Wisynco Group Limited

Financial Statements
30 June 2019

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Independent auditor's report

To the Members of Wisynco Group Limited

Report on the audit of the consolidated and stand-alone financial statements

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Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Wisynco Group Limited (the Company) and its subsidiary (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2019, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Wisynco Group Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 30 June 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 June 2019;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

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 consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore T.N. Smith DaSilva K.D. Powell

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Accounting for investment in associate (Group and Company) *Refer to notes 2(b), 4(b) and 17 of the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgments, estimates and balances.* During the year, the Group acquired a 30% interest in JP Snacks Caribbean Limited (consolidated) for a consideration of $586.2 million which is accounted for as an investment in associate for both the Group and Company. The consideration paid in the acquisition of the interest in JP Snacks Caribbean Limited (consolidated) resulted in the identification of intangible assets including brands and customer relationships and the unallocated portion related to goodwill. We focused on the investment due to the significance of the consideration paid as well as management's judgement and estimation involved in identifying intangible assets.	We read the share purchase and subscription agreements and evaluated the appropriateness of the accounting for the acquisition as an associate against management's accounting policies and the applicable accounting standards. We obtained a detailed analysis of the consideration transferred in the acquisition transaction and agreed amounts paid to supporting documentation. We held discussions with management to gain an understanding and evaluated their basis for selecting assumptions used in the valuation methodologies applied to identify intangible assets. With the assistance of a valuation expert, we independently determined fair values for the identified intangible assets and compared them to management's calculated value.

Key audit matter	How our audit addressed the key audit matter
The complex judgements involve identifying all assets including intangibles, and liabilities of the newly acquired associate and estimating their associated fair value for initial recognition as part of the Purchase Price Allocation.	We corroborated the key inputs into the valuation of intangible assets being discount rate, growth rate, royalty rate and risk premiums to industry and economic information taking into consideration our knowledge of the Group and the industries in which the Group operates. We verified selected tangible assets and liabilities to supporting documentation. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone financial statements or 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 those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group or 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 consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone 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 matter 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.

Report on other legal and regulatory requirements

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 kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
26 September 2019

Wisynco Group Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Revenue	5	28,412,414	24,544,049
Cost of sales		(17,878,208)	(15,421,144)
Gross Profit		10,534,206	9,122,905
Other operating income	6	288,656	92,157
Selling and distribution expenses		(6,124,947)	(5,412,601)
Administration expenses		(1,097,978)	(956,683)
Operating Profit		3,599,937	2,845,778
Finance income	9	119,218	130,837
Finance costs	10	(230,205)	(211,411)
Share of results of associates	17	7,792	-
Profit before Taxation		3,496,742	2,765,204
Taxation	11	(567,420)	(513,834)
Profit for the year from continuing operations		2,929,322	2,251,370
Profit from discontinued operations	12	-	41,555
Net Profit		2,929,322	2,292,925
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiary		(1,038)	26,853
Unrealised gains on investment securities		10,886	3,728
Total Comprehensive Income		2,939,170	2,323,506
Net Profit attributable to:			
Stockholders of Wisynco Group Limited		2,929,322	2,292,961
Non-controlling interest		-	(36)
		2,929,322	2,292,925
Total Comprehensive Income attributable to:			
Stockholders of Wisynco Group Limited		2,939,170	2,323,542
Non-controlling interest		-	(36)
		2,939,170	2,323,506
Earnings Per Stock Unit from continuing and discontinued operations attributable to stockholders of the Group	13		
From continuing operations		$0.78	$0.61
From discontinued operations		-	$0.01
		$0.78	$0.62

Wisynco Group Limited

Consolidated Statement of Financial Position

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-Current Assets			
Property, plant and equipment	15	6,724,278	6,775,727
Investment in associates	17	593,961	-
Loans receivable	18	165,545	-
Investment securities	19	379,060	215,760
		7,862,844	6,991,487
Current Assets			
Inventories	20	3,225,686	2,199,273
Receivables and prepayments	21	2,585,519	2,302,693
Investment securities	19	130,385	269,530
Cash and short-term deposits	22	3,974,545	3,968,075
		9,916,135	8,739,571
Current Liabilities			
Trade and other payables	23	3,336,064	3,873,904
Short-term borrowings	24	485,724	376,686
Taxation payable		444,969	362,940
		4,266,757	4,613,530
Net Current Assets		5,649,378	4,126,041
		13,512,222	11,117,528

Wisynco Group Limited

Consolidated Statement of Financial Position (Continued)

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	25	1,192,647	1,192,647
Capital reserve	26	130,832	119,946
Translation reserve		29,048	30,086
Retained earnings	27	9,733,054	7,347,482
		11,085,581	8,690,161
Non-Current Liabilities			
Deferred tax liabilities	28	213,511	257,430
Borrowings	24	2,213,130	2,169,937
		2,426,641	2,427,367
		13,512,222	11,117,528

Approved for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:

William Mahfood Director

Andrew Mahfood Director

Wisynco Group Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Equity Holders of the Company					Non-Controlling Interest	Total Equity
	Number of shares '000	Share Capital $'000	Capital Reserves $'000	Retained Earnings $'000	Translation Reserve $'000	$'000	$'000
Balance at 1 July 2017	3,600,585	57,927	116,218	7,377,182	3,233	5,740	7,560,300
Net profit	-	-	-	2,292,961	-	(36)	2,292,925
Unrealised gain on investments	-	-	3,728	-	-	-	3,728
Exchange differences on translating foreign subsidiary	-	-	-	-	26,853	-	26,853
Total comprehensive income	-	-	3,728	2,292,961	26,853	(36)	2,323,506
Sale of ordinary shares (IPO) (Note 25)	149,415	1,134,720	-	-	-	-	1,134,720
Transactions with owners -							
Dividends paid (Note 31)	-	-	-	(1,304,933)	-	-	(1,304,933)
Transfer to owners consequent on reorganisation (Note 12)	-	-	-	(1,017,728)	-	(5,704)	(1,023,432)
Balance at 30 June 2018	3,750,000	1,192,647	119,946	7,347,482	30,086	-	8,690,161
Net profit	-	-	-	2,929,322	-	-	2,929,322
Unrealised gain on investments	-	-	10,886	-	-	-	10,886
Exchange differences on translating foreign subsidiary	-	-	-	-	(1,038)	-	(1,038)
Total comprehensive income	-	-	10,886	2,929,322	(1,038)	-	2,939,170
Transactions with owners -							
Dividends paid (Note 31)	-	-	-	(543,750)	-	-	(543,750)
	-	-	10,886	2,385,572	(1,038)	-	2,395,420
Balance at 30 June 2019	3,750,000	1,192,647	130,832	9,733,054	29,048	-	11,085,581

Wisynco Group Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 $'000	2018 $'000
Operating Activities		
Cash provided by operating activities (Note 29)	2,267,211	3,655,873
Cash Flows from Investing Activities		
Purchase of property, plant and equipment[a]	(1,059,047)	(2,728,656)
Purchase of investments	(522,837)	(468,805)
Proceeds from the sale of property, plant and equipment	7,550	8,533
Proceeds from sale of investment	-	477,529
Dividend received	2,014	1,487
Cash outflow on disposal of subsidiaries	-	(135,108)
Investment in associates	(586,169)	-
Loans receivable	(165,545)	-
Interest received	89,194	68,491
Cash used in investing activities	(2,234,840)	(2,776,529)
Cash Flows from Financing Activities		
Interest paid	(186,439)	(249,449)
Long-term loans repaid	(377,870)	(533,683)
Long-term loans received	567,000	725,000
Proceeds from IPO	-	1,134,720
Finance lease repaid	(22,298)	(58,587)
Dividend paid	(543,750)	(1,304,933)
Cash used in financing activities	(563,357)	(286,932)
(Decrease)/increase in cash and cash equivalents	(530,986)	592,412
Effects of changes in foreign exchange rates on cash and cash equivalents	29,220	11,293
(Decrease)/Increase in cash and cash equivalents	(501,766)	603,705
Cash and cash equivalents at beginning of year	3,917,663	3,313,958
Cash and Cash Equivalents at End of Year (Note 22)	3,415,897	3,917,663

The principal non-cash transactions include:

(a) There was no acquisition of property, plant and equipment under finance lease in current year (2018 – $112,650,000).

Wisynco Group Limited

Company Statement of Comprehensive Income

Year ended 30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Revenue	5	28,400,550	24,514,835
Cost of sales		(17,838,850)	(15,284,340)
Gross Profit		10,561,700	9,230,495
Other operating income	6	279,607	85,397
Selling and distribution expenses		(6,205,360)	(5,412,601)
Administration expenses		(1,110,566)	(1,049,101)
Operating Profit		3,525,381	2,854,190
Finance income	9	119,218	130,837
Finance costs	10	(176,406)	(211,411)
Profit before Taxation		3,468,193	2,773,616
Taxation	11	(567,204)	(513,834)
Net Profit		2,900,989	2,259,782
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Unrealised gains on investment securities		10,886	2,849
Total Comprehensive Income		2,911,875	2,262,631

Wisynco Group Limited

Company Statement of Financial Position

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-Current Assets			
Property, plant and equipment	15	6,724,278	6,775,727
Investments in subsidiaries	16	11,375	11,375
Investment in associates	17	586,169	-
Loans receivable	18	165,545	-
Investment securities	19	379,060	215,760
		7,866,427	7,002,862
Current Assets			
Inventories	20	3,225,686	2,199,273
Receivables and prepayments	21	2,581,362	2,291,515
Investment securities	19	130,385	269,530
Due from parent company	14(b)	-	1,898
Cash and short-term deposits	22	3,907,783	3,918,405
		9,845,216	8,680,621
Current Liabilities			
Trade and other payables	23	3,325,212	3,854,981
Short-term borrowings	24	485,724	376,686
Taxation payable		444,432	362,940
		4,255,368	4,594,607
Net Current Assets		5,589,848	4,086,014
		13,456,275	11,088,876
Shareholders' Equity			
Share capital	25	1,192,647	1,192,647
Capital reserve	26	130,832	119,946
Retained earnings		9,706,155	7,348,916
		11,029,634	8,661,509
Non-Current Liabilities			
Deferred tax liabilities	28	213,511	257,430
Borrowings	24	2,213,130	2,169,937
		2,426,641	2,427,367
		13,456,275	11,088,876

Approved for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:

William Mahfood — Director

Andrew Mahfood — Director

Wisynco Group Limited
Company Statement of Changes in Equity
Year ended 30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of shares '000	Share Capital $'000	Capital Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2017		3,600,585	57,927	117,097	6,976,619	7,151,643
Net profit		-	-	-	2,259,782	2,259,782
Other comprehensive income		-	-	2,849	-	2,849
Total comprehensive income		-	-	2,849	2,259,782	2,262,631
Transactions with owners -						
Sale of ordinary shares (IPO)		149,415	1,134,720	-	-	1,134,720
Dividends paid	31	-	-	-	(1,304,933)	(1,304,933)
Transfer to owners consequent on re-organisation		-	-	-	(582,552)	(582,552)
Balance at 30 June 2018		3,750,000	1,192,647	119,946	7,348,916	8,661,509
Net profit		-	-	-	2,900,989	2,900,989
Other comprehensive income		-	-	10,886	-	10,886
Total comprehensive income		-	-	10,886	2,900,989	2,911,875
Transactions with owners -						
Dividends paid	31	-	-	-	(543,750)	(543,750)
		-	-	10,886	2,357,239	2,368,125
Balance at 30 June 2019		3,750,000	1,192,647	130,832	9,706,155	11,029,634

Wisynco Group Limited
Company Statement of Cash Flows
Year ended 30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

	2019 $'000	2018 $'000
Operating Activities		
Cash provided by operating activities (Note 29)	2,250,119	3,563,012
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,059,047)	(2,680,363)
Proceeds from the sale of property, plant and equipment	7,550	8,533
Purchase of investments	(522,837)	(468,805)
Proceeds from sale of investments	-	477,529
Dividend received	2,014	1,487
Investment in associates	(586,169)	-
Loan issued	(165,545)	-
Interest received	89,194	68,491
Cash used in investing activities	(2,234,840)	(2,593,128)
Cash Flows from Financing Activities		
Interest paid	(186,439)	(249,449)
Long-term loans repaid	(377,870)	(495,644)
Long-term loans received	567,000	725,000
Proceeds from IPO	-	1,134,720
Finance leases repaid	(22,298)	(38,323)
Dividend paid	(543,750)	(1,304,933)
Cash used in financing activities	(563,357)	(228,629)
(Decrease)/Increase in cash and cash equivalents	(548,078)	741,255
Effects of changes in foreign exchange rates	29,220	11,293
Cash and cash equivalents at beginning of year	3,867,993	3,115,445
Cash and Cash Equivalents at End of Year (Note 22)	3,349,135	3,867,933

Wisynco Group Limited

Notes to the Financial Statements
30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Wisynco Group Limited (the company) is a limited liability company, incorporated and domiciled in Jamaica. The parent company is Wisynco Group (Caribbean) Limited, a Barbados International Business Company. The ultimate controlling party of the company is Evesam Investments Holdings Limited, a company incorporated in the Cayman Islands. The registered office of the company is located at White Marl, St Catherine.

(b) The company together with wholly owned subsidiary, Indies Insurance Company Limited, incorporated and resident in St. Lucia as well JP Snacks Caribbean Limited (consolidated) is referred to as “the Group”. On 29 April 2019 the company acquired 30% interest in JP Snacks Caribbean Limited (consolidated) which comprise JP Snacks Caribbean Limited incorporated as a non-resident in Cayman Islands and Antillean Foods Inc legally organised under the laws of Cayman Islands.

On 30 October 2017 the following entities are no longer part of the Group due to changes in the ownership structure as disclosed in Note 12:

Wisynco Foods Limited, subsidiary, previously 100% owned – Incorporated and resident in Jamaica;Seville Development Corporation Limited, subsidiary, previously 85% owned – Incorporated and resident in Jamaica; and Fusion Holdings Limited, associate, previously 50% owned – Incorporated and resident in St. Lucia.

(c) The principal activities of the group are the bottling and distribution of water and beverages, the manufacturing of a wide range of plastic and foam packaging and disposable products for use in industry, tourism and for the retail trade, the distribution and retailing of food items and the provision of insurance services. The operation of fast food restaurants through Wisynco Foods Limited was discontinued during the prior year as disclosed in Note 12.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

Wisynco Group Limited

Notes to the Financial Statements
30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is based on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity. That is, an entity's business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both.

If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect assets' contractual cash flows and to sell the assets are classified as FVOCI. Under the new model, FVPL is the residual category -financial assets should therefore be classified as FVPL if they do not meet the criteria of FVOCI or amortised cost.

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The adoption of IFRS 9 from 1 July 2018 resulted in changes in accounting policies as outlined in Note 2(h). In accordance with the transitional provisions comparative figures have not been restated. Details of the impact on the financial statements on adoption of the new standard is disclosed in Note 34.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service; so the notion of control replaces the existing notion of risks and rewards.

A key change to current practice is the point at which revenue is able to be recognised, which may shift so that some revenue that is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. Other effects of the new standard include variable consideration that involve contracts with customers which provide a right of return, trade discounts or volume rebates which in some cases result in more revenue being deferred. The treatment of customer loyalty programmes is also affected.

The adoption of IFRS 15 from 1 July 2018 resulted in changes in accounting policies as disclosed in Note 2(c). In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. The impact on the financial statements on adoption of the new standard is disclosed in Note 34.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. There was no impact from the adoption of this amendment.

Amendments to IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2018). This amendment addresses the concerns of insurance companies about the different effective dates of IFRS 9, 'Financial instruments', and the forthcoming new insurance contracts standard. The amendment to IFRS 4 provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level); and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments that have now been issued) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective. This amendment did not have an impact on the Group.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

Annual improvements to IFRSs 2014 – 2016 cycles. The amendment to IAS 28,'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. There were no transactions to which the amendment is applicable. There were no transactions impacted by the amendment in current year. The Group will apply this amendment where applicable to future transactions.

Amendment to IFRS 9, 'Financial instruments on prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2018). This amendment confirms that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and; when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the group at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

I**FRIC 23 'Uncertainty over Income Tax Treatments',** (effective for annual reporting periods beginning on or after 1 January 2019). This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. . The Group is currently assessing the impact of this amendment.

IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts. The Group is currently assessing the impact of this standard.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

Amendments to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Group currently does not have any such interests.

Annual improvements 2015 – 2017. These annual improvements are effective for annual periods beginning on or after 1 January 2019. These amendments include minor changes to the following standards:
- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The Group is currently assessing the impact of the amendments.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2018, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets. The Group Executive Management Committee is in the process of evaluating the impact of IFRS 16 on the financial statements of the Group. The impact on the financial statements on adoption of IFRS 16 is not expected to be significant, as the Group currently accounts for all leases as finance leases. Additionally, future lease contracts entered into will be based on terms resulting in its classification as finance lease.

The Group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus cost directly attributable to the acquisition. The excess of the cost over the fair value of net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associated companies' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income .

In the company's statement of financial position, investment in associates is shown at cost.

The Group's associated companies are as follows:

	Financial Reporting Year-end	Country of Incorporation	Nature of Business	Group's percentage interest	
				2019	2018
Fusion Holdings Limited	30 June	Jamaica	Manufacturing and distribution	-	50.0
JP Snacks Caribbean Limited (consolidated)	31 December	Cayman Islands	Manufacturing and distribution	30.0	-

During prior year, the group disposed of its interest in Fusion Holdings Limited through a reconstruction scheme as disclosed in Note 12.

(c) Revenue and income recognition

Group revenue comprises revenue of the group and its subsidiaries. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue comprises amounts charged to customers in respect of the sale of water and beverages, plastic, foam packaging and disposable products, general food items and fast food items.

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition (continued)

The Group adopted IFRS 15 Revenue from contracts with customers effective for annual periods beginning 1 January 2018. The adoption of the standard has changed the revenue recognition criteria for sale of goods within the Group.

Sales of goods

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer

Certain contracts with customers provide a right of return, free goods, volume discounts, rebates and other incentives. Accumulated experience is used to estimate and provide for customer returns and sales incentives using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability, representing amounts payable to customers, is recognised for expected returns and sales incentives. Where customer contracts entitle customers to free goods, revenue is allocated to each performance obligation, including free goods, and recognised as the performance obligations are satisfied.

Sale of goods – up to 30 June 2018
Revenue from the sale of merchandise and fast food items is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer which is upon acceptance of the goods by the customer.

Interest and dividend income
Interest income are recorded on the accrual basis using the effective interest method. Dividends are recognised when the right to receive payments is established.

Other operating income
Other operating income primarily comprising rebates received and the sale of miscellaneous items is recognised as it accrues unless collectability is in doubt.

(d) Foreign currency translation

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the year end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the group's functional and presentation currency.

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2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical or deemed cost less depreciation.

The carrying values of property, plant and equipment are written off on a straight-line basis over their expected useful lives using the following rates:

Buildings	2½ - 3 ⅓%
Furniture, fixtures and equipment	10 - 50%
Motor vehicles	20%
Leasehold improvements	Shorter of the life of the lease or the useful life of the asset

Land is not depreciated.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Intangible assets

Brands

Brands are recorded at cost and represent the value of the consideration paid to acquire the well established and recognised pizza and fast food. This cost is amortised over 10 years which is the estimated useful life of the brand.

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Franchise fees

Franchise fees are recorded at cost and represents consideration paid to operate each fast food store location. This cost is amortised over the life of the franchise agreement period which is 10 years.

2. Significant Accounting Policies (Continued)

(f) Intangible assets (continued)

Contracts
Contracts are recorded at cost based and represents consideration paid for right to Bottler's Agreement. This cost is amortised over the life of the contract which is 3 years.

(g) Impairment of non-current assets
Property, plant and equipment and other non-current assets are reviewed for impairment 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 and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(h) Financial instruments

Classification of financial instruments

The Group classifies financial assets and liabilities as those measured at fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or measured at amortised cost in accordance with IFRS 9 Financial Instruments' which became effective for annual periods beginning 1 January 2018.

The classification is based on the business model used to manage the financial instruments as well as the terms of the contractual cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The equity instruments held by the Group are not held for trading. The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments only when its business model for managing those assets changes.

Measurement of financial instruments

Debt instruments
Measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income .

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of comprehensive income.

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Measurement of financial instruments (continued)

Equity instruments
The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial instruments

The Group determines impairment of financial instruments using the expected credit loss model. The Group incorporates forward looking information and applies both the general model and the simplified approach when calculating expected credit losses.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

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2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Impairment of financial instruments (continued)

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk
The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Application of the Simplified Approach
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Group accounting policy up to 30 June 2018

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets
The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables and available –for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date. These assets are classified as cash and short term investments and are included in current assets on the statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end. These are classified as non-current assets. Loans and receivables are classified as balances with related parties, long term receivables and trade and other receivables and are included in non-current and current assets in the statement of financial position. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. These are classified as available-for-sale investments and are included in non-current assets.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has the express intention of holding the investment for less than twelve months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Available-for-sale (continued)

Purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. The cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

(i) Investment property

Investment property represents land. It is carried at cost.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods is determined using standard raw material cost, plus budgeted cost of labour and factory overheads, which approximates actual cost. The cost of finished goods purchased for resale is the suppliers' invoice price applied on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of trade receivables is determined using the simplified approach based on the required of IFRS 9 as outlined in Note 2(h) above. In prior period provision for impairment was determined based on the requirements of IAS 39, where a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss in administration and other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

2. Significant Accounting Policies (Continued)

(l) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts.

(m) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are initially recognised at fair value and subsequently stated at amortised cost.

(n) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where 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 (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(o) Borrowings and borrowings costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant Accounting Policies (Continued)

(p) Income taxes

Taxation expense in the income statement comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the year end.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(q) Employee benefits

Pension obligations

The company participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the year end are discounted to present value.

Profit sharing plans

A liability for employee benefits in the form of profit sharing plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

(i) There is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or

(ii) Past practice has created a valid expectation by employees that they will receive a profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

Leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant Accounting Policies (Continued)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed; the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

(t) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

3. Financial Risk Management

The group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group’s financial performance.

The group’s risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the group’s risk management framework. The Board has established a Group Finance Department for managing and monitoring risks. This department is responsible for managing the Group’s assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the group. It identifies, evaluates and hedges financial risks in close co-operation with the group’s operating units.

There has been no significant change to the group’s exposure to financial risks or the manner in which it manages and measures risk.

3. Financial Risk Management (Continued)

(a) Credit risk

The group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is an important risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the group's receivables from customers and investment activities. The group structures the levels of credit risk it undertakes by placing terms and limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

The group has a credit department whose responsibility involves regular analysis of the ability of customers and other counterparties to meet

(i) Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the group offering them a credit facility. Risky customers are required to provide a banker's guarantee and credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the credit department; these are reviewed semi-annually. The group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the group's benchmark creditworthiness may transact business with the group on a prepayment basis.

Customers' credit risks are monitored according to their credit characteristics such as whether the customer is an individual or company, industry, aging profile, and previous financial difficulties. Trade and other receivables relate mainly to the group's wholesale, retail and food service customers.

The group's average credit period on the sale of goods is 30 days. The group has provided fully for all receivables based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Loans receivable

The Group's exposure for credit risk for loans receivable is limited to related party JP Snacks Caribbean Limited; which management does expect to fail to meet its obligations.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	2,550,244	2,278,465	2,546,087	2,272,206
Cash and short-term deposits	3,974,545	3,968,075	3,907,783	3,918,405
Investment securities	509,445	463,380	509,445	463,380
Loans receivable	165,545	-	165,545	-
	7,199,779	6,709,920	7,128,860	6,653,991

The table above represents a worst case scenario of credit risk exposure at 30 June. During the year, the group did not renegotiate any trade receivables.

(i) Ageing analysis of trade receivables:

	Group		Company	
	2019 **$'000**	**2018** **$'000**	**2019** **$'000**	**2018** **$'000**
0 to 30 days	1,460,348	1,211,693	1,460,348	1,211,693
31 to 60 days	588,769	491,427	588,769	491,427
60 to 90 days	158,889	159,504	158,889	159,504
90 days or more	49,203	27,703	49,203	27,703
	2,257,209	1,890,327	2,257,209	1,890,327

(ii) Trade receivable that are considered impaired.

As of 30 June 2019, trade receivables of $30,981,000 (2018 - of $35,586,000) and $30,981,000 (2018 - $35,586,000) for the group and company, respectively, were impaired. The amount of the provision was $30,981,000 (2018 - $35,586,000) and $30,981,000 (2018 - $35,586,000) for the group and company, respectively. The individually impaired receivables mainly relate to wholesalers who are in unexpected, difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. These receivables are aged over 90 days.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Trade receivables that are considered impaired (continued)

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2019 **$'000**	**2018** **$'000**	**2019** **$'000**	**2018** **$'000**
At 1 July	35,586	35,493	35,586	33,624
Provision for receivables impairment	8,137	18,842	8,137	18,842
Transfer on reorganisation	-	(1,869)	-	-
Bad debt recovered/written off	(12,742)	(16,880)	(12,742)	(16,880)
At 30 June	30,981	35,586	30,981	35,586

As of 1 July 2018, to measure expected credit losses, trade receivables are grouped by regions (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 90 days past due are used as a proxy for historical losses. This did not result in a material change to the provision for credit losses previously recognised. The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than those listed above that were individually impaired.

(iii) Credit exposure for trade receivables

The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company	
	2019 **$'000**	**2018** **$'000**	**2019** **$'000**	**2018** **$'000**
Kingston & St. Andrew	948,976	593,276	948,976	593,276
South Central	342,205	250,045	342,205	250,045
North Eastern	327,435	224,531	327,435	224,531
Western	427,504	221,608	427,504	221,608
Hotels & Restaurants	133,079	482,869	133,079	482,869
Other	78,010	117,998	78,010	117,998
	2,257,209	1,890,327	2,257,209	1,890,327
Less: Provision for credit losses	(30,981)	(35,586)	(30,981)	(35,586)
	2,226,228	1,854,741	2,226,228	1,854,741

The majority of trade receivables are receivable from customers in Jamaica.

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Group Finance 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 committed lines of credit;

(iii) Optimising cash returns on investment;

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

The company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately $11,500,000 (2018 - $16, 000,000).

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

The tables below summarises the maturity profile of the Group's and company's financial liabilities at 30 June based on contractual undiscounted payments at contractual maturity dates.

	The Group					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
	2019					
Liabilities						
Borrowings	86,159	141,195	452,410	2,472,167	-	3,151,931
Trade and other payables	1,480,211	1,000,730	584,946	-	-	3,065,887
Total financial liabilities	1,566,370	1,141,925	1,037,356	2,472,167	-	6,217,818

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

	The Group					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
	2018					
Liabilities						
Borrowings	146,949	40,969	420,551	2,539,526	-	3,147,995
Trade and other payables	1,903,683	1,008,776	720,256	-	-	3,632,715
Total financial liabilities	2,050,632	1,049,745	1,140,807	2,539,526	-	6,780,710

	The Company					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
	2019					
Liabilities						
Borrowings	86,159	141,195	452,410	2,472,167	-	3,151,931
Trade and other payables	1,469,359	1,000,730	584,946	-	-	3,055,035
Total financial liabilities	1,555,518	1,141,925	1,037,356	2,472,167	-	6,206,966

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2018			
Liabilities						
Borrowings	146,949	40,969	420,551	2,539,526	-	3,147,995
Trade and other payables	1,903,683	1,008,776	701,334	-	-	3,613,793
Total financial liabilities	2,050,632	1,049,745	1,121,885	2,539,526	-	6,761,788

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Group Finance Department. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Concentrations of currency risk

The Group and company has accounts receivable, cash and deposits, long term receivable net of accounts payable and borrowings denominated in United States dollars, amounting to an asset of J$720,173,000 and J$616,915,00 at 30 June 2019 (2018 - J$897,878,000 and J$854,406,000) respectively. The Group and company also has cash and deposits net of accounts payable denominated in Euros, amounting to a liability of J$388,214,000 (2018 - J$82,591,000).

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and 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 a reasonably expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of trade receivables and payables.

	The Group			
	% Change in Currency Rate	Effect on Profit before Taxation 2019	% Change in Currency Rate	Effect on Profit before Taxation 2018
	%	$'000	%	$'000
Currency:				
USD	+4	28,807	+2	17,958
USD	-6	(43,210)	-4	(35,915)
EURO	+4	(15,529)	+2	1,652
EURO	-6	23,293	-4	(3,304)

	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation 2019	% Change in Currency Rate	Effect on Profit before Taxation 2018
	%	$'000	%	$'000
Currency:				
USD	+4	26,277	+2	17,008
USD	-6	(39,415)	-4	(34,176)
EURO	+4	(15,529)	+2	1,652
EURO	-6	23,293	-4	(3,304)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(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.

Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarises the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2019			
Assets							
Investment securities	-	130,385	-	346,750	-	32,310	509,445
Receivables	-	-	-	-	-	2,550,244	2,550,244
Cash and short-term deposits	2,254,683	1,719,386	-	-	-	476	3,974,545
Total financial assets	2,254,683	1,849,771	-	346,750	-	2,583,030	7,034,234
Liabilities							
Borrowings	35,811	112,250	337,663	2,213,130	-	-	2,698,854
Trade and other payables	-	-	-	-	-	3,065,887	3,065,887
Total financial liabilities	35,811	112,250	337,663	2,213,130	-	3,065,887	5,764,741
Total interest repricing gap	2,218,872	1,737,521	(337,663)	(1,866,380)	-	482,857	1,269,493

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
	2018						
Assets							
Available-for-sale investments	-	-	269,530	193,850	-	21,910	485,290
Receivables	-	-	-	-	-	2,278,465	2,278,465
Cash and short-term deposits	2,700,539	1,267,060	-	-	-	476	3,968,075
Total financial assets	2,700,539	1,267,060	269,530	193,850	-	2,300,851	6,731,830
Liabilities							
Borrowings	129,058	5,358	278,536	2,133,672	-	-	2,546,623
Trade and other payables	-	-	-	-	-	3,632,715	3,632,715
Total financial liabilities	129,058	5,358	278,536	2,133,672	-	3,632,715	6,179,338
Total interest repricing gap	2,571,481	1,261,702	(9,006)	(1,939,822)	-	(1,331,864)	552,492

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
	2019						
Assets							
Investment securities	-	130,385	-	346,750	-	32,310	509,445
Receivables	-	-	-	-	-	2,546,087	2,546,087
Cash and short-term deposits	2,187,920	1,196,550	522,837	-	-	476	3,907,783
Long term receivable	-	-	-	-	165,545	-	165,545
Total financial assets	2,187,921	1,326,935	522,837	346,750	165,545	2,578,873	7,128,860
Liabilities							
Borrowings	35,811	112,250	337,663	2,213,130	-	-	2,698,854
Trade and other payables	-	-	-	-	-	3,055,035	3,055,035
Total financial liabilities	35,811	112,250	337,663	2,213,130	-	3,055,035	4,967,219
Total interest repricing gap	2,152,110	1,214,685	185,174	(1,866,380)	165,545	(476,162)	2,161,641

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $,000	Non-Interest Bearing $'000	Total $'000
	2018						
Assets							
Available-for-sale investments	-	-	269,530	193,850	-	21,910	485,290
Receivables	-	-	-	-	-	2,272,206	2,272,206
Cash and short-term deposits	2,650,869	1,267,060	-	-	-	476	3,918,405
Due from parent company	-	-	-	-	-	1,898	1,898
Total financial assets	2,650,869	1,267,060	269,530	193,850	-	2,296,490	6,677,799
Liabilities							
Borrowings	129,058	5,358	278,536	2,133,672	-	-	2,546,623
Trade and other payables	-	-	-	-	-	3,613,793	3,613,793
Total financial liabilities	129,058	5,358	278,536	2,133,672	-	3,613,793	6,160,416
Total interest repricing gap	2,521,811	1,261,702	(9,006)	(1,939,822)	-	(1,317,303)	517,383

Interest rate sensitivity

The group and company have no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as fair value through other comprehensive income (2018 - available for sale). The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact of a 10% (2018: 15 %) change in the quoted prices for these equities would be an increase or decrease in the carrying value of $3,231,000 (2018: $3,287,000) in income and $3,231,000 (2018: $3,287,000) in other comprehensive income.

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3. Financial Risk Management (Continued)

(d) Capital management

The Group manages its capital resources according to the following objectives:

(i) To continue as a going concern in order to provide benefits for stakeholders;

(ii) To maintain a strong capital base which is sufficient for the future development of the Group's operations; and

(iii) To comply with capital requirements as stipulated by loan covenants.

The Group is exposed to externally imposed capital requirements as a result of loans issued by specific financial institutions as follows:

	Required	**Actual 2019**	**Actual 2018**
Minimum current assets to current liabilities	1.20:1	2.3:1	1.89:1
Maximum debt to equity ratio	2.33:1	0.57:1	0.28:1
Minimum interest cover	2.9 times	26.6 times	17.8 times
Minimum debt service coverage margin	2.0 times	7.09 times	7.30 times

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3. Financial Risk Management (Continued)

(e) Fair value estimation
Financial instruments that are measured in the statement of financial position at fair value are classified by level in one of the following fair value measurement hierarchy:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The Group's financial instruments classified at amortised cost and fair value through other comprehensive income in current year and were classified as available-for-sale investments in prior year are disclosed in (Note 19). Corporate bonds are classified as level 2 and quoted instruments are classified as level 1.

The amounts included in the financial statements for cash and short-term deposits, receivables, payables, short-term loans and due to parent company reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of long term borrowings approximates carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments.

There were no transfers between the Levels.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
		30 June 2019		
Investment securities –				
Quoted equities	32,292	-	-	32,292
Unquoted equities	-	-	18	18
	32,292	-	18	32,310

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
		30 June 2018		
Investment securities –				
Quoted equities	21,692	100	-	21,792
Unquoted equities	-	-	18	18
Corporate bonds	-	463,480	-	463,480
	21,692	463,580	18	485,290

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(a) Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies, management has not made any judgements that would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for impairment of trade receivables
Periodically, the company assesses the collectability of its trade receivables. Provisions are created or increased as described in Note 2(k). This, however, does not necessarily mean that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible at period end may subsequently go bad.

Estimated impairment of goodwill and brands
The group tests annually whether goodwill and brands have suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The assessment of goodwill and brand impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rates. Any changes in these variables would impact the value in use calculations. Management has determined that a reasonably possible change in key assumptions, namely increase or decrease of two percentage points to the discount rate and increase or decrease of two percentage points to the revenue growth rate would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. Goodwill arising from the Group's interest in Wisynco Foods Limited was derecognized during the year as a result of the reconstruction of the group (Note 12).

Associates
The company acquired 30% interest in JP Snacks Caribbean Limited on 29 April 2019. The Group previously held 50% of the voting rights of Fusion Holdings Limited up to 30 October 2017, at which point the Group's interest were transferred under a reconstruction scheme (Note 12). Management has assessed that it did not have control over these entities as under its contractual arrangements with the other shareholder, unanimous consent was required from all parties to the agreements for all relevant activities. The Group has therefore equity accounted for its share of the results of these entities in the respective periods as an associated company.

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5. Revenue

Revenues can be disaggregated as follows:

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Export	434,988	342,355	434,988	342,355
Local	26,966,488	23,444,898	26,966,488	23,444,898
Related parties	999,074	727,582	999,074	727,582
Revenue transferred at a point in time	28,400,550	24,514,835	28,400,550	24,514,835
Revenue from insurance contracts	11,864	29,214	-	-
	28,412,414	24,544,049	28,400,550	24,514,835

6. Other Operating Income

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Bad debts recovered	3,235	8,437	3,235	8,437
Discount received	30,162	24,564	30,162	24,564
Rebates	32,236	28,672	32,236	28,672
Gain on disposal of property, plant and equipment	4,927	4,397	4,927	4,397
Management fees	14,946	-	14,946	-
Royalty income	15,908	-	15,908	-
Other	187,242	26,087	178,193	19,327
	288,656	92,157	279,607	85,397

7. Expenses by Nature

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Advertising costs	556,609	610,105	556,609	610,105
Audit fees	13,625	11,422	11,978	11,422
Bad debt expense	8,137	18,960	8,137	18,960
Commissions	144,958	179,558	144,958	179,558
Cost of inventory recognised as expense	14,480,976	12,228,143	14,480,976	12,228,143
Delivery and motor vehicle expense	1,465,164	1,295,233	1,465,164	1,295,233
Directors fees	13,084	12,829	12,689	12,829
Insurance	54,284	51,121	221,432	173,756
Property expenses, including depreciation	1,999,290	1,625,409	1,999,290	1,625,409
Royalties	35,697	37,366	35,697	37,366
Staff costs (Note 8)	4,316,848	3,768,499	4,316,848	3,768,499
Utilities	779,219	670,768	779,219	670,768
Other operating expenses	1,233,242	1,281,015	1,121,779	1,113,993
	25,101,133	21,790,428	25,154,776	21,746,041

8. Staff Costs

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Wages and salaries	3,506,897	3,080,264	3,506,897	3,080,264
Statutory contributions	383,272	333,190	383,272	333,190
Pension contributions (Note 30)	144,244	125,885	144,244	125,885
Termination costs	13,542	8,199	13,542	8,199
Other	268,893	220,961	268,893	220,961
	4,316,848	3,768,499	4,316,848	3,768,499

9. Finance Income

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income	2,014	1,487	2,014	1,487
Interest income	89,194	68,491	89,194	68,491
Gain on sale of investment	-	10,476	-	10,476
Foreign exchange gains	28,010	50,383	28,010	50,383
	119,218	130,837	119,218	130,837

10. Finance Costs

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense -				
Bank borrowings and finance leases	176,359	203,497	176,359	203,497
Finance charges and non interest fees	53,846	7,914	47	7,914
	230,205	211,411	176,406	211,411

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11. Taxation

The taxation charge is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	611,339	469,969	611,123	469,969
Deferred income tax (Note 28)	(43,919)	43,865	(43,919)	43,865
	567,420	513,834	567,204	513,834
Tax expense attributable to:				
Profit from continuing operations	567,420	513,834	567,204	513,834
Profit from discontinued operations	-	4,057	-	-
	567,420	517,891	567,204	513,834

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax from continuing operations	3,496,742	2,765,204	3,468,193	2,773,616
Profit before tax from discontinued operations	-	45,612	-	-
	3,496,742	2,810,816	3,468,193	2,773,616
Tax calculated at applicable tax rate on continuing operations	874,186	691,301	867,048	693,404
Adjusted for the effects of:				
Income not subject to tax	(26,762)	(15,311)	(26,762)	(10,990)
Expenses not deductible for tax purposes	1,674	30,176	1,674	23,752
Share of profits of associate	(7,792)	-	-	-
Tax credit	(247,611)	(194,999)	(247,611)	(194,999)
Other	(26,275)	2,667	(27,145)	2,667
Tax expense from continuing operations	567,420	513,834	567,204	513,834

12. Reconstruction/Discontinued Operations

On 30 October 2017, the Company effected a Scheme of Reconstruction ('the reconstruction") approved by the Tax Administration Jamaica under the laws of Jamaica. This resulted in the Company retaining its core businesses along with the operations of its subsidiary Indies Insurance Company Limited. The ownership of the other subsidiaries namely Wisynco Foods Limited and Seville Development Corporation Limited were transferred to separate legal entities of the ultimate parent company.

Additionally, the shareholdings of Fusion Holdings Limited was also transferred to the ultimate parent company.

As a result of this reconstruction effective 30 October 2017 these entities are no longer part of the Wisynco Group Limited and are treated as deemed disposals.

The net assets of the entities involved in the reconstruction at 30 October 2017 transferred to the owners were as follows:

The financial performance and cash flow information presented at June 30, 2018 are as follows:

	2018
	$'000
Revenue	595,457
Cost of sales	(390,977)
Gross profit	204,480
Other income	1,255
Administrative and other expenses	(180,530)
Operating profit	25,205
Finance income	(1,220)
Finance cost	(4,892)
Profit before taxation	19,093
Taxation	(4,057)
Net profit after tax from discontinued operations	15,036
Share of results of associate	26,519
Profit for the period from discontinued operations	41,555

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12. Reconstruction/Discontinued Operations (Continued)

	2018 **$'000**
Operating cash flows	31,910
Investing cash flows	(48,447)
Financing cash flows	(15,373)
Net cash flows	(31,910)

Details of the net assets of the subsidiaries and associates transferred to owners

	2018 **$'000**
Intangible asset	15,879
Property, plant and equipment	330,280
Investment property	13,449
Deferred tax asset	50,706
Receivables	86,438
Inventories	18,098
Cash and short-term deposits	135,108
Payables	(241,907)
Borrowings	(119,868)
Net assets disposed	288,183
Cost of investment transferred (net)	467,670
Share of associate's profits	261,875
Transfer to owners	1,017,728

No consideration was received on derecognition of these entities. The transaction was deemed to be between shareholders, the effects of which are recorded in equity. The amount of $582,552,000 transferred from the company represents the carrying value of investment in subsidiaries and associates at the date of transfer. The non-controlling interest of $5,704,000, was also derecognised as a result of the reconstruction.

13. Earnings Per Stock Unit

Earnings per stock unit is calculated on net profit and is based on the weighted average number of ordinary stock units in issue during both years.

	2019	2018
Net profit attributable to ordinary stockholders from continuing operations ($'000)	2,929,322	2,251,370
Net profit attributable to ordinary stockholders from discontinued operations ($'000)	-	41,591
Net profit attributable to ordinary stockholders ($'000)	2,929,322	2,292,961
Weighted average number of ordinary stock units in issue ('000)	3,750,000	3,687,744
Basic earnings per stock unit from continuing operations ($)	0.78	0.61
Basic earnings per stock unit from discontinued operations ($)	-	0.01
Basic earnings per stock unit ($)	0.78	0.62

The company has no dilutive potential ordinary stock units.

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14. Related Party Transactions and Balances

The following companies are related parties by virtue of:

Being a subsidiary of the company:
Indies Insurance Company

Holding shares in the company:
Wisynco Group Caribbean Limited

Affiliates:
Affiliates comprise companies over which the immediate parent has control. During prior year, Wisynco Foods Limited and Seville Development Corporation Limited and Fusion Holdings Limited and its major subsidiaries, Trade Winds Citrus Limited and United Estates Limited ceased being subsidiaries and associate respectively, and became affiliates from reconstruction scheme as disclosed in Note 12.

The company entered into the following significant transactions with related parties during the year:

(a) Transactions

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Sales				
Convenient Brands Limited (formerly Wisynco Foods Limited)	980,213	727,582	980,213	727,582
Purchases				
Trade Winds Citrus Limited	3,718,577	3,305,623	3,718,577	3,329,164
Antillean Foods Inc	215,625	-	215,695	-
Worthy Park Estate	2,789,149	-	2,789,149	-
Convenient Brands Limited (formerly Wisynco Foods Limited)	-	1,816	-	1,816
Insurance Expense	-	16,142	182,166	144,713
Interest expense				
Seville Development Corporation Limited	-	232	-	232

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14. Related Party Transactions and Balances (continued)

	The Company	
	2019	**2018**
	$'000	**$'000**
Rebates –		
Wisynco Foods Limited	4,277	3,774
Management Fees –		
Wisynco Foods Limited	14,946	7,473
Royalties -		
Trade Winds	35,697	37,366

(b) Year-end balances

	The Group		The Company	
Receivables (Note 21)	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from subsidiary -				
Indies Insurance Company Limited	-	-	3,164	3,164
Receivables from affiliates -				
Trade Winds Citrus	19,725	39,096	19,725	39,096
Wisynco Foods Limited	92,435	138,543	92,435	138,543
Other affiliates	4,856	1,967	1,692	1,967
Receivable from parent company	-	1,898	32	1,898
Included in receivables and prepayments	117,016	181,504	117,048	184,668
Long term receivable from associate				
JP Snacks Caribbean Limited	165,546	-	165,546	-

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14. Related Party Transactions and Balances (continued)

	The Group		The Company	
Payables (Note 23)	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Payables to affiliate -				
Trade Winds Citrus Limited	424,614	529,842	424,614	529,842
Worthy Park	167,420	-	167,420	-
Seville Development Corporation Limited	26,279	26,592	26,279	26,592
Recycling Partners	32,367	-	32,367	
Other affiliates	337	6,188	337	6,188
	651,017	562,622	651,017	562,622
Payable to associate				
Antillean Foods Inc	12,575	-	12,575	-
Payable to director	-	-	-	97
Included in trade and other payables	663,592	562,622	663,592	562,719

(c) Key management compensation

	The Group and Company	
	2019	**2018**
	$'000	**$'000**
Salaries and other short-term employee benefits	424,119	361,133
Statutory contributions	21,605	19,880
Pension benefits	21,786	20,882
	467,510	401,895
Directors' emoluments –		
Management remuneration (included above)	322,753	260,352
Fees	12,689	12,829

14. Related Party Transactions and Balances (Continued)

(d) Loans from related parties

	The Group and Company	
	2019	**2018**
	$'000	**$'000**
Wisynco Group (Caribbean) Limited -		
At beginning of year	-	259,745
Payments made	-	(264,074)
Interest charged	-	4,329
Included in non-current borrowings (Note 24)	-	-

(e) Dividends paid

	The Group and Company	
	2019	**2018**
	$'000	**$'000**
Parent company	402,547	1,178,705
Key management	12,562	26,177
	415,109	1,204,882

In prior year, the Group listed its shares on the Jamaica Stock Exchange through an Initial Public Offering (IPO); related parties held all shares prior to the IPO. Total dividends are disclosed in Note 31.

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15. Property, Plant and Equipment

The Group

	Land and Buildings $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Work in Progress $'000	Total $'000
Cost -						
At 1 July 2017	2,947,770	4,998,010	512,519	203,930	-	8,662,229
Additions	127,604	1,348,211	158,723	42,016	1,052,102	2,728,656
Disposals	-	(1,434)	(16,090)	-	-	(17,524)
Disposals on reorganisation	-	(412,668)	(2,998)	(226,914)	-	(642,580)
At 30 June 2018	3,075,374	5,932,119	652,154	19,032	1,052,102	10,730,781
Additions	162,843	749,960	146,244	-	-	1,059,047
Transfers	581,360	470,742	-	-	(1,052,102)	-
Adjustment	-	(57,654)	-	-	-	(57,654)
Disposals/Adjustments	-	(2,224)	(15,696)	-		(17,919)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	11,714,254
Depreciation -						
At 1 July 2017	317,096	2,917,880	192,483	59,032	-	3,486,491
Charge for the year	90,958	570,014	102,338	30,941	-	794,251
Relieved on disposal	-	-	(13,388)	-	-	(13,388)
Disposals on reorganisation	-	(239,726)	(1,633)	(70,941)	-	(312,300)
At 30 June 2018	408,054	3,248,168	279,800	19,032	-	3,955,054
Charge for the year	103,181	794,658	152,379	-	-	1,050,218
Relieved on disposal	-	(2,168)	(13,128)	-	-	(15,296)
At 30 June 2019	511,235	4,040,658	419,051	19,032	-	4,989,976
Net Book Value -						
30 June 2019	3,308,342	3,052,285	363,651	-	-	6,724,278
30 June 2018	2,667,320	2,683,951	372,354	-	1,052,102	6,775,727

Included in depreciation charges are amounts in respect of discontinued operations of Nil (2018: $18,878,000).

The carrying amount of property, plant and equipment pledged as security for current and non-current finance lease liability amounted to nil (2018 – $50,464,000).

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15. Property, Plant and Equipment (Continued)

	The Company					
	Land and Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Leasehold Improvements	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 July 2017	2,947,770	4,592,105	509,035	19,032	-	8,067,942
Additions	127,604	1,341,448	159,209	-	1,052,102	2,680,363
Disposals	-	(1,434)	(16,090)	-	-	(17,524)
At 30 June 2018	3,075,374	5,932,119	652,154	19,032	1,052,102	10,730,781
Additions	162,843	749,960	146,244	-	-	1,059,047
Transfers	581,360	470,742	-	-	(1,052,102)	-
Adjustments	-	(57,654)	-	-	-	(57,654)
Disposals	-	(2,224)	(15,696)	-		(17,919)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	11,714,254
Depreciation -						
At 1 July 2017	317,095	2,666,277	191,017	19,032	-	3,193,421
Charge for the year	90,959	581,891	102,171	-	-	775,021
Relieved on disposal	-	-	(13,388)	-	-	(13,388)
At 30 June 2018	408,054	3,248,168	279,800	19,032	-	3,955,054
Charge for the year	103,181	794,658	152,379	-	-	1,050,218
Relieved on disposal	-	(2,168)	(13,128)	-	-	(15,296)
At 30 June 2019	511,235	4,040,658	419,051	19,032	-	4,989,976
Net Book Value -						
30 June 2019	3,308,342	3,052,285	363,651	-	-	6,724,278
30 June 2018	2,667,320	2,683,951	372,354	-	1,052,102	6,775,727

The carrying amount of property, plant and equipment pledged as security for current and non current finance lease liability amounted to nil (2018 – $50,464,000).

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16. Investment in Subsidiaries

	The Company	
	2019	**2018**
	$'000	**$'000**
Indies Insurance Company – 100% 50,000 Ordinary shares, fully paid	11,375	11,375

17. Investment in Associates

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	-	664,854	-	429,498
Additions	586,169	-	586,169	-
Amounts recognised in the statement of comprehensive income	7,792	26,519	-	-
Transferred through reconstruction scheme (Note 12)	-	(691,373)	-	(429,498)
Amounts recognised in the statement of financial position	593,961	-	586,169	-

Investments in associates for current year comprise amounts recognised in the statement of financial position relating to 30% of JP Snacks Caribbean Limited (consolidated) which was acquired on 29 April 2019. JP Snacks Caribbean Limited is the parent company and provides administrative services to its subsidiary Antillean Foods Inc. Antillean Foods Inc. manufactures and sells organic and tropical snacks of fried fruits.

JP Snacks Caribbean Limited and its subsidiary Antillean Foods Inc. are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating the Group's interest in JP Snacks Caribbean Limited (consolidated).

The Group's share of intangible assets related to JP Snacks Caribbean Limited include trademarks, brands, customer relationships with estimated useful life of 25, 5 and 10 years respectively as well as goodwill.

The Group owned 50% of the share capital in Fusion Holdings Limited (FHL) until 30 October 2017 when the Group's interest was transferred through reconstruction as disclosed in Note 12. FHL is one of the main manufacturers of juices and sells its products mainly through distributors.

There were no contingent liabilities in prior year relating to the Group' interest in FHL.

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17. Investment in Associates (Continued)

The summarised information for FHL that was accounted for using the equity method as at 30 October 2017 is as follows:

Summarised statement of financial position

	Group
	2018 **$'000**
Current	
Cash and cash equivalents	89,900
Other current assets (excluding cash)	1,632,303
Total current net assets	1,722,203
Other current liabilities (including trade payables)	792,897
Total current liabilities	792,897
Non-current	
Assets	3,517,690
Total non-current liabilities	2,683,374
Net assets	1,763,622

Summarised income statement

	Group
	2018 **$'000**
Revenue	1,341,560
Depreciation	65,220
Interest income	10,760
Interest expense	52,826
Profit before income tax	53,038
Taxation expense	-
Profit after tax	53,038
Total comprehensive income	53,038

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17. Investment in Associates (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Group
	2018 **$'000**
Summarised financial information	
Opening net assets at 1 July	1,517,677
Profit for the period	53,038
Net assets transferred through reconstruction	(1,570,715)
Closing net assets	-
Interest in associates (%)	-
Interest in associates (J$)	-
Carrying value	-
Interest in associate transferred through reconstruction	785,358
Carrying value transferred through reconstruction	691,373

The carrying value transferred through reconstruction as disclosed in Note 12 is as follows:

	$'000
Investment in associate at cost	429,498
Share of associate's post acquisition reserves as at 30 June 2017	235,356
Current year share of results of associate	26,519
Share of associate's post acquisition reserves as at 30 October 2017	261,875
	691,373

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17. Investment in Associates (Continued)

The summarised information for JP Snacks Caribbean Limited (consolidated) that was accounted for using the equity method as at 30 June 2019 is as follows:

Summarised statement of financial position

	Group 2019 $'000	Group 2018 $'000
Current		
Cash and cash equivalents	52,510	-
Other current assets (excluding cash)	206,879	-
Total current net assets	259,389	-
Other current liabilities (including trade payables)	136,443	-
Total current liabilities	136,443	-
Non-current		
Assets	968,174	-
Total non-current liabilities	537,622	-
Net assets	553,498	-

Summarised income statement

	Group 2019 $'000	Group 2018 $'000
Revenue	167,163	-
Depreciation	(10,797)	-
Amortisation	(8,606)	
Interest income	1,382	-
Interest expense	(2,904)	-
Profit before income tax	25,973	-
Taxation expense	-	-
Profit after tax	25,973	-
Total comprehensive income	25,973	-

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17. Investment in Associates (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Group	Group
	2019	**2018**
	$'000	**$'000**
Summarised financial information		
Opening net assets at 29 April	543,553	1,517,677
Profit for the period	25,973	53,038
Net assets transferred through reconstruction	-	(1,570,715)
Closing net assets	569,526	-
Interest in associates (%)	30%	-
Interest in associates (J$)	170,858	-
Carrying value	593,961	-
Interest in associate transferred through reconstruction	-	785,358
Carrying value transferred through reconstruction	-	691,373

18. Loans Receivable

A promissory note of US$1,230,555 was issued to JP Snacks Caribbean Limited (formerly Central American Banana (2005) Limited) on 29 April 2019. The note matures 29 April 2026 and interest accrues daily at an interest rate of 3% per annum payable at maturity date.

19. Investment securities

	The Group and Company	
	2019	2018
	$'000	$'000
Equity investment securities measured at fair value through other comprehensive income:		
Quoted	27,292	-
Unquoted	5,018	-
	32,310	-
Debt investment securities measured at amortised cost:		
Corporate bonds	477,135	-
Equity and debt investment securities measured as available for sale:		
Quoted	-	16,892
Unquoted	-	5,810
Corporate bonds	-	463,380
	-	485,290
	509,445	285,290

19. Investment securities (Continued)

	The Group and Company	
	2019	2018
	$'000	$'000
At beginning of year	485,290	293,452
Additions	-	203,873
Disposals	-	(15,763)
Foreign exchange gain	13,269	879
Fair value gains charged to fair value reserve	10,886	2,849
	509,445	485,290
Current portion	(130,385)	(269,530)
At end of year	379,060	215,760
Quoted	32,292	21,792
Unquoted	477,153	463,398

20. Inventories

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Raw materials	726,241	855,571	726,241	855,571
Finished goods	221,562	152,914	221,562	152,914
Merchandise for resale	1,719,600	786,405	1,719,600	786,405
	2,667,403	1,794,890	2,667,403	1,794,890
Less: Provision for obsolete inventories	(18,518)	(22,752)	(18,518)	(22,752)
	2,648,885	1,772,138	2,648,885	1,772,138
Goods-in-transit	576,801	427,135	576,801	427,135
	3,225,686	2,199,273	3,225,686	2,199,273

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21. Receivables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	2,257,209	1,890,327	2,257,209	1,890,327
Less: Provision for doubtful debts	(30,981)	(35,586)	(30,981)	(35,586)
Trade receivables, net	2,226,228	1,854,741	2,226,228	1,854,741
Prepayments	35,275	22,329	35,275	19,308
Receivables from related parties (Note 14(b))	117,016	181,504	117,048	184,668
Principal receivables	153,098	152,033	153,098	152,033
Other receivables	53,902	92,086	49,713	80,765
	2,585,519	2,302,693	2,581,362	2,291,515

22. Cash and Cash Equivalents

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	1,199,359	1,371,722	1,132,597	1,322,052
Short-term deposits	2,775,186	2,596,353	2,775,186	2,596,353
	3,974,545	3,968,075	3,907,783	3,918,405
Bank overdrafts (Note 24)	(35,811)	(50,412)	(35,811)	(50,412)
Balances with maturity dates over 3 months	(522,837)	-	(522,837)	-
	3,415,897	3,917,663	3,349,135	3,867,993

The weighted average effective interest rates on cash and short-term bank deposits at the year-end are as follows:

	2019	**2018**
	%	**%**
Short-term deposits –		
J$	3.29	2.63
US$	3.84	2.50

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23. Payables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	1,630,594	2,292,861	1,630,594	2,292,130
Statutory contributions payable	61,534	54,802	61,534	54,802
Accrued expenses	696,906	638,978	686,054	638,978
Payables to related parties (Note 14 (b))	663,592	562,622	663,592	562,719
Other payables	283,438	324,641	283,438	306,352
	3,336,064	3,873,904	3,325,212	3,854,981

24. Borrowings

(a) Composition of borrowings

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Total borrowings -				
Bank loans -				
Long term	2,662,130	2,473,000	2,662,130	2,473,000
Finance leases	913	23,211	913	23,211
Bank overdraft	35,811	50,412	35,811	50,412
	2,698,854	2,546,623	2,698,854	2,546,623
	2,698,854	2,546,623	2,698,854	2,546,623
Current -				
Bank overdraft (Note 22)	(35,811)	(50,412)	(35,811)	(50,412)
Current portion of finance leases	(913)	(22,274)	(913)	(22,274)
Current portion of long term loans	(449,000)	(304,000)	(449,000)	(304,000)
	(485,724)	(376,686)	(485,724)	(376,686)
Total current borrowings	(485,724)	(376,686)	(485,724)	(376,686)
Non-current borrowings	2,213,130	2,169,937	2,213,130	2,169,937

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24. Borrowings (Continued)

(a) Composition of borrowings (continued)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current -				
(i) Bank of Nova Scotia (6%/7.9%, 2023)	652,500	725,000	652,500	725,000
(ii) National Commercial Bank (6.18%/8.75%-2023)	1,444,000	1,748,000	1,444,000	1,748,000
(iii) Bank of Nova Scotia (5.65%, 2024)	565,630	-	565,630	-
(iv) MF&G Trust (10% - 11.5%)	-	23,211	-	23,211
	2,662,130	2,496,211	2,662,130	2,496,211
Less: Current portion	(449,000)	(326,274)	(449,000)	(326,274)
	2,213,130	2,169,937	2,213,130	2,169,937

Non-current borrowings

(i) This loan unsecured attracts interest at a fixed rate of 7.9% per annum. It is repayable over six years at $36,250,000 principal payments per quarter after an initial moratorium period of up to 15 months from the initial disbursement. The interest rate was renegotiated at 6% during the year.

(ii) This loan unsecured attracts interest at a fixed rate of 8.75% per annum. It is repayable over seven years at $76,000,000 principal payments per quarter after an initial moratorium period of up to 9 months from the initial disbursement. The interest rate was renegotiated at 6.18% during the year.

(iii) This loan unsecured attracts interest at a fixed rate of 5.65% per annum. It is repayable over 5 years at $35,437,500 principal payments per quarter after an initial moratorium period of up to 15 months.

24. Borrowings (Continued)

(a) Composition of borrowings (continued)

Finance lease liabilities – minimum lease payments

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	921	22,958	921	22,958
Later than 1 year and not later than 5 years	-	928	-	928
	921	23,886	921	23,886
Future finance charges on finance leases	(8)	(675)	(8)	(675)
Present value of finance lease liabilities	913	23,211	913	23,211

The present value of the finance lease liabilities is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	913	22,290	913	22,290
Later than 1 year and not later than 5 years	-	921	-	921
	913	23,211	913	23,211

24. Borrowings (Continued)

(b) Interest rate risk exposure

The weighted average effective interest rates on borrowings at the year-end were as follows:

	The Group and Company	
	2019	**2018**
	%	**%**
Current -		
Bank overdraft	39.75 – 40	39.75
Other	5.65 – 8.75	7.90 – 8.75
Non-current -		
Bank borrowings	5.65 – 8.75	7.90 – 8.75
Finance leases	10	10

25. Share Capital

	2019	**2018**
	$'000	**$'000**
Authorised –		
4,000,000,000 (2018 – 4,000,000,000) Ordinary stock units		
Issued and fully paid –		
3,750,000,000 (2018 – 3,750,000,000) Ordinary stock units at no par value	1,192,647	1,192,647

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26. Capital Reserve

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Realised gains	24,998	24,998	24,998	24,998
Unrealised surplus on revaluation of land and buildings	72,740	72,740	72,740	72,740
Fair value gains on financial instruments available-for-sale investments	-	22,208	-	22,208
Fair value gains on financial instruments – fair value through other comprehensive income	33,094	-	33,094	-
	130,832	119,946	130,832	119,946

Realised gains
This represents realised gains on sale of assets.

Unrealised surplus on revaluation of land and building
This represents freehold land and buildings which were valued in 1993 by Stoppi Cairney Bloomfield and the resulting revaluation surplus of $126,400,000 was credited to capital reserve. The revalued amounts were used as the deemed cost of these assets, upon transition to IFRS.

Fair value gains on financial instruments measured at fair value through other comprehensive income and financial instruments previously classified as available-for-sale investments
This represents the fair value of quoted equity instruments.

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27. Net Profit/Retained Earnings

	The Group	
	2019	**2018**
	$'000	**$'000**
At beginning of year	7,347,482	7,377,182
Net profit attributable to:		
Company	2,900,982	2,259,782
Subsidiaries	20,548	(8,376)
Associate	7,792	-
Discontinued operations - subsidiaries	-	15,036
Discontinued operations - associate	-	26,519
	2,929,322	2,292,961
Dividends	(543,750)	(1,304,933)
Transfer to owners consequent on reorganization (Note 12)	-	(1,017,728)
At end of year	9,733,054	7,347,482

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28. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At the beginning of the year	257,430	162,859	257,430	213,565
Transferred through reconstruction (Note 12)	-	50,706	-	-
(Credited)/charged to income profit or loss (Note 11)	(43,919)	43,865	(43,919)	43,865
At end of year	213,511	257,430	213,511	257,430

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities

	The Group			
	Finance lease	**Excess of Capital Allowances over Depreciation**	**Unrealised Foreign Exchange Gain**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 July 2017	-	218,909	8,909	227,818
Charged/(credited) to profit or loss	-	16,809	(1,670)	15,139
Transferred through reconstruction (Note 12)	-	34,609	4,595	39,204
At 30 June 2018	-	270,327	11,834	282,161
Credited to profit or loss	-	(42,660)	(10)	(42,670)
At 30 June 2019	-	227,667	11,824	239,491

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28. Deferred Income Taxes (Continued)

Deferred tax assets

	Finance lease $'000	Accrued Vacation $'000	Unrealised Foreign Exchange Losses $'000	Interest Payable $'000	Total $'000
At 1 July 2017	50,345	7,931	6,683	-	64,959
Transferred through reconstruction (Note 12)	(35,033)	(534)	-	-	(35,567)
(Charged)/credited to profit or loss	(9,509)	(2,231)	(2,454)	9,533	(4,661)
At 30 June 2018	5,803	5,166	4,229	9,533	24,731
Credited/(charged) to profit or loss	(5,575)	7,845	1,487	(2,508)	1,249
At 30 June 2019	228	13,011	5,716	7,025	25,980

28. Deferred Income Taxes (Continued)

Deferred tax liabilities

	The Company			
	Finance lease $'000	Excess of Capital Allowances over Depreciation $'000	Unrealised Foreign Exchange Gain $'000	Total $'000
At 1 July 2017	-	235,718	7,239	242,957
Credited to profit or loss	-	34,609	4,595	39,204
At 30 June 2018	-	270,327	11,834	282,161
Charged to profit or loss	-	(42,660)	(10)	(42,670)
At 30 June 2019	-	227,667	11,824	239,491

Deferred tax assets

	The Company				
	Accrued Vacation $'000	Finance Lease $'000	Unrealised Foreign Exchange Losses $'000	Interest Payable $'000	Total $'000
At 1 July 2017	7,396	15,312	6,684	-	29,392
(Charged)/credited to profit or loss	(2,230)	(9,509)	(2,455)	9,533	(4,661)
At 30 June 2018	5,166	5,803	4,229	9,533	24,731
Credited(charged) to profit or loss	7,845	(5,575)	1,487	(2,508)	1,249
At 30 June 2019	13,011	228	5,716	7,025	25,980

28. Deferred Income Taxes (Continued)

The amounts shown in the statement of financial position include the following to be recovered or settled after more than twelve months:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered	228	5,803	228	5,803
Deferred tax liabilities to be settled	227,667	270,327	227,667	270,327

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities	(213,511)	(257,430)	(213,511)	(257,430)
At end of year	(213,511)	257,430	(213,511)	(257,430)

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29. Cash Provided by Operating Activities

Cash provided by operating activities includes the following amounts:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Profit before income tax from:				
Continuing operations	2,929,322	2,251,370	2,900,989	2,259,782
Discontinued operations	-	41,555	-	-
Net profit before tax including discontinued operations	2,929,322	2,292,925	2,900,989	2,259,782
Items not affecting cash:				
Share of results of associates	(7,792)	(26,519)	-	-
Depreciation	1,050,219	794,251	1,050,219	775,021
Gain on sale of property, plant and equipment	(4,927)	(4,397)	(4,927)	(4,397)
Interest income	(89,194)	(68,491)	(89,194)	(68,491)
Gain on disposal of investments	-	(10,476)	-	(10,476)
Write-off of property, plant and equipment	57,654	-	57,654	-
Dividend income	(2,014)	(1,487)	(2,014)	(1,487)
Interest expense	230,205	211,411	176,406	211,411
Taxation expense	567,741	517,891	567,204	513,834
Exchange gain on foreign currency balances	(29,048)	(23,530)	(28,010)	(50,373)
	4,702,166	3,681,578	4,628,327	3,624,824
Changes in operating assets and liabilities:				
Inventories	(1,026,413)	(259,519)	(1,026,413)	(258,891)
Receivables and prepayments	(281,440)	(472,738)	(288,461)	(310,710)
Due from parent company	-	(1,898)	1,898	(1,898)
Trade and other payables	(597,471)	1,001,141	(535,601)	795,534
Cash generated from operations	2,796,842	3,948,564	2,779,750	3,848,859
Taxation paid	(529,631)	(292,691)	(529,631)	(285,847)
Cash provided by operating activities	2,267,211	3,655,873	2,250,119	3,563,012

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29. Cash Provided by Operating Activities

Reconciliation of movements of liabilities to cash flows arising from financing
Amounts represent bank and other loans, excluding bank overdrafts

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At 30 June 2018	2,496,212	2,483,350	2,496,212	2,343,217
Loans received	567,000	725,000	567,000	725,000
Loans repaid	(400,169)	(533,967)	(398,798)	(533,967)
Transfer on reconstruction	-	(140,133)	-	-
Net interest movements	-	(38,038)	(1,370)	(38,038)
At 30 June 2019	2,663,043	2,496,212	2,663,044	2,496,212

30. Pension Scheme

The company participates in a defined contribution pension plan administered by Sagicor Life Jamaica Limited. Members contribute 5% of pensionable earnings which is matched by the employer. The employer also matches additional voluntary contributions, not exceeding 5%, made by members aged 45 and over who have 10 or more years of service. Pension contributions for the year was $144,244,000 (2018 - $125,885,000) for the Group and the company and are included in staff costs (Note 8).

31. Dividends

	2019	**2018**
	$'000	**$'000**
Interim dividends -		
30 cents per stock unit – 7 November 2017	-	1,068,683
6 cents per stock unit – 7 May 2018	-	236,250
7.5 cents per stock unit – 10 October 2018	281,250	-
7 cents per stock unit – 26 February 2019	262,500	-
	543,750	1,304,933

32. Segment reporting

The CODM regularly reviews local versus export sales, however, the export sales do not meet the threshold of a reportable segment under IFRS 8 and as such no separate segment information is presented. There are no individual customers that constitute more than 10% of total revenue and the CODM does not review assets on a segment basis.

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33. Subsequent Events

Declaration of dividends
The Board of Directors passed a resolution on 29 July 2019 approving a dividend payment of $0.10 per stock unit payable to stockholders on record as at 27 August 2019.

34. Adoption of IFRS 9 and 15

The Group adopted IFRS 9 and 15 effective for periods beginning 1 January 2018 in current year. The accounting policy for the Group is to adopt the new standards using the modified retrospective approach.

IFRS 9 Financial Instruments
The following financial assets were subject to the new expected credit loss model under IFRS 9:
- Loans receivable
- Receivables
- Debt instruments carried at amortised cost
- Equity carried at FVOCI
- Cash and Cash equivalents

The Group revised its impairment methodology under IFRS 9 for each of these classes of assets. The Group concluded that impact of the change in impairment methodology on the Group's and company's opening retained earnings and current year's comprehensive income was not material.

On 1 July 2018 Group management assessed which business models were applicable to the financial assets held by the Group and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification for both Group and Company are as follows:

Financial assets – 1 July 2018	Note	AFS $'000	Amortised Cost $'000	FVOCI $'000	FVPL $'000	Total $'000
Closing balance 30 June 2018 – IAS 39		485,290	-	-	-	485,290
Reclassify debt instruments from AFS to amortised cost	(a)	(463,380)	463,380	-	-	-
Reclassify equity instruments from AFS to FVOCI	(b)	(21,910)	-	21,910	-	-
Opening balance 1 July 2018 – IFRS 9		-	463,380	21,910	-	485,290

The Group's investments securities that were previously classified as AFS have now been reclassified to amortised cost or FVOCI.

(a) Debt instruments were reclassified from AFS to amortised cost as the Group's business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest. Total fair value gains or losses for all groups of financial instruments previously recognized in OCI a part of which would be reclassified to profit or loss amounted to $2,849,000 which is immaterial; consequently no adjustments were made. There was no impairment identified for adjustment to the carrying value.

(b) The Group elected to present in OCI changes in the fair value of its equity investments previously classified as AFS because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. The amounts previously recorded as fair value gains are still included in OCI.

34. Adoption of IFRS 9 and 15 (Continued)

Reclassifications of financial instruments on adoption of IFRS 9

On 1 July 2018, the financial instruments of the Group were as follows, with any reclassifications noted

	Group				
	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original $'000	New $'000	Change $'000
Cash and deposits	Amortised Cost	Amortised Cost	3,968,075	3,968,075	-
Investment securities - debt	AFS	Amortised Cost	463,380	463,380	-
Investment securities - equity	AFS	FVOCI	21,910	21,910	-
Trade and other receivables	Amortised Cost	Amortised Cost	2,280,364	2,280,364	-

	Company				
	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original $'000	New $'000	Change $'000
Cash and deposits	Amortised Cost	Amortised Cost	3,918,405	3,918,405	-
Investment securities - debt	AFS	Amortised Cost	463,380	463,380	-
Investment securities - equity	AFS	FVOCI	21,910	21,910	-
Trade and other receivables	Amortised Cost	Amortised Cost	2,272,207	2,272,207	-

IFRS 15 Revenue from Contracts with Customers

The new recognition criteria which accompanies the Group's adoption of IFRS 15 is mainly surround the treatment of variable consideration.

Variable consideration identified for the group includes returns, discounts, trade deals, rebates. Rebates of $3,773,801 were reclassified from selling and distribution to revenue and trade deals of $268,306,000 were reclassified from cost of sales to revenue as at 1 July 2018. There were no other impact arising from the other variable consideration.