SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Financial Statements
for year ended
March 31, 2016

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaica Dollars unless otherwise indicated)

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sweet River Abattoir & Supplies Company Limited which comprise the statement of financial position at 31st March 2016, the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Financial Reporting Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

Auditors' Responsibility - cont'd

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of Sweet River Abattoir & Supplies Company Limited as at 31st March 2016 and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements which are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

UHY Dawgen

UHY Dawgen

Signature

UHY DAWGEN CHARTERED ACCOUNTANTS

30th June 2016

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $	2015 $
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	364,695,514	288,504,553
Goodwill	5	6,580,000	6,580,000
Deferred Tax Asset	6	3,189,472	1,432,522
Deferred Interest	7	6,411,267	-
Total Non-Current assets		380,876,253	296,517,075
Current Assets:			
Directors' Current Account		-	2,000
Inventories	8	3,220,434	19,746,979
Trade and Other Receivables	9	15,437,871	17,862,746
Cash and Cash Equivalents	10	1,533,983	22,346,111
Total Current Assets		20,192,288	59,957,836
Total Assets		401,068,541	356,474,911
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued Capital	11	143,695,713	143,695,713
Accumulated Profits		17,227,921	22,758,767
Total Equity		160,923,634	166,454,480
Non-Current Liabilities			
Long-Term Loans	12	129,228,671	116,560,862
Long-Term Payables	13	27,790,420	-
Shareholders' Loan	14	14,177,343	-
Total Non-Current Liabilities		171,196,434	116,560,862
Current Liabilities			
Directors' Current Account		421,344	-
Current portion of long-term loans	12	20,813,331	25,388,388
Current portion of long-term payables	13	13,882,816	-
Trade and Other Payables	15	15,048,044	35,845,489
Taxation Payable		3,721,980	5,364,048
Bank Overdraft	16	15,060,958	6,861,644
Total Current Liabilities		68,948,473	73,459,569
Total Equity and Liabilities		401,068,541	356,474,911

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

APPROVED FOR ISSUE BY THE BOARD ON June 30, 2016 **AND SIGNED ON ITS BEHALF BY:**

Henry Graham
Director

V. Gifford

Valdence Gifford
Director

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST MARCH 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $	2015 $
Revenue	17	215,152,210	121,485,373
Cost of operating revenue		(194,693,506)	(99,898,727)
Gross Profit		20,458,704	21,586,646
Administrative Expenses		(24,177,518)	(26,124,788)
Loss from Operations		(3,718,814)	(4,538,142)
Finance Income		94,680	628,923
Finance Costs		(3,603,662)	(2,162,278)
Loss before Taxation	18	(7,227,796)	(6,071,497)
Taxation	19	1,696,950	1,396,284
Loss for the Year		(5,530,846)	(4,675,213)
Loss per stock unit	20	($0.07)	($0.06)

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital	Share Advance	Accumulated Surplus/(Deficit)	Total
	$	$	$	$
Balance at 31st March 2014	4,500	32,957,629	27,433,980	60,396,109
Capitalization of Shareholders Loan/Allotment of shares	32,957,629	(32,957,629)	-	-
Shares Issued net of transaction costs	110,733,584	-	-	110,733,584
Loss for the year	-	-	(4,675,213)	(4,675,213)
Balance at 31st March 2015	143,695,713	-	22,758,767	166,454,480
Loss for the year	-	-	(5,530,846)	(5,530,846)
Balance at 31st March 2016	143,695,713	-	17,227,921	160,923,634

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(5,530,846)	(4,675,213)
Adjustments to Reconcile Total Loss for Year to Net Cash Provided by Operating Activities		
Depreciation	444,526	280,416
Deferred tax income	(1,756,950)	(1,475,125)
Deferred interest	(6,411,267)	-
Interest Income	(11,541)	(465,409)
Taxation Provision	60,000	60,000
	(13,206,078)	(6,275,331)
(Increase)/Decrease in Current Assets:		
Directors' Current Account	-	(479,806)
Inventories	16,526,545	335,405
Trade and other Receivables	2,424,875	8,399,246
Increase/(Decrease) in Current Liabilities:		
Trade and Other Payables	(20,797,445)	(32,104,781)
Directors' Current Account	423,344	-
Cash Used In Operations	(14,628,759)	(30,125,267)
Interest Received	11,541	465,409
Taxation Paid	(1,702,068)	(106,398)
Net Cash Used In Operating Activities	(16,319,286)	(29,766,256)
Cash Flows from Investing Activities:		
Additions to Property, Plant & Equipment	(76,635,487)	(40,781,539)
Net Cash used in Investing Activities	(76,635,487)	(40,781,539)
Cash Flows from Financing Activities:		
Long-Term loans (Net)	8,092,752	(4,296,809)
Long -Term payables	41,673,236	-
Shareholders' Loan	14,177,343	-
Shareholders' Advance	-	(32,757,629)
Monies received for shares purchased	-	143,491,213
Bank Overdraft	8,199,314	(17,448,301)
Net Cash Provided by Financing Activities	72,142,645	88,988,474
Net (Decrease) /Increase in Cash and Cash Equivalents	(20,812,128)	18,440,679
Cash and Cash Equivalents at Beginning of Year	22,346,111	3,905,432
Cash and Cash Equivalents at End of Year	1,533,983	22,346,111

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

1. Identification:

Sweet River Abattoir & Supplies Company Limited (the company) is a limited liability company, incorporated under the laws of Jamaica on April 2, 2009. The principal activity of the company is the slaughtering of pigs for the sale of pork and other agricultural products.

The company however began operations on November 1, 2011. The registered office of the company is Sweet River, Ferris, Westmoreland.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange in September 2014.

2. Adoption of Standards, Interpretations and Amendments:

a) Standards, Interpretations and Amendments to published standards that are in effect:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

IAS 19: Defined Benefit Plans: Employee Contributions (Effective July 2014)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Improvements to IFRS 2010–2012 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows:

- **IFRS 13: Fair Value Measurement (Effective July 2014)**

  Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusion only).

- **IAS 16: Property, Plant and Equipment (Effective July 2014)**

  Proportionate restatement of accumulated depreciation under the revaluation method.

  For all depreciable assets:

  The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

  The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]

  The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60]; a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. [IAS 16.62A]

2. Adoption of Standards, Interpretations and Amendments - cont'd:

a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

Annual Improvements to IFRS 2010–2012 cont'd:

- **IAS 16: Property, Plant and Equipment (Effective July 2014)**

  The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61] Expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. [IAS 16.56]

  Depreciation should be charged to profit or loss, unless it is included in the carrying amount of another asset [IAS 16.48].

  Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle. [IAS 16.55]

- **IAS 24: Related Party Disclosures (Effective July 2014)**

  Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9]

  If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity*. [IAS 24.17A, 18A]

Improvements to IFRS 2011–2013 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows:

- **IFRS 13: Fair Value Measurement (Effective July 2014)**

  Scope of paragraph 52 (portfolio exception)
  Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

- **IAS 24: Related Party Disclosures (Effective July 2014)**

  This has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services provided by the management entity but it is not required to disclose compensation paid by the management entity to the individuals providing the key management personnel services.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the company's financial statements.

2. Adoption of Standards, Interpretations and Amendments - cont'd:

b) Standards, Interpretations and Amendments to published standards that are not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the company has not early-adopted. The company has assessed the relevance of all the new standards, amendments and interpretations with respect to the company’s operations and has determined that the following are likely to have an effect on the company's financial statements:

IAS 27: Separate Financial Statements (Effective January 2016)

Amends IAS 27: Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 2016)**

  Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures (Effective January 2016)**

  Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits (Effective January 2016)**

  Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes.

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

2. Adoption of Standards, Interpretations and Amendments - cont'd:

b) Standards, Interpretations and Amendments to published standards that are not yet effective - cont'd:

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12:Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures (2011) Effective January 2016)

Amendments to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

IFRS 9: Financial Instruments (Effective January 1, 2018)

This replaces the existing guidance in ***IAS 39, Financial Instruments: Recognition and Measurement.*** IFRS 9 introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The determination of classification will be made at initial recognition and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

2. Adoption of Standards, Interpretations and Amendments (cont'd):

b) Standards, Interpretations and Amendments to published standards that are not yet effective - cont'd:

IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7, Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 - Income Taxes -Recognition of Deferred Tax Assets for Unrealised Losses (Effective January 2017)

Amends IAS 12, Income Taxes to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2. Adoption of Standards, Interpretations and Amendments (cont'd):

b) Standards, Interpretations and Amendments to published standards that are not yet effective - cont'd:

These amendments will affect financial statements for accounting periods beginning on or after the first day of the months stated. The Company is evaluating the impact that these standards and amendments will have on the financial statements.

Management has determined that these Standards are relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(i) **Statement of Compliance and Basis of Preparation:**

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Jamaican Companies Act. They have been prepared under the historical cost convention.

(ii) **Significant Accounting Policies:**

(a) Use of Estimates and Judgements:

The preparation of financial statements in accordance with International Financial Reporting Standards requires directors and management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and management's best knowledge of current events and actions and are reviewed on an ongoing basis. Actual results could differ from those estimates.

(b) Property, Plant and Equipment

Property, Plant and Equipment is composed of freehold improvement, construction in progress, furniture and equipment which are held for use in the production or supply of goods and services and administrative purposes. They are recorded at historical cost less accumulated depreciation and impairment losses.

Construction in progress is carried at cost less any recognized impairment losses. Cost includes professional fees and borrowing costs have been capitalized for qualifying assets. Depreciation will be charged when the assets are ready for their intended use.

Depreciation is calculated on the straight line basis by reference to cost or valuation, at rates estimated to write off the relevant assets over their expected useful lives. The annual rates used are as follows:

Freehold Improvement	2.5 %
Furniture	10 %
Equipment	10 %
Computer Equipment	12.5%

Freehold Improvement and Construction in Progress are not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) **Significant Accounting Policies - cont'd:**

(c) Impairment of Assets

Property, plant and equipment and other long lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(d) Foreign Currency Transactions

Transactions in foreign currencies are converted at the rates ruling at the date of the transactions. Foreign currency balances are translated at the rate of exchange ruling at each of the dates of the statement of financial position. Exchange adjustments arising from foreign currency translations are reflected in the Statement of Comprehensive Income.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method and includes expenditure incurred in acquiring the inventories and any costs incurred in bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(f) Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for bad debts and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(g) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments. In the statement of financial position, bank overdrafts where evident, are included in borrowings in current liabilities and as cash flows from financing activities in the statement of cash flows.

(h) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised as income or expense in the statement of comprehensive income except to the extent that it relates to items recorded in shareholders' equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, adjusting for tax purposes using the tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) **Significant Accounting Policies - cont'd:**

(h) Taxation - cont'd

Deferred tax is computed using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at each of the dates of the statement of financial position.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which these assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax assets and liabilities are set off when they arise from the same taxable entity, relate to the same tax authority and when the legal right of set-off exists.

(i) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

(j) Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the provision of goods in the ordinary course of the company's activities. Revenue is shown net of discounts.

Interest Income is recognised in the statement of comprehensive income using the effective yield basis.

(k) Related Party Balances and Transactions -

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity”).

(a) A person or a close member of that person’s family is related to the reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) **Significant Accounting Policies - cont'd:**

(k) Related Party Balances and Transactions -cont'd -

(b) An entity is related to the reporting entity if any of the following conditions applies - cont'd:

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(l) Comparative Information

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Property, Plant and Equipment:

	Freehold Improvement	Construction Work-in-Progress	Leasehold Improvement	Computer Furniture & Equipment	Total
	$	$	$	$	$
At Cost or Valuation:					
31st March 2014	4,907,975	240,469,002	1,176,641	2,459,709	249,013,327
Additions	-	40,781,539	-	-	40,781,539
31st March 2015	4,907,975	281,250,541	1,176,641	2,459,709	289,794,866
Additions	-	74,836,055	-	1,799,432	76,635,487
31st March 2016	4,907,975	356,086,596	1,176,641	4,259,141	366,430,353
Accumulated Depreciation:					
At 31st March 2014	-	-	147,081	862,816	1,009,897
Charge for Year	-	-	29,416	251,000	280,416
At 31st March 2015	-	-	176,497	1,113,816	1,290,313
Charge for Year	-	-	29,415	415,111	444,526
At 31st March 2016	-	-	205,912	1,528,927	1,734,839
Net Book Value:					
31st March 2016	4,907,975	356,086,596	970,729	2,730,214	364,695,514
31st March 2015	4,907,975	281,250,541	1,000,144	1,345,893	288,504,553
31st March 2014	4,907,975	240,469,002	1,029,560	1,596,893	248,003,430

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5. Goodwill:

This represents the excess money paid to Grace Food Processors, over the value of the physical assets taken over for the business. No impairment was charged during the year (2015: Nil).

6. Deferred Tax Asset:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Assets and liabilities recognised have been off-set as they accrue to the same tax authority.

Movement in the net deferred income tax balances is as follows:

	2016	**2015**
	$	**$**
Net (Asset)/liability at beginning of the year	(1,432,522)	42,603
Deferred tax income	(1,756,950)	(1,475,125)
Net Asset at end of the year	(3,189,472)	(1,432,522)

Deferred tax (Asset)/liability is due to the following items:

	2016	**2015**
	$	**$**
Deferred tax assets		
Losses Carried Forward	(3,128,116)	(1,431,438)
Interest Payable	(89,236)	(32,274)
Computer	(434)	(5,403)
	(3,217,786)	(1,469,115)
Deferred tax liabilities		
Furniture, fixture & equipment	(8,945)	2,792
Leasehold Improvement	37,259	33,801
	28,314	36,593
Net Deferred Tax Asset	(3,189,472)	(1,432,522)

7. Deferred Interest:

	2016	**2015**
	$	**$**
Neville L. Daley and Company Limited	6,411,267	-

This represent the total interest (add on) charged by the Contractor on funds advanced for the construction of the Abattoir. The interest was charged at the rate at eight percent (8%) per annum for three years and nine months (3 3/4yrs). The loan plus interest are repayable in twelve (12) monthly installments of $300,000.00 commencing October 30, 2015 to September 30, 2016 and thereafter in twenty four (24) monthly installments of $1,586,384.82 with a final payment in September 2018. If the loan is not repaid by September 30, 2018, then any outstanding balance will be repaid in one lump sum at a monthly interest rate of four percent (4%) per annum.

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8. Inventories:

	2016	2015
	$	$
Packaging Materials	255,208	117,935
Finished Goods	2,965,226	389,675
Work In Progress	-	19,239,369
	3,220,434	19,746,979

9. Trade and Other Receivables:

	2016	2015
	$	$
Trade Receivables	2,957,531	17,036,862
Other Receivables	12,480,340	825,884
	15,437,871	17,862,746

10. Cash and Cash Equivalents:

	2016	2015
	$	$
Current Account	496,862	1,487,275
Foreign Currency Account	5,971	29,511
Savings Account	109,358	20,608,290
Cash in Hand	921,792	221,035
	1,533,983	22,346,111

11. Issued Capital:

	2016	2015
	$	$
Authorised-		
100,000,000 (2015 - 100,000,000) ordinary shares of no par value		
Issued and fully paid:		
81,531,043 (2015 - 81,531,043) ordinary shares net of transaction costs	143,695,713	143,695,713

The Share Advance was converted to the shares at the values determined for the Initial Public Offering. At the end of the Offering, 81,531,043 shares were issued at a value of $118,000,000.

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12. Long-Term Loans:

		2016 $	2015 $
(i)	First Global Bank Limited	-	103,549,251
(ii)	First Global Bank Limited	-	38,399,999
(iii)	First Global Bank Limited	141,792,570	-
(iv)	VM Wealth Management Limited	8,249,432	-
		150,042,002	141,949,250
	Less Current Portion	(20,813,331)	(25,388,388)
		129,228,671	116,560,862

(i) Loans (i) and (ii) were consolidated and restructured into loan (iii).
(ii)

(iii) This represents a Development Bank of Jamaica (DBJ) Non Revolving Demand Loan of $147,792,570.00 granted by First Global Bank Limited for the purpose of consolidating and restructuring the existing facilities to assist with the construction of the abattoir facility. Interest is charged at the rate of 9.5% per annum until expiry. There is a nine (9) months moratorium on the principal repayments and thereafter, the principal amount is scheduled to be repaid by seventy-nine (79) monthly payments of $1,794,842.66. Interest is to be paid monthly commencing one month after disbursement.

Details of securities held are -

First Demand Debenture over the assets of the company, registered to cover $151,000,000 and stamped collateral with :

- First legal mortgage over commercial property located at Sweet River, Ferris, Westmoreland registered at Vol. 1454 Folio 816 in the name of the company, registered and stamped to cover $151,000,000.
- Bill of sale over abattoir equipment located at Sweet River, Westmoreland estimated value $97,544,000 registered and stamped to cover $44,400,000.
- Assignment of all-peril insurance coverage for full replacement value of the property and other assets with First Global Bank Limited's interest noted as mortgagees. Assignment of In-Course construction insurance during the construction phase of the project with the Bank's interest noted.
- Personal guarantees signed by Valdence Gifford, Neville Grant, Henry Graham, Audley Dietrick, Michael Pinnock, Derrick McKenzie, Hector Lyons, Nigel Morgan and Kirk Fong for $151,000,000.
- Subordination Agreement re Shareholders' loan to bank debts.

(iv) This represents a $11,000,000.00 JMD Fixed Rate Unsecured Convertible Investment Note which was used for the purpose of completing the Abattoir, purchase equipment and provide working capital. The tenor is twelve (12) months at a fixed interest rate of 13.75% per annum and it matures on February 28, 2017. The first interest payment will be due and payable on May 31, 2016, thereafter on August 31, 2016, November 30, 2016 and February 28, 2017 net of withholding where applicable; and the principal will be repaid in a single bullet payment at maturity. Each Noteholder has the right to convert their Notes to ordinary shares of the company at a conversion price of three dollars and eighty five cents ($3.85) at maturity date. Only $8,249,432 of the loan was disbursed to the company as at 31st March 2016.

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13. Long-Term Payables:

	2016 $	2015 $
Neville L. Daley and Company Limited	41,673,236	-
Current Portion	(13,882,816)	-
	27,790,420	-

This represents amounts owing to the contractor Neville L Daley and Company Limited for construction of the Abattoir. Interest is charged at the rate at eight percent (8%) per annum for three years and nine months (3 3/4yrs). The loan plus interest are repayable in twelve (12) monthly installments of $300,000.00 commencing October 30, 2015 to September 30, 2016 and thereafter in twenty four (24) monthly installments of $1,586,384.82 with a final payment in September 2018. If the loan is not repaid by September 30, 2018, then any outstanding balance will be repaid in one lump sum at a monthly interest rate of four percent (4%) per annum.

14. Shareholders' Loans

		2016 $	2015 $
Henry Graham Loan #1	(i)	1,410,360	-
Nathan Meylor Loan # 1	(ii)	3,111,921	-
Henry Graham Loan #2	(iii)	6,829,473	-
Nathan Meylor Loan # 2	(iii)	2,825,589	-
		14,177,343	-

(i) This loan of US$12,000 from Henry Graham was made on 20th August 2015 subject to interest rate of 6% per annum on or before December 20, 2015. Interest of 7 1/2% per annum accrued daily on all amounts outstanding after December 20, 2015. It is agreed that all payments of principal and interest due to the lender be re-paid in United States Currency.

(ii) This loan of JA$3,111,921.16 from Nathan Meylor was made on 30th July 2015 subject to interest rate of 6% per annum. It was further agreed that interest of $186,715 and principal be re-paid twelve (12) months after 30th July 2015.

(iii) These loans have specific dates of repayment and do not attract interest.

15. Trade and Other Payables:

	2016 $	2015 $
Trade Payable	4,434,006	26,672,619
Accrued Expenses	1,844,109	2,160,747
Statutory Payables	469,164	155,629
Contractual Liabilities	6,965,819	6,716,494
Other Payables	1,107,099	140,000
Shareholders' Loan Interest Payable	227,847	-
	15,048,044	35,845,489

(Expressed in Jamaican Dollars unless otherwise indicated)

16. Bank Overdraft:

This represents the company's liability to its banker on its current account after taking into account all cheques issued but not presented for encashment at year end. This is secured by an overdraft facility for $5M with Sagicor Bank Jamaica Limited. Interest is accrued at the rate of 25% (2015 **-** 25%) per annum and the facility is secured by an unlimited personal guarantee of the directors.

17. Revenue:

Revenue is measured at the invoiced value of goods supplied or sold, net of discounts.

18. Loss Before Taxation:

The loss before taxation is arrived at after charging/(crediting) the under listed items:

	2016 $	2015 $
Directors' Emoluments	1,031,120	1,544,960
Auditors' Remuneration	442,700	815,500
Depreciation	444,526	280,416

19. Taxation:

a. Taxation computed on profits adjusted for tax purposes for the year is as follows:

	2016 $	2015 $
Income tax expense		
Income Tax @ 25 %	-	-
Deferred Tax Income	(1,756,950)	(1,475,125)
Contractors Levy	-	18,841
Minimum Business Tax	60,000	60,000
Taxation income recognised in statement of comprehensive income	(1,696,950)	(1,396,284)

Tax charge reconciliation

	2016 $	2015 $
Loss before taxation	(7,227,796)	(6,071,497)
Income Tax @ 25 %	(1,806,950)	(1,517,874)
Income tax consequences of the following:		
Expenses not deductible for tax purposes	-	42,750
Asset Fees	50,000	-
Contractors Levy	-	18,840
Minimum Business Tax	60,000	60,000
	(1,696,950)	(1,396,284)

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19. Taxation - Cont'd:

b. Losses available for set-off against future profits amount to $12,512,464 (2015 - $5,725,751) and are subject to agreement with the Commissioner General, Tax Administration Jamaica.

c. The company was listed on the Junior Market of the Jamaican Stock Exchange (JSE) on September 2014 and under the Seventh Schedule of the Fiscal Incentives (Miscellaneous Provisions) Act, 2013, it is deemed a newly eligible company and is eligible for the specified incentive relief for each year of assessment falling within the incentive period. The incentive period is the period of up to five (5) years immediately following the date on which it became an eligible company. As a newly eligible company, it is exempt from the payment of one hundred percent (100 %) of income tax that the company would, under this Act, have been liable to pay in respect of income, profits and gains, had it not been an eligible company. The company must however, adhere to the following conditions in order to benefit from this income tax exemption.

- The company is required to be listed on the Junior Market of the JSE for a combined continuous period of not less than ten (10) years from the date of initial admission and should not have been temporarily delisted by reason of being suspended from the JSE for any breach of the Junior Market or delisted in other circumstances.

- The participating voting shares must be ordinary shares or stock units, ordinary preference shares or stock units or any other shares or stock units, which qualify for equity treatment under IFRS.

If any condition is breached, then the company shall immediately become liable to pay all tax under this Act from the time of its initial admission which, but for this Act would have otherwise been payable.

The company while eligible for the specified incentive relief shall not be entitled to any other incentives, credits or relief under the Fiscal Incentives (Miscellaneous Provisions) Act, 2013 and the Income Tax Relief (Large-scale Projects and Pioneer Industries) Act in respect of that year of assessment.

20. Loss Per Stock Unit:

The loss per stock unit is computed by dividing the loss attributable to stockholders by the number of shares in issue at the end of the year.

	2016	**2015**
	$	**$**
Net Loss attributable to stockholders (000's)	(5,531)	(4,675)
Number of ordinary stock units (000's)	81,531	81,531
Earnings per stock unit ($ per share)	(0.07)	(0.06)

21. Staff Costs:

Staff Costs amounted to $7,506,957 (2015 - $6,717,480). The number of employees as at 31st March 2016 was 4 (2015 -5).

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and trade and other receivables. Financial liabilities have been determined to include trade and other payables.

The company's activities exposes it to a variety of financial risks which require evaluation, acceptance and management of some degree of risks or combination of risks. Operational risks are an inevitable consequence of being in business. The company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The company's management policies are designed to identify and analyse these risks, to set up appropriate controls and to monitor the risks by means of up-to-date information.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board manages and monitors those risks such as foreign exchange risk, interest rate risk and credit risk, and manages the investment of excess liquidity.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk and other price risks.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its assets and liabilities are credit risk, liquidity risk and currency risk.

a) Credit Risk

The company is exposed to credit risk, which is the risk that its customers will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposure arise principally from the company's receivables from customers.

Credit Review Process

The company has established a credit quality process and has credit policies and procedures which require regular analysis of the ability of debtors to meet payment obligations.

Maximum Exposure to Credit Risk

	2016	2015
	$	$
Trade Receivables	2,957,531	17,036,862
Other Receivables	12,480,340	825,884
Cash and Cash Equivalents	612,191	22,125,076
	16,050,062	39,987,822

22. Financial Risk Management - cont'd:

a) **Credit Risk - cont'd:**

(i) Trade Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analyzed individually for credit worthiness prior to the company offering them a credit facility.

Customer credit risk are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile and previous financial difficulties.

The company's average credit period for the sale of goods is thirty (30) days. The company considers providing fully for all receivables over one hundred and eighty (180) days.

(ii) Other Receivables

Other receivables consist mainly of amounts recoverable from employees and prepayments. There is therefore limited credit risk with regard to these items though the recovery period may be extended.

(iv) Cash and Cash Equivalents

Cash and cash equivalents on which the company faces credit risks comprise its current accounts and deposits held with financial institutions. The company limits its exposure to credit risk by placing its cash and cash equivalents with counter-parties that have high credit quality. Accordingly, management does not expect any counter-party to fail to meet its obligation.

There has been no change in the company's exposure to credit risks or the manner in which it measures and manages this risk.

b) **Liquidity Risk:**

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At the date of the statement of financial position its current liabilities exceeded its current assets by $48,756,185(2015 - $13,501,733).

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Accounts Department, includes:

i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;

iii) Optimising cash returns on investments;

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

b) **Liquidity Risk - cont'd:**

Monitoring of assets and liabilities and the ability to repay, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in interest rates and exchange rates.

There has been no change in the company's liquidity risk or the manner in which it measures and manages the risk.

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2016

	Carrying Amount and Contractual Cash Flow	**0 - 6 months**	**6 - 12 months**	**No specific maturities**
	$	**$**	**$**	**$**
Trade and other receivables				
Trade	14,680,066	14,680,066	-	-
Other	757,805	91,201	666,604	-
Inventories	3,220,434	3,220,434	-	-
Cash and cash equivalents	1,533,983	1,418,654	-	115,329
	20,192,288	19,410,355	666,604	115,329
Trade and other payables				
Trade	4,434,006	4,434,006	-	-
Accruals/others	10,386,191	3,420,372	6,965,819	-
Taxation payable	3,721,980	3,721,980	-	-
Director's Current Account	421,344	-	421,344	-
Current portion of long-term loan	20,813,331	20,813,331	-	-
Current portion of long-term payables	13,882,816	13,882,816	-	-
Bank overdraft	15,060,958	15,060,958	-	-
	68,720,626	61,333,463	7,387,163	-
Net Current (liabilities)/assets	(48,528,338)	(41,923,108)	(6,720,559)	115,329

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

b) **Liquidity Risk - cont'd:**

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2015

	Carrying Amount and Contractual Cash Flow $	0 - 6 months $	6 - 12 months $	No specific maturities $
Trade and other receivables				
Trade	17,036,862	17,036,862	-	-
Other	825,884	159,280	666,604	-
Directors' Current Account	2,000	-	-	2,000
Cash and cash equivalents	22,346,111	1,708,310	-	20,637,801
	40,210,857	18,904,452	666,604	20,639,801
Trade and other payables				
Trade	26,672,619	26,672,619	-	-
Accruals/others	9,172,870	2,456,376	6,716,494	-
Taxation payable	5,364,048	5,364,048	-	-
Current portion of long-term loan	25,388,388	-	25,388,388	-
Bank overdraft	6,861,644	6,861,644	-	-
	73,459,569	41,354,687	32,104,882	-
Net Current (liabilities)/assets	(33,248,712)	(22,450,235)	(31,438,278)	20,639,801

c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. This arises mainly from changes in interest rates, foreign currency rates and equity prices and will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investment. Market risk exposures are measured using sensitivity analyses.

As with most businesses, the current economic climate globally as well as nationally dictates that there could be changes to the company's exposure to market risk as well as the manner in which it manages and measures the risk. There has been major foreign currency exchange rate adjustments over the past four months with consequential movements in interest rates as the Bank of Jamaica attempts to stabilise the Jamaican dollar.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

c) **Market Risk - cont'd**

(i) Foreign Currency Risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The company carries out transactions with international entities and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar and the UK pound. The company ensures that its net foreign currency exposure is kept at suitable levels by buying or selling currencies to address short-term needs.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances as follows:

	2016 US $	2015 US $
Assets		
RBC Royal Bank USD	49	258
Trade Receivables	5,341	5,105
	5,390	5,363
Liabilities		
Shareholders' Loan	12,000	-
	12,000	-
Net (Liabilities)/Assets	(6,610)	5,363

Sensitivity Analysis

Exchange rates in terms of Jamaican Dollars which is the company's operating currency, were as follows:

	US$
29th May 2016	124.69
31st March 2016	121.96
31st March 2015	114.49

Over the period 1st April 2015 to 31st March 2016, there was a 6.5% increase in the US dollar rate. Between March 2016 and May 2016, there has been a further increase in the US dollar against the Jamaica dollar. The trend is expected to continue in the short term.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

c) **Market Risk - cont'd**

(i) Foreign Currency Risk - cont'd

A one percent (1%) revaluation and six percent (6%) devaluation movement in the US dollar at 31st March 2016 would have increased/decreased profit by the amount shown below. The analysis assumes all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2015.

		2016	2015
		$	$
Jamaican Dollar:			
	Revaluation 1%	(8,062)	6,140
	Devaluation 6% (2015: 15%)	48,369	(92,100)

(ii) Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk in respect of its fixed deposit account and long term loans and payables. The company manages this risk by maintaining net earnings assets and procuring the most advantageous interest rates.

Financial Assets

The company's interest-bearing financial asset is its US$ Savings account and. fixed deposits accounts. These accounts bear interest at varying rates which are fixed on a short term basis.

Financial Liabilities

The company's interest bearing liabilities are represented by long-term loans, long-term payables and taxation payable. The company materially contracts financial liabilities at fixed interest rates for the duration of the loan terms.

At the date of the statement of financial position, the interest profile of the company's interest-bearing financial instruments were:

	Interest Rate	2016	Interest Rate	2015
	%	$	%	$
Financial Assets:				
Fixed Deposit	6	109,358	6	20,608,290
Foreign Savings Account	0.15	5,971	1.15	29,511
		115,329		20,637,801
Financial Liabilities:				
Long-Term Loans	9.5	150,042,002	9.5	141,949,250
Long-Term Payables	8	41,673,236	-	-
Shareholders' Loans	6 - 7.5	14,177,343	-	-
Bank Overdraft	25	15,060,958	25	6,861,644
		220,953,539		148,810,894
Net Financial Liabilities		(220,838,210)		(128,173,093)

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

c) **Market Risk - cont'd**

(ii) Interest Rate Risk - cont'd

Interest rate sensitivity

During the period April 2015 to March 2016, interest rates on foreign savings accounts have remained relatively stable. Over the period April to February 2016, the BOJ 3-6 month commercial bank domestic rates continued to trend downwards moving by approximately 47 basis points from 4.84% to 4.36%. This is expected to continue over the foreseeable future as the Government maintains its policy of encouraging low single digit interest rates.

Assuming interest rate movements as set out below, profit and equity would be affected as follows:

	Movement	2016	***Movement***	2015
	%	$	%	$
Financial Assets:				
Fixed Deposit	1	1,094	1	206,083
Foreign Savings Account	2.5	149	2.5	738
		1,243		206,821
Financial Liabilities:				
Long-term loans	1	1,500,420	1	1,419,493
Long-Term Payables	1	416,732	1	-
Shareholder's Loans	1	141,773	-	-
Bank overdraft	1	150,610	1	68,616
		2,209,535		1,488,109
Net Financial Liabilities		(2,208,292)		(1,281,288)

This assumes that all other variables, in particular exchange rates, remain constant.

(d) **Operational Risk:**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

(i) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

(ii) Requirement for appropriate segregation of duties, including the independent authorisation of transactions;

22. Financial Risk Management - cont'd:

(d) **Operational Risk - cont'd:**

(iii) Requirements for the reconciliation and monitoring of transactions;
(iv) Compliance with regulatory and other legal requirements;
(v) Documentation of controls and procedures;
(vi) Requirements for the reporting of operational losses and proposed remedial action;
(vii) Training and professional development;
(viii) Ethical and business standards; and
(ix) Risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by periodic reviews, the results are discussed with the management and the Board of Directors.

There were no changes to the company's approach to operational risk management during the year.

e) **Capital Management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. as well as meet externally imposed capital requirements. The Board of Directors monitors the return on equity, which the company defines as net profit attributable to equity holders of the company divided by total shareholder's equity.

There were no changes to the company's approach to capital management during the year

The company's capital comprises:

	2016	2015
	$	$
Issued Capital	143,695,713	143,695,713
Accumulated Profits	17,227,921	22,758,767
	160,923,634	166,454,480

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

e) Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction. Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The company's assets and liabilities are reported at fair values at the reporting date. The following assumptions were used in determining fair values.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

(i) The face value less any estimated credit adjustments for financial assets and liabilities maturing less than one year. These include cash and bank balances, short term investments, trade receivables and trade payables.

(ii) The carrying values of long term loans approximate their fair values as these loans are carried at amortized cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

23. Related Party Transactions and Balances:

The company's statement of financial position and statement of comprehensive income include the following balances and expenses incurred in transactions with related parties, in the ordinary course of business:

Year End Balances

	2016 $	2015 $
(a) Shareholders' Loan		
Henry Graham Loan #1	1,410,360	-
Nathan Meylor Loan # 1	3,111,921	-
Henry Graham Loan #2	6,829,473	-
Nathan Meylor Loan # 2	2,825,589	-
	14,177,343	-
(b) Directors' Balances		
Amounts Owed to Directors	662,288	-
Amounts by Directors	(240,944)	2,000
	421,344	2,000
(c) Shareholders' Loan Interest Payable	227,847	-

Expenses

	2016	2015
(a) Shareholders' Loan Interest	227,847	-

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

I N D E X

Statement 1

REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
ON SUPPLEMENTARY INFORMATION

The supplementary information presented on the following statements has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31st March 2016.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of affairs of the company as 31st March 2016 and of the results of its operations, its changes in equity and cash flows for the year then ended.

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UHY Dawgen

UHY DAWGEN CHARTERED ACCOUNTANTS

Signature

30th June 2016

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
Administrative Expenses:		
Advertising and Promotion	71,000	91,348
Assets Tax	200,000	100,000
Audit and accounting - current year	442,700	815,500
Audit and accounting - previous year	442,700	-
Telephone	439,993	443,792
Electricity	2,447,554	2,802,937
Water	185,205	82,009
Rent	720,000	720,000
Directors' Emoluments	1,031,120	1,544,960
Meeting and Conventions	897,956	441,847
Miscellaneous Expenses	26,821	-
Rate and Taxes, License and Permit	97,167	95,750
Security	455,175	425,250
Repairs & Maintenance	255,625	202,266
Haulage	2,476,660	4,621,475
Printing & Stationery	145,057	175,792
Insurance	1,332,686	182,049
Inventory Spoilage	330,262	-
Donations	-	71,000
Professional Fees	2,011,994	3,220,056
Motor Vehicle upkeep and mileage	2,145,000	2,120,000
Travelling and transportation	71,360	-
Staff Welfare	64,300	116,450
Storage	-	970,861
Salaries and Related Expenses	7,442,657	6,601,030
Depreciation	444,526	280,416
	24,177,518	26,124,788
Finance Costs:		
Bank Charges	204,612	415,623
Interest Cost	2,374,755	861,236
Overdraft Interest	1,024,295	885,419
	3,603,662	2,162,278

SWEET RIVER ABATTOIY & SUPPLIES COMPANY LIMITED
ADJUSTING STATEMENT FOR TAX PURPOSES
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	$	**$**
Loss as per Accounts		(7,227,796)
Add: Disallowable Items:		
Depreciation	444,526	
Interest Payable as at 31st March 2016	356,942	
Asset Fees	200,000	
	1,001,468	
Less:		
Interest Payable as at 31st March 2015	(129,095)	
	(129,095)	
		872,373
Adjusted Loss		(6,355,423)
Less Capital Allowances:		
Annual Allowance		(431,290)
Adjusted Loss		(6,786,713)
Income Tax at 25%		-
Minimum Business Tax		60,000
Minimum Business Tax Paid		(60,000)
		-
Withholding Tax		105
Net Tax Refundable		(105)

Summary of Losses Carried Forward

Losses Brought Forward from year of assessment 2015	(5,725,751)
Losses for year of assessment 2016	(6,786,713)
Losses Carried Forward to year of assessment 2016	(12,512,464)

Statement 4

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SCHEDULE OF CAPITAL ALLOWANCES
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016

	Cost	Rate	W.D.V. at 31.03.2015	Additions	Total	Initial Allowance	Annual Allowance	W.D.V. at 31.03.2016
	$	%	$	$	$	$	$	$
Leasehold Improvement	1,176,641	5	864,940	-	864,940	-	43,247	821,693
Furniture	29,200	10	12,069	-	12,069	-	1,207	10,862
Equipment	670,948	10	278,499	-	278,499	-	27,850	250,649
Equipment	22,252	10	16,356	-	16,356	-	1,636	14,720
Refrigeration	1,550,000	10	1,016,955	-	1,016,955	-	101,696	915,259
Equipment Scale	1,175,668	12.50 SL	-	1,175,668	1,175,668	-	146,959	1,028,709
Equipment Compressor	623,764	12.50SL	-	623,764	623,764	-	77,971	545,793
Computers	175,078	22.50 SL	27,973	-	27,973	-	27,972	1
Computers	12,231	22.50 SL	4,485	-	4,485	-	2,752	1,733
	5,435,782		2,221,277	1,799,432	4,020,709	-	431,290	3,589,419

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SHAREHOLDERS LISTING AS AT MARCH 31, 2016

Shareholders' Information	No. of Units
Directors' Holdings as at March 31, 2016:	
HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
NEVIL GRANT	4,654,073
NIGEL MORGAN	919,763
Top Ten Shareholders as at March 31, 2016:	
HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
KIRK FONG	4,689,907
V.M.B.S (PENSION SCHEME)	4,664,000
NATIONAL INSURANCE FUNDS	4,663,300
V.M.B.SOCIETY	4,663,213
NEVIL GRANT	4,654,073
J.C.S.C.D TRUSTEE SERVICE	3,886,005
Holding of Senior Managers as at March 31, 2016:	
Valdence Gifford	4,995,058
Sean Forbes	4,000