BAS

GROUP OF COMPANIES

ANNUAL REPORT

2020 - 2021

CONTENTS

Report to Shareholders

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) report a total comprehensive loss of $1.1 million for the year ended March 31, 2021, compared to a comprehensive loss of $1.9 million in the prior year. The main contributors to the comprehensive loss are impairment loss on goodwill and the impairment of non-financial assets.

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.

Revenues from continuing operations were $12.5 million for the year, which is a decrease of $3.0 million over prior year. Total cost of revenue was $4.6 million, a decrease of $1.9 million; resulting in a gross margin of $7.9 million compared to $9.0 million in the prior year.

The Company has now reduced its bank loan by $3.0 million, which included a one-time payment of $2.25 million during the year, together with the proceeds from the CCS sale and an additional $0.4 million of interest in the year. This has strengthened the Company's consolidated statement of financial position and reduced longer term cost of interest payments.

Total operating expenses from continuing operations decreased by $1.8 million year over year. Management's efforts to reduce operating expenses have been realised through all expense categories.

Total operating income for the Group is $1.5 million for the current year compared to prior year, which was $0.9 million. The Group has been focusing on new revenue opportunities while realising operating efficiencies through improvements in internal processes and margin management.

The Company did not declare or pay dividends during the fiscal year ended March 31, 2021, 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, including the significant reduction in borrowing.

The outbreak of Covid-19 has heightened the cleaning standards and sanitisation requirements for commercial office spaces. Clients have made additional requests to clean and disinfect all commonly-used areas, offices and facilities to mitigate risk in connection with 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 year and particularly these last several months with the uncertainty around the COVID-19 outbreak.

The Company is continuing to closely monitor operations and remains change-agile as the needs of customers continue to evolve such that we are positioned to respond accordingly.

David W. Pugh
CHAIRMAN

Navdeep Dhesi
CHIEF OPERATING & FINANCE OFFICER

August 12, 2021

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, 2021

FINANCIAL HIGHLIGHTS

Five Year Summary

FOR THE YEAR ENDED MARCH 31 (Expressed in thousands of Bermuda Dollars)	**2021**	**2020**	**2019**	**2018***	**2017***
Revenue from continuing operations	12,546	15,575	14,905	30,687	31,108
Income (loss) from continuing operations	(310)	(1,299)	534	(3,829)	775
Loss from discontinued operations	(784)	(612)	(182)	(1,115)	(229)
Income (loss) for the year	(1,094)	(1,911)	352	(4,944)	546
Income attributable to non-controlling interests	(139)	(172)	(157)	(157)	(85)
Income (loss) attributable to shareholders of the Company	(1,233)	(2,083)	195	(5,101)	461
Dividends	-	-	-	492	984

FINANCIAL POSITION AS AT MARCH 31	**2021**	**2020**	**2019**	**2018**	**2017**
Total assets	21,330	33,285	32,702	34,174	41,495
Total liabilities	3,371	14,107	11,016	12,568	14,748
Equity attributable to shareholders of the Company	17,715	18,948	21,285	21,090	26,483

FINANCIAL RATIOS	**2021**	**2020**	**2019**	**2018**	**2017**
Earnings per share	$(0.25)	$(0.42)	$0.04	$(1.04)	$0.09
Return on shareholders' equity	(6.09%)	(9.79%)	0.94%	(19.26%)	1.71%

SHAREHOLDER DATA	**2021**	**2020**	**2019**	**2018**	**2017**
Shares in issue	4,922,301	4,922,301	4,922,301	4,922,301	4,922,301
Book value per share	$3.60	$3.85	$4.32	$4.20	$5.38

AS AT MARCH 31	**2021**	**2020**	**2019**	**2018**	**2017**
Number of employees	81	133	161	151	158

*2018 - 2017 includes the financial results of The CCS Group Ltd. and CCS Group Sucursal EM Portugal.

The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of Bermuda Aviation Services Limited (the "Company"). No person, other than the Company, is authorised to rely upon the report of KPMG unless KPMG expressly so authorises. Furthermore, the report of KPMG is as at August 12, 2021, and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

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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 and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the 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 audit 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 Company'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 Company'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, 2021 and 2020, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

As discussed in note 2(J) to the consolidated financial statements, in his valuation report dated October 19, 2020, the valuer has included a statement whereby he draws attention to a material uncertainty surrounding the valuation of the Company's land and building due to the unprecedented set of circumstances caused by the Covid-19 pandemic. Our opinion is not qualified 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 12, 2021

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT MARCH 31, 2021

(Expressed in thousands of Bermuda Dollars)

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents (note 4)	5,798	5,292
Accounts receivable (notes 5 and 18)	1,887	2,502
Prepaid expenses (note 6)	209	119
Inventories (note 7)	594	593
Assets held-for-sale (note 15)	-	7,094
	8,488	15,600
NON-CURRENT ASSETS		
Property, plant and equipment (note 8)	7,151	8,216
Intangible assets and goodwill (note 9)	5,691	9,469
	12,842	17,685
TOTAL ASSETS	21,330	33,285
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 10)	1,092	1,690
Deferred revenue	665	504
Bank loan (note 11)	1,131	644
Liabilities held-for-sale (note 15)	-	7,285
	2,888	10,123
NON-CURRENT LIABILITIES		
Bank loan (note 11)	483	3,984
TOTAL LIABILITIES	3,371	14,107
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Share capital (note 12)	4,922	4,922
Share premium	12,371	12,371
Retained earnings	422	1,655
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	17,715	18,948
Attributable to non-controlling interests (note 13)	244	230
TOTAL EQUITY	17,959	19,178
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,330	33,285

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, 2021

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

	2021	2020
CONTINUING OPERATIONS		
Total revenue	12,546	15,575
Total cost of revenue	(4,634)	(6,549)
GROSS PROFIT	**7,912**	**9,026**
Other income (note 14)	273	232
OPERATING EXPENSES		
Wages and benefits (note 18)	4,647	6,343
Other direct expenses and overheads	1,404	1,381
Depreciation (note 8)	495	566
TOTAL OPERATING EXPENSES	**6,546**	**8,290**
Gain on sale of vehicle	8	-
Impairment loss on trade receivables (note 5)	(121)	(71)
TOTAL OPERATING INCOME	**1,526**	**897**
Finance costs (note 11)	(268)	(386)
Impairment loss on property, plant and equipment (note 8)	(561)	-
Impairment loss on goodwill (note 9)	(1,007)	(1,810)
TOTAL LOSS FROM CONTINUING OPERATIONS	**(310)**	**(1,299)**
Loss from discontinued operations (note 15)	(784)	(612)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,094)**	**(1,911)**
INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Company	(1,233)	(2,083)
Non-controlling interests (note 13)	139	172
INCOME (LOSS) FOR THE YEAR	**(1,094)**	**(1,911)**
LOSS PER SHARE		
Basic and diluted from income (loss) for the year (note 16)	(0.25)	(0.42)
Basic and diluted from discontinued operations (note 16)	(0.16)	(0.12)
Basic and diluted from continuing operations (note 16)	(0.06)	(0.26)

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, 2021
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
	CAPITAL SHARE	SHARE PREMIUM	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
APRIL 1, 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 13)	–	–	–	–	(147)	(147)
	4,922	**12,371**	**3,738**	**21,031**	**58**	**21,089**
TOTAL COMPREHENSIVE INCOME						
Income (loss) for the year	–	–	(2,083)	(2,083)	172	(1,911)
MARCH 31, 2020	**4,922**	**12,371**	**1,655**	**18,948**	**230**	**19,178**
APRIL 1, 2020	**4,922**	**12,371**	**1,655**	**18,948**	**230**	**19,178**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Dividends to non-controlling interests (note 13)	–	–	–	–	(125)	(125)
	4,922	**12,371**	**1,655**	**18,948**	**105**	**19,053**
TOTAL COMPREHENSIVE INCOME						
Income (loss) for the year	–	–	(1,233)	(1,233)	139	(1,094)
MARCH 31, 2021	**4,922**	**12,371**	**422**	**17,715**	**244**	**17,959**

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021
(Expressed in thousands of Bermuda Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(1,094)	(1,911)
ADJUSTMENTS:		
Depreciation (note 8)	495	566
Finance costs (note 11)	268	386
Loss on sale of subsidiary	212	-
Gain on sale of vehicle	(8)	-
Impairment loss on asset	561	
Impairment loss on trade receivables (note 5)	121	71
Impairment loss on goodwill (note 9)	1,007	1,810
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable (note 5)	494	3,479
Prepaid expenses (note 6)	(90)	294
Inventories (note 7)	(1)	402
Accounts payable and accrued liabilities (note 10)	(598)	(1,216)
Deferred revenue	161	(2,175)
Reclassified as assets and liabilities held-for-sale, net (note 15)	-	806
Assets and liabilities held-for-sale disposed, net (note 15)	(641)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**887**	**2,512**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment, net (note 8)	(26)	-
NET CASH USED IN INVESTING ACTIVITIES	**(26)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests (note 13)	(125)	(147)
Net proceeds from sale of subsidiary (note 15)	3,000	
Repayment of bank loan (note 11)	(3,014)	(803)
Finance costs (note 11)	(268)	(386)
Consideration paid for non-controlling interest shares (note 13)	-	(450)
NET CASH USED IN FINANCING ACTIVITIES	**(407)**	**(1,786)**
CASH AND CASH EQUIVALENTS		
Increase during the year	506	726
Beginning of the year	5,292	4,566
END OF THE YEAR	**5,798**	**5,292**

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

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; and provide facilities management services including elevator maintenance and installation, 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 12th, 2021.

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.

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. 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.

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

C) NEW STANDARDS AND INTERPRETATIONS

There were a number of amendments to standards that were effective for periods beginning on April 1, 2020 but they do not have a material effect on the Group's consolidated financial statements. These have been listed below:

– Amendments to References to Conceptual Framework in IFRS Standards
– Definition of a Business (Amendments to IFRS 3)
– Definition of Material (Amendments to IAS 1 and IAS 8)
– Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

A number of new or amended standards are effective for annual periods beginning after April 1, 2021 and early adoption is permitted; however, the Group has not early adopted the following new or amended standards in preparing its consolidated financial statements.
The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

– COVID-19-Related Rent Concessions (Amendment to IFRS 16)
– Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
– Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
– Annual Improvements to IFRS Standards 2018 – 2020
– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
– Reference to the Conceptional Framework (Amendments to IFRS 3)
– Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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 Facilities Management Ltd. ("BASFM"), previously BAS-Serco Ltd., Eastbourne Properties Ltd. ("EPL"), 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 an 80.1 percent interest. On June 30, 2020, the Company's wholly-owned subsidiary, Bermuda Energy Services Company Ltd. ("BESCO"), was amalgamated with BASFM.

All subsidiaries are registered in Bermuda.

Following its disposal on July 27, 2020, CCS was classified as a discontinued operation in the current year ended March 31, 2021 and comparative year ended March 31, 2020 (note 15).

All transactions and balances within the Group have been eliminated on consolidation. The financial statements of the subsidiaries are prepared for 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.

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 transaction 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.

(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.

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, and 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.

As explained in note 8, one of the Company's properties is carried at fair value less costs to sell, and the valuation of this property is a critical accounting estimate in the Company's financial statements. The Directors have appointed an independent valuer to perform the valuation and to provide his opinion as to the fair value of the properties as at October 19, 2020.

The property is valued in accordance with guidance contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2020 (the "Red Book Global"). The valuations are primarily based on the income approach. The rationale for using the income approach is that the building has a high degree of tenancy and income stream and this is viewed as the most robust and logical approach. In addition, there have been very few transactions in the Bermuda real estate market over the past few years of similar large income-producing properties that would be considered comparable for market value purposes. As a result of the lack of such comparable sales, the valuation of Bermuda real estate is subject to a higher degree of uncertainty than may otherwise be the case in more active markets.

Further information on the valuation and the sensitivities of the valuation to changes in assumptions is given in note 8.

At the valuation date, the Valuer has included a statement in his report whereby he draws attention to a material uncertainty surrounding the valuation of the property due to the unprecedented set of circumstances caused by the Covid-19 pandemic. This is not intended by the Valuer to suggest that his valuations cannot be relied upon, but to indicate that less certainty, and a higher degree of caution, should be ascribed to the valuations than would normally be the case.

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.

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.

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 functional currency of all subsidiaries.

(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, 2021, exchange losses were $7 (2020 - $7).

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.

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 client's 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.

*Discontinued operation (note 15)

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, 2021 were $128 (2020 - $213).

S) LEASE EXPENSES

The Group applies the recognition exemption not to recognise right-of-use asset and liability on its leases 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 $11 (2020 – $85).

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 programme 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. In the prior year, the Group's exposure to the risk of changes in market interest rates related primarily to the Group's variable portion of the interest rate applicable to the bank loan (note 11). A 100-basis point increase or decrease in interest rates at the beginning of the reporting period would have increased or decreased net loss by approximately $53. In the current year, the bank loan bears a fixed rate of interest and the Group is not exposed to significant interest rate risk.

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 USD at a 1:1 rate and that the GBP and EUR exposure is not significant.

(Expressed in thousands of Bermuda Dollars)

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.

Cash and cash equivalents are held with financial institutions that have a minimal risk of default, are rated by Standard & Poor's with minimum credit ratings of BBB+ 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, 2021	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank loan	595	595	490	-	-	1,680
Accounts payable	355	-	-	-	-	355
	950	**595**	**490**	**-**	**-**	**2,035**

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**

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, 2021, the net debt to asset ratio is 0.08 (2020 – 0.14).

(Expressed in thousands of Bermuda Dollars)

3. Financial risk management (continued)

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.

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 and one of the Company's properties (note 8) 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, 2021, no group of assets or liabilities were measured at fair value with the exception of the property included at estimated fair value less costs to sell (note 8). There have been no transfers between hierarchy levels during the years ended March 31, 2021 and 2020.

4. Cash and cash equivalents

Cash and cash equivalents comprise of cash held in current accounts in the amount of $5,798 (2020 – $5,292).

5. Accounts receivable

Accounts receivable are classified as follows:

	2021	2020
Trade receivables – current portion	1,575	1,804
Less: allowance for doubtful accounts	(56)	(43)
Net trade receivables – current portion	1,519	1,761
Unbilled revenue on contracts in progress	368	741
TOTAL ACCOUNTS RECEIVABLE	**1,887**	**2,502**

(Expressed in thousands of Bermuda Dollars)

5. Accounts receivable (continued)

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

	GROSS AMOUNT 2021	WEIGHTED AVERAGE LOSS RATE	IMPAIRED AMOUNT 2021	NET 2021	CREDIT IMPAIRED
Not past due	671	-	-	671	No
1-30 days	658	-	-	658	No
31-60 days	238	-	-	238	No
61-90 days	69	-	-	69	No
More than 90 days	307	18.26%	(56)	251	Yes
	1,943		**(56)**	**1,887**	

	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**	

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

	2021	2020
Opening balance	43	140
Reclassified as assets held-for-sale (note 15)	-	(56)
Charge for the year	102	131
Receivables written off during the period as uncollectible	(89)	(172)
CLOSING BALANCE	**56**	**43**

(Expressed in thousands of Bermuda Dollars)

6. Prepaid expenses

Prepaid expenses are classified as follows:

	2021	**2020**
Insurance	100	20
Taxes	51	51
Other prepaid expenses	58	48
	209	**119**

7. Inventories

Inventories are classified as follows:

	2021	**2020**
Auto parts	581	583
Electrical parts	13	10
	594	**593**

Cost of revenue includes expensed inventories in the amount of $891 (2020 - $1,210).

Other direct expenses and overheads includes write-down of inventories in the amount of $40 (2020 - $12).

Inventories are shown net of a provision for obsolete and slow-moving items in the amount of $2 (2020 - $39).

(Expressed in thousands of Bermuda Dollars)

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, 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**
Additions	-	8	-	18	26
Disposals and retirements	-	(392)	-	-	(392)
MARCH 31, 2021	**11,244**	**1,133**	**97**	**470**	**12,944**
ACCUMULATED DEPRECIATION & IMPAIRMENT					
April 1, 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**
Depreciation for the year					
Continuing operations	379	75	1	40	495
Impairments	561	-	-	-	561
Disposals and retirements		(357)	-	-	(357)
MARCH 31, 2021	**4,235**	**1,064**	**97**	**397**	**5,793**
CARRYING AMOUNTS					
At April 1, 2019	8,330	937	4	126	**9,397**
At March 31, 2020	7,949	171	1	95	**8,216**
At March 31, 2021	7,009	69	-	73	**7,151**

During 2021, the Company reviewed its strategic plan and listed one of its properties for sale. The plan to dispose of this asset resulted in an assessment of the asset's recoverable amount being its fair value less costs to sell. As the asset's carrying amount exceeded its recoverable amount, an impairment of $561 was recognised in the consolidated statement of comprehensive income for the year ended March 31, 2021 (2020 - $nil) to write down the asset to its estimated recoverable amount of $3,795.

(Expressed in thousands of Bermuda Dollars)

The fair value of the property is determined by an external, independent property valuer, having an appropriate recognised professional qualification and experience in the location and category of the property being valued.

The fair value measurement for the property has been categorised as a Level 3 fair value based on the nature of the inputs used in the valuation technique used.

The valuation was based on an income approach whereby net rental income for the property is capitalised using an investment yield of 10%, and a comparable sales analysis approach using a capital rate of $250 per square foot of internal space.

9. Goodwill

Goodwill is classified as follows:

	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT		INFRASTRUCTURE DEVELOPMENT	TOTAL
		CGU 1	CGU 2		
April 1, 2019	**1,942**	**1,407**	**3,349**	**4,581**	**11,279**
Impairment of goodwill	-	-	-	(1,810)	(1,810)
March 31, 2020	1,942	1,407	3,349	2,771	9,469
De-recognition from sale of subsidiary (note 15)	-	-	-	(2,771)	(2,771)
Impairment of goodwill	(121)	-	(886)	-	(1,007)
March 31, 2021	**1,821**	**1,407**	**2,463**	**-**	**5,691**
Carrying amounts					
At April 1, 2019	1,942	1,407	3,349	4,581	**11,279**
At March 31, 2020	1,942	1,407	3,349	2,771	**9,469**
At March 31, 2021	1,821	1,407	2,463	-	**5,691**

During the year, management conducted impairment tests on the Group's CGUs and determined that goodwill was impaired. The recoverable amount of each CGU was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount and an impairment loss of $1,007 was recognised. During the year, goodwill attributed to Infrastructure Development was fully derecognised as a result of the sale of CCS (note 15).

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Discount rate	10.67%	11.00%
Period	50 years	50 years
Budgeted growth rate	2.00%	2.50%

FOR THE YEAR ENDED MARCH 31, 2021
(Expressed in thousands of Bermuda Dollars)

9. Goodwill (continued)

Cash Flow Assumption
Based on cash flow projections for the year 2021/2022 (presented and approved by the Board of Directors) as the constant annual future cash flows based on prior periods. No capital expenditures were factored into the cash flow projections, as no investment is needed to maintain the current level of operations of the CGUs, as they rely almost entirely on inventory and labour to generate revenues.

Discount rate
A discount rate of 10.67% (2020 - 11.00%) was used based on the estimated weighted-average cost of capital.

Growth rate
A growth rate of 2.00% (2020 - 2.50%) was used, which represents management's assessment of future cash flows.

Time
Management elected to use a period of 50 years, at the end of which the terminal value would be the initial value of operating net assets.

Sensitivity Analysis
The Company prepared a stress test considering the following scenarios, taking into account different discount rates and forecasts projected to a period of 50 years. For Facilities Management CGU 1, a sensitivity analysis was conducted and the following was noted:

- Revenue would have to decrease by $157 each year for the impairment model to achieve break even.
- The discount rate would have to increase by 4.6% for the impairment model to achieve break even.
- The Company, having carried out the impairment tests above, concluded that no impairment needed to be recorded for the Facilities Management CGU 1 since the recoverable amount exceeded the carrying amount. However according to the stress test scenarios above the Company would need to record impairment losses if at least once of these scenarios was to occur in isolation.

For the Facilities Management CGU 2, a sensitivity analysis was conducted and the following was noted:

- A decrease in the growth rate of -1% would result in a further impairment of $581.
- An increase in the discount rate of +0.5% would result in a further impairment of $305.
- A decrease in the inflation rate of -0.5% would result in a further impairment of $305.

For the Automotive Garages CGU 2, a sensitivity analysis was conducted and the following was noted:

- A decrease in the growth rate of -1% would result in a further impairment of $673.
- An increase in the discount rate of +0.5% would result in a further impairment of $353.
- A decrease in the inflation rate of -0.5% would result in a further impairment of $353.

In the prior year, the transaction to sell CCS, which completed on July 27, 2020 (note 15), was considered to be an indication that certain assets of this subsidiary might be impaired, and a recoverability analysis was performed. The recoverable amount was 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.

(Expressed in thousands of Bermuda Dollars)

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as follows:

	2021	2020
Trade payables	355	503
Accrued liabilities	502	841
Accrued payroll and benefits liabilities	236	346
	1,092	**1,690**

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 5.35% (2020-1.60% above the Bank's Bermuda Dollar base rate of 6.00%).

Total interest expense in relation to the bank loan was $215 for the year ended March 31, 2021 (2020 - $386) 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.

Subsequent to the year end, on July 1, 2021, an additional $500 was paid towards the principal bank loan amount.

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

2022	1,131
2023	483
2024	-
2025	-
2026	-
TOTAL	**1,614**

12. Share capital

Share capital is as follows:

	2021	2020
Authorised		
9,999,996 (2019 - 9,999,996) shares of par value of $1.00 each	10,000	10,000
Issued and fully paid		
4,922,301 (2019 - 4,922,301) shares	4,922	4,922

No dividends were declared and paid during the years ended March 31, 2021 and March 31, 2020.

(Expressed in thousands of Bermuda Dollars)

13. Non-controlling interest

Dividends to non-controlling interests of $125 (2020 - $147) were declared and paid during the year by a subsidiary.

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 $273 (2020 - $232).

Contractual future income from rental properties is as follows:

	2021	2020
Less than one year	215	197
Between one and five years	591	677

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, 2021 and as assets and liabilities held for sale as at March 31, 2020. CCS is a significant reportable segment of infrastructure development and has been discontinued with the sale of CCS.

The results attributed to CCS are as follows:

	2021	2020
Revenue from external customers	3,381	15,351
Inter-segment revenue	18	67
Expenses	(3,568)	(15,800)
Depreciation	(56)	(230)
Loss on sale of subsidiary	(212)	
Transaction costs	(347)	
Loss from discontinued operations	(784)	(612)
Total capital expenditure	-	288
Total operating assets	-	7,094
Total operating liabilities	-	7,285

(Expressed in thousands of Bermuda Dollars)

15. Discontinued operations (continued)

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

	2021	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 are as follows:

	2021	2020
Operating activities	(716)	452
Investing activities	–	42
Financing activities	–	–
NET CASH INFLOW (OUTFLOW)	**(716)**	**494**

16. Earnings (loss) per share

Basic earnings per share has been calculated by dividing the consolidated income (loss) 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.

	2021	2020
Income (loss) attributable to common shareholders	(1,233)	(2,083)
Average number of common shares outstanding	4,922	4,922
EARNINGS (LOSS) PER SHARE FROM INCOME (LOSS) FOR THE YEAR	**(0.25)**	**(0.42)**
EARNINGS (LOSS) PER SHARE FROM DISCONTINUED OPERATIONS	**(0.16)**	**(0.12)**
EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS	**(0.06)**	**(0.26)**

(Expressed in thousands of Bermuda Dollars)

17. Commitments

Capital commitments:
There are no commitments for capital expenditure for the fiscal years ended March 31, 2021 or 2020.

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

	2021	2020
Less than one year	-	12
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**-**	**12**

18. Related parties

A) RELATED PARTY TRANSACTIONS

During the year, BASFM provided facilities management services to a company that is a major shareholder. These services were provided in the normal course of business for the consideration amount of $1,534 (2020 - $1,919). As at March 31, 2021, the amount due to BASFM related to those services was $157 (2020 - $377), 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, 2021 were 257,574 (2020 – 257,574) shares.

Key management compensation paid during the year consists of:

	2021	2020
Salaries and benefits	900	1,593
Termination benefits	-	48
	900	**1,641**

(Expressed in thousands of Bermuda Dollars)

19. Segment reporting

The Group has three (2020 – 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 have been reclassified from infrastructure development and presented as discontinued operations for the year ended March 31, 2020 (note 15). The operations of BESCO have been reclassified from Infrastructure Development to Facilities Management following the amalgamation of BESCO with BASFM on June 30, 2020 for the current and comparative period.

The following describes the composition of each of the Group's three (2020 – 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, customised electrical, generator and fire detection solutions.

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. This segment included CCS which has been discontinued following its sale (note 15).

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	TOTAL
CONTINUING OPERATIONS YEAR ENDED MARCH 31, 2021				
Revenue from external customers	61	2,798	9,696	12,555
Inter-segment revenue	1,776	14	236	2,026
Depreciation	426	4	65	495
Income (loss)	(2,634)	978	2,349	693
Total capital expenditure	26	–	–	26
Total operating assets	8,222	1,664	5,753	15,639
Total operating liabilities	509	50	1,198	1,757

FOR THE YEAR ENDED MARCH 31, 2021
(Expressed in thousands of Bermuda Dollars)

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, restated	10,582	856	4,687	597	16,722
Total operating liabilities	481	71	1,420	222	2,194

	2021	2020
INCOME (LOSS)		
Total income from reportable segments	693	665
Other income	273	232
Finance costs	(268)	(386)
Impairment loss on goodwill	(1,007)	(1,810)
Loss from discontinued operations (note 15)	(784)	(612)
TOTAL GROUP COMPREHENSIVE INCOME	**(1,093)**	**(1,911)**
TOTAL ASSETS		
Total assets for reportable segments	15,639	16,722
Assets held-for-sale (note 15)	-	7,094
Intangible assets and goodwill (note 10)	5,691	9,469
TOTAL GROUP ASSETS	**21,330**	**33,285**
TOTAL LIABILITIES		
Total liabilities for reportable segments	1,757	2,194
Bank loan	1,614	4,628
Liabilities held-for-sale (note 15)	-	7,285
TOTAL GROUP LIABILITIES	**3,371**	**14,107**

DIRECTORS

Chairman
David W. Pugh, FCA

Deputy Chairman
Gail E.M. Miller

Secretary
Conyers Corporate Services
(Bermuda) Limited

Jeffrey G. Conyers
Dennis Fagundo

E. Michael Leverock
Scott Pearman

Leslie Rans, CPA
Glen Smith

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Navdeep Dhesi, CPA, CMA
Chief Operating & Finance Officer
BAS Group of Companies

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