CONSOLIDATED BAKERIES (JAMAICA)LIMITED
FINANCIAL STATEMENTS
DECEMBER 31, 2018

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DECEMBER 31, 2018

Bogle and Company
Chartered Accountants
Worrick Bogle FCCA, FCA, CPA

Independent Auditor's Report

To the Members of Consolidated Bakeries Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Consolidated Bakeries Jamaica Limited ("the Company") set out on pages 6 to 37, which comprise the statements of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

During the current year audit, there were two matters which we deemed to be key audit matters regarding the financial statement.

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Independent Auditor's Report

To the Members of Consolidated Bakeries Jamaica Limited

a) *Implementation of IFRS 9*

During the current year, a new pronouncement became effective (IFRS 9 Financial Instruments) see policy note 3a. This standard impacts the Company in both its model and purpose for its financial investments and the determination and application to risk as it relates to its trade receivables.

As part of our audit procedures, we reviewed the policies to determine the credit risks of its customers and evaluating the reasonableness of the expected credit loss percentages used. This process is outlined in note 5(i)

There were no material weaknesses found in the evaluation of this area.

b) *Cash and Capital Management*

During the current year, the company has seen an increase in its trade receivables, its bank overdraft, and its trade payables. All these areas encompass the Company's cash management structure.

During our audit, we evaluated the internal controls surrounding both the receipt of cash and disbursements. We evaluated the current cashflow monitoring procedures to determine its effectiveness. More information regarding this is outlined in note 5(iii)

While there were no material weaknesses in the procedures and policies currently in place, management has amended its current cashflow monitoring process, which we have evaluated and found no exception.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors

Independent Auditor's Report

To the Members of Consolidated Bakeries Jamaica Limited

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix of this auditor's report. This description, which is located on page 5, forms part of our auditor's report.

Independent Auditor's Report

To the Members of Consolidated Bakeries Jamaica Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations 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, give the information required by the Jamaican Companies Act, in the manner required

The engagement partner on the audit resulting in this independent auditor's report is Worrick Bogle.

BOGLE & COMPANY

Chartered Accountants

April 29, 2019

Appendix to the Independent Auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Notes	2018 $	2017 $
Assets			
Non-current asset			
Property, plant & equipment	6	724,800,556	688,413,659
		724,800,556	688,413,659
Currents assets			
Inventories	7	43,341,568	35,007,985
Trade and other receivables	8	93,930,656	82,077,405
Financial investments	9	43,453,292	42,297,331
Cash & cash equivalents	10	77,612,690	74,339,438
Total current assets		258,338,206	233,722,159
Total assets		983,138,762	922,135,818
Equity & Liabilities			
Equity			
Capital and reserves			
Share capital	12	90,726,664	90,726,664
Capital reserve		20,825,532	20,825,532
Revaluation reserves	6 (d)	537,342,437	537,342,437
Accumulated other comprehensive income		5,867,911	14,563,853
Retained earnings		65,898,345	52,939,328
Total equity		720,660,889	716,397,814
Non- current liabilities			
Long-term loans	13	95,265,269	63,521,298
Deferred tax liability	14	7,023,952	1,133,019
		102,289,221	64,654,317
Current liabilities			
Current portion of long- term loans	13	21,962,148	38,997,363
Payables & accruals	15	106,666,101	77,190,104
Bank overdraft	10	31,560,403	24,896,220
Total current liabilities		160,188,652	141,083,687
Total liabilities		262,477,873	205,738,004
Total Equity & Liabilities		983,138,762	922,135,818

Approved by the Board of Directors on April 29, 2019 and signed on its behalf by

Anthony Chang- Director

Nicola Chang Murphy

Nicola Chang-Murphy - Director

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2018

	Notes	2018 $	2017 $
Revenue		960,318,626	862,605,621
Cost of sales		588,146,967	548,265,085
Gross profit		372,171,659	314,340,536
Depreciation	6	(27,371,857)	(30,427,314)
Administrative and other expenses		(153,879,634)	(148,950,334)
Selling and distribution expenses		(158,939,714)	(149,063,265)
	17	(340,191,205)	(328,440,913)
Profit/(Loss) from operations		31,980,454	(14,100,377)
Interest and Other Income	16	9,939,613	874,770
Finance costs	18	(23,070,117)	(18,875,103)
Profit/ (Loss) before tax		18,849,950	(32,100,710)
Deferred tax expense	14	(5,890,933)	(7,994,819)
Profit /(loss) for the period		12,959,017	(40,095,529)
Other comprehensive income			
Those that might be reclassified to profit or loss in subsequent periods			
Unrealized Gain on Investment		268,421	2,599,490
Realized gain on investment reclassified to profit and loss	16	(8,964,363)	-
Revaluation of property, plant and equipment (net of tax)		-	206,488,390
Total comprehensive income		4,263,075	168,992,351
Earnings/(Loss) per share		0.06	(0.18)

Average number of shares in issue for the year is 222,709,171 (2017: 222,709,171)

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2018

	Share Capital $	Revaluation Reserve $	Capital Reserve $	Other Comprehensive Income $	Retained Earnings $	Total $
Balance at December 31, 2016	90,726,664	330,854,047	20,825,532	11,964,363	93,034,857	547,405,463
Net loss	-	-	-	-	(40,095,529)	(40,095,529)
Revaluation of Land and Building		206,488,390				206,488,390
Unrealised gain on investment	-	-	-	2,599,490	-	2,599,490
At December 31, 2017	90,726,664	537,342,437	20,825,532	14,563,853	52,939,328	716,397,814
Net profit	-	-	-	-	12,959,017	12,959,017
Realised gain on investment	-	-	-	(8,964,363)	-	(8,964,363)
Unrealised gain on investment	-	-	-	268,421	-	268,421
Balance at December 31, 2018	90,726,664	537,342,437	20,825,532	5,867,911	65,898,345	720,660,889

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	2018	2017
	$	$
Cash flows from operating activities		
Total comprehensive income	4,263,075	168,992,351
Deferred tax expense	5,890,933	7,994,819
Revaluation of land and building	-	(206,488,390)
Disposal of fixed asset	-	(263,639)
Unrealized currency translation	(268,421)	(2,599,490)
Depreciation	27,371,857	30,427,314
	37,257,444	(1,937,035)
(Increase)/decrease in current assets		
Inventories	(8,333,582)	(2,641,321)
Trade and other receivables	(11,853,253)	(6,837,248)
Increase/(decrease) in current liabilities		
Trade payables	29,475,994	18,525,134
Net cash generated by operating activities	46,546,603	7,109,530
Cash flows from investing activities		
Purchase of fixed assets	(63,758,754)	(25,073,379)
Proceed from sale of fixed assets	-	1,010,000
Financial investment	(887,538)	27,694,002
Net cash from/(used in) investing activities	(64,646,292)	3,630,623
Cash flows from financing activities		
New Loan	65,500,000	55,500,000
Loan Payment	(50,791,242)	(24,479,550)
Net cash generated from financing activities	14,708,758	31,020,450
Net increase/(decrease) in cash and cash equivalents	(3,390,931)	41,760,603
Cash and cash equivalents at the beginning of the year	49,443,218	7,682,615
Net cash and cash equivalents at the year-end	46,052,287	49,443,218
Represented by:		
Cash and cash equivalents	77,612,690	74,339,438
Bank overdraft	(31,560,403)	(24,896,220)
Net cash and cash equivalents at year-end	46,052,287	49,443,218

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

1. Reporting Entity

Consolidated Bakeries (Jamaica) Ltd - "the Company"

a) The Company is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited which is a Jamaican Company incorporated under the Jamaican Companies Act.

b) Stock exchange listing
The Company had its application to the Junior Stock Exchange approved after its successful public share offer of ordinary shares in December 2012.

c) Activities
The main activities of the Company are the manufacture and wholesale and retail sale of edible baked products.

2. New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and the company has not opted for early adoption.

Amendments to IFRS 4	Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts[1]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]

[1]Effective for annual periods beginning on or after 1 January 2019.
[2]Effective for annual periods beginning on or after 1 January 2021.

3. Application new and revised International Financial Reporting Standards (IFRSs) effective January 1, 2018

a. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability – weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and the contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12- month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the report date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; The company has chosen to apply this policy also for the receivables.

4. Summary of significant accounting policies

a. Statement of compliance

These financial statements have been prepared using the historical cost convention which is in accordance with the International Financial Reporting Standards (IFRS).

b. Reporting currency

These financial statements are presented in Jamaican dollars, which is the functional currency of the Company.

c. Basis of Preparation

The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received for sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

d. Property, Plant and Equipment

Property, plant and equipment that qualifies for recognition as an asset are initially measured at its cost.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) It is probable that future economic benefits associated with the item will flow to the entity; and

(b) The cost of the item can be measured reliably.

An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

The company uses the revaluation model for its Land and Building and the cost model for all other categories of assets as its measurement of recognition.

Summary of significant accounting policies (cont'd)

Property Plant and Equipment (cont'd)

After recognition as an asset, an item of property, plant and equipment shall be carried at its initial or revalued amount less any accumulated depreciation and any accumulated impairment losses.

The depreciation charge for each period shall be recognised in profit or loss unless it is included in the carrying amount of another asset.

This Company recognises depreciation under the expense heading of "depreciation."

The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

The depreciation method used by the company is the reducing balance basis for all categories of assets apart from computer which uses the straight-line basis and is designed to write off the assets' value over the period of their useful lives. The annual rates of depreciation are as follows:

Computer Equipment	20.0%
Motor Vehicle	12.5%
Fixture & Equipment	10.0%
Plant machinery and equipment	10.0%
Building	2.5%

Repairs and maintenance expenditures are charged to the statement of profit or loss and comprehensive income during the financial period in which they are incurred.

e. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

f. **Trade and other receivables**

Trade receivables are initially recognised at fair value, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected.

Summary of significant accounting policies (cont'd)

g. **Cash and cash equivalents**

Cash and cash equivalents are held for the purposes of meeting short-term commitments rather than for investments or other purposes. For an investment to qualify it must be convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of 3 months or less from the date of acquisition.

h. **Financial Investments**

These assets are classified at fair value through profit or loss and are measured at fair value, and any changes therein, including any interest or dividend income, are recognised in profit or loss.

i. **Loans**

Loans are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently amortised under the effective interest rate method through the income statement as interest over the life of the loan.

j. **Related Party Disclosures**

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A **related party** is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

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

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

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

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

(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).

Summary of significant accounting policies (cont'd)

Related party disclosures (cont'd)

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

(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 a reporting entity and a related party, regardless of whether a price is charged.

k. **Trade Payables**

Trade payables are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

l. **Foreign currency**

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, while Exchange differences arising on transactions are recognised in the income statement under "Other Income".

Summary of significant accounting policies (cont'd)

m. **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for allowances.

i. **Sale of goods**

Revenue from the sale of goods is recognised when the goods are delivered, and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

ii. **Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

n. **Employee Benefits**

i. **Pension plan**

The company contributes towards defined contribution retirement savings plans which were purchased from Sagicor Life Limited. Employees who opt to join the plan, contribute up to 20% of gross basic salaries to their plans and the Company contributes 5%. In 2018, a total of $4,203,281 (2017: $3,727,913) company contributions was recognised as expense in the statement of Profit or Loss

ii. **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Summary of significant accounting policies (cont'd)

o. **Lease arrangements**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

p. **Fair value measurement**

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company 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.

In addition, for financial reporting purposes, fair value measurement is categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Summary of significant accounting policies (cont'd)

Fair value measurement(cont'd)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

q. **Taxation**

i. **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of The Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax

Summary of significant accounting policies (cont'd)

Taxation (cont'd)

Deferred tax (cont'd)

benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

5. Financial Instruments: Disclosures

This standard requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.

Financial risk management

i. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the company's investment securities, loans receivable, receivables from customers, and from resale agreements. There is also credit risk exposure in respect of instruments such as loan commitments and guarantees which may not be stated on the Statement of Financial Position. They expose the Company to similar risks as loans and are managed in a similar manner

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Credit Risk (cont'd)

	2018	2017
	$	$
Current financial assets		
Cash and bank balances	77,612,690	74,339,438
Loans and receivables (including trade receivables)	93,930,656	82,077,405
Current financial liabilities		
Amortised cost (including trade payables and bank overdraft)	160,188,652	141,083,687

At the end of the reporting period, there are no concentrations of credit risk for loans and receivables designated at Fair Value Through Profit or Loss(FVTPL). The carrying amount reflected above represents the company's maximum exposure to credit risk for such loans and receivables.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

At 31 December 2018, the maximum exposure to credit risk for trade receivables by geographic region was as follows

	2018	2017
	$	$
Jamaica	44,409,394	27,309,036
United States of America	105,801	955,708
United Kingdom	-	412,940
	44,515,195	28,677,684

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Credit Risk (cont'd)

Trade receivables (cont'd)

At 31 December 2018, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	2018	2017
	$	$
Wholesale customers	44,480,680	28,460,225
End-user customers	34,515	217,459
	44,515,195	28,677,684

The aging of trade receivables that were past due but not impaired as at 31 December 2018 is as follows

	2018	2017
	$	$
Past due but not impaired		
Past due 1- 30 days	26,031,050	20,157,483
Past due 31- 90 days	9,277,355	2,379,505
Over 90 days	9,206,790	6,140,696
	44,515,195	28,677,684

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise many small balances.

Loss rates are based on actual credit loss experiences over the past five years.

The Company allocates each exposure to a risk grade based on data that is determined to be predictive of the risk of loss and applying experience credit judgement.

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Credit Risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

	Gross carrying amount	Weighted-average loss rate	Impairment loss allowance
Low Risk	29,353,703	0.04	1,207,508
Medium Risk	4,835,694	0.10	483,569
High Risk	10,325,798	0.20	2,065,160
	44,515,195		3,756,237

ii. **Capital Management**

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company makes use of it is working capital facilities, this has remained unchanged from 2017.

The capital structure of the Company consists of net debt (borrowings as detailed in note 13 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in the Statement of Changes in Equity). Total capital is calculated as 'equity' plus net debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity and debt.

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Capital Management (cont'd)

The gearing ratio at the end of the reporting period was as follows:

	2018	2017
	$	$
Interest-bearing borrowings	148,787,820	127,414,881
Less: cash and bank	(77,612,690)	(74,339,438)
Net Debt	71,175,130	53,075,443
Total Equity	720,660,889	716,397,814
Capital and net debt	791,836,019	769,473,257
Gearing ratio	9%	7%

iii. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management which the company uses includes maintaining sufficient cash and marketable securities.

For this purpose, liquid assets include cash and bank balances, which are readily converted into cash within three months.

	2018	2017
	$	$
Current assets	258,338,206	233,722,159
current liabilities	160,188,652	141,083,689
Current ratio	1.61	1.66

The liquid asset ratio at the end of the year was 1.61:1 (2017: 1.66:1). During 2018 the risk exposure as it relates to its trade payables increased by 28% and their risk to bank overdraft by 21%, in response to this during 2019, the Company has adopted a new cashflow model which will provide improved management reports to facilitate increased monitoring.

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Liquidity Risk (cont'd)

The following table presents the undiscounted contractual maturities of financial liabilities, including interest, on the basis of their earliest possible contractual maturity.

	Within 1 Month $	1 to 3 Months $	4 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
As at 31 December 2018:						
Borrowings	34,428,827	8,605,272	34,421,088	63,208,169	39,691,944	180,355,300
Trade and other payables	99,136,292	7,529,809	-	-	-	106,666,101
Trade financial liabilities (contractual maturity dates)	133,565,119	16,135,081	34,421,088	63,208,169	39,691,944	287,021,401

	Within 1 Month $	1 to 3 Months $	4 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
As at 31 December 2017:						
Borrowings	59,883,541	-	3,772,441	6,570,000	66,685,723	136,911,705
Trade and other payables	74,612,145	2,577,962	-	-	-	77,190,107
Trade financial liabilities (contractual maturity dates)	134,495,686	2,577,962	3,772,441	6,570,000	66,685,723	214,101,812

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

iv. Currency risk

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 incurs risk in a currency other than the Jamaican dollar. The currency giving rise to this risk is the United States dollar.

This risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from the Company's financial assets and liabilities denominated in the relevant foreign currencies.

	Jamaican $	US $	CAN $	Total $
At 31 December 2018				
Financial Assets				
Trade and other receivables	93,824,855	105,801	-	93,930,656
Financial Investments	-	43,453,292	-	43,453,292
Cash	25,776,808	51,797,998	37,884	77,612,690
Total financial assets	119,601,663	95,357,091	37,884	214,996,638
Financial Liabilities				
Borrowings	148,787,820	-	-	148,787,820
Trade and other payables	106,666,101	-	-	106,666,101
Total financial liabilities	255,453,921	-	-	255,453,921
Net financial position	(135,852,258)	95,357,091	37,884	(40,457,283)

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

Currency risk (cont'd)

	Jamaican $	US $	CAN $	Total $
At 31 December 2017				
Financial Assets				
Trade and other receivables	80,708,757	1,368,648	-	82,077,405
Financial Investments	-	42,297,331	-	42,297,331
Cash	29,636,140	44,662,310	40,988	74,339,438
Total financial assets	110,344,897	88,328,289	40,988	198,714,174
Financial Liabilities				
Borrowings	127,414,881	-	-	127,414,881
Trade and other payables	75,984,399	1,205,705	-	77,190,104
Total financial liabilities	203,399,280	1,205,705	-	204,604,985
Net financial position	(93,054,383)	87,122,584	40,988	(5,890,811)

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the 4% devaluation (2017: 4%) and 2% appreciation (2017: 1%) of the Jamaican dollar. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on net profit shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	% Change in Currency Rate 2018 %	Effect on Equity 2018 $	Effect on Net Profit 2018 $	%Change in Currency Rate 2017 %	Effect on Equity 2017 $	Effect on Net Loss 2017 $
Currency:						
USD – Positive	2	(1,907,142)	(1,945,285)	1	(871,226)	(879,938)
USD – Negative	-4	3,814,284	3,661,712	-4	3,484,903	3,345,507

Financial Instrument disclosures (cont'd)

Financial risk management (cont'd)

v. Fair value measurements

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

The carrying values of short-term financial asset and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents, trade and other receivables and amounts due from related companies. Short-term financial liabilities comprise trade, due to related parties, payables and long-term financial liabilities comprise of loan.

The carrying value of loans with variable interest rates approximates fair value as interest rates approximate market rates. The fair value of loans with fixed rates is estimated to approximate its carrying value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value for the amount due to the parent company approximates its carrying value.

	2018	2018	2017	2017
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets:				
Cash and Cash equivalents	77,612,690	77,612,690	74,339,438	74,339,438
Trade receivables	40,758,958	40,758,958	23,277,392	23,277,392
Owed by Related Parties	18,231,221	18,231,221	18,992,597	18,992,597
Financial liabilities:				
Interest bearing loans and borrowings				
Short term loans	53,522,552	53,522,552	63,893,583	63,893,583
Long term loans	95,265,269	95,265,269	63,521,298	63,521,298
Trade payables	99,136,292	99,136,292	74,612,145	74,612,145

6. Property, Plant and Equipment

See policy note 4.d

	Land & building	Plant, machinery & equipment	Furniture & fixtures	Motor vehicles	Computer system	Total
	$	$	$	$	$	$
Costs/ valuation						
January 1, 2017	375,020,073	145,155,785	10,773,126	104,335,006	27,671,941	662,955,931
Acquisitions	5,793,506	14,223,144	585,181	3,432,056	1,039,492	25,073,379
Disposals	-	-	-	(3,547,531)	-	(3,547,531)
Revaluation increment	117,146,421	-	-	-	-	117,146,421
December 31, 2017	497,960,000	159,378,929	11,358,307	104,219,531	28,711,433	801,628,200
Acquisitions	2,207,602	37,095,509	4,015,820	20,270,098	169,725	63,758,754
Disposals	-	-	-	-	-	-
December 31, 2018	500,167,602	196,474,438	15,374,127	124,489,629	28,881,158	865,386,954
Accumulated depreciation						
January 1, 2017	77,789,082	35,319,289	4,773,202	32,070,466	18,116,526	168,068,565
Disposals	-	-	-	(2,801,170)	-	(2,801,170)
Charge for the year	4,691,086	10,979,624	606,770	8,735,287	5,414,547	30,427,314
Write back due to revaluation	(82,480,168)	-	-	-	-	(82,480,168)
December 31, 2017	-	46,298,913	5,379,972	38,004,583	23,531,073	113,214,541
Disposals	-	-	-	-	-	-
Charge for the year	3,314,612	12,858,412	741,695	7,744,540	2,712,598	27,371,857
December 31, 2018	3,314,612	59,157,325	6,121,667	45,749,123	26,243,671	140,586,398
Net book value						
December 31, 2018	496,852,990	137,317,113	9,252,460	78,740,506	2,637,487	724,800,556
December 31, 2017	497,960,000	113,080,016	5,978,335	66,214,948	5,180,361	688,413,659

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
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Property, Plant and Equipment (cont'd)

a. **Land**
The total value of land as at December 31, 2018 is $361,021,000 (2017: 361,021,000). Land is not depreciated.

b. **Collateral**
For items included in property, plant and equipment which have been used as collateral on debt, see loan note 13

c. **Revaluation**
The effective date of the valuation is as at December 31, 2017. It was carried out by a professional independent valuer, Keith Alexander (Succ.) Limited.

	Building	Land	Land & building
	$	$	$
Appraised value	136,939,000	361,021,000	497,960,000
Carrying Value at December 31, 2017	191,833,411	106,500,000	298,333,411
Unrealised Revaluation (Decrement)/Increment	(54,894,411)	254,521,000	199,626,589

d. **Revaluation Reserve**

		$
Opening Balance as at January 1, 2017		330,854,047
Revaluation increment	117,146,421	
Write back (of accumulated depreciation) due to revaluation	82,480,168	
Net Revaluation Increment (see Note 6c)		199,626,589
Deferred tax on revaluation increment		6,861,801
Ending Balance as at December 31, 2017		537,342,437
Ending Balance as at December 31, 2018		537,342,437

7. Inventory

See policy note 4.e

	2018	2017
	$	$
Raw materials	11,022,085	7,415,794
Packaging materials & spares	18,629,918	18,672,755
Finished goods	6,481,017	5,701,333
Other Inventory	7,208,548	3,218,103
	43,341,568	35,007,985

In 2018, inventories of $450,578,723 (2017: $429,113,295) were recognised as cost during the year and included in 'Cost of Sales'

8. Trade and other receivables

See policy note 4.f

		2018	2017
		$	$
Trade receivables		44,515,195	28,677,684
Less provision for bad debt		(3,756,237)	(5,400,292)
		40,758,958	23,277,392
Owed by related parties	(Note 11)	18,231,221	18,992,597
Prepayments		16,794,134	20,518,594
Deposit on Equipment		4,659,833	5,695,824
Other receivables		13,486,510	13,592,998
		93,930,656	82,077,405

a. **Credit Risk and market risk, and impairment losses**

Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 5(i)

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
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9. Financial Investments

See policy note 4.h

	2018	2017
	$	$
NCB Capital Markets Limited		
(Denominated in United States Dollar)		
NCB Cap xB Fund	34,434,559	33,521,854
NCB Cap xM Fund	9,018,733	8,775,477
	43,453,292	42,297,331

At January 1, 2018, the company designated the investment above as Fair Value Through Other Comprehensive Income (FVOCI) because these are investments which the Company intends to hold. In 2017, these investments were classified as available-for-sale.

10. Cash and cash equivalents

See policy note 4.g

	2018	2017
	$	$
Cash in hand	8,615,741	8,059,960
Bank accounts (Jamaican Dollars)	17,160,667	21,575,780
Bank accounts (United States Dollars)	11,629,779	2,478,048
Bank account (Canadian Dollars)	37,884	40,988
First Global Bank Limited - investment (United States Dollars)	23,857,400	24,858,296
Scotia DBG Investments:		
United States Dollars	16,310,819	17,325,966
Jamaican Dollars	400	400
	77,612,690	74,339,438
Bank overdraft		
Bank accounts (Jamaican Dollars)	(31,560,403)	(24,896,220)
Net Cash and cash equivalents	46,052,287	49,443,218

The translation of foreign currency accounts has been accounted for using the methods prescribed by IAS 21(see note 4.l). The above amounts are presented as Jamaican Dollar equivalents.

Cash and cash equivalents (cont'd)

a. **Bank overdraft**

Bank overdraft is at an interest rate of 23.75% and is secured by first legal mortgage over commercial property located at 111 Red Hills Road and by guarantee of Directors Anthony and Vincent Chang.

Bank overdraft consists primarily of transactions processed at the end of the fiscal year, thereby, causing a timing variance (outstanding cheques)

11. Related Parties (Note 8)

See policy note 4.j

a. Related party balances

	2018 $	2017 $
Poly Cello Packaging Ltd	18,231,221	17,831,732
Other related parties	-	1,160,865
	18,231,221	18,992,597

b. Related party transactions

The following related party transactions occurred during the period:

Loans repaid by Directors	(1,160,865)	-
Advances made to Poly Cello	399,489	958,320

c. Key management personnel compensation

Director's Fees	1,971,626	1,390,500
Management remuneration	23,046,845	25,042,813
	25,018,471	26,433,313

d. Nominee Holding

The company has been the registered proprietor of land situated in Stony Hill, which is beneficially owned and held to the order of Vincent Chang, the company's Chairman. The Company will transfer the property to him, at no cost to the Company, and the Company has incurred no cost in respect of the land.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
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12. Share Capital

	2018 $	2017 $
Authorised	427,260,000	427,260,000
Issued and fully paid		
This consist of 222,709,171 (2017: 222,709,171) ordinary shares valued at no par value	90,726,664	90,726,664

13. Loans

See policy note 4.i

	2018 $	2017 $
Current		
Current portion of Long-term debt	21,962,148	38,825,913
Interest Payable	-	171,450
	21,962,148	38,997,363
Non-current		
Long term loans	95,265,269	63,521,298
Total Loans	117,227,417	102,518,661

Terms and repayment schedule

	Year of Maturity	Interest Rate	Carrying Value 2018 $	Carrying Value 2017 $
National Commercial Bank				
Secured Loan	2018	13.0%	-	2,341,737
Secured Loan	2018	10.0%	-	31,806,656
Secured Loan	2023	10.5%	50,000,000	-
Secured Loan	2026	9.0%	60,593,555	53,068,889
Secured Loan	2026	9.0%	6,633,862	8,110,673
First Global Bank				
Secured Loan	2018	9.5%	-	6,000,000
Secured Loan	2018	10.5%	-	1,019,256
			117,227,417	102,347,211

Security

a) National Commercial Bank

a. First mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road, Kingston 19. Valued on September 24, 2012,*. Current market value US$3.6Million, forced sale value US$2.88 Million registered and stamped to cover J$174.1 Million

Assignment of adequate FEH Insurance.

b. Legal Mortgage over commercial property at 2F Valentine Drive/111 Red Hills Road, Kingston 19. Valued on September 24, 2012,*. Current market value US$3.6 Million, forced sale value US$2.88 Million registered and stamped to cover J$40 Million.

Assignment of adequate FEH Insurance.

c. Directors' Guarantee Stamped for J$75.5 Million and US$30,000

*For note on 2017 revaluation see note 6.c

14. Deferred tax liability

See policy note 4.q.ii

	Property, plant and equipment	Tax losses	Total
	$	$	$
Balance at January 1, 2018	(7,960,453)	6,827,434	(1,133,019)
Charged to surplus or deficit	(4,609,308)	(1,281,625)	(5,890,933)
Charged to other comprehensive income	-	-	-
Balance at December 31, 2018	(12,569,761)	5,545,809	(7,023,952)

Deferred tax is calculated using the current tax rate of 25%, taking into account the remission period of 50%, giving rise to a tax rate of 12.5%

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
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15. Trade payables and accruals

See policy note 4.k

	2018	2017
	$	$
Accounts payable- trade	99,136,292	74,612,146
Other payables & accruals	7,529,809	2,577,958
	106,666,101	77,190,104

a. Aged trade payables

	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Amount Due
Balance at	$	$	$	$	$
December 31, 2018	32,241,771	24,233,667	17,579,228	25,081,626	99,136,292
December 31, 2017	56,423,423	9,782,733	761,175	7,644,814	74,612,145

16. Interest and other income

	2018	2017
	$	$
Interest	1,651,556	4,637,845
Rental	1,602,149	585,203
Realized gain/(loss) on foreign exchange transactions.	(2,278,455)	(4,348,278)
Realized gain on investments reclassified to profit or loss	8,964,363	-
	9,939,613	874,770

Realized gain for the current year includes gain on investment sold during 2017 and later reclassified from 'Other Comprehensive Income.'

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
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17. Expense by nature

	2018	2017
	$	$
Staff cost	134,039,943	130,866,758
Sale Contractors	20,081,314	21,018,246
Security	8,046,519	8,344,875
Travelling and motor vehicle expenses	47,864,900	39,277,417
Utilities	24,067,782	22,442,814
Advertising and promotion	16,040,710	14,967,173
Directors fees	1,971,626	1,390,500
Insurance	3,726,670	3,276,738
Repairs and maintenance	4,978,220	5,398,618
Office supplies	3,527,144	2,957,335
Office and Space Rental	3,204,301	3,609,450
Director management remuneration	23,046,845	25,042,813
Auditor remuneration	1,430,200	1,350,000
Other	20,793,174	18,070,862
Subtotal	312,819,348	298,013,599
Depreciation	27,371,857	30,427,314
Total Operating expense	340,191,205	328,440,913

18. Finance cost

	2018	2017
	$	$
Loan interest	11,106,447	13,935,262
Bank Charges	11,734,600	4,719,295
Financing costs	229,070	220,546
	23,070,117	18,875,103

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. Taxation

See policy note 4.q

	2018	2017
	$	$
(Loss)/Profit before tax	18,849,950	(32,100,708)
Add net adjustments necessary for tax purposes	(35,906,687)	(22,518,764)
(Loss)/Profit for Tax purposes	(17,056,737)	(54,619,472)
Tax at 25% (2016 :25%)	-	-
Adjustment for the effect of tax remission	-	-
Tax charge	-	-

b. Tax remission

The Company having been listed on the Junior Stock Exchange in 2012 became eligible for remission of Income-tax for 10 years, as below, provided the shares remain listed for at least 15 years. The total loss for the current period is ($8,528,368), which represents 50% of the current year losses and a total loss carried forward of ($35,838,104).

Years 1 to 5	100%
years 6 to 10	50%

c. Transfer pricing

Transactions between Consolidated bakeries and related parties have been valued at the regular market rate.