



Grant Thornton

Dominica Coconut Products Limited

Consolidated Financial Statements in Liquidation

December 31, 2020

(expressed in Eastern Caribbean dollars)



May 18, 2021

Independent Auditor's Report

To the Shareholders of Dominica Coconut Products Limited

Grant Thornton
Point Seraphine
P.O. Box 195
Castries, St. Lucia
West Indies

T + 1 758 456 2600
F + 1 758 452 1061
www.grantthornton.lc

Report on the Audit of the Consolidated Financial Statements in Liquidation

Opinion

We have audited the consolidated financial statements in liquidation of **Dominica Coconut Products Limited** (the Company) and its subsidiary Refresh Company Limited (together, the Group), which comprise the consolidated statement of net assets in liquidation as of December 31, 2020, and the consolidated statement of changes in net assets in liquidation for the year then ended, and notes to the consolidated financial statements in liquidation, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements in liquidation present fairly, in all material respects, the consolidated statement of net assets in liquidation of the Group as of December 31, 2020, and the consolidated statement of changes in net assets in liquidation for the year then ended in accordance with International Financial Reporting Standards with reference to the accounting principles generally accepted in the United States of America applicable for companies under liquidation.

Emphasis of a Matter

As discussed in Note 1 to the consolidated financial statements in liquidation, the shareholders of the Group approved a plan of liquidation on December 29, 2015, and the Group determined liquidation is imminent. As a result, the Group has changed its basis of accounting for periods subsequent to December 29, 2015 from the going-concern basis to a liquidation basis as described in Note 2 to the consolidated financial statements in liquidation. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements in Liquidation section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report...continued

Responsibilities of Management and those charged with Governance for the Financial Statements in Liquidation

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

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

Auditor's Responsibilities for the Audit of the Financial Statements in Liquidation

Our objectives are to obtain reasonable assurance about whether the financial statements 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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



Chartered Accountants

Dominica Coconut Products Limited
Consolidated Statement of Net Assets in Liquidation
As of December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
Assets		
Cash (Note 4)	168,551	124,601
Due from a related party (Note 5)	13,422,111	13,360,165
Income tax recoverable	1,444	1,444
Total assets	<u>13,592,106</u>	<u>13,486,210</u>
Liabilities		
Trade and other payables (Note 6)	173,284	247,766
Due to a related party (Note 5)	-	7,998
Income Tax Payable	13,934	-
Total liabilities	<u>187,218</u>	<u>255,764</u>
Net assets in liquidation	<u>13,404,888</u>	<u>13,230,446</u>

Approved by the Board of Directors on May 18th, 2021

Alexis Garcia

Director

Richard Quarez

Director

The accompanying notes form an integral part of these financial statements.

Dominica Coconut Products Limited

Consolidated Statement of Changes in Net Assets in Liquidation

For the year ended December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
Net assets in liquidation , beginning of year	<u>13,230,446</u>	<u>13,031,802</u>
Other gains (Note 7)	188,376	198,644
Taxation (Note 8)	<u>(13,934)</u>	<u>-</u>
Profit for the year	<u>174,442</u>	<u>198,644</u>
Net increase in net assets in liquidation	<u>174,442</u>	<u>198,644</u>
Net assets in liquidation , end of year	<u>13,404,888</u>	<u>13,230,446</u>

The accompanying notes form an integral part of these financial statements.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

1 Corporate status

Dominica Coconut Products Limited (the Company) and its subsidiary Refresh Company Limited (together, the Group) was incorporated under the Commercial Code of Dominica on April 8, 1965 and February 8, 1988, respectively, and continued under the Companies Act, 1996. The Group was engaged in the production of soap primarily for export. The Group's parent company is Colgate Palmolive (Dominica) Inc., and its ultimate parent company is Colgate Palmolive Company, which are both incorporated in the United States of America.

The registered office and principal place of business of the Group is located at Belfast, Commonwealth of Dominica.

In August of 2015, the island of Dominica was struck by Tropical Storm Erika. This event caused disruption to the business and significantly damaged the Group's manufacturing plant. Following the storm, the shareholders of the Group declared and ratified on their meeting held on December 29, 2015, to shut down the operations of the Group and close the manufacturing plant permanently due to financial constraints to restart production and considering rebuilding cost is not financially viable.

Under the plan of liquidation, the Company:

1. sold its remaining tangible assets
2. collected receivables as they become due;
3. used available cash to settle its obligations; and
4. will pay out distributions to its shareholder.

The Board of Directors anticipates that the likelihood is remote that the Group will return from liquidation.

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.

Basis of measurement and presentation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) with reference to the accounting principles generally accepted in the United States of America applicable for companies under liquidation.

Under the liquidation basis of accounting, assets are measured at the estimated amount of cash or other consideration that the Group expects to collect in settling or disposing of those assets. Liabilities are measured at their estimated settlement amounts, including costs that the Group expects to incur through the end of its liquidation ("liquidation value"). These estimated amounts are undiscounted and are recorded to the extent the Group has a reasonable basis for estimation.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Cash

Cash includes cash on hand and deposits held at call with banks.

Investments in subsidiary undertakings

Subsidiary undertakings are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

Accrued liquidation costs

Estimated costs associated with the dissolution and wind up of operations of the Group, which include expenses expected to be incurred over the liquidation period, are estimated based upon the most recent information available to management, with the associated estimates periodically reviewed and adjusted as appropriate. The Group will continue to incur operating expenses throughout the liquidation period, which is expected to take one year. Actual costs may differ from management's estimates, and the differences could be material. Costs associated with the dissolution and wind up are included under "accrued liquidation costs" on the statement of net assets in liquidation and the statement of changes in net assets in liquidation.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Income taxes

The tax expense for the period comprises current tax. Tax is recognised in the statement of changes in net assets in liquidation.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Dividend distribution

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

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Foreign currency translation

Functional and presentation currency

Items in the consolidated financial statements 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 Eastern Caribbean dollars, which is the Group's functional and presentation currency.

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 statement of changes in net assets in liquidation.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions in determining the reported amounts of assets and liabilities, including the estimated liquidation values of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets in liquidation during the reporting period. The resulting accounting estimates will be, by definition, seldom equal the related actual results. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below:

Income taxes

The Group is subject to income taxes. 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. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

4 Cash

	2020 \$	2019 \$
Cash on hand	800	800
Cash at bank	167,751	123,801
	<u>168,551</u>	<u>124,601</u>

5 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

Related party balances as at end of the year are as follows:

	2020 \$	2019 \$
Due from a related party		
Colgate Palmolive Support Services (ETC)	<u>13,422,111</u>	<u>13,360,165</u>
Due to a related party		
Colgate Palmolive Company, New York	—	7,962
Colgate Palmolive Co. Distributors	<u>—</u>	<u>36</u>
	<u>—</u>	<u>7,998</u>

The Group is related to the above companies by common ownership and management.

The due from a related party pertains to a note receivable from an affiliate bearing interest on the principal amount equal to London Interbank Bid Rate (LIBID) minus a margin of 20 bps.

6 Trade and other payables

	2020 \$	2019 \$
Accrued liquidation costs	34,999	109,481
Other payables and accrued expense	<u>138,285</u>	<u>138,285</u>
	<u>173,284</u>	<u>247,766</u>

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

7 Other gains

	2020 \$	2019 \$
Interest income	211,497	226,644
Accrual of liquidation expenses	<u>(23,121)</u>	<u>(28,000)</u>
	<u>188,376</u>	<u>198,644</u>

8 Taxation

	2020 \$	2019 \$
Current tax	<u>13,934</u>	<u>—</u>

The tax on the Group's net profit before tax differs from the theoretical amount that would arise using the local statutory rate as follows:

	2020 \$	2019 \$
Net profit before taxation	<u>188,376</u>	<u>198,644</u>
Tax calculated at a rate of 25% (2019 - 25%)	47,094	49,661
Tax losses utilised	(13,934)	—
Deferred tax not recognized	<u>(19,226)</u>	<u>(49,661)</u>
Tax charge	<u>13,934</u>	<u>—</u>

The Group has unutilised tax losses of \$841,540 (2019 - \$892,545) which may be carried forward and deducted against future taxable income within five years following the year in which the loss was incurred. The loss recovered is restricted to 50% of taxable income in any one year.

Income year	Brought forward \$	Incurred \$	Utilised \$	Carried forward \$	Expiry year
2016	529,105	—	—	529,105	2021
2017	183,470	—	(55,737)	127,733	2022
2018	18,854	—	—	18,854	2023
2019	161,116	—	—	161,116	2024
2020	—	4,732	—	4,732	2025
	<u>892,545</u>	<u>4,732</u>	<u>(55,737)</u>	<u>841,540</u>	

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements in Liquidation
December 31, 2020

(expressed in Eastern Caribbean dollars)

9 Statement of changes in equity

	Share capital \$	Retained earnings \$	Total equity \$
Balance at December 31, 2018	10,496,978	2,534,824	13,031,802
Profit for the year	—	198,644	198,644
Balance at December 31, 2019	<u>10,496,978</u>	<u>2,733,468</u>	<u>13,230,446</u>
Balance at December 31, 2019	10,496,978	2,733,468	13,230,446
Profit for the year	—	174,442	174,442
Balance at December 31, 2020	<u>10,496,978</u>	<u>2,907,910</u>	<u>13,404,888</u>

10 Share capital

	2020 \$	2019 \$
Authorised 1,000,000 ordinary shares		
Issued and fully paid 948,245 ordinary shares		
	<u>10,496,978</u>	<u>10,496,978</u>



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