MASSY

Management Discussion and Analysis

Audited Consolidated Financial Statements

2020

Annual Report excerpts

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Letter from the Chairman

I am pleased to see the impact that is being created with executives and professionals in the Group experiencing greater autonomy and participation in driving the success of their businesses and unleashing their creativity and drive.

Dear Valued Stakeholders,

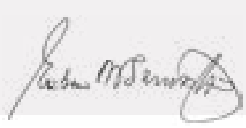
The declaration of the COVID-19 pandemic in mid-March brought severe constraints on economic activities, ranging from disruptions in normal business activities in some countries to complete lockdown in others. This has posed significant and unexpected challenges for many companies and industries worldwide. As we approach the end of 2020, we recognise that while infection rates are decreasing in many areas and we are equipped with more knowledge about the pandemic, there is still much uncertainty and risk surrounding the future.

2020 Recap

The Massy Group has demonstrated tremendous resilience in this difficult environment. Our companies have been exemplary in swiftly implementing strict health and safety protocols, in rapidly pivoting to embrace remote working, and adopting new technologies to enhance both the customer and the employee experience.

In spite of the uncertainties and interruptions to business operations sustained in 2020, the Massy Group grew its Profit After Tax by 21.2% from $613 million to $743 million. All three of its main Portfolios grew in this difficult time demonstrating the resilience and performance that was released with the governance enhancements and increased autonomy that were given to the companies in 2020. The Group also benefited from a gain on the sale of its Massy Technologies business.

I am pleased to see the impact that is being created with executives and professionals in the Group experiencing greater autonomy and participation in driving the success of their businesses and unleashing their creativity and drive. I expect these changes will continue to redound to the benefit of shareholders as greater profitability and growth are released from Massy's main businesses.



Robert Bermudez
Chairman of the Board

Economic outlook in several of the territories in which the Group operates continues to be difficult, but we are well positioned in our key areas of focus. We expect that the economies of Trinidad and Tobago and Barbados will continue to be challenging due to weak natural gas prices and declining production in Trinidad and declines in tourism and tourism-related businesses in Barbados. The Group is however well placed to realise growth from the more buoyant markets in the Caribbean and South America. The transformational economic impact of offshore oil discoveries has begun to materialise in Guyana, with the country exporting its first shipment of crude oil in January 2020. The investor-friendly, pro-growth economic policies of the Colombian government have boosted confidence in the economy.

Enhanced Governance and Autonomy

Good corporate governance is always at the fore of our leaders' minds as we consider ways to strive for continuous improvement in our governance and leadership. Enhanced focus placed on strengthening the governance of boards for the Group's main portfolios (Integrated Retail, Motors & Machines and Gas Products) has served us well during this COVID-19 pandemic. It was quite fortuitous that the Group had already implemented the governance enhancements within its Portfolios when the pandemic hit. The businesses were well positioned to act with pace, agility and autonomy. Massy was able to emerge and move as a stronger, faster and more streamlined Group of businesses.

The Portfolio boards were strengthened in various ways including introducing Independent Directors on these boards. Each Portfolio board now has an equal number on Independant and Executive board members. Some of the Independant board members are experts in specialised business areas and some were selected from the Massy Holdings board. All Portfolio directors were provided with an induction and training specific to the roles of directors on the portfolio boards.

Board audit and risk committees were established within each Portfolio in order to ensure greater focus on audit and risk matters. The parent Board Audit & Risk Committee then supported a process that led the Group through a risk reset exercise which clarified and highlighted the varying areas of risk priority, mitigation and appetite across businesses in each Portfolio and across the various territories within which the Group operates. This strengthening of the Group's risk management framework underpins the autonomy and agility that now exists across the Portfolios.

The Portfolios also established People & Culture board committees to ensure that these important matters, including talent development, talent retention, employee engagement, executive succession planning and compensation, were addressed at the Portfolio Board level.

Acknowledgements

During the past year, there were a few changes to the composition of the parent Board. Mr. Robert Riley re-joined the Board as an Independent, Non-Executive Director on October 1, 2019 and also chairs the Governance Nomination and Remuneration Committee. Ms. Soraya Khan was appointed as an Independent, Non-Executive Director on December 20, 2019 and serves on the Audit & Risk Committee. Soraya is a Chartered Professional Accountant and is currently the Finance Manager for BHP Trinidad and Tobago.

Mr. G. Anthony King retired as a Non-Executive Director on December 19, 2019. Mr. King was an executive of Massy prior to serving as a Non-Executive Director and on behalf of the Board I wish to thank him for his many years of service to the Massy Group. On September 30, 2020, Mr Richard P. Young retired as an Independent, Non-Executive Director. I wish to say a special thank you for his service to the Board and this Group of companies. Luisa Lafaurie Rivera replaces Richard on the Board effective October 1, 2020. Luisa is an experienced executive from Colombia who also has served as a Vice Minister in the Ministry of Mines and Energy in Colombia. I take this opportunity to welcome Luisa to the Board.

I wish to congratulate the Group CEO, his team of senior executives and all Massy staff throughout its operations on their exemplary work in 2020. Throughout the year, the leadership and staff in this Group have risen above and beyond the call of duty to respond to great uncertainty and countless challenges. The Massy team played a critical role in assisting employees, front-line health workers, families in need and local governments in responding to the health and economic crises arising from the COVID-19 pandemic. At the same time, they have produced commendable performance for the Group's shareholders.

Letter from the Chief Executive Officer

"The greater danger for most of us lies not in setting our aim too high and falling short, but in setting our aim too low and achieving our mark."

Michelangelo di Lodovico Buonarroti Simoni
Sculptor, Painter, Architect and Poet

Dear Valued Stakeholders,

2020 was an unprecedented year for the Massy Group and for the entire world. The COVID-19 pandemic created a global public health and economic crisis, which resulted in an operating environment that can only be described as highly volatile and uncertain for business. For many years, the Massy Group has been on a journey in pursuit of its purpose: To be a Force For Good, Creating Value, Transforming Life. Our years of preparation were tested in 2020 and the challenge truly brought out the best in us.

In our 2019 Annual Report, we unveiled Massy's strategy to transition from a traditional conglomerate to an Investment holding/management company with three main industry Portfolios: Integrated Retail, Gas Products and Motors & Machines. We also described a strengthened organisation structure that devolved greater autonomy to the management teams of the Portfolios and created boards of directors for each of these portfolios with non-executive board members to enhance governance with greater autonomy. This was only possible to implement after years of personal transformation work on ourselves as leaders and on establishing strong processes that uphold our values and brand.

Weeks before the onset of the pandemic in our region, we had a few conversations with leaders in the Group about the inevitable spread of the pandemic to the countries in which we operate. In those conversations, we decided that the Massy Group would do whatever it could to be a beacon of safety and reliability, as we recognised that people would need to continue to access basic necessities in a trusted environment.

If there was ever a time that demonstrated that the "power is in the people" it was FY 2020.

E. Gervase Warner
President & Group Chief Executive Officer

The leaders of our business and functions set off to prepare the Group for the inevitable arrival of the pandemic. We moved very early to establish protocols in our front-line businesses to manage risks to our employees and customers. We are proud of our role in securing food supply to all of the territories in which our Integrated Retail business operates. We are proud of the work of our Gas Products organizations in ensuring oxygen supply to hospitals as new and temporary facilities were opened to cope with rising patient numbers. We are proud of our ability to support consumers and restaurants with cooking gas to prepare food for people on lock-down. We are most proud of the proactive and dedicated work of our own front-line workers who came out during the most uncertain times to serve customers in all of our businesses. All this was done without a centralised taskforce or crisis management team. This experience has enhanced our confidence in devolving autonomy to our businesses and leaders throughout our Group. Our people were empowered and appreciated, and we have seen very positive results as a consequence. Our Group's handling of the COVID-19 pandemic is a testament to years of preparation and the collective strength of our leaders and employees in the Group.

During this time, our newly empowered Portfolios, Lines of Business (LOBs) and Functions responded with great agility and resilience. Remote working was quickly embraced across our entire Group leading to some rationalisation of office space. New technologies and innovations were rolled out at speeds before thought unimaginable to respond to the need to operate and serve our customers differently. Strict health and safety protocols and infrastructure were also swiftly implemented. We are grateful for the trust and confidence that the consuming public has placed in us.

During this time, our Group stepped up its charitable donations and collaboration on national/regional issues of interest in the countries that we operate. We prepared and delivered meals for frontline medical workers, we donated countless food hampers for needy families, collaborated with governments on food supply and COVID-19 testing issues. In addition, we provided examples and input to appropriate risk management and COVID-19 spread prevention protocols at our workplaces and at our customer facing locations to our colleagues and governments in the region.

Despite these challenging circumstances, our Group showed great resilience and delivered a strong performance for the fiscal period. Profit After Tax increased by 21.2% to $743 million compared to $613 million in 2019 with Earnings Per Share also growing by 23.4% to $7.11. While the Group did benefit from a significant gain on sale

of $272 million from the divestment of the Information Technology & Communications (ITC) Line of Business, all three core Portfolios as well as the Financial Services LoB grew Profit Before Tax (PBT) over prior year, which is commendable considering that many of them were adversely impacted by the economic declines that have accompanied the COVID-19 pandemic and especially during the COVID-19 lockdown periods. On a like-for-like basis, PBT from Continuing Operations was $729.6 million, down on prior year by 8.7% (or $69million). The sale of the ITC Line of Business represents a significant and bold move towards focusing the Group on its three main Portfolios. The proceeds from the transaction further strengthens the Group's Balance Sheet to support its growth and investment plans. Group Cash has increased to $2.5 billion and Debt to Equity Ratio has declined from 38% to 34% (excluding IFRS 16 impact for like-for-like comparison).

Strategy Update

In last year's Annual Report, I indicated that our Group's Strategy is centered around three priorities:

1. Assuring the Future
2. Growing the Group: both Bottom Line and Top Line; and
3. Creating Value for our Shareholders

Assuring the Future

Our three main Portfolios have all shown great resilience operating within the COVID-19 environment, while simultaneously pursuing their respective strategic growth priorities. The autonomy given to the leaders combined with enhanced industry focus has unleashed

the intrapreneurial spirit required to faster adopt new capabilities and innovations – technologically or otherwise. This new modus operandi has also allowed the businesses to address disruptive threats more aptly in the market, as demonstrated by their agile responses to the challenges created from the pandemic.

In 2020, one of our main achievements was that we completely exited our Information Technology & Communications Line of Business (Massy Technologies) via a sale to PBS Technology Group Limited, a subsidiary of the Musson Group, a well-established company which controls several listed entities in the region. This divestment is consistent with operationalising our strategy to focus the Group's investment portfolio for stronger investment performance. The Massy Technologies companies were part of the Group for over 40 years and were a good contributor to the Group and its brand. We are grateful to its leaders and employees for their years of contribution to our Group and know that they are an excellent complement to their new owners in pursuit of mutual growth and development in the future.

As it relates to other segments, we will continue to optimise and grow the Financial Services and Strategic & Other Investments Lines of Business to maximise value for our shareholders.

We also recognise that to sustainably assure our future, it is important that we continue to diversify geographically to reduce our reliance on Trinidad and Tobago and Barbados, which collectively represent 60% of the Group's Profit Before Tax. Guyana and Colombia are currently hosts to our fastest growing businesses. We will continue to explore growth opportunities in faster growing markets in the Caribbean and

We have transitioned from a traditional conglomerate to an Investment holding/management company with three main industry portfolios

Previous page
Integrated Retail

Above left to right
Gas Products, Motors & Machines

Revenue

Third Party Revenue TT$ millions	**11,164**
Earnings Per share TT$	**7.11**
Profit Before Tax TT$ millions	**730**

Latin America where our Portfolios can participate and win. Finally, the ability to attain foreign exchange (FX), particularly in Trinidad and Tobago, remains a challenge for many of our businesses. We continue to find alternative means to generate FX. We are also keen on pursuing investments in FX generating assets, but these investments would be targeted within or highly related to our main Portfolios.

Growing the Group: Both Bottom Line and Top Line

Our new Portfolio structure is providing more autonomy for the businesses to focus on implementing their strategic and operating plans with greater participation from people at all organisational levels. To grow the Group, our businesses continue to go after a combination of organic and new business opportunities. As we get better at focusing on core business activities, our operating companies have become more fit and agile to compete effectively in their respective industry segments and territories, thereby allowing them to increase market share and overall revenue. Additionally, while our Group has been fervently pursuing cost containment and efficiency measures over the past few years, the pandemic has taught us that there are still opportunities to further optimise by reducing operating expenses in areas such as business travel, real estate and occupancy.

As it relates to inorganic initiatives, all our Portfolios and Lines of Business have targeted new market opportunities which involve entering new segments in existing territories and/or entering new territories with existing businesses. To highlight a few examples, the Integrated Retail Portfolio is experimenting with a smaller store format i.e. "Massy Stores Mini" in Trinidad and Tobago, Motors & Machines continue to pursue new lines in the electric vehicle (EV) space, and the Gas Products Portfolio is targeting new applications of Liquified Petroleum Gas (LPG) for the Autogas and Forklift customer segments in places such as Guyana and Jamaica. On expansion in new territories, we are exploring opportunities to further grow in Colombia and other Latin American markets via merger and acquisitions, but this is only applicable to our Gas Products and Motors & Machines Portfolios. The Integrated Retail Portfolio is currently focused on growing within the English-speaking Caribbean as there is a lot more runway to expand in this geographic space given some of the opportunities that have already been identified. As customary, there are more details below in the segment reports by the Portfolios and Lines of Business, elaborating on their business specific plans to Grow the Bottom and Top Lines.

Cash Dividends Per Share for 2020

Final 2019 dividend (paid January 2020)	**$1.72**
Interim 2020 dividend (paid June 2020)	**$0.50**
Cash dividend for Calendar 2020	**$2.22**

Creating Value for our Shareholders

The Massy Group has been in existence for almost 100 years and while the composition of our leadership, mix of businesses, countries in which we operate and other characteristics have consistently evolved, our commitment to good corporate conduct remains unwavering. Our overall approach to multiple stakeholder engagement, has enabled Massy to be one of the preferred companies in the region to partner and build relationships with. This provides an advantageous platform for our businesses to continually leverage to deliver superior financial results and greater shareholder returns.

While we have changed the approach to how we manage our portfolio of companies, I would like to re-emphasise that we continue to strengthen our governance model, not only at the Massy Holdings Ltd. parent level but also within the Portfolios and Lines of Business. This is important to note, as improving our internal controls and management of enterprise risk allows us to grow responsibly, while at the same time protecting the value we are creating for all key stakeholders. In 2020 the Group's Earning Per Share increased by 23.4% from $5.76 to $7.11 and Total Return to Shareholders increased by 12% with a total dividend payment for the year of $2.22 per share. All core Portfolios and the Financial Services Line of Business improved Profit Before Tax (PBT) in FY2020 during this very difficult year. One-off losses were sustained in the disposal of Seawell Air Services and through impairments to a number of properties in the Group reflecting lower rental income and lower property valuations as a result and the current economic climate in Barbados and Trinidad and Tobago. These losses were surpassed by the one-off gain that was realised from the sale of Massy Technologies. Our main portfolios are in promising and improving health as we continue operating under challenging health and economic circumstances in the region.

NUDGE
Social Enterprise Powered by Massy

Nudge is an idea born by our Senior Vice president, People & Innovation, Julie Avey and entrepreneur Anya Ayoung Chee. Recognising the fundamental displacements that the 4th Industrial Revolution is creating, and now with the economic crises that have been precipitated with COVID-19, Julie and Anya saw the need for an entity to empower people to drive their own futures and escape being victims of the type of employment fallout that is occurring around the world.

Nudge recognises the importance of entrepreneurial activity to create employment and opportunities for individuals to generate income for themselves, while at the same time fulfilling their purpose and creative inclinations. Nudge has three tiers of activities: (1) Training and development for budding entrepreneurs exploring ideas for their own business; (2) Support for artisans and micro-entrepreneurs with products seeking exposure to markets; and (3) Support to entrepreneurs through Massy governance, networks, training and in some instances funding.

The Massy board of directors has approved an initial expenditure of the equivalent of US$1 million to develop and deliver programmes to entrepreneurs, including pop-up points-of-sale in our Massy Stores, as well as for investment in worthy entrepreneurs across the region. Massy will work with several other institutions and businesses with similar intents to give these micro and small businesses a "nudge" towards their success. We believe that the recovery of the economies in which we operate will need significant entrepreneurial activity and energy. We view this as an important contribution from Massy: A Force For Good.

In Closing

I wish to take this opportunity to express my gratitude to the leaders and employees of the Massy Group of companies. Our ability to safely and seamlessly operate throughout lock-downs and this ensuing pandemic period is due to their proactive leadership and genuine care for the customers we serve. The courage, creativity and agility of our people have been unleashed with the governance and leadership paradigm introduced this year.

From top to bottom

The Ingegrated Retail Portfolio has introduced a smaller store format, Massy Stores Mini, in certain locations throughout Trinidad

Pop-up points-of-sale in Massy Stores Trinidad, provide locations that give micro and small businesses a "nudge" to their success

From left to right
The Massy Gas Portfolio is positioned for expansion in existing and new sectors

The Motors & Machines portfolio continues to persue new lines, including electric vehicles

Our executive leadership has responded with great enthusiasm to the heightened responsibility that comes with the enhanced governance of our main pillars. I want to recognise the tremendous efforts of our executive leadership team who are leading us through the challenges and uncertainties of this pandemic period delivering commendable results in the realms of safety, operational improvements, employee engagement, customer service and finance.

I would also like to thank our board of directors for their continued support and counsel. The diversity of our Board was enhanced in FY 2020 with the addition of two highly accomplished women, Soraya Khan and Luisa Lafaurie Rivera, who filled vacancies created by the retirement of Anthony King and Richard Young respectively. The strength of our directors and the diversity of their perspectives continue to provide strong governance to the Group and excellent counsel to executives for the benefit of all key stakeholders. I would like to specially acknowledge our Chairman who was a key inspiration for our decision to be a beacon of safety and reliability during this COVID-19 pandemic.

I also express special thanks to Fenwick Reid and Frere Delmas who accepted post-retirement, non-executive Chairmen responsibilities for the Massy Technologies Group and Massy Barbados Ltd., respectively. Both gentlemen helped the Group through the transition to a sale and the transition to one Group Corporate Office, respectively.

I cannot close without acknowledging our gratitude to our loyal customers and shareholders who provide the life source income and capital that keeps our Group going and growing. Thank you for your confidence and trust in us. We continue to strive to ensure that the benefits of our products, services and investments exceed your expectations.

Letter from the Chief Financial Officer

By conducting our business consistent with our values and purpose, the Group has remained focused on preserving and enhancing shareholder value in this very difficult time.

Dear Shareholders,

In 2023, the Massy Group will celebrate its first centenary. During this time, your Company has grown from strength to strength, living our values consistently, delivering many years of value creation to our shareholders and improving the lives of all of our stakeholders in the Massy family.

As shared by both our Chairman and our President and Group CEO, 2020 has certainly been a challenging year for our businesses, the countries in which we operate and the entire world. The developments this year (due to COVID-19) have prompted many companies to re-write the book on strategic planning, business resilience and corporate citizenship in the face of early commodity and financial markets volatility that has impacted almost every aspect of business and of our daily lives.

For Massy, it has been a time for us to demonstrate our purpose (A Force for Good, Creating Value, Transforming Life) through our commitment to our staff, customers, suppliers and shareholders. By conducting our business consistent with our values and purpose, the Group has remained focused on preserving and enhancing shareholder value in this very difficult time.

From Conglomerate to Investment Portfolio Management

In 2018, we began the task of changing our conglomerate structure to that of an investment portfolio. In 2019, we focused on implementing much of the operating governance and performance management framework to support our autonomous business Portfolios (Integrated Retail, Motors & Machines and Gas Products). We have been operating fully under our new portfolio model since October 1, 2019, i.e. for our entire 2020 fiscal year; and we believe that the benefits of this change are already being realised. Our results have shown that the new structure has further improved our resilience, despite the challenges faced this year.

Ian Chinapoo

Executive Vice President & Group Chief Financial Officer

The decentralised portfolio model is designed to bring the benefits of focused value creation inherent in private equity thinking to our public company shareholders and stakeholders. We are pursuing a flexible approach in this regard by holding businesses in our portfolio for as long as they continue to add value to us and by extension, our shareholders. This approach gives our Group of companies an advantage over 'pure' private equity firms, which must liquidate their investments within a preset time – potentially leaving money on the table.

Now, for many publicly-listed companies the greatest barrier to adopting this approach is often the company's aversion to exiting a healthy business and the company's inability to see the business the way private equity firms do – as the culmination of a successful transformation or build, not as fixing a past strategic error. Massy has already proven this in 2020. Shareholders, what you are in fact witnessing is Massy faithfully executing its strategy.

We are proving that our portfolio management approach brings significant benefits as we execute our big, bold strategies through flexibility and strong governance.

For each industry portfolio, our expert portfolio management leadership teams are directly empowered to develop and deliver purpose-aligned, industry strategies for their businesses in real-time within an appropriate governance structure. They are "fit for purpose" within a Group that seeks to enable achievement of their client-centric goals and growth aspirations.

Massy Holdings stands in place to hold our Portfolios accountable to our values and industry best practices and as a shareholder, to design a portfolio investment mix that provides the optimal long-term value creation for the Group's invested capital. Our mandate is to ensure that all our investment Portfolios are poised for continuous growth within the framework of our values, mission and vision.

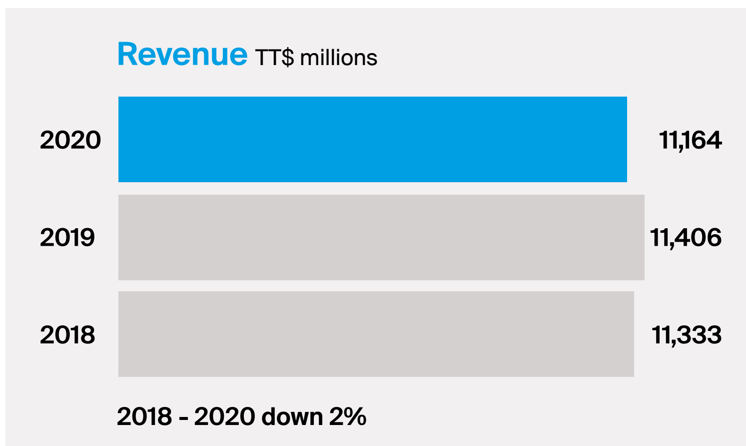
Financial Performance Review

I am pleased, as your Group CFO, to be able to share our story of resilience and focus in the financial performance of the Massy Group and its portfolio of strategic investments in 2020, notwithstanding the extremely trying socio-economic circumstances.

In FY2020 the Group boldly advanced its strategy to focus on its three main Portfolios, with the sale of Seawell Air Services, Massy Energy Production Resources Ltd., and the Massy Technologies companies in the region. The profit and gains/losses on sales from these companies, together with the same from the security companies that were divested in FY2019, are now reported as Discontinued Operations in the Statement of Profit or Loss. The Continuous Operations of the Group represent the activities of the three main portfolios and the Financial Services Line of Business, as well as all business in the Strategic & Other Investments Line of Business that have not been discontinued.

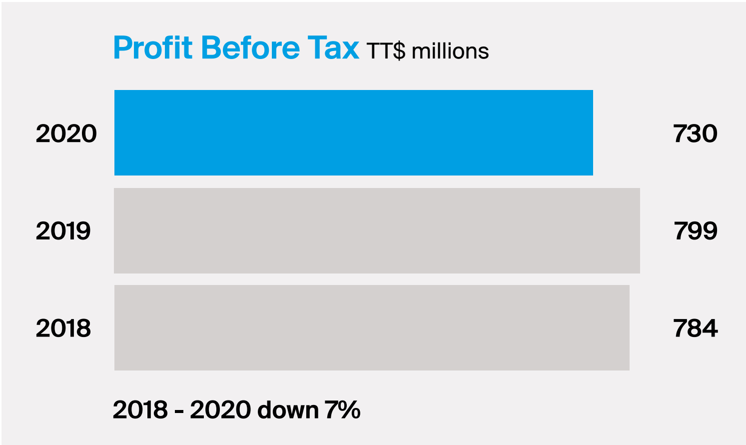
I shall begin my analysis with the Group's Continuing Operations for the year, in particular our top line Revenue performance for FY2020. [Note that for comparative purposes we have revised our prior year Revenues for FY2018 and FY2019 in Table 1 to also exclude all Group entities that are now included in Discontinued Operations category.]

Table 1



Group Revenue from Continuing Operations held strong for 2020 at $11.16 billion, representing only a 2.1% decline over 2019 (and a 2% decline from 2018). When taken into context with the fact that many of our businesses were closed to the public or had their operations severely restricted across virtually all of our operating jurisdictions during the months of the COVID-19 "lockdowns", this can only be considered an exceptional performance! We believe that our loyal, value conscious customers across all business lines were met by committed, empowered employees, both of whom embraced new, innovative channels to interact safely to access our products and services given "next normal" realities.

Table 2



Group Profit before Income Tax (PBT) from Continuing Operations ended the year at a healthy $729.6 million, a decline of 8.7% from prior year. It is interesting to note however, that FY2020 Operating profit before finance costs and expected credit losses increased by $169 thousand over the same in FY2019. In other words, the core operations of the Continuing Operations of the Group maintained Operating Profit in FY2020 despite the difficulties and challenges during this year of a major pandemic. Group PBT declined due to increased Expected Credit Loss provisions of $15.6 million and $52.6 million in additional finance costs introduced for the accounting treatment of leases under the new IFRS 16 standard.

Discontinued Operations Update

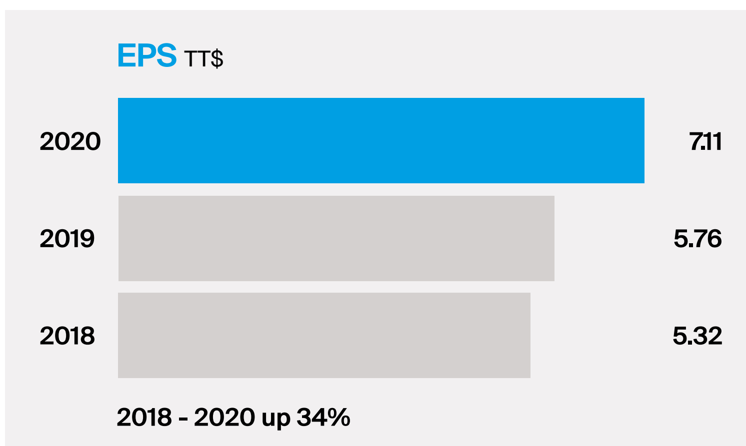
In fiscal year 2020, the Massy Group sold the remaining companies in our Information Technology & Communications (ITC) Line of Business to PBS Technology Group Limited. This followed the prior year disposition of the Massy Technologies Applied Imaging (Trinidad) Ltd. These transactions represent the Group's exit from this Line of Business. Historically, this business contributed about 4% of Group Revenues and Net Assets and 7% of the Group's Profit Before Tax. This divestment generated a significant gain on sale of $272 million for the Massy Group and is another major step in executing our strategy of focusing our resources as it released embedded capital for reinvestment and to drive growth across the key business portfolios in the Group.

While it was the most significant disposal for fiscal 2020, the ITC Line of Business was not the only noteworthy portfolio re-balancing activity undertaken in fiscal 2020 by the Group. Within our Strategic and Other Investments Line of Business, we were quite focused on releasing value to our Shareholders. Following on the divestment of our interests in Massy Security Guyana Inc. and our minority ownership interests in G4S Trinidad Ltd. and G4S Barbados Ltd. in 2019, this year we completed the sale of both Seawell Air Services Limited (Seawell) and Massy Energy Production Resources Ltd. (MEPRL). Whilst these disposals resulted in a loss of $15 million on Seawell and a gain of $5.7 million on MEPRL, they generated net cash of about $30 million for future investment and ensured the continued responsible operation of these legacy businesses.

Investment Performance

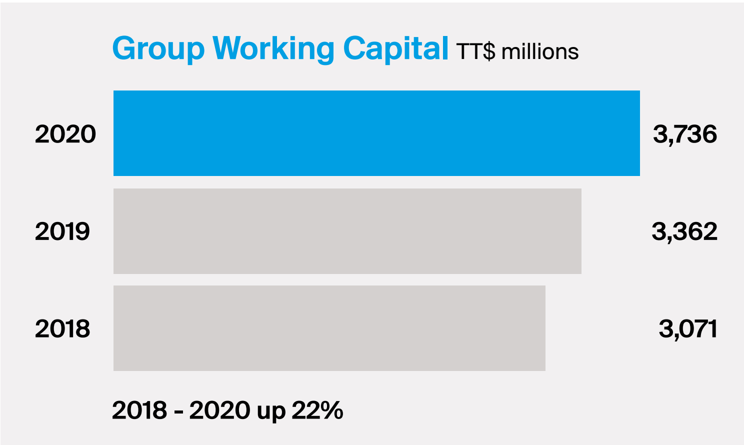
All considered, the Group has provided our shareholders with a record $7.11 Basic Earnings per Share (EPS) in 2020, a 23.4% growth over 2019 and 2-year annualised growth of 34%. Of this, $4.17 of this EPS came from our Continuing Operations activities (versus $4.74 in 2019), while $2.94 represented the contribution from the sale and operations of our Discontinued Operations (versus $1.02 in 2019) [see Note 30].

Table 3



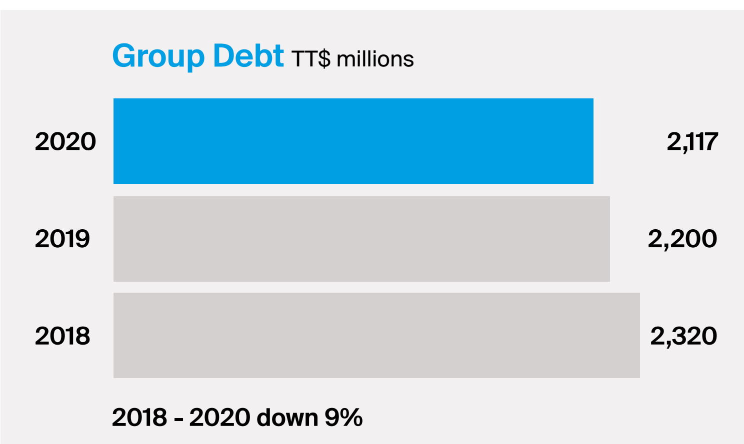
Another important area for the Group is the optimisation of our cashflows and timely settlement of our obligations. Now more than ever, our resolve is being tested as many of our customers and suppliers are feeling the negative financial impacts of this crisis on both their bank account balances and their bottom lines. In this regard, Massy is well positioned as illustrated by our healthy and growing Working Capital balance of $3.74 billion. We intend to maintain this competitive advantage as we aggressively seek investment growth opportunities across the Group.

Table 4



Besides liquidity oversight, our various business interests have also been impacted in several different ways, from reviewing customer channels (eg. curbside pickup at Massy Stores) to implementing new employee policies (eg. "Work from Home" guidelines). Our experience in 2020 has proven that the depth of knowledge of our business leadership, the flexibility inherent in our decentralised business model and the accumulated reserves of the Group have allowed the Group to weather the storm and in fact, respond very quickly and definitively. An instructive measure of our ability to respond to changing circumstances is our ability to access debt capital from the banking sector and the broader local and international capital markets. This measure also serves as an indicator of whether any funding support was needed during 2020. As the numbers show in Table 5, the Group Debt (Total Current and Non-Current Borrowings) has continued to be systematically reduced as we "keep our powder dry" while in pursuit of bold strategic value opportunities.

Table 5

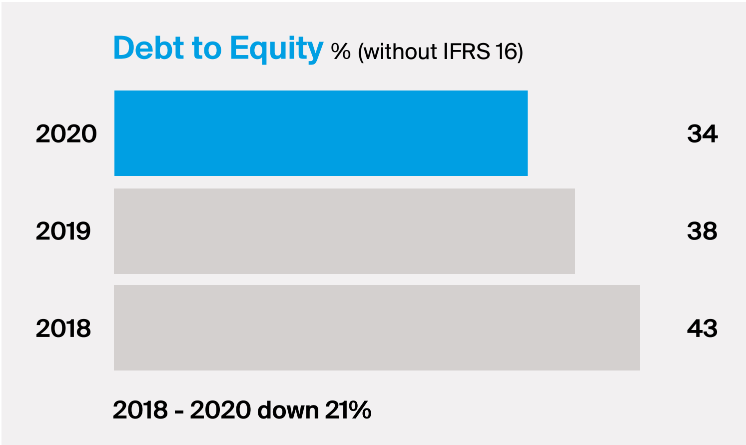


This also requires that we maintain the optimum gearing and leverage position, so we also believe that it is critical for our stakeholders to appreciate our Debt to Equity ratio, both with and without the effects of IFRS 16 considered.

For the purpose of year on year comparative analysis, it is instructive therefore to note that, without the impact on liability disclosures as a result of the adoption of IFRS 16, the Group would have reduced our Debt to Equity ratio to end the year at 34% as shown in Table 6. This leaves us with significant headroom for incremental leverage, in a low interest rate environment, which is no doubt a fortuitous strategic position for us in a time of emerging inorganic value opportunities.

Note that in fiscal 2020, we adopted the IFRS 16 – Leases accounting standard, which introduced a single lessee accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Also, lessees will now separately recognise interest expense on the lease liability and depreciation expense on the right-of-use asset in the consolidated statement of profit or loss. This standard had a materially negative impact on PBT for the Integrated Retail Portfolio of $52 million. On the Balance Sheet, IFRS 16 resulted in increased Non-Current (Right of Use) Assets of $793 million and our Lease Liabilities (combined Current and Non-Current) increased by $911 million [see Note 6]. We applied the standard using the modified retrospective approach, which means that we did not re-state our comparative years' results.

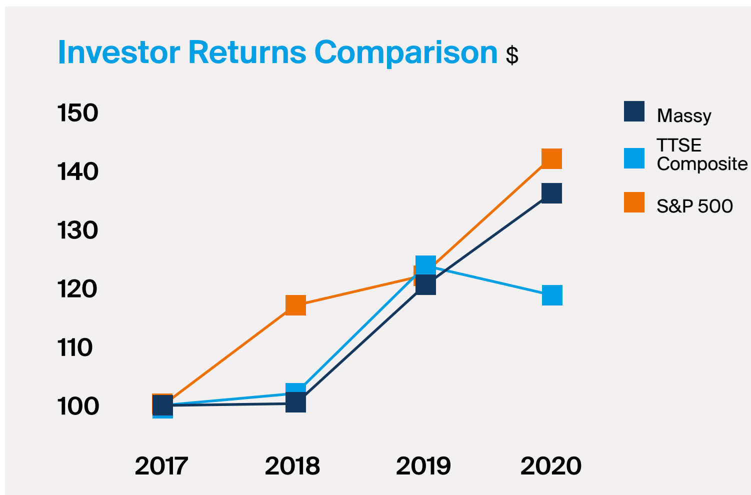
Table 6



Massy Holdings Ltd. (MHL) recognises that its listed stock is an important part of many individual and institutional investment portfolios. We are focused on ensuring that our shareholders' invested capital is optimally deployed in our business to provide a total return consistent with the risk appetite of its shareholders as approved by the MHL Board of Directors.

To best assess how well we delivered on this promise, I will provide an analysis on the overall MHL shareholder performance metrics for 2020, as well as the performance of the capital deployed across our major lines of business.

Starting the fiscal year at a share price of $54.45, MHL held and increased its value, ending the year on September 30, 2020 at $59.00 per share. This represents a Total Return to Shareholders (TRS) of 12% which consists of a 8.3% year on year share price appreciation [($59.00 + $2.22 – $54.45) divided by $54.45] and a 4% 12-month dividend yield [$2.27 per share divided by $54.45 closing 2019 share price]. Comparatively, the Trinidad and Tobago Composite Index had a TRS of -3.64% for the same period, thus MHL share outperformed the local index by over 457% in 2020. For value investors who wish to have in their portfolio a stock which delivers stable and reliable returns, MHL presents a strong proposition. The following table and graph assume simultaneous investments of $100 from 2017, in Massy, the Trinidad and Tobago Composite Index and the S&P 500. The comparison assumes that all dividends were reinvested.



When compared with the regional and international market benchmarks for 2020, MHL compares favourably with other diversified conglomerates in the Caribbean and with its appropriate benchmark peer group (see Table 7 on the following page). MHL maintains a lower Debt to Equity ratio of 34%, versus the Bloomberg Finance LP benchmark of 53.14% and the Caribbean Conglomerates benchmark of 37.7%. MHL's dividend yield of 3.90% is also more favourable than the average peer group results.

Table 7

	Market CAP TT$million	P/E Multiple	Dividend Yield %
Massy	5,611.42	10.63x	3.90
Average Latin American and Caribbean Peer Group	3,868	10.63x	3.15
Caribbean Conglomerates	3,532	14.20x	3.20

Peer groups can be found from Bloomberg Finance LP (above sourced as at December 6, 2020) and consist of Latin American and Caribbean Conglomerates with similar business segments. Caribbean Conglomerates share some, but not all, of Massy's Portfolios and Lines of Businesses.

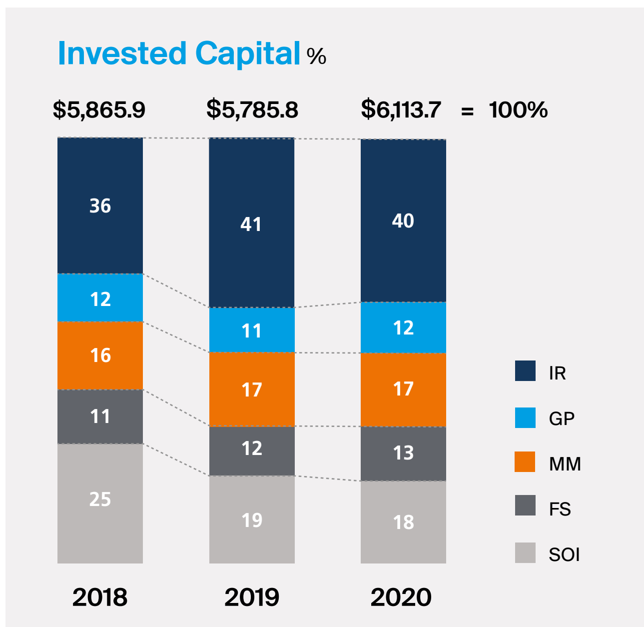
Perhaps the most widely regarded share performance metric used to assess a listed company's value is its Price/Earnings (P/E) multiple. MHL remains at a relatively low multiple of 10.6x earnings. This is low when considering the current market benchmark of 14.2x for Caribbean Conglomerates. This means that MHL's share price is lower compared to its peers on the stock exchange in relation to its earnings level.

For our Group's intrinsic value at the end of 2020 to be even better understood, let us review our core Portfolio Business Units in relation to the whole Group. Our investments in each of these selected industries are quite strategic to the Massy Group as businesses that align to them each contribute unique and significant long-term value propositions to the Group.

The core industries in which the Group has significant investment are all in economic sectors that are considered essential to multiple countries, specifically food retail and distribution, transportation, cooking and industrial gases and financial services. In each of these sectors, Massy has the potential for scalability through geographic expansion, customer base and supply chain diversification and options for leveraging operating efficiencies through comparative advantage. In short, each of our portfolio businesses is poised for both organic and inorganic growth across geographies in pursuit of achieving performance that rivals global benchmarks for their industry.

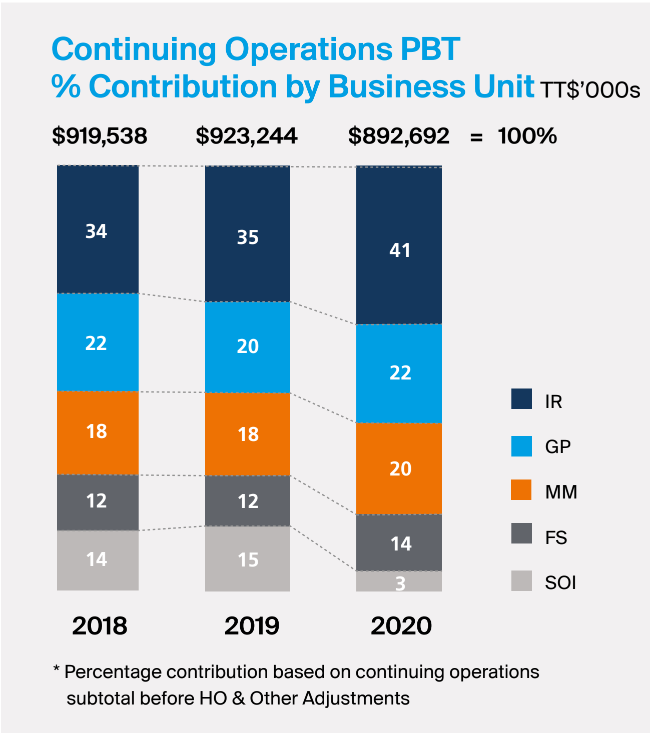
Operationally within the Group, each industry portfolio establishes goals, targets and objectives annually, with their resource and capital spending aligned to pursuing and achieving those goals (see reports from each Portfolio and Line of Business, pages 38 - 70). From a Massy Holdings vantage point, we review their plans and objectives to ensure these are accretive and aligned to the overall Massy Group's long-term strategy of shareholder value creation and where appropriate, we provide investment capital towards activities that drive their individual growth.

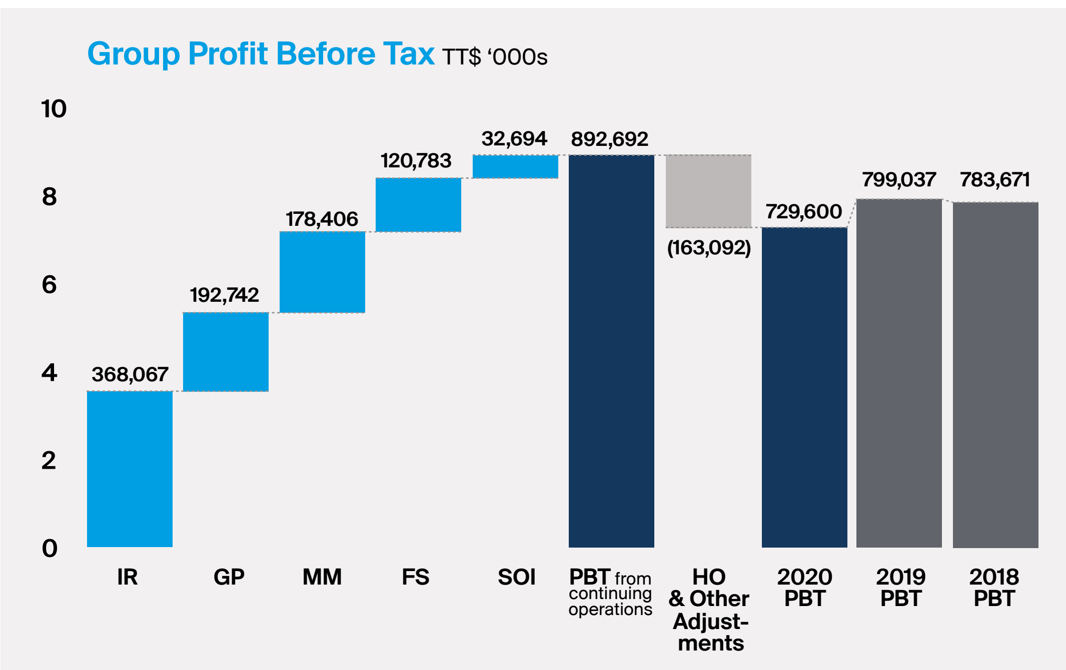
The first chart represents the percent of our invested capital that Massy Group has in each Portfolio and Line of Business from 2018 to 2020. Note that our three core Portfolios have received 69% of the invested capital of the MHL parent in 2020.



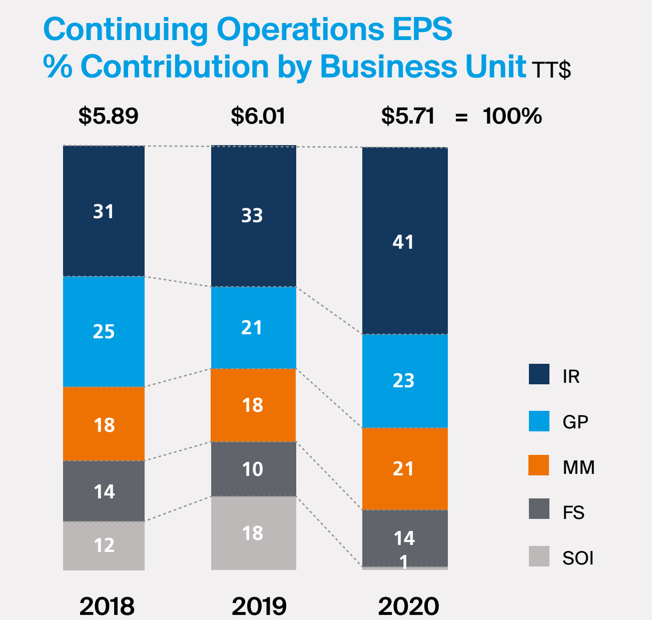
As an investment holding company, we assess business performance from several perspectives to gain assurance that the Group's performance targets are being met. In order to do so effectively, we assess both the Portfolio and Lines of Businesses' performance within the Massy Group and across relevant industry benchmarks. Included are some of the measurements used in that assessment for your consideration:

1 Portfolio and Line of Business Contribution to the Massy Group's PBT





2 Portfolio and Line of Business Contribution to the Massy Group's EPS

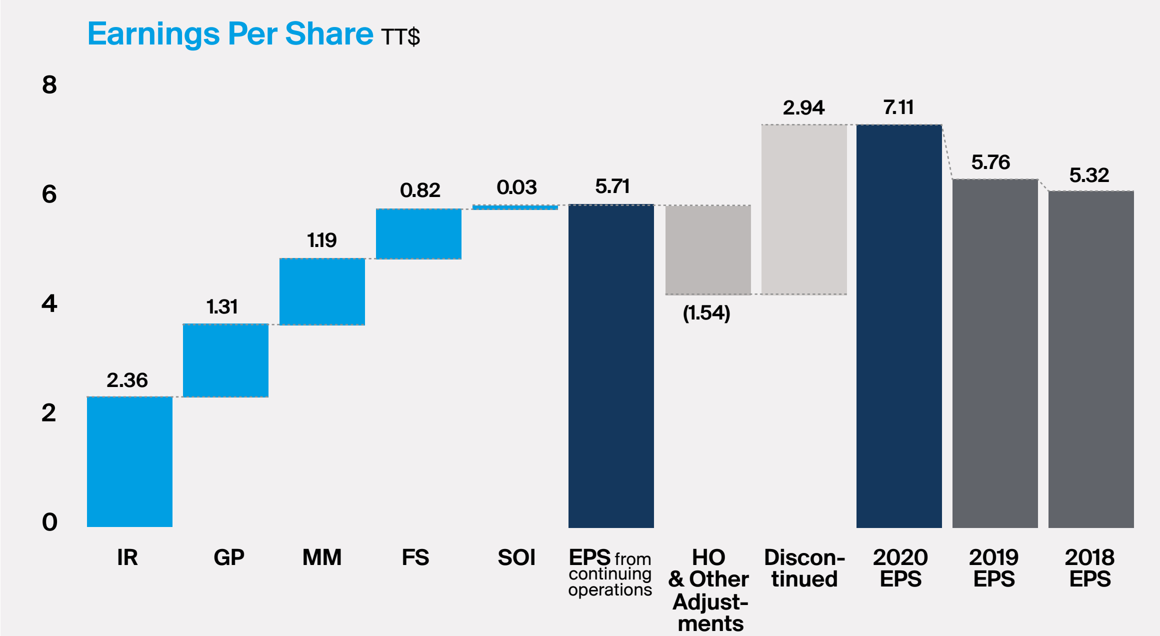


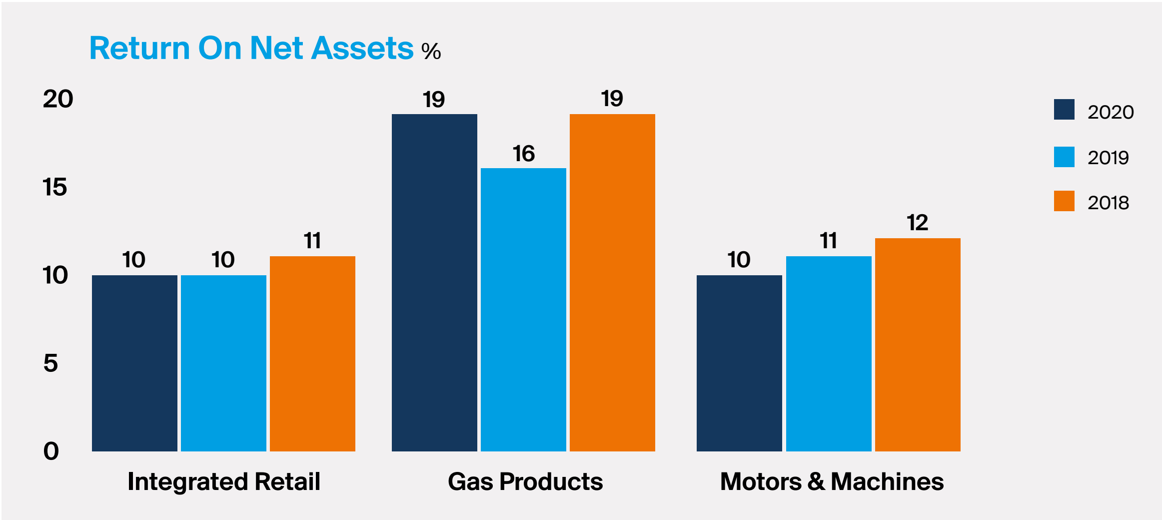
[1] Percentage contribution based on continuing operations subtotal before HO & Other Adjustments and discontinued operations
[2] In 2019, MPTC, MW, MEES and MEPRL were transferred to the SOI Line of Business

We can note that by 2020, the Integrated Retail Portfolio has received 40% of the Group's invested capital, generated 41% of Group PBT and contributed $2.36 (33%) towards our total Group Earnings per Share. Our Gas Products Portfolio has received 12% of the invested capital allocated by the Group, generated 22% of Group PBT and contributed $1.31 (18%) towards total Group EPS, while Motors & Machines received 17% of our invested capital and in turn has generated 20% of Group PBT and $1.19 (17%) of total Group EPS.

Perhaps, most importantly, we consider each Portfolio's Return on Net Assets (RONA) employed, which provides a stand-alone return comparative for each Portfolio. The Group uses this result to benchmark each Portfolio against the Group's minimum internal rate of return, currently at 9.6%.

These results show that each Portfolio's contribution is value accretive to the Group overall.





Group Finance Initiatives

Across the Group, we have continued to strengthen and streamline our work processes and systems following our engagement with Infosys in 2019. Across many of our Finance functions, we identified areas of focus and training, including the use of project management techniques, greater use of communication tools and specific online training, for example on the application of IFRS standards. Allow me to highlight a few key areas of focus:

1 Group Audit Approach

In 2020, we continued to deepen our use of project management within our Group audit process. This involved transitioning from an external Project Management Office (PMO) to a joint internal/external PMO. Our next step is to be fully internal in 2021. We have experienced significant improvement in the quality of interactions across the businesses and the external audit teams, which has contributed to an overall reduction in Group external audit costs of 15% in 2020 versus 2019, inclusive of a reduction in approved cost overruns of 80% for 2020 over 2019.

2 Corporate Treasury and Investment Management

The Group's strategic shift of its business model from traditional conglomerate to Portfolio Manager requires an elevated role for treasury management as the Group increases its cash holdings. The Group's Treasury function will now evolve to be a more active contributor in the extraction of additional value from the Group's liquid assets, the management of foreign exchange positions and supporting the capital adequacy structuring across the Group necessary to enable the Portfolio businesses to remain poised to achieve their strategic growth aspirations.

The goal for the Group Corporate Treasury is to create a 'borderless treasury' across all Group investments, using technology and seamless collaboration with leadership teams to enable cross-portfolio synergies to be maximised for the benefit of shareholders and stakeholders.

3 Implementation of a System for Financial Consolidation

Subsequent to the end of the financial year, the Massy Group has partnered with CCH Tagetik to implement a consolidated financial solution for full end-to-end automation from each subsidiary's trial balance to Group consolidation. This will result in an expeditious, seamless cycle time in churning out reports at all levels of the organisation. The solution aligns to an agile organisation through scalability in support of the Group's growth strategy.

Thank You

We thank all of our Stakeholders for your continued support of the Massy Group, especially during this unprecedented year of 2020 and we will continue to fervently pursue our bold initiatives that seek to embed our values, deliver on our promises, generate sustainable growth and drive value creation. To our Shareholders especially, we are seeking new and exciting ways to encourage your feedback and participation in our journey. We truly appreciate your review and engagement of our financial performance and business strategy execution disclosures as we strive to provide you with greater insight into how the Massy Group is growing the value of your investment capital that we hold in trust.

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Independent auditor's report

To the Shareholders of Massy Holdings Ltd.

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 Massy Holdings Ltd. (the Company) and its subsidiaries (together 'the Group') as at 30 September 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 30 September 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of 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.

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T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Our audit approach

Overview

Overall group materiality: $36.5 million, which represents 5% of profit before income tax from continuing operations.

The group audit included:

- Full scope audits of ten subsidiaries which were deemed to be individually financially significant components, five of which have head offices in Trinidad & Tobago with the others being located in Barbados, Jamaica and Guyana; and
- An audit of specific account balances including third-party borrowings, revenue, accounts receivables and financial assets in other components.

- Valuation of Goodwill
- Valuation of Net Retirement Benefit Asset
- Valuation of Loss Reserves on Insurance Contracts

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 industries in which the Group operates. The Group is structured into five segments (see note 3 to the consolidated financial statements) and is a consolidation of over 140 separate legal entities. The Group comprises component entities directly held by Massy Holdings Ltd., as well as sub-group components.

The following components were deemed to be individually significant and were subject to full scope audits:

- Massy Transportation Group Ltd. and its subsidiaries
- Massy Integrated Retail Ltd. and its subsidiaries
- Massy Guyana Ltd. and its subsidiaries
- Massy United Insurance Ltd.
- Massy Stores (Barbados) Ltd.
- Massy Gas Products (Trinidad) Ltd. and its subsidiaries
- Massy Gas Products Jamaica Limited
- Massy Technologies Trinidad Ltd. and its subsidiaries
- Massy Distribution (Barbados) Ltd.
- Massy Finance GFC Ltd.

In addition, a further nine components were subject to an audit of specific account balances. Five of the ten significant components of the Group are audited by PwC Trinidad. For all other components which are in-scope of the Group audit, we used component auditors from PwC network firms and non-PwC firms, who are familiar with the local laws and regulations, to perform this audit work.

For the work performed by all component audit teams (both PwC and non-PwC) operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied sufficient audit evidence has been obtained for the purpose of our opinion. We maintained ongoing involvement with the component audit teams throughout the audit and performed remote reviews of component working papers for components in Barbados, Jamaica, Guyana and St. Lucia.

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	$36.5 million
How we determined it	5% of profit before income tax from continuing operations
Rationale for the materiality benchmark applied	We chose profit before income tax from continuing operations 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.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.5 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Goodwill *Refer to notes 2.8.1 and 8 to the consolidated financial statements for disclosures of related accounting policies and balances.* Management performs an annual impairment assessment of goodwill. Intangible assets stated on the Group's consolidated statement of financial position included a carrying value of $212.8 million related to goodwill prior to the impairment assessment. As a result of management's assessment, goodwill impairment of $10.0 million was recorded. The recoverable amount of each cash generating unit (CGU) is calculated as the higher of the value-in-use and fair value less costs of disposal. The value-in-use was derived based on a discounted expected cash flow approach which involved the development of a best, worst and base case scenario. Each scenario was assigned a weighting based on management's judgement to derive an expected cash flow for the CGU. These cash flows included areas where management makes significant judgements on certain key inputs such as weightings, discount rates and growth rates. Fair value less costs of disposal was used to perform the goodwill impairment assessment where considered more appropriate. This included an assessment of the relevant assumptions impacting the cash flow projections presented. We focused on this area because of the significant level of judgement required in arriving at the key assumptions used in management's impairment assessment.	We evaluated the methods used by management to perform their annual goodwill impairment assessment of each CGU and found it to be in accordance with the requirements of IAS 36 and the Group's accounting policy. The approach used by management in the current year for the assessments based on a value-in-use approach considered various weighted scenarios to determine an expected cash flow for the CGU. We tested management's assumptions, including weightings used in the scenarios, discount rates and growth rates in their cash flow projections, as follows: • assessed the reasonableness of the weighting assigned to each cash flow forecast based on our understanding of the current economic environment and the expected likelihood of occurrence given the Covid-19 pandemic. • recalculated the weighted average cost of capital (WACC) used to discount the expected cash flows and evaluated those rates against market-based inputs, our knowledge of the economic environment and the risk premium associated with the respective industries and countries; • compared management's determined growth rates to historical performance of the CGU and to external economic industry data, where available, in which the CGU operates, taking into consideration the CGU's ability to achieve these growth rates in the current economic environment; • compared management's future cash flow forecasts used in the impairment assessment to those presented and approved by the Board of Directors as part of the annual budgeting process; • evaluated the accuracy of the forecasts made by comparing past forecasts to historical results, where available, and by comparing to the current year results of the entity; and • tested the mathematical accuracy of management's calculations. Where fair value less cost of disposal was used to assess goodwill impairment, we utilised our valuation experts to review management's fair valuation. This included reviewing projections of future performance and assessing the reasonableness of the assumptions. The results of the above audit procedures indicated management's goodwill impairment assessment conclusion was not unreasonable.

Valuation of Net Retirement Benefit Asset

Refer to notes 2.18.1 and 14 to the consolidated financial statements for disclosures of related accounting policies and balances.

The Group sponsors separate pension plans for its employees in Trinidad and overseas. As at 30 September 2020, the Group had a consolidated net retirement benefit asset for its Trinidad plan of $381.7 million.

The net retirement benefit asset is comprised of the value of pension plan assets less the pension obligation. Both components require significant judgement in relation to certain assumptions and estimates, leading us to focus our attention in this area.

The following key assumptions used to calculate the obligation can have a material impact on the calculation of the liability:

- salary increases;
- discount rates; and
- mortality rates.

Management utilises an external actuary to perform certain calculations with respect to the estimated obligation.

The pension assets consist of financial investments held at fair value, which are based on a range of inputs. While many of the inputs required can be obtained from readily available liquid market prices and rates, certain securities are based on modelled prices as observable market data is limited. In these instances, management is required to make significant judgements due to the complexity in the valuation model estimates resulting in high estimation uncertainty risk.

For the pension obligation, we tested the key assumptions as follows:

- compared the discount rate used by management to the yield of a Government of Trinidad & Tobago bond of a similar period;
- compared mortality rates to publicly available statistics; and
- compared salary increases to historical increases, taking into account the current economic climate.

We tested the completeness and accuracy of the census data used in the actuarial calculation by comparing it to personnel files.

We assessed the independence and competence of the actuary used by management to calculate the retirement benefit obligations.

For investments, which were valued using a valuation model:

- we evaluated the assumptions, methodologies and models used by the Group;
- we tested the significant inputs relating to yield, prices and valuation to external sources where available and compared to similar transactions in the marketplace; and
- we compared management's valuation to our independent valuation calculation for a sample of modelled securities. In some cases, these resulted in a different valuation to that calculated by management. In our view, the differences were within a reasonable range of outcomes, in the context of the inherent valuation uncertainties disclosed in the financial statements.

There were no material exceptions noted in our testing of the net retirement benefit asset.

Valuation of Loss Reserves on Insurance Contracts

Refer to notes 2.15 and 25 to the consolidated financial statements for disclosures of related accounting policies and balances.

As at 30 September 2020, the Group had a liability of $433.6 million in relation to the settlement of claims related to insurance contracts.

The methodologies and assumptions utilised to develop incurred but not reported reserves involve a significant degree of judgement.

Management uses an external actuarial expert to assist in determining the value of claims incurred but not reported.

The liabilities are based on the best estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to claims which are incurred but not reported, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions.

We focused on this area due to the subjectivity of a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims underlying these methods as well as the complexity of the calculations.

As historical claims data is a key input into the actuarial estimates, we performed detailed testing over the claims case estimates and settlements to the underlying source data.

We also tested the completeness and accuracy of the relevant underlying data utilised by management and their external actuarial experts to support the actuarial valuation, which also included key data reconciliations.

We were assisted by our own actuarial expert in performing, amongst other procedures, an independent calculation of claims incurred but not reported using relevant company data and a combination of alternative methods, assumptions and grouping of data which was subsequently compared to management's estimate.

The results of the above audit procedures indicated management's estimate for claims reported but not incurred was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.
- 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 Rendra Gopee.

PricewaterhouseCoopers

Port of Spain
Trinidad
West Indies
17 December 2020

Consolidated Statement of Financial Position

Expressed in Thousands of Trinidad and Tobago dollars

	Notes	As at September 30 2020 $	2019 $
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,185,201**	2,392,305
Right-of-use assets	6	**792,920**	–
Investment properties	7	**403,215**	413,595
Goodwill	8	**202,768**	211,782
Other intangible assets	9	**63,356**	60,263
Investments in associates and joint ventures	10	**170,498**	146,801
Trade and other receivables	11	**41,388**	167,785
Financial assets	12	**1,021,432**	1,032,084
Deferred income tax assets	13	**124,623**	76,287
Retirement benefit assets	14	**439,987**	484,803
		5,445,388	**4,985,705**
Current assets			
Inventories	15	**1,587,202**	1,519,728
Trade and other receivables	11	**2,254,001**	2,499,663
Financial assets	12	**1,282,064**	1,132,399
Statutory deposits with regulators	16	**129,471**	114,520
Cash and cash equivalents	17	**2,533,621**	2,073,058
Assets classified as held for sale	7	**8,000**	–
		7,794,359	**7,339,368**
Total assets		**13,239,747**	**12,325,073**
Equity			
Capital and reserves attributable to equity holders of the parent			
Share capital	18	**764,344**	764,344
Retained earnings		**5,346,075**	4,839,635
Other reserves	20	**60,219**	109,919
		6,170,638	5,713,898
Non-controlling interests	21	**246,406**	233,043
Total equity		**6,417,044**	**5,946,941**

Consolidated Statement of Financial Position continued

Expressed in Thousands of Trinidad and Tobago dollars

	Notes	As at September 30 2020 $	2019 $
Liabilities			
Non-current liabilities			
Borrowings	22	**1,440,184**	1,820,729
Lease liabilities	6	**844,004**	–
Deferred income tax liabilities	13	**236,050**	227,051
Customers' deposits	23	**98,831**	120,858
Retirement benefit obligations	14	**68,849**	171,709
Provisions for other liabilities and charges		**76,183**	60,328
		2,764,101	**2,400,675**
Current liabilities			
Trade and other payables	24	**1,796,004**	1,975,659
Liabilities on insurance contracts	25	**1,172,814**	1,313,459
Customers' deposits	23	**190,126**	183,592
Current income tax liabilities		**155,959**	125,764
Borrowings	22	**677,096**	378,983
Lease liabilities	6	**66,603**	–
		4,058,602	3,977,457
Total liabilities		**6,822,703**	**6,378,132**
Total equity and liabilities		**13,239,747**	**12,325,073**

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

On December 17, 2020, the Board of Directors of Massy Holdings Ltd. authorised these consolidated financial statements for issue.

E. Gervase Warner
Director

Anton Gopaulsingh
Director

Ian Chinapoo
Director

Consolidated Statement of Profit or Loss

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2020 $	2019 $ (Restated)
Continuing operations:			
Revenue	3/26	**11,163,818**	11,406,174
Operating profit before finance costs and expected credit losses		**800,297**	800,128
Expected credit losses	26.2	**(12,870)**	2,720
Operating profit before finance costs	26	**787,427**	802,848
Finance cost - net	28	**(111,286)**	(69,776)
Operating profit after finance costs		**676,141**	733,072
Share of profit of associates and joint ventures	10	**53,459**	65,965
Profit before income tax		**729,600**	799,037
Income tax expense	29	**(276,330)**	(286,654)
Profit for the year from continuing operations		**453,270**	**512,383**
Discontinued operations:			
Gain on sale of discontinued operations	37	**262,442**	35,693
Profit after tax from discontinued operations	37	**27,439**	65,156
Profit for the year from discontinued operations		**289,881**	**100,849**
Profit for the year		**743,151**	**613,232**
Attributable to:			
Owners of the parent			
- continuing operations	37	**408,484**	463,893
- discontinued operations	37	**287,919**	99,271
Profit attributable to owners of the parent		**696,403**	**563,164**
Non-controlling interests:			
- continuing operations	37	**44,786**	48,490
- discontinued operations	37	**1,962**	1,578
Profit attributable to non-controlling interests	21	**46,748**	**50,068**
Profit for the year		**743,151**	**613,232**
Earnings per share attributable to the owners of the parent during the year (expressed in TT$ per share)			
Basic earnings per share:			
- continuing operations	30/37	**4.17**	4.74
- discontinued operations	30/37	**2.94**	1.02
		7.11	**5.76**

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	2020 $	2019 $
Profit for the year	**743,151**	613,232
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit pension plans net of taxation	**54,778**	6,977
	54,778	**6,977**
Items that may be subsequently reclassified to profit or loss		
- Currency translation differences	**(24,739)**	(29,564)
Other comprehensive income/(loss) for the year, net of tax	**30,039**	**(22,587)**
Total comprehensive income for the year	**773,190**	**590,645**
Attributable to:		
- owners of the parent	**722,715**	540,214
- non-controlling interests	**50,475**	50,431
Total comprehensive income for the year	**773,190**	**590,645**

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	Share capital $	Other reserves $	Retained earnings $	Subtotal attributable to equity holders of the parent $	Non-controlling interest $	Total equity $
Balance at October 1, 2018		763,516	99,253	4,522,052	5,384,821	230,337	**5,615,158**
IFRS 15 initial application adjustments		–	–	(1,999)	(1,999)	(517)	**(2,516)**
Balance at October 1, 2018 - restated		**763,516**	**99,253**	**4,520,053**	**5,382,822**	**229,820**	**5,612,642**
Profit for the year		–	–	563,164	563,164	50,068	**613,232**
Other comprehensive income/(loss)		–	(28,371)	5,421	(22,950)	363	**(22,587)**
Total comprehensive income for the year		–	(28,371)	568,585	540,214	50,431	**590,645**
Other movements:							
- Transfer to other reserves	20	–	40,807	(40,807)	–	–	**–**
- Other reserve movements		–	(1,770)	(4)	(1,774)	(4,517)	**(6,291)**
Transactions with owners:							
- Share option expense	18	828	–	–	828	–	**828**
- Dividends paid	19	–	–	(208,192)	(208,192)	(42,691)	**(250,883)**
Balance at September 30, 2019		**764,344**	**109,919**	**4,839,635**	**5,713,898**	**233,043**	**5,946,941**
Balance at 1 October 2019		**764,344**	**109,919**	**4,839,635**	**5,713,898**	**233,043**	5,946,941
IFRS 16 initial application adjustments	2.1.1	–	–	(70,400)	(70,400)	(3,373)	**(73,773)**
Balance at 1 October 2019 - restated		**764,344**	**109,919**	**4,769,235**	**5,643,498**	**229,670**	**5,873,168**
Profit for the year		–	–	696,403	696,403	46,748	**743,151**
Other comprehensive income		–	(25,901)	52,213	26,312	3,727	**30,039**
Total comprehensive income for the year		–	(25,901)	748,616	722,715	50,475	**773,190**
Other movements:							
- Transfer from other reserves	20	–	(35,526)	35,526	–	–	**–**
- Disposal of subsidiaries		–	11,087	5,344	16,431	–	**16,431**
- Other reserve movements		–	2,822	4,643	7,465	(5,120)	**2,345**
Transactions with owners:							
- Dividends paid	19	–	–	(217,289)	(217,289)	(24,003)	**(241,292)**
- Purchase of non-controlling interests		–	(2,182)	–	(2,182)	(4,616)	**(6,798)**
Balance at 30 September 2020		**764,344**	**60,219**	**5,346,075**	**6,170,638**	**246,406**	**6,417,044**

		Year ended September 30, 2020	Year ended September 30, 2019
Dividends per share	19	$2.50	**$2.27**
Dividends paid per share	19	$2.22	**$2.13**

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2020 $	2019 $
Cash flows from operating activities			
Profit before income tax		**729,600**	799,037
Operating profit before tax from discontinued operations		**308,535**	120,199
Adjustments for:			
Share of results of associates and joint ventures	10	**(53,459)**	(65,965)
Depreciation and impairment of property, plant and equipment	5	**306,438**	272,784
Depreciation of right-of-use assets	6	**92,553**	–
Depreciation and impairment of investment properties	7	**30,011**	23,996
Capitalised borrowing costs	28.1	**–**	206
Impairment of goodwill	8	**10,000**	11,342
Amortisation of other intangible assets	9	**10,594**	8,550
Unwinding of interest on restoration liability		**124**	–
Covid-19 lease concessions	6.2	**(3,217)**	–
Gain on disposal of property, plant and equipment		**(53,361)**	(13,448)
Gain on disposal of investment properties		**(23,708)**	179
Gain on disposal of subsidiaries	37	**(262,442)**	(35,693)
Gain on disposal of associates		**–**	(16,418)
Expected credit losses/impairment expense on financial instruments		**14,460**	(4,178)
Fair value gains on other financial instruments		**(1,109)**	(4,611)
Employee share grant scheme provision	18	**–**	828
Employee retirement and other benefits		**(3,323)**	(13,898)
Profit before changes in working capital		**1,101,696**	**1,082,910**
Changes in working capital:			
(Increase)/decrease in inventories		**(116,859)**	116,135
Decrease in trade and other receivables		**223,129**	258,664
Increase/(decrease) in other provisions and other charges		**20,892**	(16,299)
Decrease/(increase) in instalment credit and other loans		**94,755**	(53,095)
(Decrease)/increase in trade and other payables		**(50,048)**	57,983
(Increase)/decrease in statutory deposits with regulators		**(14,951)**	4,038
Decrease in liabilities on insurance contracts		**(140,645)**	(339,050)
Decrease in customers' deposits		**(15,493)**	(37,696)
Cash generated from operations		**1,102,476**	**1,073,590**
Taxation paid		**(263,303)**	(267,721)
Net cash generated from operating activities		**839,173**	**805,869**

	Notes	2020 $	2019 $
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**168,378**	98,377
Proceeds from sale of investment properties		**34,071**	38,968
Additions to property, plant and equipment	5	**(283,618)**	(408,338)
Additions to investment properties	7	**(11,958)**	(6,009)
Net change in other financial assets excluding instalment credit and other loans		**(256,081)**	45,193
Increase in other investments, other intangibles, non-controlling interests and investments in associates and joint ventures		**(4,995)**	(18,187)
Dividends received from associated companies	10	**15,276**	126,221
Acquisition of Dicengas and Gasprocol	36	**(17,308)**	–
Proceeds on sale of associates		**–**	38,420
Proceeds on sale of subsidiaries, net of cash disposed	37	**371,133**	102,297
Net cash generated from investing activities		**14,898**	**16,942**
Cash flows from financing activities			
Proceeds from borrowings		**355,571**	8,305
Principal repayments on borrowings		**(420,812)**	(111,500)
Principal repayments on lease liabilities	6	**(76,290)**	–
Purchase of non-controlling interest		**(6,798)**	–
Dividends paid to company's shareholders	19	**(217,289)**	(208,192)
Dividends paid to non-controlling interests		**(24,003)**	(42,691)
Net cash used in financing activities		**(389,621)**	**(354,078)**
Net increase in cash, cash equivalents		**464,450**	**468,733**
Cash, cash equivalents and bank overdrafts at beginning of the year		**2,064,262**	**1,599,621**
Effect of exchange rate changes on cash and bank overdrafts		**(3,191)**	**(4,092)**
Cash, cash equivalents and bank overdrafts at end of the year		**2,525,521**	**2,064,262**
Cash and short-term bank deposits	17	**2,533,621**	2,073,058
Bank overdrafts	22	**(8,100)**	(8,796)
		2,525,521	**2,064,262**

The following amounts are included within cash flows from operating activities:			
Interest received from other financial instruments		**79,180**	95,810
Dividends received from other financial instruments		**2,903**	3,540

The notes on pages 112 to 187 are an integral part of these consolidated financial statements.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION

Massy Holdings Ltd. (the 'Company'), was incorporated in the Republic of Trinidad and Tobago in 1923. The address of its registered office is 63 Park Street, Port of Spain, Trinidad. The Company and its subsidiaries, (together, the Group) is engaged in trading, manufacturing, service industries and finance in Trinidad and Tobago and the wider Caribbean region. The Company has a primary listing on the Trinidad and Tobago Stock Exchange.

The principal subsidiaries are listed below with the percentage holding of the parent's (Massy Holdings Ltd.) effective shareholding where there is an intermediary company.

There were no changes in the ownership of the entries listed below except for the Massy (Guyana) Ltd. Group where shareholding changed from 92.9% to 93.64% and the entities disposed of in Note 37.

	Country of incorporation	Percentage equity capital held
Motors & Machines		
Massy Transportation Group Ltd.	Trinidad and Tobago	100%
Massy Motors Ltd.	Trinidad and Tobago	100%
City Motors (1986) Limited	Trinidad and Tobago	100%
Massy Machinery Ltd.	Trinidad and Tobago	100%
Massy Automotive Components Ltd.	Trinidad and Tobago	100%
Massy Motors (Tobago) Ltd.	Trinidad and Tobago	100%
Master Serv Limited	Trinidad and Tobago	100%
Massy Motors (Guyana) Ltd.	Guyana	93.64%
Massy Motors Colombia S.A.S.	Colombia	100%
Massy Motors Best Auto Ltd.	Trinidad and Tobago	100%
Financial Services		
Massy United Insurance Ltd.	Barbados	100%
Massy Remittance Services (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Remittance Services (SLU) Ltd.	St. Lucia	100%
Massy Finance GFC Ltd.	Trinidad and Tobago	100%
Massycard (Barbados) Limited	Barbados	100%
Massy Services (Guyana) Ltd.	Guyana	93.64%
Massy Credit Plus Ltd.	Trinidad and Tobago	100%
Gas Products		
Massy Gas Products Holdings Ltd.	Trinidad and Tobago	100%
Massy Energy (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Gas Products (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Gas Products (Jamaica) Limited	Jamaica	100%
Massy Gas Products (Guyana) Ltd.	Guyana	93.64%
Massy Energy Colombia S.A.S.	Colombia	100%
Integrated Retail		
Massy Integrated Retail Ltd.	Trinidad and Tobago	100%
Arvee Foodmaster Limited	Trinidad and Tobago	100%
Massy Stores (SLU) Ltd.	St. Lucia	60%
Massy Stores (Guyana) Inc.	Guyana	100%
Massy Stores (Barbados) Ltd.	Barbados	100%
Price Low Ltd.	Barbados	100%
Massy Stores (SVG) Ltd.	St Vincent	83.33%
Massy Distribution (Jamaica) Limited	Jamaica	100%
Massy Distribution (Guyana) Inc.	Guyana	93.64%
Massy Distribution (Barbados) Ltd.	Barbados	100%
Massy Distribution (St. Lucia) Ltd.	St. Lucia	100%
Knights Limited	Barbados	99.8%
Massy Loyalty Ltd.	Barbados	100%

1 GENERAL INFORMATION *(continued)*

	Country of incorporation	Percentage equity capital held
Strategic and Other Investments		
Massy Realty (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Properties (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Properties (Barbados) Ltd.	Barbados	100%
Roberts Manufacturing Company Limited	Barbados	50.5%
Massy Energy Engineered Solutions Ltd.	Trinidad and Tobago	100%
Massy Pres-T-Con Holdings Ltd.	Trinidad and Tobago	86.1%
Head Office		
Massy Ltd.	Trinidad and Tobago	100%
Massy (Barbados) Ltd.	Barbados	100%
Massy (Guyana) Ltd.	Guyana	93.64%
The Interregional Reinsurance Company Limited	Cayman Islands	100%

The Group has subsidiaries whose year-end is not coterminous with September 30 as follows:

	Reporting year end
Massy Motors Colombia S.A.S.	31 December
Massy Energy Colombia S.A.S.	31 December
Autogalias S.A.S.	31 December
Macarena de la Montaña S.A.S.	31 December
Autolux S.A.S.	31 December
Seguros Automontaña Ltda.	31 December
Automontaña S.A.S.	31 December
Germania Motors S.A.S.	31 December
Auto Orion S.A.S.	31 December
Massy Motors Premium S.A.S.	31 December
Massy Motors Rentals S.A.S.	31 December

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The consolidated financial statements have been prepared under the historical cost convention as modified by the measurement of certain financial assets at fair value and except for assets held for sale which are measured at fair value less costs to sell.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Standards, amendments and interpretations adopted by the Group

The Group has adopted the following new and amended standards and interpretations as of October 1, 2019:

- IFRS 16 'Leases' (effective October 1, 2019):
  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

  The standard removes the IAS 17 requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Also, lessees will now separately recognise interest expense on the lease liability and depreciation expense on the right-of-use asset in the consolidated statement of profit or loss.

  Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

  IFRS 16 - Transition method and practical expedients applied

  The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (October 1,2019), without restatement of comparative amounts. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4.

  IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

  - Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - Reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at October 1, 2019;
  - Exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application;
  - Apply the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.
  - Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

  Measurement of right-of-use assets

  On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of commercial office space, equipment and motor vehicles, which had previously been classified as operating leases. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any accumulated depreciation from the inception date of the lease to the implementation date of the standard, plus any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at September 30, 2019.

  Measurement of lease liabilities

  The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at October 1, 2019. The lessee's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average incremental borrowing rate applied to the lease liabilities on October 1, 2019 ranged from 4% to 10%.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Standards, amendments and interpretations adopted by the Group (continued)

- IFRS 16 'Leases' (effective 1 October 2019): *(continued)*

  Measurement of lease liabilities (continued)

  The following table reconciles the minimum lease commitments disclosed in the Group's September 30, 019 annual financial statements to the amount of lease liabilities recognised on October 1, 2019:

	As at 1 October 2019 $
Minimum operating lease commitments at September 30, 2019	957,172
Less: short-term/low value leases not recognised under IFRS 16	(2,640)
Plus: effect of extension and termination options reasonably certain to be exercised	783,937
Other adjustments	2,776
Undiscounted lease payments	1,741,245
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(753,076)
Discounted lease payments	**988,169**
Summary of initial application adjustments:	
Right of use assets recognised as at October 1, 2019 (Note 6)	874,873
Lease liabilities recognised as at October 1, 2019 (Note 6.2)	(988,169)
Restoration provisions recognised as at October 1, 2019	(2,039)
Gross amount	(115,335)
Tax	29,394
Other	12,168
Net amount recognised in equity	**(73,773)**

  Lessor accounting

  The Group leases out its investment properties and its rental assets under operating leases. The Group also leases some assets under finance lease arrangements. The Group was not required to make any adjustments, on adoption of IFRS 16, for leases in which it acts as a lessor.

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this has resulted in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occured. The practical expedient only applies to rent concessions for lessees (but not lessors) occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments due on or before June 30, 2021; and
  - there is no substantive change to other terms and conditions of the lease.

  The Group recognised a credit to profit or loss of $3,217 as a result of the application of this standard (Note 6). This amendment which became effective June 1, 2020 was early adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Standards, amendments and interpretations adopted by the Group (continued)

The following standards, amendments and interpretations listed were also effective as of October 1, 2019, but did not have a significant impact on the amounts recognised in prior and current periods.

- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities
- Annual improvements to 2015–2017 cycle
- Amendments to IAS 28 'Investments in associates and joint ventures', on long term interests in associates and joint ventures
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement
- IFRIC 23, 'Uncertainty over income tax treatments'

2.1.2 New standards and interpretations that are not yet effective and not early adopted

The following standard has not yet been adopted and may have a material impact on the entity in future reporting periods and on foreseeable future transactions:

- IFRS 17, 'Insurance contracts'. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. 'IFRS 17 marks a new epoch for insurance contracts accounting'. The Group has not yet assessed the impact of this accounting standard. Our proposed implementation date would be October 1, 2022. With this new standard, the IASB aims to achieve increased transparency and consistency of insurance accounting within the insurance industry and across jurisdictions.

The following are new standards and interpretations which have not yet been adopted and are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- Definition of a Business – amendments to IFRS 3
- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

2.2 Consolidation

2.2.1 Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

2.2.1 Subsidiaries (continued)

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

2.2.2 Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

2.2.3 Associates and Joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Joint ventures are also accounted for using the equity method. The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence in, a jointly controlled entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2.3 Segment reporting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

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

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss are recognised as part of the fair value gain or loss.

2.4.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

c all resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are included in assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment including land and buildings are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Land is not depreciated.

Depreciation is provided on the straight-line basis at rates estimated to write-off the cost of each asset over its expected useful life. In the case of motor vehicles, depreciation is based on cost less an estimated residual value. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and depreciation rates are adjusted if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

Current rates of depreciation are:

Freehold property	-	2%
Leasehold property and improvements	-	2% to 20%
Plant and equipment	-	5% to 33.3%
Rental assets	-	25%
Furniture and fixtures	-	10% to 25%
Motor vehicles	-	10% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Leasehold property and improvements are depreciated over the shorter of the asset's useful economic life and the lease term.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

2.6 Leases

2.6.1 Policy applicable from October 1, 2019

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

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Group as a lessee

The Group mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which are described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the standalone prices stated in the contracts.

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 and the leased assets may not be used as security for borrowing purposes.

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist. The Group does not revalue any of its right-of-use assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Leases *(continued)*

2.6.1 Policy applicable from October 1, 2019 *(continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. These rates were attained from our bankers in the differing regions.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Residual guarantees
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalty payments for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments (or credits) are recognised as an expense (or income) in the period in which the event or condition that triggers those payments. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended September 30, 2020. COVID-19 rental waivers were accounted for as variable lease payments.

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group as a lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similarly owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a pattern reflecting a constant periodic rate of return on the lessor's net investment.

2.6.2 Policy applicable before October 1, 2019

Group is the lessee

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Leases *(continued)*

2.6.2 Policy applicable before October 1, 2019 (continued)

Group is the lessee (continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Group is the lessor

The policy for lessors as described above (Note 2.6.1) was also applicable prior to 1 October 2019, i.e. there were no material changes from a lessor's perspective on adoption of IFRS 16.

2.7 Investment properties

Investment and development properties are owned or leased by the Group and held for long-term rental income and capital appreciation and exclude properties occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in Note 7. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

The current rate of depreciation is 2%.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss in the period of the retirement or disposal.

2.8 Intangible assets

2.8.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill represents the goodwill acquired on acquisition of subsidiaries. Goodwill on acquisition of associates is included in 'Investments in Associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group discloses goodwill for each business segment in each country in which it operates (Note 8).

2.8.2 Computer software

Costs associated with the maintenance of existing computer software programmes are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets *(continued)*

2.8.2 Computer software *(continued)*

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

2.8.3 Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date, and are being amortised over seven to twenty years.

2.8.4 Impairment of non-financial assets

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

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at Amortised Cost (AC),
- those to be measured at Fair Value Through Other Comprehensive income (FVOCI), and
- those to be measured subsequently at Fair Value Through Profit or Loss (FVPL).

The classification for debt instruments depends on the entity's Business Model for managing those assets. It also requires the entity to examine the contractual terms of the cash flows, i.e. whether these represent 'Solely Payments of Principal and Interest' (SPPI).

The Business Model test requires the entity to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). Substantially all the Group's debt instruments are held to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the Business Model and SPPI tests are classified at amortised cost. 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 are classified at FVOCI.

On initial recognition, equity securities which are not held for trading and which are considered strategic investments are classified irrevocably at FVOCI.

All other instruments are carried at FVPL. For assets measured at fair value, gains and losses are recorded in profit or loss. The Group did not elect to designate any financial assets at FVPL.

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

2.9.2 Recognition and derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.3 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.

a 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 SPPI are measured at amortised cost. Interest income from these financial assets is included within 'net interest and other investment income' using the effective interest rate method.

  The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

  The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (POCI) financial assets - assets that are credit-impaired at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

  When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

  Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'net interest and other investment income' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the 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 operating profit before finance costs in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within 'net interest and other investment income' in the period in which it arises.

b Equity instruments

The Group subsequently measures all equity investments at fair value. Gains or losses are either recognised either in OCI or in profit or loss, depending on the nature and purpose of the investment. Changes in the fair value of financial assets at FVPL are recognised in 'net interest and other investment income' in the statement of profit or loss as applicable. While changes in the fair value of financial assets at FVOCI are recognised in 'items that will not be reclassified to profit or loss – financial assets at fair value through OCI' in the statement of other comprehensive income. Dividends from equity investments are recognised in profit or loss within 'net interest and other investment income' when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI.

a Debt instruments carried at amortised cost and FVOCI

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 – This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk.
- Stage 2 – This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted.
- Stage 3 – This category includes instruments that are in default.

The above categories exclude purchased or originated credit-impaired (POCI) financial assets. A financial asset is considered credit-impaired on purchase or origination if there is evidence of impairment at the point of initial recognition (for instance, if it is acquired at a deep discount). POCI financial assets are not included in Stages 1, 2 or 3, and are instead shown as a separate category.

Expected credit loss (ECL) is measured as follows:

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- Instruments in Stages 2 or 3 or that are POCI have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. The Group utilised a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the 'Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved the use of various PD, EAD and LGD tables which were then applied to individual instruments based on several pre-determined criteria, including type, original tenor, time to maturity, whether they are in Stages 1, 2 or 3 and other indicators.

The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements. This is discussed further in Note 4.

The loss allowance for debt investments is recognised in profit or loss. For debt instruments at FVOCI, the loss is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

b Trade receivables and contract assets

The Group applies the simplified approach for trade receivables and contract assets as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. All customer accounts are grouped together based on shared credit risk characteristics and are aged using a 'provisions matrix'. Scaled loss rates are then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the statement of financial position date.

2.10 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

Impairment of trade receivables is described in Note 2.9.4(b).

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, 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. In the consolidated statement of financial position, bank overdrafts and short-term borrowings are shown within borrowings in current liabilities.

2.13 Share capital

Ordinary shares are classified as equity.

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

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.14 Trade payables

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

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

2.15 Insurance

2.15.1 Insurance and reinsurance contracts

Insurance and reinsurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant.

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

In the normal course of business, the Group seeks to reduce the losses to which it is exposed that may cause unfavourable underwriting results by re-insuring a certain level of risk with reinsurance companies. Reinsurance premiums are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts.

Reinsurance contracts ceded do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion re-insured, to the extent that the reinsurers do not meet the obligations assumed under the reinsurance agreements.

2.15.2 Amounts receivable from reinsurance companies

Included in accounts receivable on the statement of financial position, are amounts receivable from reinsurance companies, which consist primarily of amounts due in respect of ceded insurance liabilities. Recoverable amounts are estimated in a manner consistent with the outstanding claims reserve or settled claims associated with the re-insured policies and in accordance with the relevant reinsurance contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Insurance *(continued)*

2.15.2 Amounts receivable from reinsurance companies (continued)

If amounts receivable from reinsurance companies are impaired, the Group reduces the carrying amount accordingly and recognises an impairment loss in the consolidated income statement. A reinsurance asset is impaired if there is objective evidence that the Group may not receive all, or part, of the amounts due to it under the terms of the reinsurance contract.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.17 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment, retirement benefits and tax losses carried forward. Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be earned against which the unused tax losses can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits

2.18.1 Pension obligations

Group companies operate various pension plans. The majority of the Trinidad and Tobago resident employees are members of either the Neal & Massy Group Pension Fund Plan, the Retirement Income Security Plan or the T. Geddes Grant Limited Pension Fund Plan.

The Neal & Massy Group Pension Fund Plan, contributions to which were frozen on January 3,1990, is a defined benefit plan whose assets are held separately from those of the Group in an independently administered fund. The most recent actuarial valuation, at March 31, 2019, revealed that the plan is adequately funded. There are certain benefits payable by the Neal & Massy Group Pension Fund Plan which fall within the scope of IAS 19 (revised) – Employee Benefits.

The Retirement Income Security Plan is funded by contributions made by the employer, and is funded by the employees. Contributions to the Plan are accounted for on the accrual basis and the assets are held separately from those of the Group in independently administered funds.

T. Geddes Grant Limited Pension Fund Plan is a defined contribution plan whose assets are held separately from those of the Group in an independently administered fund. Contributions to the plan are accounted for on the accrual basis and are reviewed by independent actuaries on the basis of triennial valuations.

The majority of the employees of the overseas companies participate in either defined contribution or defined benefit pension plans which are separate from the Trinidad and Tobago plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The asset and liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date 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 government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The Group operates in countries where there is no deep market and trading liquidity for corporate bonds and as such the market rates on government bonds are used as a benchmark to derive prices and bond values.

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 statement of profit or loss.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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 a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits *(continued)*

2.18.2 Other post-employment obligations

Certain Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which it arises. These obligations are valued annually by independent qualified actuaries.

2.18.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18.4 Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions are met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.18.5 Executive share-based payments and long term incentive plan

a Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the allocation or grant of the shares is recognised as an expense under both the Employee Share Ownership Plan ("ESOP") and the Performance Share Plan ("PSP") for Executives only.

The total amount to be expensed for shares allocated under the ESOP is determined by reference to the market value and purchase price of the shares on the market at the point of purchase.

The total amount to be expensed, under the PSP, is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

  Non-market vesting conditions are included in assumptions about the number of shares that are expected to be granted and then vested. The total expense is recognised over the vesting period, which is the period over which all of the specified performance criterion and vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest based on the performance criterion and any applicable non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

  When the share grants are due to be vested, the company will issue new shares.

  The grant by the company of shares to the Executives of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of Executive services received, is measured by reference to the grant date fair value and, is recognised over the vesting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits *(continued)*

2.18.5 Executive share-based payments and long term incentive plan (continued)

b Long term incentive plan

Long-term incentive plans are employee benefits (other than post-employment benefits and termination benefits) that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit. These include annual incentive plans which are subject to a multi-year vesting period and other conditions, including EPS growth.

The Plan is not accounted for under IFRS 2 – Share-Based Payments as the growth in EPS in itself is not considered a true reflection of the fair value of the entity's shares. Other factors such as changes in P/E multiples are typically considered in arriving at fair market value. Accordingly, the Plan is accounted for under IAS 19 – Employee Benefits as a deferred compensation arrangement.

The accounting for deferred compensation arrangements under IAS 19 involves discounting of future cash flows (where the time value of money is material) using the projected unit credit method. The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The rate used to discount the obligations is determined using the same methodology as that used for defined benefit pension plans, subject to a shorter settlement period.

The measurement of deferred compensation plans is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. For this reason, a simplified approach is applied where the service cost, interest cost and re-measurements are all recognised in profit or loss in the year they arise.

At the end of each financial year, the Company will re-estimate the obligation based on factors existing as of the new balance sheet date (e.g. revised EPS numbers, performance score cards etc). The change in estimate as it relates to the opening obligation is recognised immediately, such the annual undiscounted current service cost is always equal to the total benefit divided by 4. Re-estimates and re-measurements are to be recognised immediately in profit or loss.

2.19 Provisions

Provisions for dismantlement costs, restructuring costs, legal claims and all other provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.20 Revenue recognition

2.20.1 Sale of goods and services

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. A description of revenue by business segment is shown in Note 3.

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the use and deployment of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific customer site or place of delivery, the risks of obsolescence and loss have been transferred to the customer, or the customer has accepted the products in accordance with the relevant contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Revenue recognition *(continued)*

2.20.1 Sale of goods and services (continued)

Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with credit terms as specified for entities within the Group, which is consistent with the market practice. Variable consideration relating to volume rebates and discounts are measured using the expected value approach and are shown within contract liabilities.

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered. The Group employs various methods for measuring progress for services delivered over time. The method selected best depicts the pattern of transfer and is applied consistently to similar performance obligations and in similar circumstances. Methods for measuring progress include:

- Output methods, that recognise revenue based on direct measurements of the value transferred to the customer (for example, using contract milestones)
- Input methods, that recognise revenue based on the entity's efforts to satisfy the performance obligation (for example, labour hours spent).

Payments received in advance of satisfying performance obligations are shown within contract liabilities (if material).

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. Management determines, separately for each specified good or service, whether the entity has promised to provide the specified good and service itself (as a principal) or to arrange for those specified good or service to be provided by another party (as an agent). An entity is the principal in a transaction if it obtains control of the specified goods or services before they are transferred to the customer. The principal recognises as revenue the 'gross' amount paid by the customer for the specified good or service. The principal records a corresponding expense for the commission or fee that it has to pay to any agent, in addition to the direct costs of satisfying the contract. An entity is an agent if it does not control the specified goods or services before they are transferred to the customer. An agent records as revenue the commission or fee earned for facilitating the transfer of the specified goods or services (the 'net' amount retained). It records as revenue the net consideration that it retains after paying the principal for the specified goods or services that were provided to the customer.

2.20.2 Customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted and the likelihood of redemption using past experience. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

2.20.3 Premium income

Premiums written are recognised on policy inception and earned on a pro rata basis over the term of the related policy coverage. Estimates of premiums written as at the statement of financial position date but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums earned. Premiums ceded are expensed on a pro-rata basis over the term of the respective policy.

2.20.4 Rental income

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight- line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Revenue recognition *(continued)*

2.20.5 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.20.6 Dividend income

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

2.21 Dividend distribution

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

2.22 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale. The results of discontinued operations are presented separately in the statement of profit or loss.

3 SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer (CEO). Management has determined the operating segments based on the reports reviewed by the CEO and the Board of Massy Holdings Ltd.

The CEO and the Board consider the business from both a geographic and business unit perspective. Geographically, management considers the performance of operating companies in Trinidad and Tobago, Barbados and the Eastern Caribbean, Guyana, Jamaica and Colombia.

The Group is organised into five main business segments:

1 Integrated Retail;
2 Gas Products;
3 Motors and Machines;
4 Financial Services;
5 Strategic and Other Investments.

The CEO and the Board assess the performance of the operating segments based on a measure of profit before income tax, profit for the year and asset utilisation.

1 Integrated Retail

This segment derives its revenue mainly from the sale of retail and wholesale distribution of pharmaceuticals, foods and general merchandise.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

3 SEGMENT INFORMATION *(continued)*

2 *Gas Products*
This segment derives its revenue from the sale of Liquified Petroleum Gases and Industrial Gases including Nitrogen Oxygen and Carbon Dioxide, this segment also derives revenue from the provision of maintenance services and the execution of construction projects for oil, gas and mining clients in Colombia.

3 *Motors and Machines*
This segment derives its revenue mainly from the sale of new and used vehicles, spare parts and industrial equipment and also includes the sale of lubricants and short- and long-term vehicle and equipment rentals.

4 *Financial Services*
This segment includes a general insurance business which acts as a primary insurer for property, motor, liability, and marine risk within the Caribbean region. It also includes a financing company that accepts deposits for fixed terms and grants instalment credit secured by assets and a money transfer and payment services company. This segment also includes the Group's Remittances service companies in Guyana, Trinidad and St Lucia and a credit card operation in Barbados.

5 *Strategic and Other Investments*
This segment holds the group investments in strategic and other investments which include manufacturing of pre-stressed concrete operations, property sales, rentals and brokerage as well as engineering, maintenance and construction services for oil, gas and petrochemical clients in Trinidad.

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

The segment results for the year ended September 30, 2020 relating to continuing operations are as follows:

	Integrated Retail $	Gas Products $	Motors & Machines $	Financial Services $	Strategic & Other Investments $	Head Office & Other Adjustments $	Total $
Group revenue	7,411,149	943,881	2,339,697	675,298	601,099	20,430	**11,991,554**
Inter-segment revenue	(558,566)	(15,547)	(172,517)	(1,732)	(58,944)	(20,430)	**(827,736)**
Third party revenue	**6,852,583**	**928,334**	**2,167,180**	**673,566**	**542,155**	**–**	**11,163,818**
Timing of revenue							
At a point in time	7,411,149	943,422	2,268,288	645,473	399,537	1,270	**11,669,139**
Over time	–	459	71,409	29,825	201,562	19,160	**322,415**
	7,411,149	**943,881**	**2,339,697**	**675,298**	**601,099**	**20,430**	**11,991,554**
Operating profit/(loss) before finance costs	440,860	185,205	193,756	114,623	(7,026)	(139,991)	**787,427**
Finance costs - net	(72,793)	235	(15,350)	1,649	(1,926)	(23,101)	**(111,286)**
	368,067	**185,440**	**178,406**	**116,272**	**(8,952)**	**(163,092)**	**676,141**
Share of results of associates and joint ventures (Note 10)	–	7,302	–	4,511	41,646	–	**53,459**
Profit/(loss) before income tax	368,067	192,742	178,406	120,783	32,694	(163,092)	**729,600**
Taxation (Note 29)	(106,239)	(61,872)	(60,970)	(38,478)	(20,426)	11,655	**(276,330)**
Profit/(loss) for the year	**261,828**	**130,870**	**117,436**	**82,305**	**12,268**	**(151,437)**	**453,270**

3 SEGMENT INFORMATION *(continued)*

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

The segment results for the year ended September 30, 2019 relating to continuing operations are as follows:

	Integrated Retail $	Gas Products $	Motors & Machines $	Financial Services $	Strategic & Other Investments $	Head Office & Other Adjustments $	Total $
Group revenue	6,963,994	1,001,102	2,609,598	680,525	745,681	22,833	**12,023,733**
Inter-segment revenue	(389,155)	(15,355)	(122,373)	(3,120)	(64,723)	(22,833)	**(617,559)**
Third party revenue	**6,574,839**	**985,747**	**2,487,225**	**677,405**	**680,958**	**–**	**11,406,174**
Timing of revenue							
At a point in time	6,963,994	998,068	2,609,452	104,487	498,015	1,342	**11,175,358**
Over time	–	3,034	146	576,038	247,666	21,491	**848,375**
	6,963,994	**1,001,102**	**2,609,598**	**680,525**	**745,681**	**22,833**	**12,023,733**
Operating profit/(loss) before finance costs	354,778	180,296	178,684	102,901	85,724	(99,535)	**802,848**
Finance costs - net	(30,935)	4,864	(14,143)	1,986	(6,876)	(24,672)	**(69,776)**
	323,843	**185,160**	**164,541**	**104,887**	**78,848**	**(124,207)**	**733,072**
Share of results of associates and joint ventures (Note 10)	–	1,922	–	4,536	59,507	–	**65,965**
Profit/(loss) before income tax	323,843	187,082	164,541	109,423	138,355	(124,207)	**799,037**
Taxation (Note 29)	(102,165)	(57,411)	(59,216)	(48,362)	(19,862)	362	**(286,654)**
Profit/(loss) for the year	**221,678**	**129,671**	**105,325**	**61,061**	**118,493**	**(123,845)**	**512,383**

The segment assets and liabilities at September 30, 2020 and capital expenditure for the year then ended are as follows:

	Integrated Retail $	Gas Products $	Motors & Machines $	Financial Services $	Strategic & Other Investments $	Head Office & Other Adjustments $	Total $
Total assets	4,158,475	1,074,019	1,567,944	2,745,757	1,303,325	2,390,227	**13,239,747**
Investments in associates and joint ventures (Note 10)	6,763	46,214	517	32,039	84,965	–	**170,498**
Total liabilities	1,741,721	315,756	524,881	1,951,705	201,727	2,086,913	**6,822,703**
Capital expenditure (Notes 5, 6 and 7)	104,377	41,142	126,110	4,440	53,621	3,588	**333,278**

Other segment items included in the consolidated income statement are as follows:-

	Integrated Retail $	Gas Products $	Motors & Machines $	Financial Services $	Strategic & Other Investments $	Head Office & Other Adjustments $	Total $
Depreciation and impairment (Notes 5, 6 and 7)	167,160	46,185	87,378	34,319	58,426	16,962	**410,430**
Impairment of goodwill (Note 8)	–	–	–	10,000	–	–	**10,000**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

3 SEGMENT INFORMATION *(continued)*

The segment assets and liabilities at September 30, 2019 and capital expenditure for the year then ended are as follows:

	Integrated Retail $	Gas Products $ (Restated)	Motors & Machines $ (Restated)	Financial Services $	Strategic & Other Investments $ (Restated)	Information Technology & Comm-unication $	Head Office & Other Adjustments $	Total $
Total assets	3,278,910	941,404	1,449,584	2,825,638	1,353,438	522,463	1,953,636	**12,325,073**
Investments in associates and joint ventures (Note 10)	6,733	56,108	–	28,105	55,855	–	–	**146,801**
Total liabilities	905,826	297,292	486,218	2,129,948	248,803	181,935	2,128,110	**6,378,132**
Capital expenditure (Notes 5 and 6)	134,725	35,877	147,338	12,248	62,189	22,200	(230)	**414,347**

Other segment items included in the consolidated income statement are as follows:-

	Integrated Retail $	Gas Products $ (Restated)	Motors & Machines $ (Restated)	Financial Services $	Strategic & Other Investments $ (Restated)	Information Technology & Comm-unication $	Head Office & Other Adjustments $	Total $
Depreciation and impairment (Notes 5, 6 and 7)	98,372	36,297	77,801	11,382	44,355	–	2,115	**270,322**
Impairment of goodwill (Note 8)	11,342	–	–	–	–	–	–	**11,342**

The Group's five business segments operate in five main geographical areas, even though they are managed on a regional basis.

The main operations occur in the home country of the company. The areas of operation are principally trading, manufacturing, service industries and finance.

	Third party revenue 2020 $	Third party revenue 2019 $ (Restated)	Profit before income tax 2020 $	Profit before income tax 2019 $ (Restated)	Total assets 2020 $	Total assets 2019 $	Capital expenditure 2020 $	Capital expenditure 2019 $
Trinidad and Tobago	**4,310,202**	4,500,679	**380,814**	435,769	**6,018,954**	5,111,636	**161,651**	172,504
Barbados and Eastern Caribbean	**3,843,089**	3,872,255	**257,535**	258,583	**4,722,941**	4,889,737	**54,752**	75,787
Guyana	**1,027,966**	881,199	**160,172**	154,084	**926,339**	760,434	**67,106**	91,531
Jamaica	**553,644**	582,117	**62,546**	60,273	**460,643**	500,364	**21,287**	19,531
Colombia	**1,321,360**	1,480,396	**27,183**	11,108	**662,625**	643,103	**28,439**	54,833
Other	**107,557**	89,528	**4,442**	3,427	**448,245**	419,799	**43**	161
Head Office and other adjustments	**–**	–	**(163,092)**	(124,207)	**–**	–	**–**	–
	11,163,818	**11,406,174**	**729,600**	**799,037**	**13,239,747**	**12,325,073**	**333,278**	**414,347**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a Critical accounting estimates and assumptions

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

i Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8.4. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates as described in Note 8.

ii Measurement of the expected credit loss allowance

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

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

ECL calculations are shown in Note 34. Had there been a 10% shift in the average ECL rate for all debt instruments at amortised cost and FVOCI, the Group ECL allowance would have been lower by $19,928 (2019: $18,201).

iii Impairment of property, plant and equipment and investment properties

When any indicators of impairment are identified, property, plant and equipment and investment properties are reviewed for impairment based on each cash generating unit. The cash generating units are the smallest group of assets which generates independent cashflows. The carrying value of these assets is compared to the recoverable amount of the cash generating units, which is based either on value-in-use or fair value less cost to sell. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rates for the businesses in which the cash generating unit operates. Where fair values are used, these are provided by an independent professional valuator. Impairment losses are recognised in the consolidated income statement.

The assessment of whether indicators of impairment exist and the estimation of the recoverable amount both require the use of management judgement. Refer to Notes 5 and 7 for the carrying values of property, plant and equipment and investment properties.

iv Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Current and deferred income tax balances are disclosed in the statement of financial position. Details of the expense for the year are shown in Note 29.

v Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The Group uses discounted cash flow analyses for various financial assets at fair value through other comprehensive income that were not traded in active markets. The assumptions and amounts subject to fair value measurements are shown in Note 34.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a Critical accounting estimates and assumptions (continued)

vi Revenue recognition

Once the group determines that a performance obligation is satisfied over time, it measures its progress towards complete satisfaction of that performance obligation, in order to determine the timing of revenue recognition. The purpose of measuring progress towards satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the customer. Management employs various input or output methods for measuring progress ensuring that the selected approach best depicts the transfer of control of goods or services and applies that method consistently to similar performance obligations and in similar circumstances. Revenue from the rendering of services is disclosed in Note 26.

vii Pension benefits

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

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

As at September 30, 2020, if the discount rate had been 1.0% higher or lower with all other variables held constant, the carrying amount of pension benefits would have been $168,107 lower or $215,237 higher (2019: $177,765 lower or $231,029 higher).

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 14.

viii Liabilities on insurance contracts

Outstanding claims consist of estimates of the ultimate cost of claims incurred that have not been settled at the statement of financial position date, whether reported or not, together with related claims handling costs. Significant delays may be experienced in the notification and settlement of certain types of general insurance claims, such as general insurance business.

Estimates are calculated using methods and assumptions considered to be appropriate to the circumstances of the Company and the business undertaken. This provision, while believed to be adequate to cover the ultimate cost of losses incurred, may ultimately be settled for a different amount. It is continually reviewed and any adjustments are recorded in operations in the period in which they are determined.

Additional information is disclosed in Note 25.

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties $	Leasehold properties and improvements $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended September 30, 2020								
Opening net book amount	1,223,467	219,602	466,290	197,351	59,235	80,551	145,809	**2,392,305**
Additions	52,307	9,675	51,813	86,270	8,538	30,774	44,241	**283,618**
Acquisition of subsidiaries (Note 36)	–	–	11,700	–	28	891	–	**12,619**
Disposal of subsidiaries (Note 37)	(1,809)	(9,342)	(34,779)	(12,810)	(2,179)	(1,339)	(10,190)	**(72,448)**
Disposals and adjustments	(31,206)	3,213	17,431	(48,855)	3,247	(7,084)	(51,764)	**(115,018)**
Translation adjustments	(49)	(1,842)	(4,333)	(1,126)	(489)	(1,259)	185	**(8,913)**
Transfer to investment property (Note 7)	(524)	–	–	–	–	–	–	**(524)**
Transfer from capital work in progress	2,574	24,447	27,877	30	5,034	4,382	(64,344)	**–**
Depreciation and impairment charge	(65,196)	(27,867)	(102,891)	(67,300)	(15,298)	(27,911)	25	**(306,438)**
Closing net book amount	**1,179,564**	**217,886**	**433,108**	**153,560**	**58,116**	**79,005**	**63,962**	**2,185,201**
At September 30, 2020								
Cost	1,434,252	398,272	1,610,481	501,251	243,449	267,655	64,546	**4,519,906**
Accumulated depreciation	(254,688)	(180,386)	(1,177,373)	(347,691)	(185,333)	(188,650)	(584)	**(2,334,705)**
Net book amount	**1,179,564**	**217,886**	**433,108**	**153,560**	**58,116**	**79,005**	**63,962**	**2,185,201**

The net book amount of property, plant and equipment includes $1,660 (2019: $1,571) in respect of motor vehicles held under finance leases.

Depreciation and impairment expenses of $116,575 (2019: $98,954) has been charged in cost of sales and $189,863 (2019: $173,830) in 'selling, general and administrative expenses.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold Properties $	Leasehold properties and improve-ments $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended September 30, 2019								
Opening net book amount	1,301,554	210,707	488,575	187,921	60,471	99,492	95,195	**2,443,915**
Additions	72,261	36,586	75,044	107,776	9,372	46,446	60,853	**408,338**
Acquisition of subsidiary	2,025	–	80	–	–	–	–	**2,105**
Disposals and adjustments	(61,231)	(7,295)	(3,031)	(14,812)	4,510	(39,715)	7,626	**(113,948)**
Translation adjustments	(4,911)	(524)	(2,681)	(232)	(245)	(563)	(1,918)	**(11,074)**
Transfer to investment property (Note 7)	(64,247)	–	–	–	–	–	–	**(64,247)**
Transfer from capital work in progress	37	2,241	9,605	1,204	2,273	587	(15,947)	–
Depreciation and impairment charge	(22,021)	(22,113)	(101,302)	(84,506)	(17,146)	(25,696)	–	**(272,784)**
Closing net book amount	**1,223,467**	**219,602**	**466,290**	**197,351**	**59,235**	**80,551**	**145,809**	**2,392,305**
At September 30, 2019								
Cost	1,412,959	372,120	1,540,772	477,742	229,269	241,290	146,419	**4,420,571**
Accumulated depreciation	(189,492)	(152,518)	(1,074,482)	(280,391)	(170,034)	(160,739)	(610)	**(2,028,266)**
Net book amount	**1,223,467**	**219,602**	**466,290**	**197,351**	**59,235**	**80,551**	**145,809**	**2,392,305**

6 LEASES

The following tables provide information for leases where the Group is a lessee:

6.1 Right-of-use assets

	Buildings $	Vehicles and Equipment $	Other $	Total $
Year ended September 30, 2020				
Adjustment on initial application of IFRS 16	816,880	3,324	54,669	**874,873**
Exchange adjustment	676	61	(52)	**685**
Additions	14,947	1,988	1,373	**18,308**
Disposals and adjustments	(1,795)	–	–	**(1,795)**
Disposal of subsidiaries (Note 37)	(12,642)	(764)	(686)	**(14,092)**
Effect of modification to lease terms	7,494	–	–	**7,494**
Depreciation charge	(82,738)	(3,518)	(6,297)	**(92,553)**
At end of year	**742,822**	**1,091**	**49,007**	**792,920**
Cost	825,560	4,609	55,304	**885,473**
Accumulated depreciation	(82,738)	(3,518)	(6,297)	**(92,553)**
At end of year	**742,822**	**1,091**	**49,007**	**792,920**

6 LEASES *(continued)*

6.2 Lease liabilities

	2020 $	2019 $
Adjustment on initial application of IFRS 16	**988,169**	–
Translation adjustments	**56**	–
Additions	**9,729**	–
Payments	**(76,290)**	–
Disposal of subsidiaries (Note 37)	**(15,353)**	–
COVID-19-related rent concessions	**(3,217)**	–
Other adjustments	**7,513**	–
Closing net book amount	**910,607**	**–**
Current	**66,603**	–
Non-current	**844,004**	–
	910,607	**–**

6.3 Amounts recognised in the consolidated statement of profit or loss for continuing operations:

	2020 $	2019 $
Interest expense on lease liabilities (Note 28)	**52,605**	–
Depreciation charge on right-of-use assets	**88,828**	–
Expense relating to short-term leases	**15,683**	–
Expense relating to leases of low value assets not included above	**638**	–
COVID-19-related rent concessions	**(3,217)**	–
	154,537	**–**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

7 INVESTMENT PROPERTIES

	2020 $	2019 $
Cost	**514,277**	498,127
Accumulated depreciation and impairment	**(111,062)**	(84,532)
Net book amount	**403,215**	**413,595**
Movement analysis:		
Opening net book amount	**413,595**	406,826
Translation adjustments	**1,692**	326
Additions	**11,958**	6,009
Transfers (Note 5)	**524**	64,247
Disposals	**(10,363)**	(39,147)
Depreciation	**(3,817)**	(4,069)
Asset classified as held for sale	**(8,000)**	–
Impairment	**(26,194)**	(19,927)
Other adjustments	**23,820**	(670)
Closing net book amount	**403,215**	**413,595**

- The fair value of the investment properties amounted to $659,986 (2019: $760,137).
- The fair value amount was either:
  1. valued by independent, professionally qualified valuators; or
  2. asserted via a Director's valuation based on:
     - references to properties in similar areas and condition;
     - correspondence from valuators which supports that there has not been significant movement in terms of market prices;
     - the directors' independent FV assessment based on a calculation if the property is tenanted;
     - re-assessment of any assumptions made in the last valuation and whether there were or should have been any changes and any other factors which support management's position that the FV continues to be relevant and appropriate.
- The property rental income earned by the Group during the year from its investment properties, amounted to $37,825 (2019: $41,205).
- Direct operating expenses arising on the investment properties which generated revenue during the year amounted to $18,700 (2019: $24,276).
- Direct operating expenses arising on the investment properties which did not generate revenue during the year amounted to $1,005 (2019: $727).
- Depreciation and impairment expenses have been charged in cost of sales.
- For the year, properties with a net book value of $524 (2019: $64,247) were transferred from Property, plant and equipment to Investment properties as they are no longer owner-occupied and are now earning rental income from external parties.

7.1 Asset classified as held for sale

This consists of one property held for sale. In April 2020 management decided to sell the Sangre Grande property and are actively marketing this property through Massy Realty. There are several interested parties and the sale is expected to be completed before the end of June 2021. The asset is presented within total assets in the Strategic and Other Investments segment in Note 3.

8 GOODWILL

	2020 $	2019 $
Cost	**355,760**	355,099
Accumulated translation adjustments	**(7,312)**	(7,637)
Accumulated impairment	**(145,680)**	(135,680)
Net book amount	**202,768**	**211,782**
Movement analysis:		
Opening net book amount	**211,782**	223,071
Acquisition of subsidiaries (Note 36)	**661**	–
Translation adjustments	**325**	53
Impairment charge (Note 26.2)	**(10,000)**	(11,342)
Closing net book amount	**202,768**	**211,782**

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to country of operation and business segment.

A segment-level summary of the goodwill allocation is presented below.

	2020 $	2019 $
Motors and Machines	**105,223**	105,223
Gas Products	**3,146**	2,485
Integrated Retail	**60,385**	60,153
Financial Services	**30,743**	40,650
Strategic and Other Investments	**3,271**	3,271
Total	**202,768**	**211,782**

The recoverable amount of cash generating units is determined based on value-in-use and fair value less costs to sell calculations.

These calculations use weighted cash flow projections based upon a base, best and worst case sensitivity approved by Directors covering a five-year period.

Key assumptions used for value-in-use calculations:

	2020		2019	
	Growth Rate[1]	Discount Rate[2]	Growth Rate[1]	Discount Rate[2]
Motors and machines	**3.1%**	**10.6%-11.58%**	1.6%-3.2%	8.87%-9.12%
Gas products	**2.0%**	**13.77%**	2.3%-2.4%	15.49%
Integrated retail	**2.0%**	**12.25%-13.66%**	2.6%-7.0%	8.61%-16.16%
Financial services	**2.5%**	**13.20%**	5.0%	12.17%
Strategic and other investments	**1.6%**	**15.26%**	1.8%	18.22%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period.

[2] Pre-tax discount rate applied to the cash flow projections except for Financial Services in which a post-tax discount rate applied, for the fair value less cost to sell model.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

8 GOODWILL *(continued)*

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant segments. COVID-19 uncertainties were incorporated by adjusting the cash flows using the expected cash flow approach under varying scenarios considering factors such as the length of the recovery period and the impact on cash flows.

9 OTHER INTANGIBLE ASSETS

Intangibles represent brands and software licenses which have been recognised at fair value at the acquisition date and are measured at carrying value less accumulated amortisation and impairment. No impairment has been recorded during the years presented.

	2020 $	2019 $
Opening net book value	**60,263**	53,561
Translation adjustments	**(2,032)**	(279)
Additions for the year	**4,995**	15,531
Acquisition of subsidiaries (Note 36)	**10,724**	–
Amortisation charge for the year (Note 26.2)	**(10,594)**	(8,550)
Net book amount	**63,356**	**60,263**
Cost	**115,071**	101,384
Accumulated amortisation	**(51,715)**	(41,121)
Net book amount	**63,356**	**60,263**

The amortisation charge is included in selling, general and administrative expenses.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2020 $	2019 $
Investment and advances	**74,324**	74,324
Share of post-acquisition reserves	**96,174**	72,477
	170,498	**146,801**
Movement analysis:		
Balance at beginning of year	**146,801**	248,291
Translation adjustments	**284**	(318)
Additional investment	**–**	551
Share of results before tax	**53,459**	65,965
Share of tax (Note 29)	**(15,270)**	(19,297)
Dividends received	**(15,276)**	(126,221)
Disposal of associates	**–**	(22,002)
Other	**500**	(168)
Balance at end of year	**170,498**	**146,801**

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

	2020 $	2019 $
Analysed as:		
Individually material joint ventures	**120,527**	101,356
Individually immaterial associates and joint ventures	**49,971**	45,445
	170,498	**146,801**
Share of profit of associates and joint ventures		
Individually material joint ventures	**48,948**	56,514
Individually immaterial associates and joint ventures	**4,511**	9,451
	53,459	**65,965**

Individually immaterial associates and joint ventures include Signia in the current year and G4S Barbados and Trinidad in the prior year.

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. A reconciliation to the net carrying amounts is included below to reflect adjustments made by the entity when using the equity method, including goodwill and other adjustments.

	2020 Massy Wood $	2020 Caribbean Industrial Gases Unlimited $	2020 Total $	2019 Massy Wood $	2019 Caribbean Industrial Gases Unlimited $	2019 Total $
As at September 30, 2020						
Summarised balance sheet:						
Current assets	**330,357**	**100,873**	**431,230**	382,248	90,796	473,044
Non-current assets	**30,617**	**94,091**	**124,708**	16,881	132,105	148,986
Current liabilities	**(210,052)**	**(69,649)**	**(279,701)**	(305,341)	(66,042)	(371,383)
Non-current liabilities	**(3,750)**	**(36,350)**	**(40,100)**	(4,744)	(49,638)	(54,382)
Net assets	**147,172**	**88,965**	**236,137**	**89,044**	**107,221**	**196,265**
Reconciliation to net carrying amounts:						
Group share of joint ventures (%)	**50%**	**50%**	**50%**	50%	50%	50%
Group share of joint ventures ($)	**73,586**	**44,482**	**118,068**	44,522	53,610	98,132
Goodwill	**727**	**1,732**	**2,459**	727	2,497	3,224
	74,313	**46,214**	**120,527**	**45,249**	**56,107**	**101,356**
Other information:						
Country of incorporation	Trinidad & Tobago	Trinidad & Tobago		Trinidad & Tobago	Trinidad & Tobago	
Nature of relationship	Joint venture	Joint venture		Joint venture	Joint venture	

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

	Massy Wood $	Caribbean Industrial Gases Unlimited $	Total $
Summarised statement of comprehensive income			
As at September 30, 2020			
Revenue	1,006,509	62,166	**1,068,675**
Interest income	16	–	**16**
Depreciation and amortisation	–	(620)	**(620)**
Interest expense	–	(789)	**(789)**
Profit before tax	83,291	16,135	**99,426**
Income tax expense	(25,031)	(4,092)	**(29,123)**
Profit for the year	58,260	12,043	**70,303**
Reconciliation to profit or loss:			
Group share of joint ventures (%)	50	50	**50**
Group share of joint ventures ($)	29,130	6,021	**35,151**
Goodwill Impairment	–	(765)	**(765)**
	29,130	**5,256**	**34,386**
As at September 30, 2019			
Revenue	1,098,870	46,748	**1,145,618**
Interest income	131	–	**131**
Depreciation and amortisation	(4,866)	(119)	**(4,985)**
Interest expense	–	(791)	**(791)**
Profit before tax	109,184	14,269	**123,453**
Income tax expense	(30,680)	(5,113)	**(35,793)**
Profit for the year	78,504	9,156	**87,660**
Reconciliation to profit or loss:			
Group share of joint ventures (%)	50	50	**50**
Group share of joint ventures ($)	39,252	4,578	**43,830**
Goodwill Impairment	–	(765)	**(765)**
Other adjustments	–	(4,447)	**(4,447)**
	39,252	**(634)**	**38,618**

The Group has an investment in a joint venture whose year end is not coterminous with September 30. These are principally:

	Country of incorporation	Reporting year end
Massy Wood	Trinidad and Tobago	31 December

11 TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	**1,218,166**	1,449,838
Receivables with related parties	**14,485**	7,824
Less: provision for impairment of receivables	**(134,293)**	(144,016)
Trade receivables – net	**1,098,358**	1,313,646
Reinsurance assets	**648,503**	730,948
Contract assets (Note 11.1)	**64,103**	23,659
Less: provision for impairment of contract assets (Note 11.1)	**(319)**	(1,024)
Other debtors and prepayments	**490,136**	608,250
Less: provision for impairment of other debtors and prepayments	**(5,392)**	(8,031)
Other debtors and prepayments – net	**1,197,031**	1,353,802
	2,295,389	**2,667,448**
Non-current portion	**41,388**	167,785
Current portion	**2,254,001**	2,499,663
	2,295,389	**2,667,448**

11.1 Contract assets comprises:

	2020 $	2019 $
Unbilled income	**47,072**	22,442
Assets recognised from costs to fulfil a contract	**–**	74
Product returns from customer refunds	**–**	119
Other: Service contracts	**16,712**	–
	63,784	**22,635**

The contract assets are trade receivables subjected to impairment testing under IFRS 9. The basis for impairment is explained in Note 34.1.2.

Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

12 FINANCIAL ASSETS

	2020 $	2019 $
At amortised cost:		
- Bonds	**689,709**	614,621
- Instalment credit and other accounts	**909,014**	458,056
- Hire purchase receivables	**37,231**	39,923
- Mortgages	**3,428**	4,168
	1,639,382	1,116,768
Fair value through profit or loss:		
- Bonds and treasury bills	**346,177**	726,057
- Listed equities	**85,159**	84,081
- Unlisted equities	**386**	853
- Investment funds	**33,675**	52,194
	465,397	863,185
Fair value through other comprehensive income:		
- Unlisted equities	**198,717**	184,530
Total	**2,303,496**	**2,164,483**
Non-current portion	**1,021,432**	1,032,084
Current portion	**1,282,064**	1,132,399
	2,303,496	**2,164,483**

12.1 Finance leases

Included in instalment credit and other accounts are amounts relating to finance leases as follows:

	2020	2019
Not later than 1 year	**5,683**	6,488
Later than 1 year and not later than 5 years	**10,300**	12,813
	15,983	19,301
Unearned finance charges on finance leases	**(858)**	(1,281)
Net investment in finance leases	**15,125**	**18,020**
Not later than 1 year	**5,170**	5,803
Later than 1 year and not later than 5 years	**9,955**	12,217
	15,125	**18,020**

13 DEFERRED INCOME TAX

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 30% (2019: 30%).

The movements in deferred tax assets/(liabilities) are as follows:

Deferred income tax assets

	Accelerated depreciation $	Tax Losses $	Other $	Total $
Year ended September 30, 2020				
At beginning of year	6,812	18,972	50,503	**76,287**
IFRS 16 initial application adjustments	–	–	29,394	**29,394**
Credit to consolidated income statement	1,764	823	18,373	**20,960**
Exchange adjustment	2,200	(19)	(2,376)	**(195)**
Other movements	4,531	(5,792)	(562)	**(1,823)**
At end of year	15,307	13,984	95,332	**124,623**
Year ended September 30, 2019				
At beginning of year	29,094	20,935	68,808	**118,837**
Charge to consolidated income statement	(12,869)	(7,225)	(14,628)	**(34,722)**
Exchange adjustment	(29)	12	(4,104)	**(4,121)**
IFRS 15 adjustment	–	–	26	**26**
Other movements	(9,384)	5,250	401	**(3,733)**
At end of year	6,812	18,972	50,503	**76,287**

Deferred income tax liabilities

	Accelerated depreciation $	Pension plan surplus $	Other $	Total $
Year ended September 30, 2020				
At beginning of year	79,781	123,864	23,406	**227,051**
(Credit)/charge to consolidated income statement	(1,973)	801	10,819	**9,647**
Exchange adjustment	(432)	32	(894)	**(1,294)**
Other movements	(4,089)	10,847	(6,112)	**646**
At end of year	**73,287**	**135,544**	**27,219**	236,050
Year ended September 30, 2019				
At beginning of year	89,020	124,243	22,525	**235,788**
Charge to consolidated income statement	(10,441)	(484)	(3,977)	**(14,902)**
Exchange adjustment	(125)	32	(526)	**(619)**
Other movements	1,327	73	5,384	**6,784**
At end of year	**79,781**	**123,864**	**23,406**	227,051

Deferred tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Included in the 2019 charge to consolidated income statement are amounts related to discontinued operations of $4,320.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

14 RETIREMENT BENEFIT ASSETS/OBLIGATIONS

	2020 $	2019 $
Retirement benefit assets		
Neal & Massy Group Pension Fund Plan	**381,700**	395,529
Overseas plans – Other	**58,287**	89,274
	439,987	484,803

The pension plans were valued by independent actuaries using the projected unit credit method.

Neal & Massy Group Pension Fund Plan

	2020 $	2019 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**1,669,790**	1,693,695
Present value of obligation	**(1,263,030)**	(1,233,861)
	406,760	459,834
Unutilisable asset	**(25,060)**	(64,305)
Asset in the statement of financial position	**381,700**	**395,529**
The movement in the present value of the defined benefit obligation is as follows:		
Opening present value of defined benefit obligation	**1,233,861**	1,207,671
Current service cost	**20,403**	21,405
Interest cost	**60,470**	59,173
Actuarial gains on obligation	**(2,776)**	(5,960)
Benefits paid	**(48,928)**	(48,428)
Closing present value of defined benefit obligation at September 30	**1,263,030**	**1,233,861**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**1,693,695**	1,623,329
Expected return on plan assets	**80,246**	78,964
Actuarial (losses)/gains on plan assets	**(55,223)**	39,830
Benefits paid	**(48,928)**	(48,428)
Closing fair value of plan assets at September 30	**1,669,790**	**1,693,695**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**20,403**	21,405
Net interest cost	**(19,776)**	(19,791)
Total included in profit or loss	**627**	1,614
Actuarial losses/(gains) recognised in other comprehensive income before tax	**13,202**	**(1,315)**
Movement in the asset recognised in the consolidated statement of financial position:		
Asset at beginning of year	**395,529**	395,828
Net pension expense	**(627)**	(1,614)
Actuarial (losses)/gains	**(13,202)**	1,315
Asset at end of year	**381,700**	**395,529**

14 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	**5.0%**	5.0%
Future salary increases	**5.0%**	5.0%
Future pension increases – post retirement	**3.0%**	3.0%
Sensitivity – change in discount rate	**1% increase**	1% increase
Sensitivity impact	**(168,107)**	**(177,765)**

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2020	2019
Plan assets are comprised as follows:		
Local equities/mutual funds	**35%**	36%
Local bonds/mortgages	**18%**	17%
Foreign investments	**39%**	37%
Deferred annuities/insurance policy	**5%**	6%
Short-term securities/cash/accrued income	**3%**	5%
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	**81**	81
Female	**85**	85

Overseas plans – Other

The amounts recognised in the statement of financial position are as follows:

	2020 $	2019 $
Fair value of plan assets	**316,604**	310,084
Present value of the defined benefit obligation	**(186,758)**	(178,540)
	129,846	131,544
Unutilisable asset	**(71,559)**	(42,270)
Asset recognised in the statement of financial position	**58,287**	**89,274**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**178,540**	174,843
Current service cost	**3,885**	3,902
Interest cost	**11,304**	11,649
Plan participant contributions	**3,632**	3,713
Actuarial losses/(gains) on obligation	**7,254**	(50)
Liabilities extinguished on settlement/curtailment	**(4,215)**	(238)
Exchange differences on foreign plans	**(2,171)**	(5,924)
Benefits paid	**(11,471)**	(9,355)
Closing present value of defined benefit obligation	**186,758**	**178,540**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

14 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

	2020 $	2019 $
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**310,084**	277,628
Income from discount rate on utilisable plan assets	**17,039**	17,346
Actual return on assets greater than above	**109**	21,558
Exchange differences on foreign plans	**(4,672)**	(2,681)
Employer contributions	**2,823**	2,875
Plan participant contributions	**3,632**	3,713
Administration expenses	**(940)**	(1,000)
Benefits paid	**(11,471)**	(9,355)
Closing fair value of plan assets at September 30	**316,604**	**310,084**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**3,885**	3,902
Net interest cost	**(5,735)**	(5,696)
Administration expenses	**940**	1,000
Curtailments and settlements	**(4,217)**	(238)
Total included in other income	(5,127)	(1,032)
Actual return on plan assets	**17,149**	**38,904**
Movement in the asset recognised in the consolidated statement of financial position		
Asset at beginning of year	**89,274**	79,941
Actuarial gains recognised in other comprehensive	**(9,647)**	5,426
Net pension income	**5,127**	1,032
Increase in unrecognisable asset	**(29,290)**	–
Employer contributions	**2,823**	2,875
Asset at end of year	58,287	89,274
Actuarial (loss)/gains recognised in other comprehensive income	**(9,647)**	**5,426**

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	**6%-9%**	6%-7.75%
Future salary increases	**5%-5.5%**	3.5%-5.0%
Future national insurance increases	**4%**	4%
Future pension increases	**2%-4%**	1%-4%
Future bonuses	**0%-2%**	0%-2%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

14 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

	2020 $	2019 $
Retirement benefit obligations		
Barbados Shipping & Trading (BS&T) – medical plan	**(77,512)**	(99,351)
Barbados Shipping & Trading (BS&T) – pension plan	**66,290**	(11,223)
Other plans	**(57,627)**	(61,135)
	(68,849)	**(171,709)**
Overseas plans – BS&T		
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**595,565**	591,125
Present value of the defined benefit obligation	**(529,275)**	(537,442)
	66,290	53,683
Unrecognised asset due to limit	**–**	(64,906)
Liability in the statement of financial position	**66,290**	**(11,223)**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**537,442**	547,003
Current service cost	**6,883**	7,554
Interest cost	**40,805**	41,524
Liabilities extinguished on settlement	**(4,696)**	–
Actuarial gains on obligation	**(12,743)**	(19,478)
Exchange differences on foreign plans	**2,362**	(2,177)
Benefits paid	**(40,778)**	(36,984)
Closing present value of defined benefit obligation at September 30	**529,275**	**537,442**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**591,125**	594,025
Income from discount rate on utilisable plan assets	**45,211**	45,413
Actual return on assets less than above	**(24,443)**	(33,126)
Administration expenses	**(115)**	(378)
Employer contributions	**21,945**	24,569
Exchange differences	**2,620**	(2,394)
Benefits paid	**(40,778)**	(36,984)
Closing fair value of plan assets at September 30	**595,565**	**591,125**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**6,883**	7,554
Net interest income	**(4,406)**	(3,889)
Gains on curtailments	**(4,696)**	–
Administration expenses	**115**	379
(Income)/expense recognised in the income statement	**(2,104)**	4,044
Actual return on plan assets	**20,768**	**12,286**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

14 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

***Overseas plans – BS&T** (continued)*

	2020 $	2019 $
Liability at beginning of year	**(11,223)**	(26,353)
Increase in unrecognisable asset	**64,907**	8,470
Expense recognised in other comprehensive income	**(11,443)**	(13,865)
Net pension income/(expense)	**2,104**	(4,044)
Contributions paid	**21,945**	24,569
Asset/(liability) at end of year	**66,290**	**(11,223)**

	2020 Per annum	2019 Per annum
The principal actuarial assumptions used were:		
Discount rates	**7.75%**	7.75%
Future salary increases	**5.75%**	5.75%
Future NIS increases	**3.50%**	3.50%
Future pension increases – past service	**0.75%**	0.75%
Future pension increases – future service	**0.75%**	0.75%

Assumptions regarding future mortality experience were obtained from published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

Male	**83**	83
Female	**86**	86

BS&T – medical plans

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	**7.75%**	7.75%
Annual increase in health care	**4.50%**	4.50%

15 INVENTORIES

	2020 $	2019 $
Finished goods and goods for resale	**1,312,235**	1,087,538
Goods in transit	**187,043**	226,764
Raw materials and consumables	**66,506**	197,365
Work in progress	**21,418**	8,061
	1,587,202	**1,519,728**

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $7,293,251(2019: $7,417,093).

16 STATUTORY DEPOSITS WITH REGULATORS

This comprises the following:

- Massy United Insurance Ltd – This entity is registered to conduct insurance business under legislation in each relevant jurisdiction. This legislation may prescribe a number of requirements with respect to deposits, investment of funds and solvency for the protection of policy holders. In order to satisfy the legislative requirements of the various jurisdictions, a portion of cash and cash equivalents has been deposited or is held in trust to the order of the regulators.

- Massy Finance GFC Ltd. – The Financial Institutions Act, 2008 requires that every non-banking financial institution licensed under the Act in the Republic of Trinidad and Tobago hold and maintain a non-interest bearing deposit account with the Central Bank of Trinidad and Tobago equivalent to 9% of the total deposit liabilities of that institution. As at September 30, 2020 and 2019, Massy Finance GFC Ltd complied with the above requirement.

17 CASH AND CASH EQUIVALENTS

	2020 $	**2019 $**
Cash at bank and in hand	**2,448,397**	1,934,016
Short-term bank deposits	**85,224**	139,042
	2,533,621	**2,073,058**

Deposits have an average maturity of less than 90 days.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Cash and cash equivalents	**2,533,621**	2,073,058
Bank overdrafts (Note 22)	**(8,100)**	(8,796)
Cash, net of bank overdrafts	**2,525,521**	**2,064,262**

18 SHARE CAPITAL

	Number of shares #	**Ordinary shares $**	**Total**
At September 30, 2019	**97,743**	**764,344**	**764,344**
Employee share grant – vested	600	–	**–**
At September 30, 2020	**98,343**	**764,344**	**764,344**
At September 30, 2018	97,743	763,516	**763,516**
Employee share grant – value of services provided	–	828	**828**
At September 30, 2019	**97,743**	**764,344**	**764,344**

The total authorised number of ordinary shares is unlimited with no par value. All issued shares are fully paid.

The Shareholders of Massy Holdings Ltd. approved a Performance Share Plan for the benefit and long-term incentive of selected Senior Executives of Massy Holdings Ltd. and its subsidiaries, under which shares may be granted to such Executives. The Plan was approved on September 26, 2013 and the first tranche of shares was awarded on October 1, 2013 for the Executive Performance Period of October 1, 2012 to September 30, 2013. The Award is a conditional right to receive a grant of shares which may only vest where the Base Share Price grows by a compound annual growth rate, approved each year by the Board of Directors.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

18 SHARE CAPITAL *(continued)*

The Base Share Price will be calculated based on the average market price of the shares, for the last ten trading days, in the calendar month immediately preceding the Grant Date. Shares may vest between three and six years from the Grant Date subject to, the applicable compound annual growth rate from the Base Share Price, which must be achieved to trigger the vesting and issue of the shares. No further amount is recognised in the income statement in 2020 (2019: $828). Performance Share Plan Grants have satisfied the condition to be vested and this resulted in the grant of 599,589 shares on May 19, 2020.

In 2017, this plan was suspended and therefore no new share grants were issued to the Executives of Massy Holdings Ltd. and its subsidiaries. A long term incentive plan (Note 24.2) has been introduced which is linked to the Group's EPS.

19 DIVIDENDS PER SHARE

	2020 $	2019 $
Interim paid: 2020 – 50 cents per share (2019: 55 cents)	**49,171**	53,759
Final paid: 2019 – 172 cents per share (2018: 158 cents)	**168,118**	154,433
	217,289	**208,192**

On December 17, 2020 the Board of Directors of Massy Holdings Ltd. declared a final dividend per share of $2.00, bringing the total dividends per share for the financial year ended September 30, 2020 to $2.50 (2019: $2.27).

20 OTHER RESERVES

	Translation reserve $	Catastrophe reserve (Note 20.2) $	Statutory and general banking reserve (Note 20.1) $	Other amounts $	Total $
As at September 30, 2020					
Balance at beginning of year	(110,540)	421,517	18,000	(219,058)	**109,919**
Currency translation adjustments	(25,901)	–	–	–	**(25,901)**
Disposal of subsidiary	16,431	–	–	(5,344)	**11,087**
Transfer to other reserves	–	(35,526)	–	–	**(35,526)**
Other reserves	–	–	(610)	3,432	**2,822**
Purchase of non-controlling interest	–	–	–	(2,182)	**(2,182)**
Balance at end of year	**(120,010)**	**385,991**	**17,390**	**(223,152)**	**60,219**
As at September 30, 2019					
Balance at beginning of year	(82,169)	380,710	18,000	(217,288)	**99,253**
Currency translation adjustments	(28,371)	–	–	–	**(28,371)**
Transfer to other reserves	–	40,807	–	–	**40,807**
Other reserves	–	–	–	(1,770)	**(1,770)**
Balance at end of year	**(110,540)**	**421,517**	**18,000**	**(219,058)**	**109,919**

Other amounts primarily include premiums paid on the acquisition of non-controlling interest.

20 OTHER RESERVES *(continued)*

20.1 Statutory and general banking reserves

These are applicable to Massy Finance (GFC) Ltd as follows:

- Statutory Reserve – The Financial Institutions Act, 2008 requires a financial institution to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is equal to the paid-up capital of the institution. The reserve amounted to $15,000 (2019: $15,000).

- General Banking Reserve – In keeping with the Financial Institutions (Prudential Criteria) Regulations, 1994, the Company has set aside a reserve out of retained earnings to provide against unforeseen losses on the loan portfolio. The reserve amounted to $2,390 (2019: $3,000).

20.2 Catastrophe reserve

This comprises reserves arising from two entities:

- Massy United Insurance Ltd – This entity transfers from its retained earnings, as permitted in Section 155 of the Insurance Act, 1996 – 32, 25% of net premium income earned arising from its property business into a reserve established to cover claims made by the Group's policyholders arising from a catastrophic event, which is included as a separate component of equity. The reserve amounted to $80,845 (2019: $148,358).

- The Interregional Reinsurance Company Limited (TIRCL) – Appropriations from Retained Earnings are periodically made to this reserve as determined by the Directors. The reserve is intended to be only available to meet both current and future losses arising under the entity's insurance policies from catastrophic events. The reserve amounted to $305,146 (2019: $273,159).

21 NON-CONTROLLING INTERESTS

The following is an analysis of non-controlling interests which are material and individually immaterial to the Group:

	2020 $	**2019 $**
Accumulated balances with non-controlling interests		
Material non-controlling interests	**161,515**	141,971
Individually immaterial non-controlling interests	**84,891**	91,072
	246,406	**233,043**
Profit for the year from non-controlling interests		
Material non-controlling interests	**38,635**	40,097
Individually immaterial non-controlling interests	**8,113**	9,971
	46,748	**50,068**

Individually immaterial non-controlling interests include Massy Guyana Group, Massy Pres-T-Con Holdings Ltd and Massy Carbonics Limited.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

21 NON-CONTROLLING INTERESTS *(continued)*

The table below shows a movement analysis of subsidiaries with non-controlling interests that are material to the Group. The amounts included represents the share attributable to the non-controlling interests.

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $	Total $
As at September 30, 2020	**49.5%**	**40%**	
Balance at beginning of year	57,970	84,001	**141,971**
Total comprehensive income for the year	12,530	28,730	**41,260**
Dividends	(7,686)	(16,181)	**(23,867)**
Currency translation adjustments	273	477	**750**
Other movements for the year	4,872	(3,471)	**1,401**
Balance at end of year	**67,959**	**93,556**	**161,515**
As at September 30, 2019			
Balance at beginning of year	54,123	90,311	**144,434**
Total comprehensive income for the year	14,709	26,962	**41,671**
Dividends	(5,769)	(32,972)	**(38,741)**
Currency translation adjustments	(232)	(300)	**(532)**
Other movements for the year	(4,861)	--	**(4,861)**
Balance at end of year	**57,970**	**84,001**	**141,971**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are the amounts as per the entities' financial statements before inter-company eliminations.

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $
As at September 30, 2020		
Summarised balance sheet:		
Current assets	159,963	230,592
Non-current assets	78,072	199,511
Current liabilities	(36,516)	(112,254)
Non-current liabilities	(7,488)	(80,586)
Indirect NCI	(17,858)	(3,371)
Net assets	**176,173**	**233,892**
Summarised statement of comprehensive income:		
Revenue	370,046	1,296,777
Profit attributable to parent	20,010	71,826
Other comprehensive income	5,302	–
Total comprehensive income for the year	25,312	71,826
NCI share (%)	49.5%	40%
NCI share ($)	12,530	28,730

21 NON-CONTROLLING INTERESTS *(continued)*

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $
Summarised statement of cash flows:		
Operating activities	58,166	72,966
Investing activities	(3,735)	(3,168)
Financing activities	(15,527)	(87,229)
Net change in cash flows	38,904	(17,431)

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $
As at September 30, 2019		
Summarised balance sheet:		
Current assets	177,129	248,273
Non-current assets	79,140	149,343
Current liabilities	(59,014)	(156,575)
Non-current liabilities	(13,855)	(27,455)
Indirect NCI	(27,579)	(2,850)
Net assets	**155,821**	**210,736**
Summarised statement of comprehensive income:		
Revenue	401,417	1,262,806
Profit attributable to parent	26,439	67,526
Other comprehensive income	3,276	(120)
Total comprehensive income for the year	29,715	67,406
NCI share (%)	49.5%	40.0%
NCI share ($)	14,709	26,962
Summarised statement of cash flows:		
Operating activities	35,591	72,827
Investing activities	(4,601)	(11,222)
Financing activities	(11,654)	(55,710)
Net change in cash flows	19,336	5,895

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

22 BORROWINGS

	2020 $	2019 $
Secured advances and mortgage loans	**503,714**	388,077
Unsecured advances	**1,605,466**	1,802,839
Bank overdrafts (Note 17)	**8,100**	8,796
Total borrowings	**2,117,280**	2,199,712
Less short-term borrowings	**(677,096)**	(378,983)
Medium and long-term borrowings	**1,440,184**	**1,820,729**
Short-term borrowings comprise:		
Bank overdrafts (Note 17)	**8,100**	8,796
Current portion of other borrowings	**668,996**	370,187
	677,096	**378,983**

On July 30, 2014, Massy Holdings Ltd. issued a $1.2 billion TT Dollar Fixed Rate Bond. A private auction system was used to determine the issue size and cost of each series of the Bond issue. RBC Merchant Bank (Caribbean) Limited was the Arranger and RBC Trust (Trinidad & Tobago) Limited was the Trustee. The bond was issued at a premium. The face value of both series was $600 million each with a tenure of 10 years (Series A) and 15 years (Series B) at coupon rates of 4.00% and 5.25% respectively. Interest is paid on a semi-annual basis in arrears and the principal will be repaid via a bullet payment at maturity. The bond payable is shown net of any investor's interests held by the parent.

In 2020, included in short-term borrowings is a $350 million bond facility from Scotiabank Trinidad and Tobago Limited which matured on October 14, 2020.

Total borrowings include secured liabilities of $494,381 (2019: $371,480).

Bank borrowings are secured by the land and buildings of the Group.

Where applicable, the Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

22.1 Net debt reconciliation

	Cash and cash equivalents, net of overdrafts (Note 17) $	Borrowings, net of overdrafts $	Total $
Year ended 30 September 2020			
At beginning of year	2,064,262	(2,190,916)	**(126,654)**
Proceeds on new borrowings	–	(355,571)	**(355,571)**
Principal repayments on borrowings	–	420,812	**420,812**
Disposal of subsidiaries	–	301	**301**
Effect of exchange rate changes on cash and bank overdrafts	(3,191)	16,130	**12,939**
Other cash flows	464,450	64	**464,514**
At end of year	**2,525,521**	**(2,109,180)**	**416,341**

22 BORROWINGS *(continued)*

22.1 Net debt reconciliation *(continued)*

	Cash and cash equivalents, net of overdrafts (Note 17) $	Borrowings, net of overdrafts $	Total $
Year ended September 30, 2019			
At beginning of year	1,599,621	(2,293,905)	**(694,284)**
Proceeds on new borrowings	–	(8,305)	**(8,305)**
Principal repayments on borrowings	–	111,500	**111,500**
Capitalised interest on borrowings	–	(206)	**(206)**
Effect of exchange rate changes on cash and bank overdrafts	(4,092)	–	**(4,092)**
Other cash flows	468,733	–	**468,733**
At end of year	**2,064,262**	**(2,190,916)**	**(126,654)**

23 CUSTOMERS' DEPOSITS

	2020 $	2019 $
These represent the deposits for fixed terms accepted mainly by Massy Finance GFC Ltd.		
Payable within one year	**190,126**	183,592
Payable between two and five years	**98,831**	120,858
	288,957	**304,450**
Sectorial analysis of deposit balances		
Private sector	**13,312**	61,826
Consumers	**275,645**	242,624
	288,957	**304,450**

Interest expense on customers' deposits of $7,183 (2019: $7,834) is shown within "other direct costs" in Note 26.

24 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade creditors	**971,973**	978,227
Contract liabilities (Note 24.1)	**16,336**	41,502
Other payables (Note 24.2)	**807,695**	955,930
	1,796,004	**1,975,659**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

24 TRADE AND OTHER PAYABLES *(continued)*

24.1 Contract liabilities *(continued)*

	2020 $	2019 $
Analysis of contract liabilities:		
Deferred Income	**13,778**	38,142
Refunds	**–**	148
Rebates	**844**	–
Customer loyalty programmes	**–**	961
Extended warranty programmes	**1,007**	2,251
Other	**707**	–
	16,336	**41,502**
Expected timing of revenue recognition:		
Within 1 year	**15,463**	41,252
After 1 year	**873**	250
	16,336	**41,502**
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	**596**	**31,435**

24.2 Included in other payables is the provision for the Long-Term Incentive Plan. The Shareholders of Massy Holdings Ltd. approved a Long-term Incentive Plan for the benefit of selected Senior Executives of Massy Holdings Ltd and its subsidiaries. Individuals are awarded an incentive based on a pre-defined multiple of their salary. This amount is then converted into an equivalent number of phantom shares which are then adjusted to reflect individual Key Performance Indicators. The phantom shares awarded are subject to a vesting period of three years. On the vesting date, the settlement amount is determined by multiplying the number of phantom shares by the phantom share grant price. The latter is determined by applying a pre-determined P/E ratio to the EPS preceding the year of settlement. No phantom shares have vested.

	2020 $	2019 $
Balance at the beginning of the year	**30,972**	14,781
Current service cost	**15,842**	16,191
Balance at the end of the year	**46,814**	**30,972**

25 LIABILITIES ON INSURANCE CONTRACTS

The major classes of general insurance written by the Group's insurance operations include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a twelve-month duration. Liabilities comprise:

	2020 $	2019 $
Outstanding claims	**433,645**	701,910
Unearned premiums	**739,169**	611,549
	1,172,814	**1,313,459**

25 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Movement in outstanding claims reserve may be analysed as follows:

	Insurance liabilities 2020 $	Reinsurers' share 2020 $	Insurance liabilities 2019 $	Reinsurers' share 2019 $
Beginning of the year	**701,910**	**311,114**	1,183,730	832,274
Exchange adjustment	**8,538**	**3,787**	(7,932)	(5,001)
Claims incurred	**255,133**	**85,544**	160,704	(90,067)
Claims paid	**(531,936)**	**(307,154)**	(634,592)	(426,092)
	433,645	**93,291**	**701,910**	**311,114**

Movement in the unearned premium reserve may be analysed as follows:

	Insurance liabilities 2020 $	Reinsurers' share 2020 $	Insurance liabilities 2019 $	Reinsurers' share 2019 $
Beginning of the year	**611,549**	**419,831**	468,779	283,300
Exchange adjustment	**(1,556)**	**(1,815)**	(880)	(174)
Premiums written in the year	**1,339,752**	**950,673**	1,130,809	712,153
Premiums earned in the year	**(1,210,576)**	**(813,477)**	(987,159)	(575,445)
	739,169	**555,212**	**611,549**	**419,834**

The reinsurers' share of outstanding claims and unearned premium reserves are included in accounts receivable. Claims reserves comprise provisions for claims reported by policyholders and claims incurred but not yet reported and are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the statement of financial position date. Outstanding claims reserves are not discounted for the time value of money.

The principal assumption underlying the estimates is past claims development experience. This includes assumptions in respect of average claims costs and claims numbers for each accident year. In addition, larger claims are separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent periods.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

25 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Claims development table

	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	Total $
Gross										
At end of accident year	139,220	151,063	185,980	222,234	296,794	2,228,201	243,623	461,547	**255,715**	
One year later	178,236	159,363	153,446	220,472	286,023	2,092,179	257,993	414,748	**–**	
Two years later	178,059	153,203	158,055	208,137	272,769	1,775,323	268,183	–	**–**	
Three years later	157,835	153,899	157,784	197,415	271,265	1,768,153	–	–	**–**	
Four years later	159,531	153,923	157,392	196,958	264,601	–	–	–	**–**	
Five years later	158,860	151,799	157,828	198,227	–	–	–	–	**–**	
Six years later	156,870	152,995	152,451	–	–	–	–	–	**–**	
Seven years later	158,411	152,451	–	–	–	–	–	–	**–**	
Eight years later	155,623	–	–	–	–	–	–	–	**–**	
	155,623	152,451	152,451	198,227	264,601	1,768,153	268,183	414,748	**255,715**	**3,630,152**
Cumulative payments to date	143,895	146,899	143,446	181,785	242,097	1,712,207	194,434	331,161	**185,463**	**3,281,387**
Liability recognised	11,728	5,552	9,005	16,442	22,504	55,946	73,749	83,587	**70,252**	**348,765**
Liability in respect of prior years										**84,880**
Total liability										**433,645**
Net favourable/(unfavourable) development	(16,403)	(1,388)	33,529	24,007	32,193	460,048	(24,560)	46,799		
Net Claims										
At end of accident year	103,483	92,065	115,247	170,345	190,621	242,406	205,414	264,418	**203,122**	
One year later	112,824	102,844	112,580	161,397	176,317	274,731	214,713	216,281	**–**	
Two years later	118,474	96,392	110,040	151,849	168,501	255,777	211,022	–	**–**	
Three years later	123,384	96,342	105,445	143,025	166,298	236,036	–	–	**–**	
Four years later	125,319	96,927	105,279	141,676	159,783	–	–	–	**–**	
Five years later	125,171	95,119	104,608	127,224	–	–	–	–	**–**	
Six years later	122,853	95,881	98,100	–	–	–	–	–	**–**	
Seven years later	124,652	91,479	–	–	–	–	–	–	**–**	
Eight years later	115,576	–	–	–	–	–	–	–	**–**	
	115,576	91,479	98,100	127,224	159,783	236,036	211,022	216,281	**203,122**	**1,458,623**
Cumulative payments to date	107,890	86,128	89,928	115,856	139,606	195,004	158,021	155,326	**164,362**	**1,212,121**
Liability recognised	7,686	5,351	8,172	11,368	20,177	41,032	53,001	60,955	**38,760**	**246,502**
Liability in respectof prior years										**93,852**
Total liability										**340,354**
Net favourable/ (unfavourable) development	(12,093)	586	17,147	43,121	30,838	6,370	(5,608)	48,137		

25 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Claims development table (continued)

	2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	Total $
At end of accident year	290,609	138,605	150,396	185,159	221,253	295,484	2,218,365	242,547	459,510	
One year later	349,942	177,449	158,660	152,769	219,498	284,761	2,082,945	256,854	–	
Two years later	349,320	177,273	152,526	157,357	207,218	271,565	1,767,486	–	–	
Three years later	348,131	157,138	153,220	157,087	196,544	270,068	–	–	–	
Four years later	354,282	158,827	153,244	156,697	196,089	–	–	–	–	
Five years later	356,297	158,159	151,129	157,131	–	–	–	–	–	
Six years later	355,456	156,177	152,320	–	–	–	–	–	–	
Seven years later	354,881	157,712	–	–	–	–	–	–	–	
Eight years later	354,704	–	–	–	–	–	–	–	–	
	354,704	157,712	152,320	157,131	196,089	270,068	1,767,486	256,854	459,510	**3,771,874**
Cumulative payments to date	347,362	141,317	144,766	142,652	176,065	235,231	1,596,468	170,771	175,790	**3,130,422**
Liability recognized	7,342	16,395	7,554	14,479	20,024	34,837	171,018	86,083	283,720	**641,452**
Liability in respect of prior years										**60,458**
Total liability										**701,910**
Net favourable/ (unfavourable) development	(64,095)	(19,107)	(1,924)	28,028	25,164	25,416	450,879	(14,307)		
Net Claims										
At end of accident year	141,861	103,026	91,659	114,739	169,593	189,779	241,336	204,507	263,251	
One year later	217,454	112,326	102,390	112,083	160,685	175,539	273,518	213,765	–	
Two years later	219,600	117,951	95,967	109,554	151,178	167,758	254,648	–	–	
Three years later	219,123	122,839	95,916	104,980	142,394	165,564	–	–	–	
Four years later	225,980	124,766	96,500	104,814	141,050	–	–	–	–	
Five years later	228,103	124,619	94,699	104,147	–	–	–	–	–	
Six years later	226,649	122,311	95,458	–	–	–	–	–	–	
Seven years later	226,311	124,102	–	–	–	–	–	–	–	
Eight years later	226,133	–	–	–	–	–	–	–	–	
	226,133	124,102	95,458	104,147	141,050	165,564	254,648	213,765	263,251	**1,588,118**
Cumulative payments to date	214,698	105,184	87,986	92,715	121,519	137,294	206,540	140,162	139,163	**1,245,261**
Liability recognised	11,435	18,918	7,472	11,432	19,531	28,270	48,108	73,603	124,088	**342,857**
Liability in respect of prior years										**47,939**
Total liability										**390,796**
Net favourable/(unfavourable) development	(84,272)	(21,076)	(3,799)	10,592	28,543	24,215	(13,312)	(9,258)		

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

26 OPERATING PROFIT BEFORE FINANCE COSTS AND EXPECTED CREDIT LOSSES

	2020 $	2019 $ (Restated)
Revenue:		
- Sale of goods	**9,762,045**	10,008,026
- Rendering of services	**835,108**	822,077
- Net interest and other investment income (Note 26.1)	**50,153**	49,258
- Net premium income and other insurance revenue	**516,512**	526,813
	11,163,818	11,406,174
Cost of sales and other direct costs:		
- Cost of sales	**(7,293,251)**	(7,417,093)
- Net claims and other direct insurance expenses	**(352,923)**	(251,686)
- Other direct costs	**(582,508)**	(690,618)
	(8,228,682)	(8,359,397)
Gross profit	**2,935,136**	3,046,777
Administrative expenses	**(1,234,982)**	(1,230,518)
Other operating expenses	**(1,167,988)**	(1,153,402)
Other income	**255,261**	139,991
Operating profit before finance costs	**787,427**	**802,848**

26.1 'Net interest and other investment income' is attributable to loans to customers and other financial assets held for investment purposes only. Income from bank balances, short term investments, treasuries and other securities held for cash management purposes is included within finance income (Note 28).

26.2 The following items were included in arriving at operating profit before finance cost from continuing operations:

	2020 $	2019 $ (Restated)
Staff and staff related costs	**1,482,870**	1,645,839
Depreciation and impairment of property, plant and equipment (Note 5)	**288,459**	250,947
Depreciation of right-of-use assets (Note 6.3)	**88,828**	–
Depreciation and impairment of investment properties (Note 7)	**30,011**	23,996
Expected credit losses/net impairment expense on financial assets (Note 34.1.2):		
- Trade and other receivables	**1,044**	2,432
- Corporate and sovereign bonds	**9,572**	(8,383)
- Instalment credit, hire purchase accounts and other financial assets	**2,254**	3,231
Impairment of goodwill (Note 8)	**10,000**	11,342
Amortisation of other intangible assets (Note 9)	**10,594**	8,550
Directors' fees	**3,949**	3,220
Operating lease rentals	**28,467**	141,747

26 OPERATING PROFIT BEFORE FINANCE COSTS AND EXPECTED CREDIT LOSSES *(continued)*

26.3 Material profit or loss items included in arriving at operating profit:

The group has identified the following items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	2020 $	2019 $ (Restated)
Gain on disposal of subsidiaries (Note 37)	**(262,442)**	(35,693)
Gain on disposal of associates	**–**	(16,418)

27 STAFF COSTS

Staff costs included in cost of sales, selling, general and administrative expenses are as follows:

	2020 $	2019 $ (Restated)
Wages and salaries and termination benefits	**1,439,356**	1,498,919
Share based compensation	**–**	828
Pension costs	**34,196**	51,375
	1,473,552	**1,551,122**
Average number of persons employed by the Group during the year:		
Full time	**10,230**	11,065
Part time	**1,556**	1,156
	11,786	**12,221**

28 FINANCE COSTS – NET

	2020 $	2019 $ (Restated)
Finance costs:		
Interest expense on borrowings	**116,493**	115,117
Unwinding of interest on restoration liability	**124**	–
Interest expense on lease liabilities (Note 6.3)	**52,605**	–
	169,222	115,117
Finance income:		
Finance income (Note 28.2)	**(57,936)**	(45,341)
Finance costs – net	**111,286**	**69,776**

28.1 Borrowing costs of $0 (2019: $206) was capitalised during the year. The capitalisation rate in 2019 was 4.83%.

28.2 Income from bank balances, short term investments, treasuries and other securities held for cash management purposes is shown within finance income.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

29 INCOME TAX EXPENSE

	2020 $	2019 $ (Restated)
Current tax	**276,313**	242,064
Deferred tax	**(11,313)**	15,500
Business levy/green fund levy/withholding taxes	**11,330**	29,090
	276,330	**286,654**

The Group's effective tax rate of 38% (2019 – 36%) differs from the statutory Trinidad and Tobago tax rate of 30% as follows:

	2020 $	2019 $ (Restated)
Profit before income tax	**729,600**	**799,037**
Tax calculated at a tax rate of 30%	**220,451**	239,711
Effect of different tax rates in other countries	**25,651**	23,103
Expenses not deductible for tax purposes	**188,923**	93,996
Income not subject to tax	**(175,154)**	(118,454)
Business levy/green fund levy/withholding taxes	**11,330**	29,090
Effect of change in overseas tax rate	**2,323**	11,120
Adjustments to prior year tax provisions	**2,806**	8,088
Income tax expense	**276,330**	**286,654**
The income tax expense is attributable to:		
Trinidad and Tobago subsidiaries	**117,323**	178,774
Overseas subsidiaries	**143,737**	88,583
Associated companies (Note 10)	**15,270**	19,297
	276,330	**286,654**

30 EARNINGS PER SHARE

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

	2020 $	2019 $ (Restated)
Profit attributable to shareholders:		
- from continuing operations	**408,484**	463,893
- from discontinued operations	**287,919**	99,271
	696,403	563,164
Weighted average number of ordinary shares in issue (thousands)	**97,964**	97,743
Basic earnings per share		
- from continuing operations	**4.17**	4.74
- from discontinued operations	**2.94**	1.02
	7.11	5.76

31 CONTINGENCIES

Subsidiaries

At September 30, 2020 the Group had contingent liabilities in respect of customs bonds, guarantees and other matters arising in the ordinary course of business amounting to $911,207 (2019: $925,086).

Group companies are defendants in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any material unprovided losses.

Other investments

Included within the contingencies above are guarantees entered into by Massy Holdings Ltd. with Mitsubishi Heavy Industries, Ltd (MHI) under which it guaranteed payment of 10% of Caribbean Gas Chemical Limited's payment obligations to MHI under the contracts for the engineering procurement and construction of the methanol and DME plants and 12.5% of the base equity commitment for Caribbean Gas Chemical Barbados Limited. MHL's maximum liability under guarantees is $647,625.

32 COMMITMENTS

Capital commitments

Capital expenditure contracted at the consolidated statement of financial position date but not yet incurred is as follows:

	2020 $	2019 $
Property, plant and equipment	**9,156**	**16,431**

Operating lease commitments – where a Group Company is the lessee:

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2020 $	2019 $
No later than 1 year	**70,162**	69,673
Later than 1 year and no later than 5 years	–	227,483
Later than 5 years	–	660,016
	70,162	**957,172**

Operating lease commitments - where a Group Company is the lessor:		
Less than one year	**15,513**	33,140
One year to five years	**11,725**	29,147
	27,238	**62,287**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

33 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Massy Holdings Ltd. (incorporated in the Republic of Trinidad and Tobago).

The following transactions were carried out with related parties:

		2020 $	2019 $
a	**Sales of goods**		
	Associates	**18,709**	**32,657**
	Goods are sold on the basis of the price lists in force with non-related parties.		
b	**Purchases of goods**		
	Associates	**931**	**489**
	Goods purchased from entities controlled by non-executive directors	**144,957**	**141,646**
	Goods are bought on the basis of the price lists in force with non-related parties.		
c	**Key management compensation**		
	Salaries and other short-term employee benefits	**101,813**	110,262
	Post-employment benefits	**6,618**	7,167
	Share-based compensation	**–**	828
		108,431	**118,257**
d	**Year-end balances arising from sales/purchases of goods/services**		
	Receivables from related parties	**14,485**	7,824
	Payables to related parties	**666**	**12,239**
e	**Loans to associates**		
	Beginning of year	**–**	8,378
	Disposal of associate	**–**	(8,378)
	End of the year	**–**	–
f	**Total loans to other related parties**		
	Beginning of year	**–**	1,037
	Disposal of associate	**–**	(1,037)
	End of the year	**–**	–
g	**Customer deposits to related parties**	**7,448**	**7,523**

34 FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potentially adverse effects on the Group's financial performance. This is achieved by the analysis, evaluation, acceptance and management of the Group's risk exposure.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. The treasury function manages the financial risks that arise in relation to underlying business

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

needs and operates within clear policies and stringent parameters. The function does not operate as a profit centre and the undertaking of speculative transactions is not permitted.

The Group's principal financial liabilities comprise bank loans, operating overdrafts, trade payables and insurance claims liabilities which are used to finance Group operations. There are various financial assets such as trade receivables, investments, loans receivable, cash and short term deposits which emanate from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity securities price risk.

The following contains information relative to the Group's exposure to each of the above risks, including quantitative disclosures.

34.1.1 Market risk

The Company is inherently exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk can be subdivided into three categories namely currency risk, interest rate risk and price risk.

a Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances.

The following table summarises the Group's net exposure and sensitivities to currency risk on its financial instruments.

Currency	Net Currency Exposure $	Sensitivity %	Change/ Impact $
As at September 30, 2020			
USD	863,993	2	17,280
BBD	(59,273)	2	(1,185)
PESO	16,812	1	168
GYD	110,916	3	3,327
JCD	150,683	5	7,534
OTHER	32,874	2	657
Total	**1,116,005**		**27,781**
As at September 30, 2019			
USD	675,023	2	13,500
BBD	(212,777)	2	(4,256)
PESO	9,360	1	94
GYD	151,483	3	4,545
JCD	172,098	5	8,605
OTHER	230,033	2	4,601
Total	**1,025,220**		**27,089**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.1 Market risk (continued)

b Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the long-term debt obligations, with floating interest rates. The exposure to interest rate risk on cash held on deposit is not significant.

At the end of 2020, interest rates were fixed on approximately 97% of the borrowings (2019: 92%). The impact on the consolidated income statement to a 50 basis points change in floating interest rates is $284 in 2020 (2019: $904).

c Price risk

The Group has investments in equity securities and investment funds and these are carried at fair value, consequently resulting in exposure to equity securities price risk. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

34.1.2 Credit risk

The Group is exposed to credit risk, which is the risk that may arise from its customers, clients and counterparties failing to discharge their contractual obligations. The credit exposures arise primarily from the Group's receivables on sales, interest-bearing investments and cash held on deposit at various financial institutions.

The Group has no significant concentrations of credit risk and trades mainly with recognised, creditworthy third parties. It is the Group's policy that all customers trading on credit terms are subject to credit verification procedures. These procedures are elements of a structured credit control system and include an analysis of each customer's creditworthiness and the establishment of limits before credit terms are set. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is significant.

The following is a summary of the Group's maximum exposure to credit risk.

	2020 $	2019 $
Cash and cash equivalents (Note 17)	**2,533,621**	2,073,058
Trade and other receivables (Note 11)	**2,295,389**	2,667,448
Other financial assets at amortised cost (Note 12):		
- Bonds	**689,709**	614,621
- Instalment credit and other accounts	**909,014**	458,056
- Hire purchase receivables	**37,231**	39,923
- Mortgages	**3,428**	4,168
Other financial assets at fair value through profit or loss (Note 12):		
- Bonds and treasury bills	**346,177**	726,057
Total	**6,814,569**	**6,583,331**

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group uses three approaches in arriving at expected losses

- The simplified approach (for trade receivables and contract assets)
- The general approach (for all other financial assets)
- A practical expedient for financial assets with low credit risk

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for Trade Receivables and Contract Assets. The unbilled contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, all customer accounts are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 36 months starting 1 October 2016 and ending on 30 September 2019 and the corresponding historical credit losses experienced within this period.

The general approach

Under the general approach, the Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk each company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including the following:

- External credit ratings for bonds (as far as available). Where such ratings are not available, the Group applies certain assumptions and derives an equivalent rating for the respective securities.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset occurs in the following circumstances:

- When the issuer of a bond has missed a payment of principal or interest or has announced its intention to suspend payments on part or all of its financial obligations, or
- For all other financial assets, when the counterparty fails to make contractual payments within 90 days of when they fall due.

Practical expedient for financial assets with low credit risk

As an exception to the simplified and general approaches, if the credit risk of a financial instrument is low at the reporting date, the Group can measure impairment using 12-month ECL, and so it does not have to assess whether a significant increase in credit risk has occurred.

The financial instrument has to meet the following requirements, in order for this practical expedient to apply:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the lender expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

Incorporation of forward-looking information

Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their payments when they become due. The Group employs various probability weighted scenarios and regression curves to predict future behaviour. In developing the various models, the Group considers both internal data and external macroeconomic data.

In response to the COVID-19 pandemic, the Group adjusted its forward-looking scenarios to consider additional worse case scenarios taking into consideration recent pronouncements by the IMF and other macroeconomic indicators. Overlay adjustments to models were applied in some cases to account for the effects of model overfitting and outlier data. This combined with any additional precautionary measures taken by group companies overall contributed to an uplift in expected loss rates ranging from 0% to 2% (for the general and simplified model).

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Collateral and other credit enhancements

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

- *Trade receivables and treasuries:* These are generally unsecured and are generally considered low risk subject to a few exceptions.
- *Corporate debt securities and sovereign debt securities:* These are both secured and unsecured by fixed or floating charges on the assets of the issuer.
- *Instalment credit debtors, hire purchase receivables and other accounts:* The principal collateral types for these instruments are security agreements over motor vehicles, furniture and appliances, the values of which are reviewed periodically if there is a significant increase in credit risk.

Summary of ECL calculations

a The simplified approach (trade receivables and contract assets)

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

Aging Bucket	Average ECL rate %	Estimated EAD $	Expected credit loss $
As at September 30, 2020			
Current (0-30 days)	1.25	488,559	6,105
31 to 90 days	5.57	545,318	30,351
Over 90 days	37.34	262,877	98,156
Total	**10.38**	**1,296,754**	**134,612**
As at September 30, 2019			
Current (0-30 days)	0.65	989,149	6,414
31 to 90 days	10.81	240,145	25,957
Over 90 days	44.70	252,027	112,669
Total	**9.79**	**1,481,321**	**145,040**

The movement in the provision for expected credit losses for trade receivables and contract asset accounts is as follows:

	2020 $	2019 $
Balance at beginning of the year	**145,040**	177,593
Disposal of subsidiary	**(6,340)**	–
Translation adjustments	**71**	818
Increase/(decrease) in loss allowance recognised in profit or loss	**1,089**	(3,223)
Amounts written off in the current year	**(5,248)**	(30,148)
Balance at end of the year	**134,612**	**145,040**

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

Summary of ECL calculations (continued)

a The simplified approach (trade receivables and contract assets) (continued)

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2020 $	2019 $
Net changes to provisions for the year per above	**1,089**	(3,223)
Other adjustments	**1,545**	4,197
Net expense for the year	**2,634**	974
Net expense for the year attributable to:		
Continuing operations (Note 26.2)	**1,044**	2,432
Discontinued operations	**1,590**	(1,458)
Total	**2,634**	**974**

b The general approach

A summary of the assumptions underpinning the company's expected credit loss model under the general approach is as follows:

Category	Definition	Basis for recognition of expected credit loss provision
Performing (Stage 1)	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming (Stage 2)	Financial assets for which there is a significant increase in credit risk since origination	Lifetime expected losses
Non-performing (Stage 3)	The financial asset is in default	Lifetime expected losses
Purchased or Credit-impaired	Financial assets with evidence of impairment at the point of initial recognition (for instance, if they are acquired at a deep discount)	Lifetime expected losses using a credit-adjusted effective interest rate
Write-off	There is no reasonable expectation of recovery	Asset is written off

Over the term of the financial asset, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of financial assets and adjusts for forward looking macroeconomic data.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

Summary of ECL calculations (continued)

b The general approach (continued)

Corporate and sovereign bonds

Category	Average ECL rate %	Estimated EAD $	Expected credit loss $
As at September 30, 2020			
Performing (Stage 1)	0.67	445,622	2,980
Non-performing (Stage 3)	6.35	219,645	13,940
Purchased or originated credit-impaired	31.34	60,246	18,884
Total	**4.93**	**725,513**	**35,804**

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

	Performing $	Non-performing $	Purchased or Originated Credit-Impaired $	Total $
As at September 30, 2020				
Balance at beginning of the year	3,878	–	30,121	**33,999**
Translation adjustments	3	39	84	**126**
Reclassifications and other adjustments	(901)	6,891	(11,321)	**(5,331)**
Net charge to profit or loss	–	7,010	–	**7,010**
Balance at end of the year	**2,980**	**13,940**	**18,884**	**35,804**

Category	Average ECL rate %	Estimated EAD $	Expected credit loss $
As at September 30, 2019			
Performing (Stage 1)	0.65	598,041	3,878
Purchased or originated credit-impaired	28.52	105,616	30,121
Total	**4.83**	**703,657**	**33,999**

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

Summary of ECL calculations (continued)

b The general approach (continued)

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

	Performing $	Under-performing $	Non-performing $	Purchased or Originated Credit-Impaired $	Total $
As at September 30, 2019					
Balance at beginning of the year	4,803	2,383	35,321	–	**42,507**
Translation adjustments	(9)	(1)	(18)	(105)	**(133)**
Reclassifications	2,382	(2,382)	(35,303)	35,303	**–**
Net credit to profit or loss	(3,298)	–	–	(5,077)	**(8,375)**
Balance at end of the year	**3,878**	**–**	**–**	**30,121**	**33,999**

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2020 $	2019 $
Net changes to provisions for the year per above	**7,010**	(8,375)
Other adjustments	**2,562**	(7)
Net expense for the year (Note 26.2)	**9,572**	**(8,382)**

Instalment credit, hire purchase accounts and other financial assets

Category	Average ECL rate %	Estimated EAD $	Expected credit loss $
As at September 30, 2020			
Performing (Stage 1)	0.88	853,414	7,475
Underperforming (Stage 2)	2.53	69,808	1,768
Non-performing (Stage 3)	37.81	51,883	19,617
Total	**2.96**	**975,105**	**28,860**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.2 Credit risk (continued)

Summary of ECL calculations (continued)

b The general approach (continued)

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

	Performing $	Under-performing $	Non-performing $	Total $
As at September 30, 2020				
Balance at beginning of the year	13,759	2,958	20,545	**37,262**
Translation adjustments	47	4	50	**101**
Net changes to provisions and reclassifications	(1,942)	1,187	4,710	**3,955**
Amounts written off in the current year	(4,389)	(2,381)	(5,688)	**(12,458)**
Balance at end of the year	**7,475**	**1,768**	**19,617**	**28,860**

Category	Average ECL rate %	Estimated EAD $	Expected credit loss $
As at September 30, 2019			
Performing (Stage 1)	2.97	463,349	13,759
Underperforming (Stage 2)	18.90	15,650	2,958
Non-performing (Stage 3)	36.53	56,241	20,545
Total	**6.96**	**535,240**	**37,262**

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

	Performing $	Under-performing $	Non-performing $	Total $
As at September 30, 2019				
Balance at beginning of the year	4,453	233	15,590	**20,276**
Translation adjustments	(47)	(5)	(5)	**(57)**
Net changes to provisions and reclassifications	1,530	(389)	3,093	**4,234**
Amounts written off in the current year	7,823	3,119	1,867	**12,809**
Balance at end of the year	**13,759**	**2,958**	**20,545**	**37,262**

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2020 $	2019 $
Net changes to provisions for the year per above	**3,955**	4,233
Other adjustments	**(1,701)**	(1,002)
Net expense for the year (Note 26.2)	**2,254**	**3,231**

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.1 Financial risk factors *(continued)*

34.1.3 Liquidity risk

Liquidity risk is the risk which may arise if the Group is unable to meet the obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed lines of credit to meet its obligations.

The following is an analysis of the undiscounted contractual cash flows payable under financial liabilities. Undiscounted cash flows will differ from both the carrying values and the fair values.

Maturity analysis of financial liabilities

	Less than 1 year $	**1 - 5 years $**	**More than 5 years $**	**Contractual cash flows $**	**Carrying amount $**
2020					
Financial liabilities					
Bank overdraft (Note 17)	8,100	–	–	8,100	8,100
Other borrowings (Note 22)	743,817	1,040,180	728,145	2,512,142	2,109,180
Customers' deposits (Note 23)	190,868	104,947	–	295,815	288,957
Trade and other payables (Note 24)	1,796,004	–	–	1,796,004	1,796,004
Lease liabilities (Note 6.2)	74,514	239,846	656,092	970,452	910,607
Liabilities on insurance Contracts (Note 25)	877,046	168,350	127,418	1,172,814	1,172,814
Total	**3,690,349**	**1,553,323**	**1,511,655**	**6,755,327**	**6,285,662**
2019					
Financial liabilities					
Bank overdraft (Note 17)	4,592	4,204	–	8,796	8,796
Other borrowings (Note 22)	476,763	1,165,196	775,148	2,417,107	2,190,916
Customers' deposits (Note 23)	186,883	126,829	–	313,712	304,450
Trade payables other payables (Note 24)	1,975,659	–	–	1,975,659	1,975,659
Liabilities on insurance Contracts (Note 25)	1,313,459	–	–	1,313,459	1,313,459
Total	**3,957,356**	**1,296,229**	**775,148**	**6,028,733**	**5,793,280**

34.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.2 Capital risk management *(continued)*

	2020 $	2019 $
Total borrowings (Note 22)	**2,117,280**	2,199,712
Less: Cash and cash equivalents (Note 17)	**(2,533,621)**	(2,073,058)
Net debt	**(416,341)**	126,654
Total equity	**6,417,044**	5,946,941
Total capital	**6,000,703**	**6,073,595**
Gearing ratio	**0%**	2%

34.2.1 Regulatory capital held by subsidiaries

a Massy United Insurance Ltd.

This entity is engaged in the insurance business and is therefore subject to the capital requirements set by the regulators of the insurance market within which it operates.

Capital adequacy is managed at the operating level and reviewed by management at least annually. This is assessed from the perspective of the solvency requirements set out in the local Insurance Acts in Barbados and the other territories in which the entity operates.

Also, as part of assessing the adequacy of its capital base the entity retains the services of an independent actuarial firm to annually assess the adequacy of its insurance reserves.

b Massy Finance GFC Ltd.

This entity is incorporated in the Republic of Trinidad and Tobago and is licensed under the Financial Institutions Act, 2008. It is subject to the capital requirements set by the Central Bank of Trinidad and Tobago (CBTT).

Capital adequacy and the use of regulatory capital are monitored weekly by management based on the guidelines developed by the Basel Committee, as implemented by the CBTT, the country's authority for supervisory purposes. The required information is filed with the CBTT on a quarterly basis.

In addition to the above, there are specific requirements governing lending, customers' deposits and other activities in relation to the Company's capital.

The table below summarises the total equity positions of each of the above entities, both of which are in excess of their minimum regulatory capital requirements.

	Massy Finance GFC Ltd.		Massy United Insurance Ltd.	
	2020 $	2019 $	2020 $	2019 $
Total equity	**132,255**	127,780	**459,721**	391,195

34.3 Fair value of financial assets and liabilities

34.3.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities recorded at fair value in the consolidated financial statements based upon the level of judgement associated with the inputs used to measure their fair value. The hierarchical levels, from lowest to highest based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.3 Fair value of financial assets and liabilities *(continued)*

34.3.1 Fair value hierarchy (continued)

Level 1

Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived principally from or corroborated by observable market data by correlation or other means at the measurement date and for the duration of the instruments' anticipated life.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Level 3

Inputs that are unobservable for the asset or liability for which there are no active markets to determine a price. These financial instruments are carried at fair value and are regularly tested for impairment with changes taken through other comprehensive income.

The following table presents the Group's assets that are measured at fair value at September 30, 2020:

	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at FVPL and FVOCI (Note 12)				
- Bonds and treasury bills	57,766	288,411	–	**346,177**
- Listed equities	81,982	3,177	–	**85,159**
- Unlisted equities	–	139	198,964	**199,103**
- Investment funds	3,635	30,040	–	**33,675**
	143,383	**321,767**	**198,964**	**664,114**

The following table presents the Group's assets that are measured at fair value at September 30, 2019:

	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at FVPL and FVOCI (Note 12)				
- Bonds and treasury bills	530,391	195,666	–	**726,057**
- Listed equities	80,952	3,129	–	**84,081**
- Unlisted equities	–	–	185,383	**185,383**
- Investment funds	3,195	48,999	–	**52,194**
	614,538	**247,794**	**185,383**	**1,047,715**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

34 FINANCIAL RISK MANAGEMENT *(continued)*

34.3 Fair value of financial assets and liabilities *(continued)*

34.3.1 Fair value hierarchy (continued)

The movement in level 3 financial assets is as follows:

	2020 $	2019 $
Balance at beginning of year	**185,383**	171,959
Additions for the year	**14,083**	13,308
Disposals for the year	**(468)**	(168)
Transfers	**(139)**	214
Exchange adjustments on retranslation of overseas operations	**105**	70
	198,964	**185,383**

The group utilises the valuation specialists (internal or external) for the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The following is a summary of the significant unobservable inputs used in level 3 fair value measurements of unlisted equity instruments:

- Risk-adjusted discount rates – Discount rates ranging around 6% were used in arriving at fair value measurements. Had these rates changed by +/- 200 basis points, the fair value measurement would have been lower or higher by $3,973.
- Growth rate was nil since operations are at 100% capacity
- Methanol prices were based upon the Argus Price Forecast

34.3.2 Fair value of financial instruments carried at amortised cost

The carrying amounts and fair values of financial instruments carried at amortised cost are as follows:

	Carrying amount		Fair value	
	2020 $	2019 $	2020 $	2019 $
Financial assets				
Financial assets at amortised cost (Note 12)				
- Bonds	**689,709**	614,621	**681,026**	608,860
- Instalment credit and other accounts	**909,014**	458,056	**909,864**	465,476
- Hire purchase receivables	**37,231**	39,923	**37,221**	53,656
- Mortgages	**3,428**	4,168	**3,428**	4,168
	1,639,382	**1,116,768**	**1,631,539**	**1,132,160**
Financial liabilities				
Bank overdraft (Note 17)	**8,100**	8,796	**8,100**	8,796
Other borrowings (Note 22)	**2,109,180**	2,190,916	**2,096,091**	2,187,296
Lease liabilities (Note 6)	**910,607**	–	**910,607**	–
Customers' deposits (Note 23)	**288,957**	304,450	**308,143**	305,103
	3,316,844	**2,504,162**	**3,322,941**	**2,501,195**

Due to the short-term nature of Trade and other receivables and Trade and other payables, their carrying amounts are considered to be the same as their fair values. Accordingly, their values are not shown in the tables above.

35 MANAGEMENT OF INSURANCE RISK

The primary risk the Group has through its insurance contracts is that the actual claims payments or timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, and subsequent development of claims.

The aforementioned insurance risk exposure is mitigated by diversification across a relatively large portfolio of insurance contracts and geographical areas. The variability of risk is augmented by careful selection and execution of underwriting guidelines throughout our agency network, as well as the use of reinsurance arrangements.

The majority of insurance business ceded is placed on a quota share basis with retention limits varying by product line and territory. The amounts recoverable from reinsurers are in accordance with reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group primarily issues the following types of general insurance contracts: motor, household, commercial and business interruption within the Caribbean region. The risks under these policies usually cover duration of twelve months or less.

The most significant risk for these general insurance and reinsurance contracts arise from natural disasters. The Group utilizes a claims review policy which concentrates on review of large and personal injury claims where there is the potential for greater exposure, and performs periodic review of claims handling procedures throughout the agency network. The Group also enforces a policy of actively managing its claims portfolio in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by its utilization of reinsurance arrangements in order to limit exposure to catastrophic events. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's reinsurance coverage is placed with reputable third party reinsurers.

The table below sets out the concentration of general insurance contract liabilities by type of contract.

		2020			**2019**	
	General liabilities $	**Reinsurers' share of liabilities $**	**Net liabilities $**	**General liabilities $**	**Reinsurers' share of liabilities $**	**Net liabilities $**
Fire	**549,939**	**(534,798)**	**15,141**	593,647	(533,480)	60,167
Motor	**340,335**	**(1,285)**	**339,050**	336,684	(28,630)	308,054
Employers liability	**49,223**	**(11,864)**	**37,359**	–	–	–
Engineering	**68,058**	**(43,289)**	**24,769**	133,626	(119,321)	14,305
Other accident	**118,070**	**(25,875)**	**92,195**	172,571	(40,524)	132,047
Marine	**47,189**	**(31,392)**	**15,797**	47,783	(36,887)	10,896
	1,172,814	**(648,503)**	**524,311**	**1,284,311**	**(758,842)**	**525,469**

The geographical concentration of the Group's general insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

35 MANAGEMENT OF INSURANCE RISK *(continued)*

	2020 General liabilities $	2020 Reinsurers' share of liabilities $	2020 Net liabilities $	2019 General liabilities $	2019 Reinsurers' share of liabilities $	2019 Net liabilities $
Barbados	**263,056**	**(76,490)**	**186,566**	248,708	(104,593)	144,115
Saint Lucia	**46,995**	**(25,910)**	**21,085**	48,042	(23,526)	24,516
Antigua	**83,593**	**(45,999)**	**37,594**	62,216	(33,253)	28,963
St. Vincent	**22,273**	**(11,933)**	**10,340**	20,219	(8,989)	11,230
Trinidad	**189,474**	**(94,071)**	**95,403**	178,136	(69,656)	108,480
Other Caribbean	**556,356**	**(394,100)**	**162,256**	726,990	(518,825)	208,165
Asia and Europe	**11,067**	**–**	**11,067**	–	–	–
	1,172,814	**(648,503)**	**524,311**	**1,284,311**	**(758,842)**	**525,469**

Sensitivities

If the insurance liabilities and related reinsurers' share were to increase by 10%, the impact on income before tax and equity would be as follows:

	Change in assumptions	Impact on on gross liabilities $	Impact on reinsurers' share $	Impact on income before tax $	Impact on equity $
As at September 30, 2020					
Average claim cost	10%	117,281	(64,850)	52,431	36,702
As at September 30, 2019					
Average claim cost	10%	128,431	(75,884)	52,547	36,783

36 BUSINESS COMBINATIONS

On August 12, 2020 and September 1, 2020 the Group acquired 100% of the issued share capital of Distribuidora Central de Gas S.A. ESP (Dicengas) and Gas Propano de Colombia S.A.S. ESP (Gasprocol), respectively.

The following table summarises the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date:

	Dicengas $	**Gasprocol $**
Total purchase consideration	7,231	10,199
The assets and liabilities recognised as a result of the acquisition are as follows:		
Cash and short-term investments	121	1
Trade receivables	101	150
Inventories	71	--
Current tax assets	63	36
Other assets	143	9
Fixed assets	2,388	10,231
Other intangible assets	8,138	2,586
Medium and long-term borrowings	(768)	(18)
Trade payable	(296)	(57)
Current tax liabilities	(80)	(30)
Deferred tax liabilities	(2,441)	(1,550)
Other liabilities	(662)	(1,367)
Net identifiable assets acquired	6,778	9,991
Goodwill	**453**	**208**

Purchase consideration-cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	7,231	10,199
Less: Cash and short-term investments acquired	(121)	(1)
Net outflow of cash - investing activities	**7,110**	**10,198**

Acquisition-related costs

Acquisition-related costs of $86 that were not directly attributable to the issue of shares are included in other expenses in the profit or loss statement and in operating cash flows in the statement of cash flows.

37 DISCONTINUED OPERATIONS

- Massy Technologies (Trinidad) Ltd and Massy Technologies (Guyana) Ltd were sold to to PBS Technology Group Limited (PBSTG) on September 30, 2020
- The assets of Seawell Air Services Limited were sold to GCG Ground Services (Barbados) Limited on September 30, 2020
- Massy Energy Production Resources Ltd was sold to New Horizon Exploration Trinidad and Tobago Unlimited on September 4, 2020.

The above disposals are reported in the current period and restated in the prior period as discontinued operations.

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

37 DISCONTINUED OPERATIONS *(continued)*

i Summary of gain on sale of subsidiaries

The following are the details of the assets and liabilities sold, the proceeds and the gain on sale.

	Massy Technologies (Trinidad) Ltd $	**Massy Technologies (Guyana) Ltd $**	**Seawell Air Services Limited $**	**Massy Energy Production Resources Ltd $**	**Total $**
Analysis of net assets sold					
Property, plant and equipment	37,506	3,832	29,011	2,099	**72,448**
Right of use assets	14,092	–	–	–	**14,092**
Other financial assets	10,447	–	–	–	**10,447**
Inventory	33,807	14,479	1,170	–	**49,456**
Trade and other receivables	129,402	3,703	9,068	2,837	**145,010**
Lease liabilities	(15,353)	–	–	–	**(15,353)**
Trade and other payables	(163,648)	(6,113)	–	(966)	**(170,727)**
Other liabilities	(1,463)	(7,289)	–	(4,361)	**(13,113)**
Net assets/(liabilities)	44,790	8,612	39,249	(391)	**92,260**
Cumulative currency translation adjustments	16,431	–	–	–	**16,431**
Adjusted net assets	61,221	8,612	39,249	(391)	**108,691**
Proceeds, net of cash sold	304,944	36,684	24,158	5,347	**371,133**
Gain/(loss) on sale	**243,723**	**28,072**	**(15,091)**	**5,738**	**262,442**

ii Analysis of the results of disposals

	2020 $	**2019 $**
Revenue	**414,514**	**552,492**
Operating profit before finance costs and expected credit losses	**50,315**	85,641
Expected credit losses	**(1,590)**	1,458
Operating profit before finance costs	**48,725**	87,099
Finance cost - net	**(2,632)**	(2,593)
Operating profit after finance costs	**46,093**	84,506
Income tax expense	**(18,654)**	(19,350)
Profit after income tax	**27,439**	65,156
Gain on sale of discontinued operations	**262,442**	35,693
Profit for the year from discontinued operations	**289,881**	**100,849**

37 DISCONTINUED OPERATIONS *(continued)*

iii Analysis of cash flows from material disposals

	2020 $	2019 $
Net cash inflow from operating activities	**79,350**	106,603
Net cash inflow from investing activities	**3,054**	27,209
Net cash outflow from financing activities	**(313,729)**	(71,739)
Total cash flows	**(231,325)**	**62,073**

iv Restatement of results from material disposals

The consolidated statement of profit or loss for September 30, 2019 was restated for the discontinued operations above. There was no impact on the consolidated statement of other comprehensive income.

	As previously reported 2019 $	Adjustment 2019 $	Restated 2019 $
Revenue	**11,958,666**	**(552,492)**	**11,406,174**
Operating profit before finance costs and expected credit losses	921,462	(121,334)	800,128
Expected credit losses	4,178	(1,458)	2,720
Operating profit before finance costs	925,640	(122,792)	802,848
Finance costs-net	(72,369)	2,593	(69,776)
Operating profit after finance costs	853,271	(120,199)	733,072
Share of results of associates and joint ventures	65,965	–	65,965
Profit before income tax	919,236	(120,199)	799,037
Income tax expense	(306,004)	19,350	(286,654)
Profit for the year from continuing operations	613,232	(100,849)	512,383
Owners of the parent:			
- Continuing operations	563,164	(99,271)	463,893
- Discontinued operations	–	99,271	99,271
Non-controlling interests:			
- Continuing operations	50,068	(1,578)	48,490
- Discontinued operations	–	1,578	1,578
Profit for the year	**613,232**	**–**	**613,232**
Basic earnings per share			
- Continuing operations	5.76	(1.02)	4.74
- Discontinued operations	–	1.02	1.02
	5.76	**–**	**5.76**

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

37 DISCONTINUED OPERATIONS *(continued)*

v Disposals in the year ended September 30, 2019

In the previous year, on March 7, 2019 and September 30, 2019, the Group sold Massy Security Guyana (Inc) to Amalgamated Security Ltd. and the assets of Massy Technologies Applied Imaging (Trinidad) Ltd. (MTAITL) to JDAP Holdings Limited respectively. The following are the details of the assets and liabilities sold, the proceeds and the gain on sale.

	Massy Security Total (Guyana) Inc $	**Massy Technologies Applied Imaging (Trinidad) Ltd $**	**Total $**
Analysis of net assets sold			
Property, plant and equipment	4,559	24,532	**29,091**
Inventory	200	17,130	**17,330**
Trade and other receivables	7,764	27,370	**35,134**
Trade and other payables	(4,648)	(9,768)	**(14,416)**
Other (liabilities)/assets	(541)	6	**(535)**
Net assets	7,334	59,270	**66,604**
Proceeds, net of cash sold	22,801	79,496	**102,297**
Gain on sale	**15,467**	**20,226**	**35,693**

The sale of the assets and business of MTAITL described above was made to a management consortium which included two directors of MTAITL, an employee of Massy Ltd and an executive director of Massy Holdings Ltd. The disposal was an arms-length transaction on competitive terms and was managed by Ernst and Young independent of the purchasers. The transaction was approved by the full board of Massy Holdings Ltd (excluding the conflicted executive director) who were satisfied that the transaction was on the best terms among offers received and in the interests of the shareholders.

38 IMPACT OF COVID-19

On March 11, 2020, the World Health Organisation (WHO), characterized COVID-19 as a pandemic.The pandemic impacted our ability to, and the manner in which we could deliver services, in all of the territories where we operate, as well as impacting the economies of those territories.

The Group has considered the appropriate accounting treatment for the risks arising from these events as follows:

Financial assets carried at amortised cost

- A post balance sheet review was carried out to determine if there were any unusual changes in counterparty activity and whether such activity reflect or confirm conditions existing at the statement of financial position date.
- A review was carried out on a representative sample of financial assets to determine if any such assets require IFRS 9 related reclassification from Stage 1 to Stage 2.
- As described in Note 34.1.2, the Group adjusted its forward-looking scenarios to consider additional worse case scenarios, this combined with any additional precautionary measures taken by group companies overall contributed to an uplift in expected loss rates ranging from 0% to 2% (for the general and simplified model).

Impairment of goodwill

- As described in Note 8, COVID-19 uncertainties were incorporated in impairment calculations by adjusting the cash flows using the expected cash flow approach under varying scenarios considering factors such as the length of the recovery period and the impact on cash flows.

Financial risk disclosures

- The Group reviewed its market risk sensitivity disclosures in Note 34.1.1 and determined that no adjustments were required to the range of potential outcomes used in previous years.

38 IMPACT OF COVID-19 *(continued)*

Provisions

- Strategic and Other Investments – COVID- 19 had an adverse effect on this sector manifested in lower energy prices and depressed property values in Barbados for 2020 versus 2019 resulting in impairments and provisions.
- Head Office and Other Adjustments – Given the current economic climate the Group has taken provisions in 2020 which would have negatively impacted the operating loss shown for this segment.

Going concern

- The Group is required to perform a going concern assessment in accordance with IAS 1 as of each reporting date. While COVID-19 has had a negative impact on some of the Group's operating units, no going concern issues arose.