent measurement (cont'd)

(b) Financial assets at FVOCI (cont'd)

The Group measures all equity investments at fair value.

The default approach is for all changes in fair value to be recognised in profit or loss. However, for equity investments that are not held for trading, entities can make an irrevocable election at initial recognition to classify the instruments as at FVOCI, with all subsequent changes in fair value being recognised in other comprehensive income (OCI). This election is available for each separate investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level. A business model refers to how an entity manages its financial assets in order to generate cash flows and is determined at a level that reflects how the groups of financial assets are managed (rather than on an instrument by instrument basis).

The Group assesses financial assets using three types of business models:

- hold to collect
- hold to collect and sell
- other

SPPI assessment

The Group assesses the different types of cash flows that might arise from the contractual terms of a financial asset:

- Those that are solely payments of principal and interest i.e. cash flows that are consistent with a 'basic lending arrangement', and
- All other cash flows.

Unlike the business model test, an entity is required to make this assessment on an instrument by instrument basis. If a non-equity financial asset fails the SPPI test, it will not be possible to classify it as amortised cost or as FVOCI.

(c) Financial instruments at FVTPL

A financial asset is classified and measured at FVTPL if the financial asset is:

- equity investments that are held-for-trading
- debt investments that do not qualify to be measured at amortised cost or FVOCI
- An equity investment which the entity has not elected to classify fair value gains and losses through OCI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Investments (cont'd)

(i) Classification and subsequent measurement (cont'd)

(c) Financial instruments at FVTPL (cont'd)

(i) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being 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.

(*ii*) *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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other (expenses)/income and impairment expenses are presented as separate line item in the statement of profit or loss. The Group does not have any financial instruments in this category as at year end.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses)) in other expenses/income in the period in which it arises. The Group does not have any financial instruments in this category as at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

Investments (cont'd)

(i) Classification and subsequent measurement (cont'd)

(c) Financial instruments at FVTPL (cont'd)

(ii) Measurement (cont'd)

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. Changes in the fair value of financial assets at FVTPL are recognised in other (expenses)/income in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. 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 permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see 5 (f) for further details.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. The Group classifies trade payables as current liabilities if the payment is due within one year or less. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a current legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, other than land and buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold Land and buildings are measured at revalued amount less accumulated depreciation on buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment in the consolidated statement of financial position.

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.
- any initial direct costs, and
- restoration costs.

Right of use assets are measured at cost on initial recognition and subsequently at the revalued amount in accordance with IAS 16, if it relates to a class of property, plant and equipment and the Group applies the revaluation model to all assets in that class.

The Group utilises the revaluation model for land and buildings.

Land and buildings are revalued by qualified independent experts every five years and gains and losses are treated as follows:

- Gains are recorded in the revaluation reserve unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it will be recognised in consolidated statement of profit or loss to the extent that it offsets previous losses.
- Losses are recognised directly within profit or loss except to the extent that a loss offsets previous gains, in which case the loss is recognised against the revaluation reserve to the extent that it offsets previous gains. Any additional loss is recognised in profit or loss.

The Group's management annually reviews the latest valuations performed by the independent valuator at year end to ensure the fair value is a close approximation of carrying value.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the most recent valuation report;
- holds discussions with the independent valuator.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Assets in progress is valued on the basis of expenditure incurred. Assets in progress is not depreciated. The total cost of an asset is transferred to the relevant asset class on its completion and then it is depreciated.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment in the consolidated statement of financial position.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Freehold land and assets in progress are not depreciated.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives on a straight line basis, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years which informed depreciation rates are as follows:

	2020	2019
Buildings	10 – 50 years	10 – 50 years
Plant, machinery and equipment	5 – 50 years	5 – 50 years
Casks and pallets	6 years	6 years

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

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average cost, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Maturing inventories which are retained for more than one year are classified as current assets, as they are expected to be realised in the normal operating cycle.

Conversion costs include losses sustained in the alcohol aging process for the conversion of current distillate to aged distillate, as inventory is prepared for further blending and processing.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(f) Impairment

(i) Non-derivative financial assets

(i) Financial instruments

The Group has two main types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory
- debt investments carried at amortised cost

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

(i) Financial instruments (cont'd)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the simplified approach permitted by IFRS 9 to trade receivables, which requires expected lifetime losses to be recognized from the initial recognition of receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 1 January 2020 respectively and the corresponding historical credit losses experienced within this period.

The ECLs are based on payment terms and corresponding historical credit loss experienced which are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customer's ability to settle the receivables. Macroeconomic variables used include, but are not limited to, unemployment rates and inflation rates for each group of customers.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

Debt Investments

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group considers a debt security to have a low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher from Standard & Poor's.

(ii) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 120 days past due;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment (cont'd)

(ii) Credit-impaired financial assets (cont'd)

- The restructuring of a loan or advance to the Group on terms that the Group would not consider otherwise;
- Probable that the borrower will enter bankruptcy or other similar financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

(iii) Financial assets write off

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

(iv) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (referred to cash generating units or CGUs).

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

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

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

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(h) Employee benefits

Post-employment obligations

The Group currently has a post-retirement medical plan and also operates two retirement benefit schemes, one trustee-administered and the other self-administered. The assets of the trustee-administered scheme are held in a consolidated fund and the plan is funded by contributions from the Group and its employees. The self-administered scheme is funded entirely by the Group out of cash resources, with no underlying assets. All post-retirement benefit schemes are subject to annual valuations by independent qualified actuaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits (cont'd)

(i) Retirement contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(ii) Retirement benefit plans

The liability or asset 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.

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

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net retirement benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. 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.

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

(iii) Post-retirement medical plan

The Group operates a post-retirement medical plan covering employees who retire either directly from the Group between ages 50 and 60 or as a result of ill health. Cover ceases on the earlier of the retiree's death or when the retiree reaches age 75.

All retirees who retire from permanent full-time employment are eligible for post-retirement medical benefits irrespective of their age, service and reason for retirement provided they joined the Group before July 01, 2020. Persons employed after July 01, 2020 are no longer entitled for post-retirement medical cover at the Group's expense. Two levels of cover are available: "Retiree only" and "Retiree plus one".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits (cont'd)

(iii) Post-retirement medical plan (cont'd)

The Group's obligation in respect of the medical plan is calculated using approximate actuarial valuations of the Group's liabilities and the projected unit actuarial method as required by IAS 19.

The defined benefit obligation is calculated as the capital value of the future premium payments the Group is expected to make on behalf of current and future retirees. Re-measurement of the net medical plan, which comprise actuarial gains and losses, (excluding interest) are recognised immediately in other comprehensive income. Net interest expense (income) or the net defined liability is determined using the discount rate. Net interest expense and other expenses related to the medical and life insurance plan are recognised in profit or loss.

(iv) Short-term employee benefits

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

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are expensed at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are several 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Advertising and Promotion – A provision for Advertising and Promotional (A&P) expenditure is recognised when the Group has incurred such costs but for which claims have not yet been submitted by Customers in their individual markets.

(ii) Legal matters – A provision for legal matters is recognised when the Group has a potential liability for a payment that is probable to be settled in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Provisions (cont'd)

(iii) Other – The Group recognises a provision for incentives, utility and other expenses when the Group has a potential liability for a payment that is probable to be settled in the future.

(j) Revenue

(i) *Sale of goods*

The Group recognises revenue by applying a five-step model to determine the nature, timing and amount of revenue, as it is recognised at a point in time when control of the goods is transferred to the customer and it is probable that the consideration to which the Group is entitled to in exchange for the goods will be collected.

Step 1 - Identify the contract(s) with the customer:

The Group has various contracts, both formal and implied, which generate various revenue streams, including the following:

- Revenue from Local Sales via trade customers and retail sales at Solera
- Revenue from International Sales to customers and distributors in the Caribbean, North America, Canada, Latin America and the EMEAA (Europe, Middle East, Asia and Africa) Region.
- Revenue from the sale of bulk blends made to the customers' specification.
- Revenue related to the production and supply of Bulk Bitters and Angostura Lemon Lime Bitters® (LLB) flavour concentrate.

Each contract whether formal or implied, identifies each party's rights regarding the transfer of goods, payment terms and expected future cash flows required for the exchange of goods and services.

Step 2 - Identify the performance obligations in the contract:

The Group has identified the performance obligations of each contract to be the promised goods based on the specific sale. These performance obligations are usually satisfied at a point in time (as opposed to over time), when the Group transfers the promised goods to the customer, whereby control is transferred as the customer obtains the asset transferred.

Step 3 - Determine the transaction price:

For each revenue stream, the Group determines the transaction price, which is the amount of consideration exchanged by the customer in return for the promised goods. The transaction price is the amount which is invoiced to the customer.

Step 4 - Allocate the transaction price to the performance obligations in the contract:

As denoted above, the selling price may vary based on a customer type or customer contract, however this stand-alone selling price is determined at the inception of the contract, and is specific to the performance obligation. The transaction price is allocated to the performance obligations at a point in time when the Group transfers the promised goods to the customer.

Step 5 - Recognise revenue as/when the entity satisfies the performance obligation:

Once the contract's performance obligation and transaction price have been determined, the Group will recognise revenue when the performance obligation to the customer is fulfilled, there is an exchange of consideration, and control is passed from the Group to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue (cont'd)

(i) Sale of goods (cont'd)

Sale of goods wholesale

Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location and the wholesaler has acknowledged delivery by signing the delivery documents, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sale of goods retail

Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in the store.

(ii) Co-packing manufacturing agreements

The Group also generates revenue from co-packing manufacturing arrangements made to the customers' specification. These products have no alternative use for the Group due to contractual restrictions. A right to payment does not arise until the products have been shipped to the customer. Revenue is recognised when the performance obligations is satisfied in the contract at a point in time when the Group transfers the promised goods to the customer.

(iii) Loyalty program

The Group has a loyalty program for its retail business, Solera. Customers who purchase products may enter the Group's customer loyalty program and earn points that are redeemable as a discount against any future purchases of the Group's products. The points accumulate and do not expire. A loyalty point liability is created upon issuing of the points under the program and is thereafter reduced upon the redemption of the points for Group products.

The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty program is deferred and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. As a consequence, revenue is recognised at the point in time when control of the goods is transferred to the customer.

(iv) Returns

Customers have a right to return products to the Group for quality and other issues. The customer is issued with a credit note or replacement product for the same value of goods returned. These returns are not material and as such the Group has not provided for a liability on returns.

(k) Leases

(i) As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases (cont'd)

(i) As a lessee (cont'd)

any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives receive.

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

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

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

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

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

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

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

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

The Group discloses right-of-use assets that do not meet the definition of investment property in the consolidated statement of financial position within the same class of assets as that which the corresponding underlying asset would be presented if they were owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases (cont'd)

(i) As a lessee (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Finance income, finance costs and dividend income

The Group's finance income and finance costs include:

- interest income
- interest expense
- dividend income

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date that the Group's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items are recognised directly in equity or in other comprehensive income.

Current tax

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

Deferred tax

Deferred income tax is provided in full, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Taxation (cont'd)

Deferred tax (cont'd)

to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive management team which comprises the Chief Executive Officer and Executive Management team (chief operating decision maker), who are responsible for making strategic decisions, allocating resources on a reasonable basis and assessing performance of the operating segments. Unallocated items comprise assets and liabilities, finance costs and income, other income and expenses, dividend income, impairment charges, foreign exchange gains and losses, legal claim expense and tax expenses and income. Operating segments have been identified as Rum, Bitters, LLB, Bulk and Other.

(o) Share capital

Ordinary shares

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

(p) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(q) Earnings per Share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New and amended standard adopted by the Group

(i) The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 01, 2020:

- Definition of material - amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

  In particular, the amendments clarify:

  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

(i) The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 01, 2020: (continued)

- Amendments to IFRS 16 Leases Covid-19-related Rent Concessions – effective June 01, 2020. As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

There were no other new standards or amendments effective for the first time that had a material impact on the Group.

(p) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting period 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.

6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a. Fair value measurement

(i) Property, plant and equipment

The fair value of property, plant and equipment is the estimated amount for which property could be exchanged at the reporting date between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

6. DETERMINATION OF FAIR VALUES (CONT'D)

a. *Fair value measurement (cont'd)*

(i) *Property, plant and equipment (cont'd)*

fair value of items of property is based on a combination of direct comparison and investment method.

(ii) *Equity securities – at FVOCI*

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

b. *Valuation models*

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques use significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

c. *Financial instruments measured at fair value – fair value hierarchy*

At year end, the following financial instruments were measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000
2020				
Investments	--	--	108	108
2019				
Investments	--	--	108	108

d. *Financial instruments not measured at fair value*

The table below shows the fair values of the financial instruments held at year end that are not measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is explained in 6 (b) above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

6. DETERMINATION OF FAIR VALUES (CONT'D)

d. Financial instruments not measured at fair value (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000	Carrying Amount $'000
As at December 31, 2020					
Investments	--	495,771	--	495,771	495,771
As at December 31, 2019					
Investments	--	385,495	--	385,495	385,495

Due to their liquidity and short-term maturity, the carrying values of these financial instruments approximate their fair values.

e. Non-financial instruments measured at fair value

The Group's freehold land and buildings were last revalued during November 2019 by Linden Scott & Associates Limited, Chartered valuation surveyors. Revaluations are done every five years in accordance of the Group's policy, or more frequently if there are any indicators of significant volatility in the market. The valuation surveyors used the direct comparison and income method to determine the values of land and buildings respectively. Management evaluated the valuations and did not identify significant changes to warrant a change in the valuations as at year end.

This basis of valuation was used due to the specialised nature of the properties, derived from the exigencies of the operations. The surplus thus arising was credited to revaluation surplus in equity.

The following table presents the changes in level 3 items for the periods ended December 31, 2019 and December 31, 2020 for recurring fair value measurements:

Fair value measurements as at December 31, 2020 using:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000
Recurring fair value measurements			
Land and buildings – freehold	--	--	128,707
Land and buildings – leasehold	--	--	58,575
	--	--	187,282

Fair value Value Hierarchy	Fair value as at January 1, 2020 $'000	Additions $'000	Depreciation $'000	Transfers/ Disposals $'000	Fair value value carried forward $'000
Land and buildings Level 3	181,385	12,219	(6,693)	371	187,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

6. DETERMINATION OF FAIR VALUES (CONT'D)

e. *Non-financial instruments measured at fair value (cont'd)*

Fair value measurements as at December 31, 2019 using:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000
Recurring fair value measurements			
Land and buildings – freehold	--	--	126,531
Land and buildings – leasehold	--	--	54,854
	--	--	181,385

Fair value Value Hierarchy	Fair value as at January 1, 2019 $'000 restated	Additions $'000	Depreciation $'000	Transfers/ Disposals $'000	Fair value value carried forward $'000
Land and buildings Level 3	151,836	2,172	(5,359)	32,736	181,385

There were no transfers between levels during the year.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Land:

The direct comparable method was used. In using this method, evidence of arm's length open market transactions of similar lands in less active markets are analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors.

Buildings:

Buildings are valued using a combination of direct comparison and income method. Under the direct comparison method, the gross replacement cost of the buildings and other site works are then estimated from which appropriate deductions are then made to allow for the age, condition and obsolescence (economic and functional) of the buildings and site works. The total net replacement cost is then added to the estimated value of the land.

Under the income method, capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence is used.

All resulting fair value estimates for properties are included in level 3.

Inputs considered in the valuation:

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available management consider information from a variety of sources including:

(i) current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

(ii) capitalised value projections based on annual rental values less outgoings at the rate for the shortest period of the leasehold interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT

Risk Management Framework

The Group recognises that an overall unified Enterprise Risk Management (ERM) framework is essential to create, protect, enhance shareholder/stakeholder value, and achieve its strategic aspirations. As such, the Group is committed to ensuring that ERM practices are embedded into all business processes to drive consistent, effective, and accountable decision making and management practices. In light of this a Risk Management Committee (RMC) is in place that is led by the Chief Executive Officer (CEO) and the Executive Management team. The RMC ensures that key risks are actively and continuously identified, evaluated, controlled, monitored and reported by process owners. The Group's Risk Manager provides guidance to the RMC to ensure the ERM framework is effectively implemented and managed, and the risk culture and ERM process of the Group continually improves.

The principal risks are reviewed regularly to ensure identification of emerging risks or previously identified risks that may have different impacts. Effectively managing risks is the responsibility of all employees. Managers are accountable for allocating required resources to successfully manage risks to acceptable levels.

To ensure that the risk management and reporting system remains effective, a range of independent internal and external assurance processes are in place: Internal Audit , external certifications (ISO 9001:2015, ISO 14001:2015), assessment or reviews by regulatory bodies and the Group's external auditors.

The Group's Audit Committee oversees compliance with the Group's policies, procedures and the risk management and the internal audit control system. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of internal controls and procedures, the results of which are reported to the Audit Committee.

As part of the overall risk management process, the Risk Management Committee has reviewed the activities of the Group in consideration of its natural and commercial operating environments and has identified the major risks faced by the Group. The Group's risks have been classified into the following major categories and are assessed on the basis of residual exposure after consideration of the level of management and control activities designed and implemented to specifically mitigate against them:

- Financial and Reporting
- Operational
- Compliance
- Strategic
- Emerging
- Opportunities

The determined inherent risk levels (determined by their potential impact, and likelihood of occurrence in the absence of controls) are compared to management control levels to determine the appropriate risk response specifically, whether risks should be monitored or accepted or conversely, whether controls should be monitored or improved.

The Risk Management Committee manages and updates the Risk Register which details for each core functional area, the major risks identified, key drivers and metrics related to each risk, risk owner (with direct responsibility for managing the risk), the response adopted, type and frequency of monitoring, and action plan for implementation of the documented risk response.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk Management Framework (cont'd)

The Risk Register is reviewed at least twice per year by functional areas to ensure that documented risks and related ratings, responses and actions plans are relevant in the context of the Group's operations. The Group's insurance structures are influenced by the findings of the risk management reviews. The Group's risk management methodology is in accordance with the principles of ISO 31000 Risk Management, and certain elements of the COSO Enterprise Risk Management-Integrated Framework.

The risk management process is dynamic and requires ongoing review and revision to enable the Group to maintain a position of strength in relation to inherent and residual risks. The process is continuously refined in response to environmental changes from the internal and external context of the Group. There were no changes in the policies and procedures from prior year.

Operational risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- capital risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as outstanding receivables from related parties, wholesale and retail customers.

The carrying amount of financial assets represents the maximum credit exposure.

The Group currently has a concentration of credit risk related to one foreign customer that contributes over 10% of the Group's revenue. To minimize this risk, sales are transacted with this customer in accordance with the Group's Credit & Delinquency policy.

The Group considers a debt security to have a low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher from Standard & Poor's. When estimating the ECLs, the Group considers among other factors the risk rating category and aging of the investment. Each of these are associated with different Probability of Default, Exposure at Default and Loss Given Default. When relevant, the Group also incorporates how defaulted financial assets are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset. Based on the Groups assessment all investments at December 31, 2020 were considered low risk, and the loss allowance is not material

Basis for measurement of expected credit losses for trade receivables

Expected credit losses (ECL) on financial assets recognised in profit or loss were as follows.

	2020 $'000	**2019 $'000**
ECL writeback / (increase) on trade receivables	2,138	(4,304)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Operational risk management (cont'd)

(a) *Credit risk (cont'd)*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

The Group applied the simplified approach to measuring expected credit losses which used a provision matrix based on historic default rates over the expected life of the trade receivables and was adjusted for forward-looking estimates. When estimating the forward-looking rates the Group considered the macroeconomic indicators of unemployment and inflation to be the most closely correlated with movements within the trade receivable portfolios. This is described in policy note 5 f(i).

On this basis, the loss allowance as at December 31, 2020 was determined as follows:

	Gross carrying amount $'000	Loss Allowance $'000	Expected loss rate %
Current	137,401	4,875	4%
Past due 0-30 days	27,452	1,170	4%
Past due 31-60 days	3,757	321	9%
Past due 61-90 days	455	35	8%
Past due 91-120 days	59	12	20%
Past due more than 120 days	36,570	36,083	99%
	205,694	42,496	

On this basis, the loss allowance as at December 31, 2019 was determined as follows:

	Gross carrying amount $'000	Loss Allowance $'000	Expected loss rate %
Current	131,270	4,798	4%
Past due 0-30 days	33,819	3,422	10%
Past due 31-60 days	1,079	275	25%
Past due 61-90 days	468	-	0%
Past due 91-120 days	702	-	0%
Past due more than 120 days	37,708	36,311	96%
	205,046	44,806	

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and/or distributor. However, management also considers factors which may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. There were no changes in the policies and procedures from prior year.

The Group has identified certain concentrations of credit risk related to the geographic dispersion of export customers. It has instituted policies and procedures to ensure that credit sales are made to customers with an appropriate credit history. The Group's Credit Committee continues to enforce its credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings when available, and in some cases bank references. Sales limits are established for each customer/distributor and are reviewed on an ongoing basis. Any sales exceeding those limits require approval in accordance with the credit approval hierarchy as set out in the Group's credit

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Operational risk management (cont'd)

(a) *Credit risk (cont'd)*

policy. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on an advance payment basis.

The table below sets out the effect on the Group's consolidated profit or loss of a 1% change to the forward rate assumptions for the expected credit loss.

	1% pa Increase $'000	**1%pa Decrease $'000**
Expected credit loss	(846)	846

For the purpose of credit risk assessment, customers are segregated into categories and reviews take account of the specific trading relationship of each category of debtor with the Group. Credit risk assessment presents significant implications for two major categories of debtors: trade receivables and related party receivables.

Trade receivables – Management assesses the creditworthiness of major trade customers on an ongoing basis and revises credit limits based on the findings of analyses performed. Discretionary allowances are made for individual customers where temporary breaches in credit limits are deemed acceptable. Eligible local customers who trade in high volumes may benefit from adjustments to their credit terms at the year-end. The Group is closely monitoring the economic environment internationally in various markets and is taking actions to limit its exposure to customers in countries experiencing economic volatility. Measures adopted in relation to high risk customers include the establishment of standby letters of credit for certain sales, and requirement for advance payments from certain customers in regions where availability of currency is challenging.

Cash and Cash Equivalents – Credit risk with banks and financial institutions is managed through the purchase and sale of foreign currency, transfer of balances between financial institutions to take advantage of interest rates, investment in short term, easily convertible, liquid assets and maintenance of flexible lines of credit. The Group maintains banking relationships with prominent local and foreign banks with a proven history of stability and corporate resilience. The financial results of banking institutions are monitored by Management and frequent liaison with representatives of banks ensures early warnings are received if banks encounter the risk of financial or operational difficulties. The Group has assessed Cash and Cash Equivalents to be low risk and not material to the financial statements.

Investments – The Group's policy on short term investments is that underlying instruments must be low risk in nature such as Government Bonds, Repurchase Agreements, Fixed Rate Bonds, Guarantees and Certificates of Deposits. The Group's Treasury Management Policy provides requirements for investments and addresses inter alia, investment counterparties and concentration risk. As far as possible, not more than 30% of any Group surplus and/or 20% of the Group surplus must be placed with any one counterparty. Investments are categorised as Financial assets at amortised cost.

Related party receivables – Significant transactions falling outside the scope of regular trade require approval by the Board of Directors. Transactions undertaken with related parties are monitored during the year to ensure agreement of balances by relevant parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Operational risk management (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group currently has access to an overdraft facility to cover its working capital needs in the amount of $10m. There were no changes in the policies and procedures from prior year.

The Group uses actual costing through a combination of standard costing and recording of variances from actual cost of goods sold to cost its products, which assists it in managing cash flow requirements and optimizing its cash return on investments. Typically, the Group ensures that it has sufficient cash on hand to meet expected working capital requirements and operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table provides information on the maturity profile of significant contractual obligations.

		Contractual Cash Flows					
	Carrying Amount $'000	**Total Cash Flow $'000**	**2 months or Less $'000**	**2-12 months $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
December 31, 2020							
Lease liabilities	14,796	(19,649)	(1,272)	(4,228)	(4,530)	(3,634)	(5,985)
Trade payables	45,192	(45,192)	(45,192)	--	--	--	--
Other payables	64,230	(64,230)	(3,727)	(60,503)	--	--	--
Bank overdraft	17,226	(17,226)	(17,226)	--	--	--	--
	141,444	(146,297)	(67,417)	(64,731)	(4,530)	(3,634)	(5,985)
December 31, 2019							
Lease liabilities	12,034	(16,920)	(983)	(3,601)	(3,427)	(3,783)	(5,126)
Trade payables	30,139	(30,139)	(30,139)	--	--	--	--
Other payables	83,604	(83,604)	(35,629)	(47,975)	--	--	--
Bank overdraft	11,954	(11,954)	(11,954)	--	--	--	--
	137,731	(142,617)	(78,705)	(51,576)	(3,427)	(3,783)	(5,126)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Operational risk management (cont'd)

(c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return to the Group. There were no changes in the policies and procedures from prior year.

(i) *Currency risk*

The Group operates internationally and is exposed to foreign exchange currency risk arising from various currency exposures, primarily with respect to the US dollar, Euro and Pound Sterling. The risk from other currencies, other than US Dollar is considered not considered significant. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Exposure to currency risk

The Group analyses the exposure of its major export receivables to fluctuations in the United States (US) dollar exchange rate. The US dollar exchange rate has been assessed as presenting the greatest exposure to market risk in the form of currency risk, since the majority of export sales are invoiced and collected in US dollars.

The following is an analysis of financial instruments by US currency:

	USD in (TTD $'000)	Total (TTD $'000)	% of Total
Year ended December 31, 2020			
Trade receivables	62,008	205,694	30%
Cash and cash equivalents	61,283	74,025	83%
Investments	492,709	495,879	99%
Trade payables	(21,298)	(45,192)	54%
Bank overdraft	--	(17,226)	0%
Net exposure	594,702	713,180	83%
Year ended December 31, 2019			
Trade receivables	73,769	205,046	35%
Cash and cash equivalents	81,825	107,625	76%
Investments	385,493	385,603	100%
Trade payables	(15,459)	(30,139)	51%
Bank overdraft	--	(11,954)	0%
Net exposure	525,628	656,181	80%

The management of foreign currency risk against exchange gap limits is further supplemented by monitoring the sensitivity of the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the Trinidad and Tobago dollar.

The table below sets out the effect on the Group's profit or loss of a shift in the US dollar exchange rate against the Trinidad and Tobago dollar. The sensitivity was a 0.7% depreciation/appreciation in the rate of exchange (2019: 0.7%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

7 FINANCIAL RISK MANAGEMENT (CONT'D)

Operational risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

The analysis assumes that all other variables, in particular interest rates, remain constant.

	2020	**2019**
Appreciation/depreciation of TT dollar	0.7%	0.7%
	$'000	**$'000**
Increase/(decrease) in profit before taxation		
Effect of a depreciation of the TT dollar	(4,163)	(3,679)
Effect of an appreciation of the TT dollar	4,163	3,679

The Group prepared the sensitivity analysis above by applying the percentages rate to the net foreign currency position of financial instruments as at December 31 of the respective years. An analysis of financial instruments by US currency is shown in Note 7(c)(i)).

The Group considers revenue and receivables in US dollars to be the greatest source of currency risk, especially where customers are domiciled in non-US territories. Sales to EMEAA countries are invoiced in US dollars as is the case for the majority of export customers. The primary mitigating factor against currency exposure from sales and receivables is the Group's US dollar denominated purchases and payables. The Group is a net earner of US dollars.

(ii) Cash flow and fair value interest rate risk

The Group has interest-bearing assets that are secured by bonds and guarantees. The Group does not have any significant interest-bearing liabilities. The Group finances its operations through the use of working capital and cash reserves. Cash flows are substantially independent of changes in market interest rates, thus the Group is not exposed to fair value or cash flow interest rate risk.

(iii) Price risk

The Group does not have a policy for managing price risk as there are no equity securities held by the Group.

(d) Capital risk

The Group's policy is to maintain a strong capital base to ensure investor, creditor and market confidence, and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position. Capital is defined as stated capital, reserves, retained earnings and borrowings. Debt to Equity ratio at December 31, 2020 is 0.2 (2019: 0.2). Debt to equity ratio is calculated as total liabilities / total equity.

In managing capital, the Group aims to safeguard its going concern status; provide returns to shareholders and benefits for other stakeholders; and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have any regulatory restrictions on Capital. There were no changes in the policies and procedures from prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

8 SEGMENT INFORMATION

The Group's chief operating decision maker (CODM), consisting of the chief executive officer and executive management team, examines the group's performance both from a revenue and contribution by business segment perspective and has identified five reportable segments of its business:

i. Rum – includes the manufacture and sale of consumer alcohol products.

ii. Bitters – includes manufacture and sale of the world famous Angostura® aromatic bitters.

iii. LLB – this segment of the business sells and distributes Angostura® Lemon, Lime and Bitters.

iv. Bulk – includes the manufacture and sale of bulk concentrate products such as Current Distillate (CD), Blends and Bulk bitters.

v. Other – consist of both locally manufactured and imported products for sale such as Wines, liquors and other branded Spirits.

	Rum $'000	Bitters $'000	LLB $'000	Bulk $'000	Other $'000	Total $'000
The segment results for the year ended December 31, 2020 are as follows:						
Revenue	588,683	213,047	24,622	34,244	44,803	905,399
Cost of goods sold	(329,796)	(68,994)	(9,621)	(35,654)	(34,242)	(478,307)
Operating expenses	(137,618)	(57,735)	(10,713)	(4,697)	(15,479)	(226,242)
Results from operating activities	121,269	86,318	4,288	(6,107)	(4,918)	200,850
Finance costs						(837)
Finance income						12,727
Group profit before tax						212,740
Tax expense						(67,109)
Profit for the year						145,631
The segment results for the year ended December 31, 2019 are as follows:						
Revenue	542,670	178,555	24,392	54,709	46,874	847,200
Cost of goods sold	(296,622)	(51,216)	(9,763)	(38,139)	(33,983)	(429,723)
Operating expenses	(131,960)	(56,597)	(12,477)	(7,467)	(17,901)	(226,402)
Results from operating activities	114,088	70,742	2,152	9,103	(5,010)	191,075
Finance costs						(555)
Finance income						8,648
Group profit before tax						199,168
Tax expense						(56,478)
Profit for the year						142,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

8 SEGMENT INFORMATION (CONT'D)

The assets and liabilities of the Group are not allocated by segment.

Segments are aggregated based on product nature, as this quality has been assessed as having the greatest impact on trading criteria. Specifically, the following characteristics of trade are influenced by the nature of products:

- Geographical location of customer
- Type of customer
- Extent of marketing investment
- Treatment of selling and logistics expenses.

Rum, Bitters and LLB are branded trade products that carry specific differentiating characteristics, which make them unique to the Group and distinguishable from competitor products. These products are marketed in accordance with approved brand plans. Bulk items are commodity trade products that possess characteristics which can reasonably be attained by comparable producers in the spirits industry. Results from operating activities is used to measure performance for each segment as management believes that such information is the most relevant in evaluating the performance of these segments.

9 REVENUE

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Rum $'000	Bitters $'000	LLB $'000	Bulk $'000	Other $'000	Total $'000
2020						
Local	556,357	6,360	15,185	13,003	42,198	633,103
Export	32,326	206,687	9,437	21,241	2,605	272,296
Revenue from external customers	588,683	213,047	24,622	34,244	44,803	905,399
Timing of revenue recognition						
At a point in time	588,683	213,047	24,622	34,244	44,803	905,399
2019						
Local	501,748	4,790	15,009	8,033	42,390	571,970
Export	40,922	173,765	9,383	46,676	4,484	275,230
Revenue from external customers	542,670	178,555	24,392	54,709	46,874	847,200
Timing of revenue recognition						
At a point in time	542,670	178,555	24,392	54,709	46,874	847,200

Revenue of approximately $133,913 thousand (2019 – $102,538 thousand) is derived from a single external customer. These revenues are attributed to the Bitters segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

10 PROPERTY, PLANT AND EQUIPMENT

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Land and Buildings $'000	Plant, Machinery and Equipment $'000	Casks and Pallets $'000	Assets in Progress $'000	Total $'000
Year ended December 31, 2020					
Opening net book value	181,385	133,394	3,103	15,609	333,491
Additions	12,219	9,566	--	18,343	40,128
Transfers	1,361	(511)	--	(850)	--
Disposals	(990)	(3,529)	(188)	(134)	(4,841)
Depreciation charge	(6,693)	(11,776)	(1,679)	--	(20,148)
Net book value	187,282	127,144	1,236	32,968	348,630
At December 31, 2020					
Cost or valuation	213,024	302,152	42,064	32,968	590,208
Accumulated depreciation	(25,742)	(175,008)	(40,828)	--	(241,578)
Net book value	187,282	127,144	1,236	32,968	348,630

The net book value of property, plant and equipment, excluding fair value adjustment for land and buildings, is $252,332 thousand (2019: $274,578 thousand).

Assets in progress consists of cost to acquire new machinery and equipment for the upgrade of the manufacturing process. These projects are currently ongoing as at year end and are expected to be completed in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and Buildings $'000	Plant, Machinery and Equipment $'000	Casks and Pallets $'000	Assets in Progress $'000	Total $'000
Year ended December 31, 2019 - restated					
Opening net book value					
As previously reported	190,629	119,237	6,982	3,367	320,215
Restatement (Note 33)	(29,677)	--	--	--	(29,677)
Transfers	(15,305)	13,965	1,346	(6)	--
Opening net book value					
At January 01, 2019 as restated	145,647	133,202	8,328	3,361	290,538
Right of use assets as at January 01, 2019	6,189	3,058	--	--	9,247
At January 01, 2019	151,836	136,260	8,328	3,361	299,785
Additions	2,172	12,966	--	12,248	27,386
Revaluations	32,102	--	--	--	32,102
Adjustment	634	(23)	--	--	611
Disposals	--	(84)	(145)	--	(229)
Depreciation charge	(5,359)	(15,725)	(5,080)	--	(26,164)
Net book value	181,385	133,394	3,103	15,609	333,491
At December 31, 2019 - restated					
Cost or valuation	199,793	296,626	42,252	15,609	554,280
Accumulated depreciation	(18,408)	(163,232)	(39,149)	--	(220,789)
Net book value	181,385	133,394	3,103	15,609	333,491
At January 01, 2019 - restated					
Cost or fair value					
As previously reported	206,019	281,471	48,220	3,367	539,077
Restatement (Note 33)	(29,677)	--	--	--	(29,677)
Transfers	(15,305)	13,965	1,346	(6)	--
Opening cost or valuation					
At January 01, 2019 as restated	161,037	295,436	49,566	3,361	509,400
Right of use assets as at January 01, 2019	6,189	3,058	--	--	9,247
At January 01, 2019	167,226	298,494	49,566	3,361	518,647
Accumulated depreciation	(15,390)	(162,234)	(41,238)	--	(218,862)
Net book value as restated	151,836	136,260	8,328	3,361	299,785

The Group's freehold land and buildings were last revalued during November 2019 by an Independent Professional Chartered Valuation Surveyor. The valuation surveyors used a combination of direct comparison and investment method to determine the values of land and buildings respectively.

This basis of valuation was used due to the specialist nature of the properties, derived from the exigencies of the operations. The surplus thus arising was credited to revaluation reserves in other reserves (Note 18).

The transfers were done to correct assets inaccurately classed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As a result of the restatement noted whereby leasehold properties were incorrectly accounted for as freehold (Note 33), the Group restated the property, plant and equipment to remove historical errors relating to revaluation and depreciation on these assets and to reflect the unamortised advance leasehold payments that had been made as at December 31, 2018. On adoption of IFRS 16, these amounts are now referred to as right of use assets, but shown within the existing classifications within property, plant and equipment. As there is no prescriptive guidance on how such assets should be measured on adoption of IFRS 16, the Group applied the principles in IAS 16: Property Plant and Equipment and measured these assets at historical cost on adoption.

The fair value of these right of use assets, had they been measured at fair value on January 01, 2019 would have been $$53,155 thousand.

Subsequent to initial adoption of IFRS 16, Management adopted a policy to subsequently measure the right of use assets within land and buildings at fair value.

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

	2020 $'000	2019 $'000
Cost	152,728	147,205
Accumulated depreciation	(61,744)	(24,733)
Net book amount	90,984	122,472
Depreciation expense is included in profit or loss as follows:		
Reclassified		
Amount included in cost of goods sold	11,403	17,041
Amount included in other operating expenses	8,745	9,123
	20,148	26,164

11 INVESTMENTS

	2020 $'000	2019 $'000 Restated
Non-current investments		
Equity securities – at FVOCI	108	108
Debt securities – at amortised cost	3,060	--
	3,168	108

Debt securities at amortised cost have interest rates of 3.30% and mature in 2023. These consist of Value Added Tax (VAT) bonds issued by the Government of the Republic of Trinidad and Tobago.

	2020	2019
Balance at January 01	108	108
Additions	3,047	--
Redemptions	(51)	--
Interest amortised	64	--
Balance at December 31	3,168	108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

11 INVESTMENTS

	2020 $'000	2019 $'000
Current investments		
Debt securities – at amortised cost	492,711	385,495

Corporate debt securities at amortised cost have interest rates ranging from 2.50% to 4.50% (2019: 1.54% to 3.15%) and mature in 12 months. These consist of repurchase agreements supported by bonds and guarantees issued by the Government of the Republic of Trinidad and Tobago and the Government of Jamaica.

	2020	2019
Balance as at January 01	385,495	294,368
Additions	481,542	401,452
Redemptions	(387,341)	(317,635)
Interest received	3,480	1,213
Interest amortised	9,152	4,971
Exchange rate difference	383	1,126
Balance as at December 31	492,711	385,495

The carrying amounts of the Group's investments are denominated in the following currencies:

	2020	2019
Trinidad and Tobago dollar	3,170	110
United States dollar	492,709	385,493
	495,879	385,603

Finance income generated from investments amounted to $12,727 thousand (2019: $8,648 thousand).

12 POST-EMPLOYMENT BENEFIT PLANS

The Group's pension fund is funded by the Group and employees. The unfunded pension and post-retirement medical benefit obligation plans are funded by the Group. The funding requirements are based on the pension fund and medical plan's actuarial measurement performed by an independent qualified actuary.

The plan exposes the Group to actuarial risks such as longevity risk, currency risk, interest rate risk and market risk.

Consolidated Statement of Financial Position

The amounts recognised in the consolidated statement of financial position are represented by:

	2020 $'000	2019 $'000
Fair value of plan assets (Note 12 (i))	381,741	367,403
Present value of retirement benefit obligation (Note 12 (i))	(332,768)	(319,025)
Retirement benefit asset	48,973	48,378

This approved pension plan will provide/provides pension payments to the current and former employees of the Group.

Post-employment benefit obligation

Unfunded pension benefit obligation (Note 12 (ii))	(5,882)	(7,503)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

12 POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

The unfunded pension benefit obligation plan provides pension payments to certain former employees.

	2020 $'000	2019 $'000 Restated
Post-retirement medical benefit obligation (Note 12 (iii))	(20,145)	(18,476)

This approved medical plan will provide/provides medical coverage to the current and former employees of the Group.

Total post-employment benefit obligation	26,027	25,979

(i) *Movement in retirement benefit asset*

	Pension Retirement Benefit Obligation		Pension Plan Fair Value of Plan Assets		Pension Retirement Benefit Net Asset	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at January 01	(319,025)	(297,292)	367,403	357,709	48,378	60,417
Included in profit and loss						
Current service cost	(11,468)	(10,609)	--	--	(11,468)	(10,609)
Interest (cost)/ income	(17,222)	(15,865)	20,266	19,468	3,044	3,603
Administrative expenses	--	--	(331)	(302)	(331)	(302)
	(28,690)	(26,474)	19,935	19,166	(8,755)	(7,308)
Included in other comprehensive income						
Remeasurement gain/(loss):						
Actuarial gain/(loss) arising from:						
- demographic assumptions	--	1,207	--	--	--	1,207
- experience adjustments	6,906	(10,776)	--	--	6,906	(10,776)
- return on plan assets excluding interest income	--	--	(8,095)	(2,183)	(8,095)	(2,183)
	6,906	(9,569)	(8,095)	(2,183)	(1,189)	(11,752)
Other						
Contributions paid by Employer and members	(3,914)	(3,612)	14,453	10,633	10,539	7,021
Benefits paid	11,955	17,922	(11,955)	(17,922)	--	--
	8,041	14,310	2,498	(7,289)	10,539	7,021
Balance as at December 31	(332,768)	(319,025)	381,741	367,403	48,973	48,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

12 POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

(ii) Movement in retirement benefit liability

	Retirement Benefit Obligation Plans					
	Lump sum Plan		Unfunded Pension Plan		Total Liability	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at January 01	--	(294)	(7,503)	(8,186)	(7,503)	(8,480)
Included in profit and loss						
Current service cost	--	(3)	--	--	--	(3)
Interest cost (income)	--	(9)	(389)	(419)	(389)	(428)
	--	(12)	(389)	(419)	(389)	(431)
Included in other comprehensive income						
Re-measurement gain/(loss):						
Actuarial gain/(loss) arising From						
- demographic assumptions	--	--	--	346	--	346
- experience adjustments	--	36	1,131	(397)	1,131	(361)
	--	36	1,131	(51)	1,131	(15)
Other						
Benefits paid	--	270	879	1,153	879	1,423
Balance as at December 31	--	--	(5,882)	(7,503)	(5,882)	(7,503)

(iii) Movement in post-retirement medical benefit liability

	Retirement Medical Benefit Obligation Plan Post-retirement medical Plan	
	2020 $'000	2019 $'000
Balance at January 01	--	--
Restatement (Note 33)	(18,476)	(16,903)
Balance at January 01 - restated	(18,476)	(16,903)
Included in profit and loss		
Current service cost	(1,288)	(1,236)
Interest income	(1,000)	(915)
	(2,288)	(2,151)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

12 POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

(iii) Movement in post-retirement medical benefit liability (cont'd)

	Retirement Medical Benefit Obligation Plan Post-retirement medical Plan	
	2020 $'000	**2019 $'000**
Included in other comprehensive income		
Re-measurement loss:		
Actuarial loss arising from		
- demographic assumptions	--	21
- experience adjustments	38	--
	38	21
Other		
Benefits paid	581	557
Balance as at December 31	(20,145)	(18,476)

(iv) Summary of principal actuarial assumptions as at December 31 for the Retirement Retirement benefit asset

	Pension/Medical Plan	
	2020	**2019**
Discount rate	5.5%	5.5%
Average individual salary increases	4.5%	4.5%
Future pension increases	0.0%	0.0%
Medical cost increases	5.0%	5.0%

Assumptions regarding future mortality rates are based on the published mortality tables.

The life expectancies underlying the value of the retirement benefit obligation as at December 31 are as follows:

	2020	**2019**
Life expectancy at age 60 for current pensioner in years:		
- Male	21.8	21.7
- Female	26.0	26.0
Life expectancy at age 60 for current members age 40 in years:		
- Male	22.7	22.6
- Female	27.0	26.9

The change in life expectancy was due to a review of the assumed post-retirement mortality rates which was used for valuations of local pension plans. This review was based on the mortality experience for larger plans, together with mortality data published in recent valuation reports on the local National Insurance System.

Summary of principal actuarial assumptions as at December 31 for the Retirement Benefit Obligation Plans

Discount rate	5.5%	5.5%

The discount rate relates to both unfunded pension and post-retirement medical plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

12 POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

(v) Summary of post-employment benefit obligation

	2020 $'000	2019 $'000
Post-retirement benefit liability	5,882	7,503
Post-retirement medical benefit liability	20,145	18,476
	26,027	25,979

(vi) Asset allocation

	2020 $'000	2019 $'000
Insured managed fund contract	380,454	365,014
Immediate annuity policies	1,287	2,389
Fair value of plan assets	381,741	367,403

The value of the Plan's investment in the managed fund contract at December 31, 2020 was provided by the insurer Colonial Life Insurance Group (CLICO).

The Plan's assets are mostly invested in an insured managed fund contract with CLICO. The value of this policy is reliant on the financial strength of CLICO. Other than the purchase of immediate annuity policies for some of the Plan's pensioners, there are no asset-liability matching strategies used by the Plan.

	2020 %	2019 %
Plan assets are comprised as follows:		
Debt Securities	87.9	96.3
Other (short-term securities)	12.1	3.7
	100	100

In 2020 and 2019, none of the managed fund asset was invested in the Group's ordinary shares.

(vii) Sensitivity analysis retirement benefit net asset

The calculation of the retirement benefit obligation is sensitive to the assumptions used. The following table summarises how the retirement benefit obligation as at December 31, 2020 would have changed as a result of a change in the assumptions used.

Pension Plan

	1% pa Increase $'000	1%pa Decrease $'000
Discount rate	(42,614)	54,131
Future salary increases	17,746	(15,381)

An increase of 1 year in the assumed life expectancies shown above would decrease the retirement benefit net asset at the year-end by $4,553 thousand (2019: $4,362 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

12 POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

(viii) Sensitivity analysis retirement benefit obligation

The sensitivity was calculated by re-calculating the retirement benefit obligation using the revised assumptions.

	Unfunded Pension Plan	
	1% pa Increase $'000	**1%pa Decrease $'000**
Discount rate	(299)	330

An increase of 1 year in the assumed life expectancies shown above would increase the retirement benefit obligation at the year-end by $245 thousand (2019: $310 thousand).

(ix) Sensitivity analysis post-retirement medical obligation

The sensitivity was calculated by re-calculating the post-retirement medical obligation using the revised assumptions.

	Unfunded Pension Plan	
	1% pa Increase $'000	**1%pa Decrease $'000**
Discount rate	(2,432)	2,995
Medical cost increases	2,911	(2,412)

An increase of 1 year in the assumed life expectancies shown above would increase the net retirement medical obligation at the year-end by $177 thousand.

(x) Funding

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

The Group insures the medical benefits for retirees with Guardian Life of the Caribbean and pays the entire premium on behalf of retirees.

The Group expects to pay the following in 2021:

	$'000
Pension Plan contribution	9,954
Medical Plan contribution	913
Unfunded pension plan	807
	11,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

13 INVENTORIES

	2020 $'000	2019 $'000
Raw and packaging materials	81,875	57,548
Maturing inventories	94,102	89,978
Work in progress	51,878	37,069
Consumable spares	1,365	2,067
Finished goods	67,290	69,339
	296,510	256,001
Provision for obsolescence	(4,738)	(2,232)
	291,772	253,769

The cost of inventory recognised as an expense in "cost of goods sold" amounted to $329,313 thousand (2019: $303,275 thousand). Maturing inventories consist of aged rums which are expected to be utilised after more than one year in the normal operating cycle.

14 TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables - Gross	205,694	205,046
Expected credit loss allowance (Note 7 (a))	(42,496)	(44,806)
	163,198	160,240
Receivables from related parties – net (Note 31 (v))	1,131	2,503
Trade receivables – net	164,329	162,743
Prepayments and other receivables	18,008	23,127
	182,337	185,870

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value. The carrying amounts of the Group's trade receivables are denominated in the following currencies:

United States dollar	62,008	73,769
Trinidad and Tobago dollar	130,056	126,896
Canadian dollar	945	411
Euro	990	901
GBP	11,695	3,069
	205,694	205,046

Movements during the year in the expected credit loss allowance for trade and other receivables were as follows:

At January 01	44,806	40,502
Write off against provision	(1,534)	(5,258)
(Decrease)/ increase in expected credit loss allowance	(776)	9,562
At December 31	42,496	44,806
Related party provision (Note 30 (v))	45	6,608
Total expected credit loss allowance	42,541	51,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts charged to the expected credit loss allowance account are generally written off when there is no expectation of recovering additional cash. None of the classes within trade and other receivables contain impaired assets other than as disclosed above.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. None of the trade and other receivables of the Group are pledged as collateral for borrowings.

15 INVESTMENT IN JOINT VENTURE

Group	Country of incorporation	Percentage Owned	
		2020	2019
Tobago Plantations Limited	Trinidad and Tobago	50%	50%

The carrying value of the joint venture operation was reduced to nil in 2007 when the Group's share of the operating losses incurred by the joint venture surpassed the carrying value of the investment. This position has not since reversed and the accumulated losses still exceed the value of the investment. It is the Group's policy to recognise a share of losses only to the extent of its investment in the joint venture operation. There are no commitments or guarantees currently in effect that would require additional amounts to be recognised.

16 CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
United States dollar	61,283	81,825
Trinidad and Tobago dollar	11,032	24,237
Euro	1,710	1,563
Cash at bank and in hand	74,025	107,625

The Group maintains banking relationships with prominent local and foreign banks with a proven history of stability and corporate resilience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

17 SHARE CAPITAL

	2020	2019
Authorised		
Unlimited number of ordinary shares of no-par value		
Number of ordinary shares in issue ('000)	206,277	206,277
Donated shares ('000)	(457)	(457)
	205,820	205,820

	2020 $'000	2019 $'000
Issued and fully paid		
Ordinary shares	119,369	119,369
Donated shares	(811)	(811)
	118,558	118,558

Shares in Angostura Holdings Limited (the ultimate parent), held by subsidiary, Trinidad Distillers Limited were donated back to the ultimate parent at the end of 2018. The shares are currently pending cancellation from issue.

18 RESERVES

	Revaluation Reserves $'000	General Reserves $'000	Foreign currency translation reserve $'000	Total $'000
Balance at January 01, 2020	96,225	--	7,816	104,041
Dissolution of Angostura Canada Inc. (i)	--	--	(4,597)	(4,597)
Balance at December 31, 2020	96,225	--	3,219	99,444
Balance at January 01, 2019				
- As previously reported	75,158	25,638	--	100,796
Reclassification (33(b)(iv)	17,822	(25,638)	7,816	--
Restatement (Note 33(a)(ii))	(29,677)	--	--	(29,677)
Balance at January 01, 2019				
- Restated	63,303	--	7,816	71,119
2019 revaluation gains (ii)	32,922	--	--	32,922
Balance at December 31, 2019				
- Restated	96,225	--	7,816	104,041

(i) Angostura Canada Inc. was dissolved during the year. As such, amounts of $4,597 thousand representing foreign currency translation were transferred to retained earnings.

(ii) Land and buildings were revalued in November 2019 by an independent professional chartered valuation surveyor in accordance with the Group's accounting policies. Management evaluated the valuations and did not identify significant changes to warrant a change in the valuations as at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

19 DEFERRED TAXATION

The movement in deferred tax assets and liabilities during the year is as follows:

	January 01, 2020 $'000 Restated	(Charge)/ Credit to profit or loss $'000	(Charge)/ Credit to OCI $'000	December 31, 2020 $'000
Deferred tax assets				
IFRS 16 leases	99	322	--	421
Medical obligation	5,543	511	(12)	6,042
Advertising provisions	7,915	(4,918)	--	2,997
	13,557	(4,085)	(12)	9,460
Deferred tax liabilities				
Revalued buildings	(188)	--	--	(188)
Accelerated tax depreciation	(46,569)	(1,127)	--	(47,696)
Retirement benefit asset	(12,262)	(683)	17	(12,928)
Unrealised gain	(2,112)	2,112	--	--
	(61,131)	302	17	(60,812)
Net deferred tax liability	(47,574)	(3,783)	5	(51,352)

	January 01, 2019 $'000 Restated	(Charge)/ Credit to profit or loss $'000	(Charge)/ Credit to OCI $'000	December 31, 2019 $'000 Restated
Deferred tax assets				
IFRS 16 leases	--	99	--	99
Medical obligation	5,071	478	(6)	5,543
Advertising provisions	4,937	2,978	--	7,915
	10,008	3,555	(6)	13,557
Deferred tax liabilities				
Revalued buildings	--	(188)	--	(188)
Accelerated tax depreciation	(49,709)	3,140	--	(46,569)
Retirement benefit asset	(15,581)	(211)	3,530	(12,262)
Unrealised gain	(1,935)	(177)	--	(2,112)
	(67,225)	2,564	3,530	(61,131)
Net deferred tax liability	(57,217)	6,119	3,524	(47,574)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

20 TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000 Restated
Trade payables	45,192	30,139
Provisions	9,991	26,385
Accruals	35,847	35,011
Other payables	20,250	15,763
	111,280	107,298

Provisions comprise mainly the estimated marketing costs of the Group for which expenses have been incurred during the year for which the claims are expected to be settled in the future.

Analysis of movement in provisions

At January 01	26,385	16,949
Provision utilised	(21,742)	(10,806)
Provision written back	(4,643)	(2,247)
Increase in provision	9,991	22,489
At December 31	9,991	26,385

The table below sets out the effect on the Group's consolidated profit or loss of a 1% change to the estimated marketing provisions.

	1% pa Increase $'000	1%pa Decrease $'000
Provisions	(264)	264

Accruals comprise amounts due in respect of known obligations of the Group at the year-end. These include statutory obligations, administrative, selling and marketing costs.

Other payables comprise amounts due in respect of statutory obligations and operating costs which were incurred by the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

21 EXPENSES BY NATURE

Included in results from operating activities are the following operating expense items:

	2020 $'000	2019 $'000 Restated
Cost of inventories	(329,312)	(303,274)
Employee benefit expenses (Note 26)	(162,945)	(143,789)
Brand, Selling and trade support expenses	(65,938)	(77,375)
Manufacturing expenses	(30,894)	(18,812)
Depreciation (Note 10)	(20,148)	(26,164)
Technical & advisory services	(19,714)	(21,786)
Repairs and maintenance expenses	(16,687)	(15,990)
Corporate service expenses	(15,202)	(17,461)
Transport and handling expenses	(12,418)	(9,586)
Facilities expenses	(8,204)	(4,818)
Insurance	(7,673)	(6,652)
Utilities	(6,913)	(6,257)
Other	(5,594)	(3,005)
Travel and related expenses	(2,907)	(1,156)
Cost of sales, other operating and administrative expenses	(704,549)	(656,125)

22 FINANCE COSTS

	2020 $'000	2019 $'000 Restated
Lease interest (Note 27 (ii))	(835)	(555)
Unsecured borrowings	(2)	--
	(837)	(555)

23 OTHER (EXPENSES)/INCOME

	2020 $'000	2019 $'000 Restated
Loss on disposal of property, plant and equipment	(4,637)	(9)
Dividend income	118	173
Foreign exchange (losses)/gains	(804)	4,023
Other income	2,507	5,243
	(2,816)	9,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

24 TAXATION EXPENSE

	2020 $'000	2019 $'000 Restated
Current charge	62,112	63,517
Prior year under/(over) provision	1,214	(920)
Deferred tax (Note 19)	3,783	(6,119)
	67,109	56,478

The tax on the Group's profit before tax differs from that calculated at the statutory tax rate applicable to profits of the Group companies as follows:

	2020 $'000	2019 $'000 Restated
Profit before tax	212,740	199,168
Tax charge at statutory rate	63,822	59,750
Non-deductible expenses	7,873	1,850
Prior year under/(over) provision	1,214	(920)
Tax uplift on foreign advertising	(5,054)	(4,150)
Income not subject to tax	(746)	(52)
	67,109	56,478

25 EARNINGS PER SHARE

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

	2020 $'000	2019 $'000 Restated
Profit for the year, attributable to the owners of the Group ($'000)	145,631	142,690
Number of ordinary shares in issue ('000) (Note 17)	205,820	205,820
Basic earnings per share ($)	71¢	69¢

26 EMPLOYEE BENEFITS

	2020 $'000	2019 $'000
Wages, salaries and other benefits	151,513	133,899
Post-retirement benefit cost (Note 12)	9,144	7,739
Post-employment medical benefit cost (Note 12)	2,288	2,151
	162,945	143,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

27 LEASES

The Group leases land and buildings, vehicles and office equipment. The leases typically run for a period ranging between two to nine hundred and ninety-nine (2-999) years, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

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 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 the 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. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group 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.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are disclosed in the consolidated financial statements (see Note 5 (k)). These are shown with the relevant classification within property, plant and equipment in Note 10.

	Land and Buildings $'000	Vehicles and Equipment $'000	Total $'000
Year ended December 31, 2020			
Opening net book value	54,854	5,560	60,414
Additions	7,151	804	7,955
Disposals	(270)	(536)	(806)
Depreciation charge	(3,160)	(2,275)	(5,435)
Net book value	58,575	3,553	62,128
As at December 31, 2020			
Cost or valuation	63,792	6,682	70,474
Accumulated depreciation	(5,217)	(3,129)	(8,346)
Net book value	58,575	3,553	62,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

27 LEASES (CONT'D)

(i) *Right-of-use assets (cont'd)*

	Land and Buildings $'000	Vehicles and Equipment $'000	Total $'000
Year ended December 31, 2019 - restated			
Opening net book value	--	--	--
Restatement (Note 33 a(ii))	29,667	--	--
Opening net book value			
At January 01, 2019 as restated	29,667	--	--
Adoption of IFR 16 – as previously reported	6,189	3,058	9,247
At January 01, 2019	35,856	3,058	38,914
Additions	2,048	3,751	5,799
Revaluation	19,260	--	19,260
Depreciation charge	(2,310)	(1,249)	(3,559)
Net book value	54,854	5,560	60,414
As at December 31, 2019			
Cost or valuation	57,164	6,809	63,973
Accumulated depreciation	(2,310)	(1,249)	(3,559)
Net book value	54,854	5,560	60,414

(ii) *Amounts recognised in profit and loss*

	2020 $'000	2019 $'000
Interest on lease liabilities	(835)	(555)
Expenses relating to short-term leases	(585)	(1,062)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(1,629)	(38)
Depreciation expense		
Land and buildings	(3,160)	(2,310)
Vehicles and equipment	(2,275)	(1,249)
	(5,435)	(3,559)

The table below sets out the effect on the Group's consolidated profit or loss of a 1% change to the interest rate assumptions:

	1% pa Increase $'000	1%pa Decrease $'000
Interest on lease liabilities	(94)	101

(iii) *Amounts recognised in statement of cash flows*

	2020 $'000	2019 $'000
Interest on lease liabilities	(772)	(555)
Principal payments	(3,762)	(3,013)
Total cash outflow for leases	(4,534)	(3,568)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

27 LEASES (CONT'D)

(iv) Lease liabilities

	2020 $'000	2019 $'000
At January 01	12,034	9,247
Additions	7,955	5,764
Payments	(4,534)	(3,567)
Interest	771	590
Derecognition	(1,430)	--
At December 31	14,796	12,034

	Future minimum lease payments $'000	Interest $'000	Present Value of minimum lease payments $'000
Lease liabilities as at December 31, 2020 are payable as follows:			
Less than one year	5,500	(784)	4,716
Between one and five years	8,164	(1,379)	6,785
More than five years	5,985	(2,690)	3,295
	19,649	(4,853)	14,796
Current	5,500	(784)	4,716
Non-current	14,149	(4,069)	10,080
	19,649	(4,853)	14,796
Lease liabilities as at December 31, 2019 are payable as follows:			
Less than one year	3,991	(660)	3,331
Between one and five years	6,698	(1,353)	5,345
More than five years	6,231	(2,873)	3,358
	16,920	(4,886)	12,034
Current	3,991	(660)	3,331
Non-current	12,929	(4,226)	8,703
	16,920	(4,886)	12,034

(ii) Extension options

The Group has a lease of property that contains options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessor. The Group assesses this option at the commencement of the lease to determine whether it is reasonably certain to exercise the options. The Group currently has one lease expiring in 2021 and it is reasonably certain this lease will be extended for a further 30 years at a total cost of $7.4m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

28 BANK OVERDRAFT

	2020 $'000	2019 $'000
Bank overdraft	17,226	11,954

The Group has access to an overdraft facility that is unsecured in the amount of $10m. This amount is repayable on demand and bears interest at the rate of 7.50% per annum (2019: 9.75%).

29 NET DEBT RECONCILIATION

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

	2020 $'000	2019 $'000
Cash and cash equivalents	74,025	107,625
Liquid investments	492,711	385,495
Bank overdraft	(17,226)	(11,954)
Lease liabilities	(14,796)	(12,034)
Net debt	534,714	469,132
Cash and liquid investments	566,736	493,120
Gross debt – fixed interest rates	(32,022)	(23,988)
Net debt	534,714	469,132

	Other assets		Liabilities from financing activities		
	Cash and bank $'000	Liquid investments $'000	Lease obligations $'000	Bank overdraft $'000	Total $'000
Net debt as at January 01, 2020	107,625	385,495	(12,034)	(11,954)	469,132
Cash flows	(34,819)	107,599	3,762	(5,272)	71,270
New Leases	--	--	(7,955)	--	(7,955)
Foreign exchange adjustments	1,219	(383)	--	--	836
Other changes	--	--	1,431	--	1,431
Net debt as at December 31, 2020	74,025	492,711	(14,796)	(17,226)	534,714
Net debt as at January 01, 2019	119,075	294,368	--	--	413,443
Recognition on adoption of IFRS 16	--	--	(9,247)	--	(9,247)
Cash flows	(11,259)	90,001	3,008	(11,954)	69,796
New Leases	--	--	(5,795)	--	(5,795)
Foreign exchange adjustments	(191)	1,126	--	--	935
Net debt as at December 31, 2019	107,625	385,495	(12,034)	(11,954)	469,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

30 FINANCIAL INSTRUMENTS BY CATEGORY

	2020 $'000	2019 $'000
Financial assets		
At amortised cost		
Trade and other receivables	182,337	185,870
Investments	495,771	385,495
Cash and cash equivalents	74,025	107,625
	752,133	678,990
Financial liabilities		
At amortised cost		
Trade and other payables, excluding statutory liabilities	95,025	87,662
Lease liabilities	14,796	12,034
Bank overdraft	17,226	11,954
	127,047	111,650

31 RELATED PARTY TRANSACTIONS

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

	2020 $'000	2019 $'000
(i) *Sales of goods and services*		
- Sales of goods to other related parties	4,052	4,352
(ii) *Purchases of goods and services*		
- Purchases of services from other related parties:	14,186	12,290

The Group purchases of services relate to Slotting fees, Property maintenance fees, group life, medical and pension plans.

(iii) *Key management compensation*

	2020 $'000	2019 $'000
Short-term employee benefits	7,066	4,823
Post-employment benefits	626	536
	7,692	5,359

Key management compensation includes salaries, incentives, medical contributions, non-cash benefits and contributions to a savings plan and retirement benefit pension plan (Note 12).

(iv) *Receivable from CL Financial Limited*

	2020 $'000	2019 $'000
Receivable	984,559	984,559
Provision for impairment of receivable	(984,559)	(984,559)
	--	--

There were no movements in the provision related to the Group's ultimate parent Group receivable during the year.

During 2020 negotiations continued between management of the Group and the liquidator with respect to the settlement of the intergroup receivable. In July 2017, provisional liquidators were appointed to the parent Group and management submitted the claim to the liquidators requesting settlement of the intergroup receivable. As at year end and date of approval of these consolidated financial statements there were no indications that the provision for impairment related to the receivable should be revised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

31 RELATED PARTY TRANSACTIONS (CONT'D)

	2020 $'000	2019 $'000
(v) Receivable from related parties		
Associates	1,159	9,111
Provision for impairment of receivables	(45)	(6,608)
	1,114	2,503
Key management	17	--
	1,131	2,503
(vi) Analysis of movements in related party impairment provisions:		
Opening balance	6,608	6,608
Write off against provision	(6,563)	--
Closing provision	45	6,608
None of the balances are secured.		
(vii) Loans to related parties		
Equity-accounted investees	5,739	4,989
Provision for impairment of receivables	(5,739)	(4,989)
	--	--
(viii) Other charges due to related parties		
Other related parties	--	1,227
Key management	1	--
	1	1,227

32 DIVIDENDS PAID PER SHARE

	2020 $'000	2019 $'000
Final dividend prior year	35,067	30,942
First interim dividend	--	18,565
	35,067	49,507

A final dividend in respect of 2020 of $0.30 cents per share (2019: $0.17 cents per share) amounting to $61,746,000 (2019: $35,067,197) is to be approved at the next Annual Meeting. If approved, the total dividend for the year will be $0.30 cents per share (2019: $0.26 cents per share) or 15.4% higher than the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

33 RESTATEMENTS AND RECLASSIFICATIONS

(a) *Restatement of prior period balances*

Comparative information has been adjusted to take into account the following restatements to prior year balances.

Having identified the following as errors made in prior year consolidated financial statement, the Group has decided to account for these as required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and restate the amount for the earliest period for which retrospective restatement is practicable.

(i) *Other investments (Note 11)*

An error was made in 2010 when the Group's US subsidiary, Angostura International Limited (AIL) of Delaware disposed of its 100% investment in World Harbors Inc. After this disposal, a balance remained that was not written off. Management is unable to determine the nature and recoverability of this balance. This was corrected and resulted in a decrease in other investments in the Consolidated Statement of Financial Position of $6,377 thousand.

(ii) *Property, plant and equipment (Note 10)*

This restatement was due to the incorrect treatment of leased land and buildings which were incorrectly accounted for and revalued as freehold properties under IAS 16 Property, plant and equipment. As these were leased properties, this error under IAS 17: Leases, was corrected. The Right-of-Use assets at January 01, 2019 was recognised as required by IFRS 16 Leases. This resulted in a decrease in Property, plant and equipment of $29,677 thousand and a decrease in reserves of $29,677 thousand at December 31 2018 and a decrease in Property, plant and equipment of $5 thousand and an increase in Gain on revaluation of land and building of $30,688 thousand at December 31, 2019. The increase in the revaluation in 2019, was as a result of the Group adopting a policy of revaluing its land and buildings right of use assets.

(iii) *Post-employment benefit plans (Note 12)*

The Group operates a post-retirement medical plan which was not recorded in the financial statements previously. This error required correction and resulted in an increase of the post-retirement benefit obligation of $16,903 thousand as at January 01, 2019 and $18,476 thousand as at December 31, 2019.

(iv) *Deferred tax asset (Note 19)*

As a result of (a)(iii) above, the deferred tax asset on the post-retirement benefit obligation was not recognised. This required correction resulted in an increase in the deferred tax asset in the consolidated statement of financial position of $5,071 thousand as at January 01, 2019 and $5,543 thousand as at December 31, 2019. The Group also did not recognize the deferred tax that arose from foreign advertising and promotional provisions. This resulted in an increase deferred tax asset in the consolidated statement of financial position of $4,937 thousand as at January 01, 2019 and $7,915 thousand as at December 31, 2019.

(v) *Administrative expenses (Note 21)*

The restatement for the post-retirement medical plan (Note 33 (a)(iii)) resulted in additional administrative expenses of $2,151 thousand as at December 31, 2019. The restatement of the Property, plant and equipment (Note 33 (a)(ii)) resulted in additional depreciation of $461 thousand as at December 31, 2019.

(vi) *Taxation expense (Note 24)*

The misstatements above resulted in a restatement of $3,457 thousand for the year ended December 31, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

33 RESTATEMENTS AND RECLASSIFICATIONS (CONT'D)

(b) Reclassification of prior period balances

(i) Bank overdrafts of $4,474 thousand were incorrectly presented on the consolidated statement of financial position as at December 31, 2019. These were offset against positive bank balances instead of being shown as a current liability. The correction of this error resulted in an increase in cash and cash equivalents and an increase in bank overdraft amounts of $4,474 thousand as at December 31, 2019.

(ii) Other expenses/income were not included as part of operating profits as required by IAS 1: Presentation of financial statements. These amounted to $9,431 thousand. Management has opted to show these expenses/income as part of results from operations in the current year and have accordingly changed the presentation in the prior period.

(iii) Statement of cash flows

Under IAS 7: Statement of Cash Flows, the indirect method requires a reconciliation of profit or loss for the period to get the net cash from operating activities. Management opted to change the presentation of the statement of cash flows to show the reconciliation starting with profit before tax rather than profit after tax.

(iv)The general reserve balance was reclassified to the appropriate reserve classification in other comprehensive income. As a result of this reclassification $17,822 thousand was transferred to revaluation reserves and $7,816 thousand to foreign currency translation reserve.

(c) Impact of restatements and reclassifications

		As previously reported $'000	**Restatement $'000**	**As restated $'000**
January 01, 2019				
Consolidated Statement of Financial Position extract				
Non Current assets				
Investments	(a)(i)	6,485	(6,377)	108
Property, plant and equipment (including ROUA)	(a)(ii)	329,462	(29,677)	299,785
Deferred tax asset	(a)(iv)	--	10,008	10,008
Non current liabilities				
Post-employment benefit obligation	(a)(iii)	(8,480)	(16,903)	(25,383)
Equity				
Reserves	(a)(ii)	(100,796)	29,677	(71,119)
Retained earnings	(a) (i)-(iv)	(835,814)	13,272	(822,542)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

33 RESTATEMENTS AND RECLASSIFICATIONS (CONT'D)

(c) *Impact of restatements and reclassifications (cont'd)*

December 31, 2019		**As previously reported $'000**	**Restatement $'000**	**Restatement/ Reclassifications $'000**	**As restated $'000**
Consolidated Statement of Financial Position extract					
Non Current assets					
Investments	(a)(i)	6,485	(6,377)	--	108
Property, plant and equipment	(a)(ii)	333,496	(5)	--	333,491
Deferred tax asset					
Current assets	(a)(iv)	99	13,458	--	13,557
Cash and cash equivalents	(b)(i)	103,151	--	4,474	107,625
Non current liabilities					
Post-employment benefit obligation	(a)(iii)	(7,503)	(18,476)	--	(25,979)
Current liabilities					
Bank overdraft	(b)(i)	(7,480)	--	(4,474)	(11,954)
Reserves		(103,030)	(1,011)		(104,041)
Retained earnings		(919,913)	12,410	--	(907,503)
Administrative expenses	(a)(v)	(88,712)	(2,611)	--	(91,323)
Results from operating activities	(b) (ii)	184,255	(2,611)	9,431	191,075
Taxation expense	(a)(vi)	(59,935)	3,457	--	(56,478)
Profit for the year		141,844	846	--	142,690
Re-measurement of retirement benefit obligation	(a)(iii)	(11,767)	21	--	(11,746)
Related tax		3,530	(6)	--	3,524
Gain on revaluation of land and building	(a)(ii)	2,234	30,688	--	32,922
Other comprehensive income for the year		(6,003)	30,703	--	24,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

33 RESTATEMENTS AND RECLASSIFICATIONS (CONT'D)

(c) *Impact of restatements and reclassifications (cont'd)*

		As previously reported $'000	Restatement/ Reclassification $'000	As restated $'000
Consolidated Statement of Cash Flows				
Cash generated from operations				
Profit for the year	(a)(vii)	141,843	(141,843)	--
Profit before tax	(a)(vii)	--	199,168	199,168
Taxation expense		59,935	(59,935)	--
Depreciation	(a)(ii)	26,144	20	26,164
Post-employment benefit cost	(a)(iii)	7,739	2,151	9,890
Post-employment benefit premiums paid	(a)(iii)	(8,441)	(557)	(8,998)

34 CAPITAL COMMITMENTS

At the year-end, capital commitments amounted to $7,770 thousand (2019: $4,968 thousand).

35 CONTINGENCIES

The Group was party to certain legal issues at the reporting date for which provisions have been made in these consolidated financial statements. Management is satisfied that provisions held at the year-end in respect of legal matters are reasonable, and such amounts are reported within 'Provisions' in 'Trade and Other Payables' (Note 20) on the consolidated statement of financial position. For other legal matters, Management have assessed these to be contingent liabilities.

The Property Tax Act was assented to on December 31, 2009. The Property Tax (Amendment) Act, 2018 has extended the waiver on the payment of the Property Tax to September 30, 2017. Based on this legal requirement the Group has a contingent liability, however based on the unavailability of key inputs, such as Notice of Assessments and the Annual Taxable Value calculations for each property, the Group is unable to quantify this liability and as such has not recorded a provision for property tax in these consolidated financial statements.

The following are the contingent liabilities being held with Republic Bank Limited at year end:

Type	In Favor of	2020 $'000	2019 $'000
Customs Bonds	Comptroller of Customs and Excise	5,140	--
Cheque Guarantees	Comptroller of Customs and Excise	5,000	7,000
Total		10,140	7,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2020

36 EVENTS AFTER THE REPORTING DATE

There were no events occurring after the reporting date and before the date of approval of the consolidated financial statements by the Board of Directors that require adjustment to or disclosure in the consolidated financial statements.

2020

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