



ANNUAL REPORT 2019-2020

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Report to Shareholders

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) report a total comprehensive loss of \$1.9 million for the year ended March 31, 2020, compared to a comprehensive income of \$0.3 million in the prior year. The main contributors to the comprehensive loss are the loss from discontinued operations related to the sale of CCS Group Ltd. (CCS) and CCS Group Sucursal EM Portugal ("CCS Portugal") and the related impairment loss on goodwill.

In July 2020, the Company sold 100% of its ownership in CCS as part of its strategic decision to focus on the Company's core businesses of Facilities Management and Automotive Services. The majority of the proceeds from the CCS sale were used to reduce the Company's bank debt by an additional \$2.25 million, which strengthens the Company's consolidated statement of financial position and reduces longer term cost of interest payments.

The CCS transaction occurred outside of the financial year ended March 31, 2020, as such the results for CCS have been reclassified and accounted for in these statements as "discontinued operations" and "assets held for sale". This resulted in a loss from discontinued operations of \$0.6M and the write-off of \$1.8 million in goodwill related to this asset. Comprehensive Income, adjusted for this transaction, is \$0.5 million.

Prior to that, in March 2020, the Company acquired the minority interest of BAS-Serco Ltd. from North American shareholder Serco Inc. As a result, BAS-Serco Ltd. is now a fully owned subsidiary of the Company and has been rebranded as BAS Facilities Management Ltd. ("BAS FM").

Revenues from continuing operations were \$15.6 million for the year, which is an increase of \$0.7 million over prior year. Total cost of revenue was \$6.5 million, an increase of \$1.1 million; resulting in gross margin of \$9.0 million compared to \$9.5 million in the prior year.

Total operating expenses from continuing operations decreased \$0.5 million year over year. Management's efforts to reduce operating expenses have been realized through all expense categories.

The Company has now reduced its bank loan by \$3.0 million which included a one-time payment of \$2.25 million after the year end together with paid interest of \$0.4 million in the year.

A one-time prior period adjustment was made to the April 1, 2018, opening consolidated statement of financial position to record a receivable of \$0.4 million, which relates to a self-insured health plan surplus terminated in 2018, and returned to the Group in the current year.

The Company did not declare or pay dividends during the fiscal year ended March 31, 2020, as the Board of Directors continues to consider it prudent to suspend dividend payments while the Company executes its strategic plan and strengthens the financial position of the Group.

The outbreak of Covid-19 has heightened the cleaning standards and sanitization requirements for commercial office spaces. Clients have made additional requests to clean and disinfect all commonly-used areas, offices and facilities to prevent any risk around the virus. As a result, BAS FM is experiencing new growth opportunities through BAS FM's facilities management and cleaning services.

Automotive services continue to make a positive contribution to the results of the Group despite the current economic climate.

We take this opportunity to thank our employees for their commitment, hard work and dedication to the Group throughout the past several months particularly with the uncertainty around the COVID-19 outbreak.

The Company is continuing to monitor operations and remain change-agile as the needs of customers are evolving to ensure minimal impact to operations.



David W. Pugh
CHAIRMAN



Navdeep Dhesi
VICE PRESIDENT, FINANCE

August 27, 2020

Certain statements in this report may be deemed to include "forward-looking statements" and are based on Management's current expectations and are subject to uncertainty and change in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors including worldwide economic conditions, success in business retention and obtaining new business and other factors.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

FINANCIAL HIGHLIGHTS

Five Year Summary

FOR THE YEAR ENDED MARCH 31					
(Expressed in thousands of Bermuda Dollars)	2020	2019	2018*	2017*	2016*
Revenue from continuing operations	15,575	14,905	30,687	31,108	39,474
Income (loss) from continuing operations	(1,299)	534	(3,829)	775	1,645
Income (loss) from discontinued operations	(612)	(182)	(1,115)	(229)	1,157
Defined benefit plan wind-up cost	-	-	-	-	99
Gain on sale of subsidiary	-	-	-	-	189
Income (loss) for the year	(1,911)	352	(4,944)	546	3,090
(Income) attributable to non-controlling interests	(172)	(157)	(157)	(85)	(325)
Income (loss) attributable to shareholders of the Company	(2,083)	195	(5,101)	461	2,765
Dividends	-	-	492	984	984
FINANCIAL POSITION AS AT MARCH 31	2020	2019	2018	2017	2016
Total assets	33,285	32,702**	34,174**	41,495	43,514
Total liabilities	14,107	11,016	12,568	14,748	15,437
Equity attributable to shareholders of the Company	18,948	21,285**	21,090**	26,483	27,006
FINANCIAL RATIOS	2020	2019	2018	2017	2016
Earnings per share	\$(0.42)	\$0.04	\$(1.04)	\$0.09	\$0.56
Return on shareholders' equity	(9.79%)	0.94%	(19.26%)	1.71%	10.96%
SHAREHOLDER DATA	2020	2019	2018	2017	2016
Shares in issue	4,922,301	4,922,301	4,922,301	4,922,301	4,922,301
Book value per share	\$3.85	\$4.32	\$4.20	\$5.38	\$5.49
AS AT MARCH 31	2020	2019	2018	2017	2016
Number of employees	133	161	151	158	164

*2018 - 2016 includes the financial results of The CCS Group Ltd. and CCS Group Sucursal EM Portugal.

** Restated (note 20)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Bermuda Aviation Services Limited

We have audited the accompanying consolidated financial statements of Bermuda Aviation Services Limited (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2020 and 2019 and April 1, 2018 and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years ended March 31, 2020 and 2019, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bermuda Aviation Services Limited and its subsidiaries as of March 31, 2020 and 2019 and April 1, 2018 and their consolidated financial performance and their consolidated cash flows for the years ended March 31, 2020 and 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter – prior year restatement

As discussed in Note 20 to the consolidated financial statements, the 2019 consolidated financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The annual report is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements, and accordingly, we do not express an opinion or provide assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
August 27, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

	2020	2019	2018
CURRENT ASSETS			
Cash and cash equivalents (note 4)	5,292	4,566	4,118
Accounts receivable, restated (notes 5, 18 and 20)	2,502	6,052	4,950
Prepaid expenses (note 6)	119	413	546
Inventories (note 7)	593	995	1,013
Assets held-for-sale (note 15)	7,094	-	725
	15,600	12,026	11,352
NON-CURRENT ASSETS			
Property, plant and equipment (note 8)	-	-	1,564
Property, plant and equipment (note 8)	8,216	9,397	9,979
Intangible assets and goodwill (note 9)	9,469	11,279	11,279
	17,685	20,676	22,822
TOTAL ASSETS	33,285	32,702	34,174
CURRENT LIABILITIES			
Accounts payable and accrued liabilities (note 10)	1,690	2,906	3,179
Deferred revenue	504	2,679	2,702
Bank loan (note 11)	644	803	789
Liabilities held-for-sale (note 15)	7,285	-	489
	10,123	6,388	7,159
NON-CURRENT LIABILITIES			
Bank loan (note 11)	3,984	4,628	5,409
TOTAL LIABILITIES	14,107	11,016	12,568
EQUITY			
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Share capital (note 12)	4,922	4,922	4,922
Share premium	12,371	12,371	12,371
Retained earnings, restated (note 20)	1,655	3,992	3,797
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	18,948	21,285	21,090
Attributable to non-controlling interests (note 13)	230	401	516
TOTAL EQUITY	19,178	21,686	21,606
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,285	32,702	34,174

COMMITMENTS (note 17)

Signed on behalf of the Board



DIRECTOR

DIRECTOR

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2020

(Expressed in thousands of Bermuda Dollars except earnings per share data)

	2020	2019
CONTINUING OPERATIONS		
Total revenue	15,575	14,905
Total cost of revenue	(6,549)	(5,413)
GROSS PROFIT	9,026	9,492
Other income (note 14)	232	283
OPERATING EXPENSES		
Wages and benefits (note 18)	6,343	6,771
Other direct expenses and overheads	1,381	1,364
Depreciation (note 8)	566	647
TOTAL OPERATING EXPENSES	8,290	8,782
Finance costs (note 11)	(386)	(423)
Impairment loss on trade receivables (note 5)	(71)	(36)
Impairment loss on goodwill (note 9)	(1,810)	-
TOTAL INCOME (LOSS) FROM CONTINUING OPERATIONS	(1,299)	534
Income (loss) from discontinued operations (note 15)	(612)	(182)
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,911)	352
INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Company	(2,083)	195
Non-controlling interests (note 13)	172	157
INCOME (LOSS) FOR THE YEAR	(1,911)	352
EARNINGS (LOSS) PER SHARE		
Basic and diluted from income (loss) for the year (notes 16)	(0.42)	0.04
Basic and diluted from discontinued operations (notes 16)	(0.12)	(0.04)
Basic and diluted from continuing operations (notes 16)	(0.30)	0.08

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				NON- CONTROLLING INTERESTS	TOTAL EQUITY
	CAPITAL SHARE	SHARE PREMIUM	RETAINED EARNINGS	TOTAL		
BALANCE AT APRIL 1, 2018 AS PREVIOUSLY REPORTED	4,922	12,371	3,397	20,690	516	21,206
Prior year restatement (note 20)	-	-	400	400	-	400
Restated balance at April 1, 2018	4,922	12,371	3,797	21,090	516	21,606
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Dividends to non-controlling interests (note 13)	-	-	-	-	(272)	(272)
	4,922	12,371	3,797	21,090	244	21,334
TOTAL COMPREHENSIVE INCOME						
Income for the year	-	-	195	195	157	352
MARCH 31, 2019	4,922	12,371	3,992	21,285	401	21,686
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Purchase of non-controlling interest (note 13)	-	-	(254)	(254)	(196)	(450)
Dividends to non-controlling interests (note 14)	-	-	-	-	(147)	(147)
	4,922	12,371	3,738	21,031	58	21,089
TOTAL COMPREHENSIVE INCOME						
Income for the year	-	-	(2,083)	(2,083)	172	(1,911)
MARCH 31, 2020	4,922	12,371	1,655	18,948	230	19,178

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	(1,911)	352
ADJUSTMENTS:		
Depreciation (note 8)	566	946
Finance costs (note 11)	386	423
Impairment loss on trade receivables (note 5)	71	75
Impairment loss on goodwill (note 9)	1,810	-
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable (note 5)	3,479	387
Prepaid expenses (note 6)	294	133
Inventories (note 7)	402	18
Accounts payable and accrued liabilities (note 10)	(1,216)	(273)
Deferred revenue	(2,175)	(22)
Reclassified as assets and liabilities held-for-sale, net (note 15)	806	-
Assets and liabilities held-for-sale disposed, net (note 15)	-	236
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,512	2,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment, net (note 8)	-	(365)
NET CASH USED IN INVESTING ACTIVITIES	-	(328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests (note 13)	(147)	(272)
Repayment of bank loan (note 11)	(803)	(767)
Finance costs (note 11)	(386)	(423)
Consideration paid for non-controlling interest shares (note 13)	(450)	-
NET CASH USED IN FINANCING ACTIVITIES	(1,786)	(1,462)
CASH AND CASH EQUIVALENTS		
Increase during the year	726	448
Beginning of the year	4,566	4,118
END OF THE YEAR	5,292	4,566

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

1. Operations

Bermuda Aviation Services Limited (“BAS” or the “Company”) is domiciled and registered in Bermuda. The Company’s registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda. BAS and its subsidiaries (the “Group”) distribute automotive parts and provide automotive services; provide facilities management services; provide elevator maintenance and installation; and provide customised electrical, generator and fire detection solutions. BAS, the ultimate controlling entity of the Group, is listed on the Bermuda Stock Exchange. The principal place of business is located at 19 Bakery Lane, Pembroke, HM 07, Bermuda.

These consolidated financial statements were approved by the Board of Directors on August 27th, 2020.

2. Summary of significant accounting policies

A) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities held-for-sale, which are measured at fair value. These consolidated financial statements are presented in Bermuda Dollars which is the Group’s functional currency.

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group’s accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items, as follows:

Note 2E(iii)	Impairment of financial instruments
Note 2H	Inventories
Note 2K	Intangible assets and goodwill
Note 2L	Impairment of non-financial assets
Note 2Q	Revenue recognition

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. In March 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. It has caused significant disruption to businesses and economic activity in Bermuda, and management is closely monitoring the evolution of this pandemic, including how it may affect Bermuda’s economy, supply chain and general population. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Based on its current operations subsequent to the year-end, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Group to continue to adopt the going concern basis in preparing its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

2. Summary of significant accounting policies (continued)

C) NEW STANDARDS AND INTERPRETATIONS

New and amended standards adopted by the Group

The Group has applied all relevant standards, interpretations and amendments during the year. The adoption of new and revised standards and interpretations has not resulted in changes to the Group's financial statements or amounts reported for the current or prior years. Amendments and interpretations to published standards effective for the year ended March 31, 2020, but not relevant to the Group's operations and those that are not yet effective and not relevant to the Group's operations have not been disclosed.

IFRS 16 'Leases'

IFRS 16 was issued in January 2017 and replaces the previous leases standard IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard largely carries forward the lessor accounting requirements in IAS 17 with the substantial changes affecting lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, and the Group adopted IFRS 16 for its accounting period ended March 31, 2020. The Group has performed an assessment of the impact of IFRS 16 and evaluated that no significant impact on its financial statements are resulting from its adoption.

D) CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

These consolidated financial statements include the financial statements of BAS and its wholly owned subsidiaries: BAS Serco Ltd. ("BAS-Serco"), Bermuda Energy Services Company Ltd. ("Besco"), The CCS Group Ltd. ("CCS"), CCS Group Sucursal EM Portugal ("CCS Portugal"), Eastbourne Properties Ltd. ("EPL"), Efficient Technologies Bermuda Ltd. ("Eff-Tech") and Weir Enterprises Ltd. ("Weir"). These consolidated financial statements also include the Group's interest in Otis Elevator Company (Bermuda), Ltd. ("Otis"), whereby the Group has a 80.1 percent interest. All subsidiaries are registered in Bermuda, except for CCS Portugal.

Following its disposal on July 27, 2020, CCS was classified as a discontinued operation in the current year ended March 31, 2020 and comparative year ended March 31, 2019. During the year ended March 31, 2020, CCS Portugal was disposed of and classified as a discontinued operation for the current year and comparative year ended March 31, 2019. During the year ended March 31, 2019, Eff-Tech was disposed of and classified as a discontinued operation.

All transactions and balances within the Group have been eliminated on consolidation. The financial statements of the subsidiaries are prepared in the same reporting period as BAS, using consistent accounting policies.

(ii) Business combinations

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 and any equity interest 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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

2. Summary of significant accounting policies; D) Consolidation (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

E) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Accounts and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments. Accounts and other receivables are initially measured at the transaction price which reflects fair value. All other financial assets and financial liabilities are initially measured at fair value plus transactions costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Management determines the classification of its financial instruments at the time of initial recognition. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments.

A financial asset is measured at amortised cost if it is held within a business model, whose objective is to hold assets to collect contractual cash flows and if its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio, how the performance of the portfolio is evaluated and reported to the Group's management and the risks that affect the performance of the business model and how those risks are managed. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The following summarises the classification the Group applies to each of its significant categories of financial instruments:

Category	Classification
Cash and cash equivalents	Amortised cost
Accounts and other receivables	Amortised cost
Bank loan	Other financial liabilities
Accounts payable	Other financial liabilities

Financial assets and financial liabilities are subsequently accounted for based on their classification as described below.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are accounted for at amortised cost using the effective interest method less any impairment losses.

Other financial liabilities

Other financial liabilities are recorded at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

2. Summary of significant accounting policies; E) Financial instruments (continued)

(iii) Impairment of financial instruments

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets measured at amortised cost, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against accounts and other receivables. If, in a subsequent period, an event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash balances with banks in current and demand accounts and deposits with an original maturity date of 90 days or less. The Group maintains bank accounts with three financial institutions in Bermuda. Cash and cash equivalents are classified as financial assets measured at amortised cost.

G) ACCOUNTS RECEIVABLE

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year, they are classified as current assets. If not, they are presented as non-current assets under accounts receivable. Accounts receivable also include unbilled revenue on contracts in progress, which represent amounts recognised as revenue for which invoices have not yet been sent.

H) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based either on a first-in/first-out basis or a weighted average basis. Inventories include a provision, assessed by management, for slow moving and obsolete inventory items.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, to the extent that such events confirm conditions existing at the end of the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

2. Summary of significant accounting policies (continued)

I) ASSETS AND LIABILITIES HELD-FOR-SALE

Non-current assets and disposal groups are classified as assets and liabilities held-for-sale if their carrying amounts will be recovered principally through a sale transaction and a sale is considered highly probable rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Land is not depreciated. Property, plant and equipment are being depreciated over their estimated useful lives using the straight-line method, which are as follows:

Buildings	From 20 to 40 years
Machinery and equipment	From 2 to 15 years
Furniture and fixtures	From 3 to 10 years
Leasehold improvements	From 2 to 10 years

The assets' residual values and useful lives are reviewed at the end of each reporting period. If an asset's carrying amount is greater than its recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds of the disposal with the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income.

K) INTANGIBLE ASSETS AND GOODWILL

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets and goodwill acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets and goodwill are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

L) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. Summary of significant accounting policies: L) Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

M) ACCOUNTS PAYABLE

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

N) DEFERRED REVENUE

Collection of sales revenue from customers for future products and services are recorded as deferred revenue until the contracts are completed or the products and services are delivered. The amount of \$630 included in contract liabilities at March 31, 2019 has been recognised as revenue in 2020 (2019 – \$670).

O) BANK LOAN

Loans are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the loan using the effective interest method.

P) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). These consolidated financial statements are presented in Bermuda Dollars (BMD), which is the Company's functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to BMD at the rates of exchange prevailing at the date of the financial statements.

Exchange gains and losses are included in other direct expenses and overheads. For the year ended March 31, 2020, exchange losses were \$7 (2019 - \$8).

Non-monetary assets and liabilities denominated in foreign currencies are translated to BMD at historical rates of exchange.

For the purpose of the consolidated statement of cash flows, exchange gains and losses are treated as cash items and included along with movements in the relevant balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (continued)

Q) REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer and is recorded when control of goods or services is transferred to a customer. For the sale of goods, revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. For the sale of services, revenue recognition occurs over time given that the customer simultaneously receives and consumes the benefits provided by the Group. For services sold together with other services or equipment, the Group accounts for them as separate deliverables and allocates consideration between these deliverables based on relative stand-alone selling prices. Net, rather than gross, revenue is recorded for projects where the Group acts as an agent of the customer and manages a project on the clients' behalf. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

REVENUE STREAM	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS	REVENUE RECOGNITION
Automotive garages	Customers obtain control of the automotive parts and services when the goods are dispatched from the Group's warehouse or when the services have been accepted at the Group's premises. Invoices are generated at that point in time.	Revenue is recognised at a point-in-time, when the customers take possession of the goods or when the services have been accepted.
Facilities management	Customers obtain control of the facilities management services as they are being rendered at their premises. Invoices are generated based on agreed contractual terms.	For maintenance, management and support contracts, revenue is recognised over the period of time covered by the contract. For all other contracts, revenue is recognised over time, in relation to the cost incurred for the project, as progress is determined based on the cost-to-cost method. Uninvoiced amounts are included in accounts receivable as unbilled revenue on contracts in progress and advances received are included in deferred revenue.
Infrastructure development	Customers obtain control of the infrastructure development services as they are being rendered at their premises. Invoices are generated based on agreed contractual terms.	For maintenance, management and support contracts, revenue is recognised over the period of time covered by the contract. For all other contracts, revenue is recognised over time, in relation to the cost incurred for the project, as progress is determined based on the cost-to-cost method. Uninvoiced amounts are included in accounts receivable as unbilled revenue on contracts in progress and advances received are included in deferred revenue.

R) PENSION BENEFITS

The Group maintains defined contribution pension plans covering certain employees. Employer contributions to the defined contribution plans are expensed as incurred and are included in wages and benefits expenses. The net defined contribution plan expenses for the Group for the year ended March 31, 2020 were \$213 (2019 - \$243).

S) LEASE EXPENSES

The Group applies the recognition exemption not to recognise right-of-use asset and liability on its lease with less than 12 months of lease term at reporting date. The Group recognises the lease payments associated with these leases as an expense in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Expense related to short-term leases amounted to \$85 (2019-\$107).

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2. Summary of significant accounting policies (continued)

T) DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is presented as if the operation had been discontinued from the start of the comparative period.

3. Financial risk management

A) FINANCIAL RISK FACTORS

The Group's activities may expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's variable portion of the interest rate applicable to the bank loan. A 100 basis point increase or decrease in interest rates at the beginning of the reporting period would have increased or decreased net income (loss) by approximately \$53 (2019 - \$60).

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities.

The Group, in its normal course of business, is required to acquire both goods and services from overseas vendors requiring payment primarily in US Dollars (USD), and to a lesser extent Pounds Sterling (GBP) and Euro (EUR). However, foreign currency risk is minimal, due to the fact that the Bermuda dollar is pegged to the US Dollar at a 1:1 rate and that the GBP and EUR exposure is not significant.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market other than interest rate, currency, credit or liquidity. At the reporting date the Group had no significant price risk exposure.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
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3. Financial risk management; A) Financial risk factors (continued)

Cash and cash equivalents are held with financial institutions which have a minimal risk of default, rated by Standard & Poor's with minimum credit ratings of A-, and as such do not expose the Group to significant credit risk. Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group does not hold collateral as security, and the maximum exposure to credit risk at the reporting date is the carrying value of the receivable balances.

(iii) Liquidity risk

Liquidity risk is the risk that sufficient funds will not be available to meet financial requirements as they become due. The Group manages liquidity risk by continually monitoring actual and projected cash flows. The following are the contractual undiscounted cash flows of financial liabilities by contractual maturities at the end of each reporting period:

MARCH 31, 2020	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank loan	2,635	595	1,189	524	-	4,943
Accounts payable	503	-	-	-	-	503
	3,138	595	1,189	524	-	5,446

MARCH 31, 2019	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank loan	595	595	1,189	3,568	748	6,695
Accounts payable	1,581	-	-	-	-	1,581
	2,176	595	1,189	3,568	748	8,276

B) CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain investor, creditor and market confidence so as to sustain the future development of the business.

The Group sets the amount of capital in proportion to risk required. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, purchase its own shares for cancellation or sell its assets to reduce debt. As at March 31, 2020, the net debt to asset ratio is 0.14 (2019 – 0.17).

C) FAIR VALUE ESTIMATION

Fair value is the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. Financial risk management; C) Fair value estimation (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash and cash equivalents, current accounts receivable, accounts payable and the bank loan are reasonable estimates of their fair values due to the short-term maturity of these instruments or the fact that they attract interest at market rates. The fair value of the assets held-for-sale are derived from observable market inputs when possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and market conditions. Changes in assumptions relating to these factors could affect the reported fair value.

As at March 31, 2020, the only group of assets or liabilities measured at fair value were assets and liabilities held-for-sale in the net amount of -\$191 (note 15), classified as Level 3. As at March 31, 2019, no group of assets or liabilities were measured at fair value. There have been no transfers between hierarchy levels during the years ended March 31, 2020 and 2019.

4. Cash and cash equivalents

Cash and cash equivalents comprise of cash held in current accounts in the amount of \$5,292 (2019 – \$4,566).

5. Accounts receivable

Accounts receivable are classified as follows:

	2020	2019
Trade receivables – current portion	1,804	5,015
Less: allowance for doubtful accounts	(43)	(140)
Net trade receivables – current portion	1,761	4,875
Unbilled revenue on contracts in progress	741	777
Self-funded health insurance surplus, restated (note 20)	-	400
TOTAL ACCOUNTS RECEIVABLE	2,502	6,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Accounts receivable (continued)

The aging of current trade receivables at the reporting date was:

	GROSS AMOUNT 2020	WEIGHTED AVERAGE LOSS RATE	IMPAIRED AMOUNT 2020	NET 2020	CREDIT IMPAIRED
Not past due	773	-	-	773	No
1-30 days	759	-	-	759	No
31-60 days	565	-	-	565	No
61-90 days	60	-	-	60	No
More than 90 days	388	19.46%	43	345	Yes
	2,545		43	2,502	

	GROSS AMOUNT 2019	WEIGHTED AVERAGE LOSS RATE	IMPAIRED AMOUNT 2019	NET 2019	CREDIT IMPAIRED
Not past due	1,559	-	-	1,559	No
1-30 days	2,567	-	-	2,567	No
31-60 days	783	-	-	783	No
61-90 days	207	-	-	207	No
More than 90 days	676	19.44%	140	536	Yes
	5,792		140	5,652	

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2020	2019
Opening balance	140	210
Reclassified as assets held-for-sale (note 15)	(56)	-
Disposal of subsidiary	-	(45)
Charge for the year	131	75
Receivables written off during the period as uncollectible	(172)	(100)
CLOSING BALANCE	43	140

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6. Prepaid expenses

Prepaid expenses are classified as follows:

	2020	2019
Insurance	20	33
Taxes	51	71
Vendor support	-	220
Other prepaid expenses	48	89
	119	413

7. Inventories

Inventories are classified as follows:

	2020	2019
Auto parts	583	608
Computer, telephony, cabling and audio-visual	-	341
Electrical parts	10	46
	593	995

Cost of revenue includes expensed inventories in the amount of \$1,210 (2019 - \$1,302).

Other direct expenses and overheads includes write-down of inventories in the amount of \$12 (2019 - \$16).

Inventories are shown net of a provision for obsolete and slow-moving items in the amount of \$39 (2019 - \$179).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. Property, plant and equipment

Property, plant and equipment cost and related accumulated depreciation are classified as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	LEASEHOLD IMPROVEMENTS	TOTAL
COST					
April 1, 2018	11,244	3,457	91	649	15,441
Additions	-	311	36	18	365
Disposals and retirements	-	(837)	-	(99)	(936)
MARCH 31, 2019	11,244	2,931	127	568	14,870
Additions	-	44	-	11	55
Reclassified as assets held-for-sale	-	(1,258)	(30)	(127)	(1,415)
Disposal of subsidiary	-	(189)	-	-	(189)
Disposals and retirements	-	(11)	-	-	(11)
MARCH 31, 2020	11,244	1,517	97	452	13,310
DEPRECIATION					
April 1, 2018	2,529	2,367	73	493	5,462
Depreciation for the year					
Continuing operations	390	176	47	34	647
Discontinued operations	-	292	3	4	299
Disposals and retirements	(5)	(841)	-	(89)	(935)
MARCH 31, 2019	2,914	1,994	123	442	5,473
Depreciation for the year					
Continuing operations	381	143	1	41	566
Discontinued operations	-	296	1	1	298
Reclassified as assets held-for-sale	-	(970)	(29)	(127)	(1,126)
Disposals and retirements	-	(117)	-	-	(117)
MARCH 31, 2020	3,295	1,346	96	357	5,094
CARRYING AMOUNTS					
At April 1, 2018	8,715	1,090	18	156	9,979
At March 31, 2019	8,330	937	4	126	9,397
At March 31, 2020	7,949	171	1	95	8,216

Property, plant and equipment are reviewed annually for impairment. Management has determined that there was no impairment of property, plant and equipment for the years ended March 31, 2020 and March 31, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. Goodwill

Goodwill is classified as follows:

	2020	2019
Goodwill - Automotive Garages	1,942	1,942
Goodwill - Facilities Management	4,756	4,756
Goodwill - Infrastructure Development	2,771	4,581
	9,469	11,279

The transaction to sell CCS, which completed on July 27, 2020 (note 21), was considered to be an indication that certain assets of this subsidiary might be impaired, and a recoverability analysis was performed. The recoverable amount has been calculated based on the fair value of the subsidiary, which was deemed equal to the cash consideration of \$3,000, minus the costs to sell. The analysis resulted in the Group recording a \$1,810 impairment loss on goodwill related to CCS for the year ended March 31, 2020 (2019 - \$nil).

Management also conducted an impairment review on the goodwill allocated to Automotive Garages and Facilities Management. The recoverable amount of these CGUs were based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The cash flow projections included specific estimates for fifty years based on expectations of future outcomes taking into account past experience. The discount rate of 11% used was based on the Group's strategic return on investment. The carrying amount of these CGUs were determined to be lower than their recoverable amount, therefore, no impairment loss was recognised for the years ended March 31, 2020 and March 31, 2019.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as follows:

	2020	2019
Trade payables	503	1,581
Accrued liabilities	841	528
Accrued payroll and benefits liabilities	346	797
	1,690	2,906

11. Bank loan

The bank loan matures in September 2022 and is repayable in equal blended monthly instalments of principal and interest of \$99. The bank loan bears interest at 1.6% above the Bank's Bermuda Dollar base rate of 6%. The Bank's base rates increased in June 2018 to 5.5%, in October 2018 to 5.75% and to 6% in December 2018.

Total interest expense in relation to the bank loan was \$386 for the year ended March 31, 2020 (2019 - \$423) and is included in finance costs in the consolidated statement of comprehensive income.

The bank loan is secured by a first registered legal mortgage over property located at 19 Bakery Lane, Pembroke, Bermuda and a fixed and floating charge in the amount of \$11,619 over the Group's assets.

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11. Bank loan (continued)

Following the disposal of CCS on July 27, 2020, the Group used a portion of the cash proceeds received to reduce the principal outstanding of the bank loan by \$2,250 (note 15).

Principal loan repayments due in each of the next five years are as follows:

2021	3,010
2022	1,104
2023	514
2024	-
2025	-
TOTAL	4,628

12. Share capital

Share capital is as follows:

	2020	2019
Authorised		
9,999,996 (2019 - 9,999,996) shares of par value of \$1.00 each	10,000	10,000
Issued and fully paid		
44,922,301 (2019 - 4,922,301) shares	4,922	4,922

No dividends were declared and paid during the years ended March 31, 2020 and March 31, 2019.

13. Non-controlling interest

During the year ended March 31, 2020, the Group acquired the shares in BAS-Serco held by non-controlling interests for a cash consideration of \$450. Immediately before the transaction, the non-controlling interests attributable to BAS-Serco was \$196. The Group's shareholding in BAS-Serco as at March 31, 2020 is 100% (2019 - 90%).

Dividends to non-controlling interests of \$147 (2019 - \$272) were declared and paid during the year.

14. Other income

Rental income from owned and sublet property under operating leases is recognised on a straight-line basis over the term of the lease. Other income includes rental income of \$232 (2019 - \$283).

Contractual future income from rental properties is as follows:

	2020	2019
Less than one year	197	201
Between one and five years	677	84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. Discontinued operations

On July 27, 2020, CCS, a wholly owned subsidiary, was disposed of and its operations have been reclassified and presented as discontinued operations for the years ended March 31, 2020 and March 31, 2019 and as assets and liabilities held-for-sale as at March 31, 2020.

On September 2, 2019, CCS Portugal, a wholly owned subsidiary, was disposed of and its operations have been reclassified and presented as discontinued operations for the years ended March 31, 2020 and March 31, 2019.

The results attributed to CCS and CCS Portugal are as follows:

	2020	2019
Revenue	15,418	17,526
Expenses	(16,030)	(17,472)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(612)	54

The major classes of assets and liabilities of CCS classified as held for sale as at March 31, 2020 are as follows:

	2020
Accounts receivable	3,052
Prepaid expenses	3,453
Inventories	301
Property, plant and equipment	288
ASSETS HELD-FOR-SALE	7,094
Accounts payable and accrued liabilities	(2,108)
Deferred revenue	(5,177)
LIABILITIES HELD-FOR-SALE	(7,285)
NET LIABILITIES HELD-FOR-SALE	(191)

The net cash flows reported by CCS and CCS Portugal are as follows:

	2020	2019
Operating activities	452	215
Investing activities	42	61
Financing activities	-	-
NET CASH INFLOW	494	276

On June 5, 2018, Eff-Tech, a wholly owned subsidiary, was disposed of and its operations have been reclassified and presented as discontinued operations for the year ended March 31, 2019.

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15. Discontinued operations (continued)

The results attributed to Eff-Tech are as follows:

	2020	2019
Revenue	-	305
Expenses	-	(541)
LOSS FROM DISCONTINUED OPERATIONS	-	(236)

The net cash flows reported by Eff-Tech are as follows:

	2020	2019
Operating activities	-	41
Investing activities	-	-
Financing activities	-	-
NET CASH INFLOW	-	41

16. Earnings per share

Basic earnings per share has been calculated by dividing the consolidated income attributable to equity holders of the Company by the weighted average of common shares in issue during the year. The Company has no dilutive potential ordinary shares.

	2020	2019
Income (loss) attributable to common shareholders	(2,083)	195
Average number of common shares outstanding	4,922	4,922
EARNINGS PER SHARE FROM INCOME (LOSS) FOR THE YEAR	(0.42)	0.04
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS	(0.12)	(0.04)
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	(0.30)	0.08

17. Commitments

Capital commitments:

There are no commitments for capital expenditure for the fiscal years ended March 31, 2020 or 2019.

Lease commitments:

Minimum annual commitments under non-cancellable operating leases are as follows:

	2020	2019
Less than one year	12	18
Between one and five years	-	-
TOTAL FUTURE MINIMUM LEASE PAYMENTS	12	18

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18. Related parties

A) RELATED PARTY TRANSACTIONS

During the year, BAS-Serco provided facilities management services to a company which is a major shareholder. These services were provided in the normal course of business for the consideration amount of \$1,919 (2019 - \$1,635). As at March 31, 2020, the amount due to BAS-Serco related to those services was \$377 (2019 - \$157), which is included in accounts receivable.

B) KEY MANAGEMENT

There are no contracts of significance existing during or at the end of the financial year in which a key management person was materially interested, directly or indirectly.

The total interests of all Directors and Officers of BAS as at March 31, 2020 were 257,574 (2019 - 257,574) shares.

Key management compensation paid during the year consists of:

	2020	2019
Salaries and benefits	1,593	1,520
Termination benefits	48	-
Consulting services	-	100
	1,641	1,620

19. Segment reporting

The Group has four reportable segments as shown below. The Group's management has identified the operating segments based on the goods and services they provide. The accounting policies of each of the segments are the same as those described in note 2. The operations of CCS and CCS Portugal have been reclassified from infrastructure development and presented as discontinued operations for the year ended March 31, 2020 and 2019 (note 15), and the operations of Eff-Tech have been reclassified from facilities management and presented as discontinued operations for the year ended March 31, 2019 (note 15).

The following describes the composition of each of the Group's four reportable segments:

- i. Administrative services includes mainly the assets and services related to the Group's corporate headquarters.
- ii. Automotive garages includes the distribution of automotive parts and services.
- iii. Facilities management includes elevator maintenance and installation, property management, and maintenance.
- iv. Infrastructure development includes, application development, enterprise networking, infrastructure, IT consulting services, server storage and virtualisation, security, unified communications and collaboration and electrical services and solutions.

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19. Segment reporting (continued)

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	INFRASTRUCTURE DEVELOPMENT	TOTAL
CONTINUING OPERATIONS YEAR ENDED MARCH 31, 2020					
Revenue from external customers	44	2,762	10,285	2,552	15,643
Inter-segment revenue	2,785	28	1,262	1	4,076
Depreciation	437	34	39	56	566
Income (loss)	(1,935)	804	2,139	(343)	665
Total capital expenditure	11	-	-	(11)	-
Total operating assets	10,582	856	4,687	597	16,722
Total operating liabilities	481	71	1,420	222	2,194

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	INFRASTRUCTURE DEVELOPMENT	TOTAL
CONTINUING OPERATIONS YEAR ENDED MARCH 31, 2019					
Revenue from external customers	45	2,805	9,428	2,659	14,937
Inter-segment revenue	2,904	26	581	981	4,492
Depreciation	479	33	44	72	628
Income (loss)	(2,168)	783	1,986	73	674
Total capital expenditure	18	7	54	286	365
Total operating assets, restated (note 20)	9,146	886	3,724	7,667	21,423
Total operating liabilities	639	91	1,273	3,582	5,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

19. Segment reporting (continued)

	2020	2019
INCOME (LOSS)		
Total income (loss) from continuing operations for reportable segments	665	674
Other income	232	283
Finance costs	(386)	(423)
Impairment loss on goodwill	(1,810)	-
Loss from discontinued operations (note 15)	(612)	(182)
TOTAL GROUP COMPREHENSIVE INCOME	1,911	352
TOTAL ASSETS		
Total assets for reportable segments, restated (note 20)	16,722	21,423
Assets held-for-sale (note 15)	7,094	-
Intangible assets and goodwill (note 10)	9,469	11,279
TOTAL GROUP ASSETS	33,285	32,702
TOTAL LIABILITIES		
Total liabilities for reportable segments	2,194	5,585
Bank loan	4,628	5,431
Liabilities held-for-sale (note 15)	7,285	-
TOTAL GROUP LIABILITIES	14,107	11,016

20. Prior year restatement

The Group had a self-insured health plan with a third party health insurer, which was terminated effective April 30, 2018. As at March 31, 2018, the health plan had a surplus balance of \$400. As such, the remaining surplus of \$400 was returned to the Group in the year ended March 31, 2020. The receivable was not reflected in the prior year comparative consolidated financial statements.

The consolidated financial statements have been restated to incorporate the receivable from the third party health insurer. The following table summarises the impact of the prior year period adjustment:

BALANCE SHEET	PREVIOUSLY REPORTED AS AT MARCH 31, 2019	ADJUSTMENTS	RESTATED AS AT MARCH 31, 2019
Accounts receivable	5,652	400	6,052
TOTAL GROUP ASSETS	32,302	400	32,702
Retained Earnings	3,592	400	3,992
TOTAL EQUITY	21,286	400	21,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

20. Prior year restatement (continued)

BALANCE SHEET	PREVIOUSLY REPORTED AS AT MARCH 31, 2018	ADJUSTMENTS	RESTATED AS AT MARCH 31, 2018
Accounts receivable	4,550	400	4,950
TOTAL GROUP ASSETS	33,774	400	34,174
Retained Earnings	3,397	400	3,797
TOTAL EQUITY	21,206	400	21,606

21. Subsequent events

On April 29, 2020, BAS-Serco was renamed BAS Facilities Management Ltd.

On June 30, 2020, Besco was amalgamated with BAS Facilities Management Ltd.

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic, and the Group considers the emergence and subsequent spread of COVID-19 to be a non-adjusting event after the reporting period. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Group, or to provide a quantitative estimate of this impact which could potentially be significant.

However, based on its current operations subsequent to the year-end, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Group to continue to adopt the going concern basis in preparing its consolidated financial statements.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**

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FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in thousands of Bermuda Dollars)

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David W. Pugh, FCA

Jeffrey G. Conyers
Dennis Fagundo

Deputy Chairman

Gail E.M. Miller

E. Michael Leverock
Scott Pearman

Secretary

Conyers Corporate Services
(Bermuda) Limited

Leslie Rans, CPA
Glen Smith

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Navdeep Dhesi, CPA, CMA

Vice President Finance
BAS Group of Companies

GENERAL MANAGERS

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General Manager
Weir Enterprises Ltd.

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