Mair Russell
Grant Thornton

Stationery and Office Supplies Limited

Financial Statements
December 31, 2019

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Independent auditor's report

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To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Stationery and Office Supplies Limited ("the Company") which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Allowance for expected credit losses

As at December 31, 2019 trade and other receivables after allowance for expected credit losses of $4,190,944 amounted to $140,413,502 or 15% of the total assets. We consider the measurement of expected credit losses a key audit matter as the determination is based on management judgement and subject to significant uncertainty.

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Allowance for expected credit losses (cont'd)

The principles for determining expected credit losses are described in the summary of significant accounting policies. The management of credit risk and the review for impairment have been described in more details in note 28b to the financial statements.

How our audit address the key audit matter

Our audit procedures included, amongst others:

To ensure compliance with IFRS 9, we evaluated the techniques and methodologies used by the company in order to assess expected credit losses. In addition, we assessed and validated the inputs used and assumptions applied in determining the loss rates which are integral to the provision matrix used in determining the expected credit losses for trade receivables.

Other information

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

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

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

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

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

Chartered Accountants
Member of Grant Thornton International Ltd

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 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 financial statements of the current period and are therefore the key audit matters. We describe the matter 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 additional matters as required by the Jamaican Companies Act

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

The Engagement Partner on the audit resulting in this independent auditor's report is Ms. Karen Lewis.

Kingston, Jamaica

February 27, 2020

Mair Russell Grant Thornton
Chartered Accountants

Statement of financial position
December 31, 2019

	Note	2019 $	2018 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**400,614,099**	389,502,671
Intangible assets	(6)	**13,298,607**	14,553,096
Investments	(7)	**3,974,552**	1,427,016
		417,887,258	405,482,783
Current assets			
Inventories	(8)	**249,047,574**	215,160,638
Trade and other receivables	(9)	**140,413,502**	150,241,459
Prepayments		**36,258,739**	28,982,472
Taxation recoverable		**897,820**	841,982
Bank and cash	(10)	**62,540,044**	52,625,987
		489,157,679	447,852,538
Total assets		**907,044,937**	853,335,321
Equity and liabilities			
Equity			
Share capital	(11)	**88,151,214**	88,151,214
Capital reserve	(12)	**112,423,398**	112,423,398
Retained profits		**396,073,978**	294,024,654
Total equity		**596,648,590**	494,599,266
Liabilities			
Non-current liabilities			
Borrowings	(13)	**118,228,943**	128,063,719
Other loans	(14)	**50,786,114**	52,227,886
Finance lease	(15)	**-**	205,707
Deferred tax liability	(16)	**10,933,402**	8,799,710
		179,948,459	189,297,022
Current liabilities			
Bank overdraft	(17)	**-**	3,846,305
Trade and other payables	(18)	**96,726,727**	134,943,209
Owing to Directors	(14)	**33,204**	685,442
Current portion of borrowings	(13)	**30,307,373**	20,572,020
Current portion of other loans	(14)	**3,380,584**	3,039,692
Current portion of finance lease	(15)	**-**	6,352,365
		130,447,888	169,439,033
Total liabilities		**310,396,347**	358,736,055
Total equity and liabilities		**907,044,937**	853,335,321

The notes on the accompanying pages 9 to 40 form an integral part of these financial statements.

Approved for issue by the Board of Directors on February 27, 2020 and signed on its behalf by:

_____) Director _____) Director

David McDaniel **Marjorie McDaniel**

Statement of profit or loss and other comprehensive income Year ended December 31, 2019

	Note	2019 $	2018 $
Revenue	(4c)	**1,217,983,130**	1,064,360,671
Cost of sales		**(635,366,957)**	(559,850,241)
		582,616,173	504,510,430
Other income		**419,426**	1,123,353
Administrative and general expenses		**(306,177,280)**	(294,316,318)
Selling and promotional costs		**(93,205,130)**	(88,627,558)
Impairment loss on financial assets		**(1,511,536)**	(143,176)
Depreciation, amortisation and impairment		**(26,183,802)**	(24,294,167)
Operating profit		**155,957,851**	98,252,564
Finance income	(19)	**1,084,242**	305,734
Loss on foreign exchange		**(5,228,422)**	(3,144,526)
Finance costs	(19)	**(15,264,990)**	(13,931,914)
Gain on disposal of property, plant and equipment		**150,000**	3,499,001
Profit before tax	(20)	**136,698,681**	84,980,859
Income tax (expense)/credit	(21)	**(2,133,692)**	6,692,215
Profit for the year		**134,564,989**	91,673,074
Total comprehensive income for the year		**134,564,989**	91,673,074
Basic and Diluted Earnings Per Share	(22)	**0.54**	0.37

The notes on the accompanying pages 9 to 40 form an integral part of these financial statements.

Statement of changes in equity
Year ended December 31, 2019

	Share Capital $	Capital Reserve $	Retained Profits $	Total $
Balance at January 1, 2018	88,151,214	112,423,398	213,180,070	413,754,682
Adjustment from the adoption of IFRS 9	-	-	(823,670)	(823,670)
Adjusted balance at January 1, 2018	88,151,214	112,423,398	212,356,400	412,931,012
Dividends (23)	-	-	(10,004,820)	(10,004,820)
Transaction with owners	-	-	(10,004,820)	(10,004,820)
Profit for the year being total comprehensive income	-	-	91,673,074	91,673,074
Balance at December 31, 2018	88,151,214	112,423,398	294,024,654	494,599,266
Dividends (23)	-	-	(32,515,665)	(32,515,665)
Transaction with owners	-	-	(32,515,665)	(32,515,665)
Profit for the year being total comprehensive income	-	-	134,564,989	134,564,989
Balance at December 31, 2019	**88,151,214**	**112,423,398**	**396,073,978**	**596,648,590**

The notes on the accompanying pages 9 to 40 form an integral part of these financial statements.

Statement of cash flows
Year ended December 31, 2019

	Note	2019 $	2018 $
Cash flows from operating activities:			
Profit before tax		**136,698,681**	84,980,859
Adjustment for:			
Depreciation, amortisation and impairment	(5 & 6)	**33,499,606**	28,342,717
Adoption of IFRS 9		**-**	823,670
Loss on foreign exchange on foreign currency loans		**2,098,102**	1,287,819
Gain on disposal of property, plant and equipment		**(150,000)**	(3,499,001)
Gain on investments		**(277,927)**	-
Loss on financial assets recognised in profit or loss		**-**	17,377
Interest income		**(806,315)**	(305,734)
Interest expense	(19)	**15,264,990**	13,914,537
		186,327,137	125,562,244
Increase in inventories		**(33,886,936)**	(56,452,934)
Decrease/(increase) in trade and other receivables		**9,827,957**	(21,215,057)
Increase in prepayments		**(7,276,267)**	(795,628)
(Decrease)/increase in trade and other payables		**(38,216,482)**	49,850,312
(Decrease)/increase in owing to Directors		**(652,238)**	272,249
Cash generated from operations		**116,123,171**	97,221,186
Interest paid		**(15,264,990)**	(13,914,537)
Income taxes paid		**-**	(649,179)
Net cash provided by operating activities		**100,858,181**	82,657,470
Cash flows from investing activities:			
Interest received (net of withholding tax)		**750,477**	300,111
Purchase of property, plant and equipment		**(43,356,545)**	(100,073,107)
Proceeds from disposal of property, plant and equipment		**150,000**	9,090,000
Purchase of shares		**(2,786,357)**	(1,247,001)
Proceeds from disposal of shares		**516,748**	1,302,608
Purchase of intangible asset	(6)	**-**	(10,325,000)
Net cash used in investing activities		**(44,725,677)**	(100,952,389)
Cash flows from financing activities			
Dividends paid		**(32,515,665)**	(10,004,820)
Proceeds from borrowings		**22,992,000**	115,395,000
Repayment of borrowings		**(23,091,423)**	(31,087,949)
Repayment of other loans		**(3,198,982)**	(2,834,568)
Repayment of finance lease		**(6,558,072)**	(12,690,068)
Net cash (used in)/provided by financing activities		**(42,372,142)**	58,777,595
Net increase in cash and cash equivalents		**13,760,362**	40,482,676
Cash and cash equivalents at beginning of year		**48,779,682**	8,297,006
Cash and cash equivalents at end of year	(10)	**62,540,044**	48,779,682

The notes on the accompanying pages 9 to 40 form an integral part of these financial statements.

Notes to the financial statements December 31, 2019

1. General information and nature of operation

Stationery and Office Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on July 23, 1965. The company is domiciled in Jamaica with registered offices located at 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies.

The main activity of the company is the sale of office furniture, fixtures, stationery and other office supplies and the manufacture and sale of books.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on August 10, 2017.

At the reporting date, Outlook Limited, a company incorporated in St. Lucia, and its directors controlled the company by virtue of their direct holding of 80% of the issued shares of the company.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the accruals basis and under the historical cost convention as modified by the revaluation of properties and investments.

3. Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after January 1, 2019

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and determined that the following will have an impact on the company.

IFRS 16 'Leases'

IFRS 16, Leases replaces IAS 17, Leases, and the related interpretations, (IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – incentives', and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'.

It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use. The company applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after January 1, 2019. For contracts entered into before January 1, 2019, the company has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts. b. Lessee accounting and transitional impact IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the company is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

The adoption of the standard had no material impact on the company's financial statements:

- the lease for the Montego Bay location expired and the lessor is yet to issue a new agreement.
- the motor vehicle leases expired during the year.

IFRIC 23 'Uncertainty over Income Tax Treatment'
The interpretation addresses the accounting for income taxes, when tax treatments involve uncertainty in the application of IAS 12. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The adoption of the interpretation had no impact on the company's financial statements.

Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

New standards, amendments and interpretations not early adopted or listed below have not been disclosed as they are not expected to have a material impact on the company's financial statements.

- Definition of Material (Amendments to IAS1 and IAS8)
- Conceptual Framework for Financial Reporting

4. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below:

a Property, plant and equipment

(i) Property, plant and equipment are carried at revalued amounts or cost less accumulated depreciation and impairment (Note 4j). Cost includes any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management.

(ii) Land and buildings are carried at revalued amounts being the market value and are performed once every three to five (3 – 5) years, unless market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to capital reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss. To the extent that any decrease has previously been recognized in other comprehensive income, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income.

Downward revaluations of land and buildings are recognized upon revaluation or impairment testing, with the decrease being charged to other comprehensive income to the extent of any surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(iii) Depreciation is charged on assets in the month after the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to fifty (50) years for building, twenty-five (25) years for roadway, ten (10) years for machinery, equipment and storage container, computer equipment, furniture and fixtures, five (5) years for motor vehicles and eight (8) years for solar system equipment.

Leasehold improvements are being amortised over five (5) years.

Land is not depreciated.

(iv) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(v) Repairs and renewals

The cost of repairs and renewals which do not enhance the value of the existing assets are written off to the profit or loss as they are incurred.

b Inventories

Inventories are stated at the lower of cost, determined on a first in first out (FIFO) basis, and net realisable value. Net realisable value is estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

Cost of finished goods and work-in-progress includes raw materials and labour as well as suitable portions of related production overheads, based on normal operating capacity.

Cost of other inventories comprising raw materials and finished foods (merchandise) comprise of their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

c Revenue recognition

Revenue comprises sales to customers and other income. Sales represent the invoiced value of goods to customers net of General Consumption Tax.

Revenue from the sale of goods is recognised at a point in time when the control of the asset is transferred to the customer. Control of the goods is transferred when the physical possession of the good has been transferred to the customer which typically occurs at delivery.

d Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaican Dollars, which is the functional currency of the company. Except where otherwise stated, these financial statements are expressed in Jamaican Dollars.

Foreign currency translations and balances

(i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.

(ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.

(iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

e Cash and cash equivalents

Cash and cash equivalents consist of current and savings accounts, held with licensed financial institutions and cash in hand maintained by the company.

f Income tax

Income tax on profit or loss for the year comprises current and deferred tax.

When applicable, current tax is calculated on taxable profits at current tax rates.

Current tax is the expected tax payable on the taxable income for the year, using tax values enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous year.

Deferred tax is accounted for using liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged to profit or loss, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

g Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The company's quoted equity securities fall into this category.

The company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in quoted equity securities at fair value through other comprehensive income (FVOCI).

In the current financial year, the fair value is determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)
The company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. None of the company's financial assets fall into this category.

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The company applies the simplified approach for trade receivables which is permitted by IFRS 9. The simplified approach requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL.

The company established a provision matrix based on historical credit losses adjusted to reflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding.

Previous financial asset impairment under IAS 39
In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Trade and other receivables
The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Refer to Note 28b for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities
The company's financial liabilities include borrowings, other loans, trade and other payables and owing to Directors.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

h Owing to Directors

Amounts owing to Directors are carried at amortised cost.

i Borrowings

Borrowings comprise loans and capital lease obligations and are classified as financial liabilities measured at amortised cost and are recognised initially at fair value, being their issued proceeds net of transaction costs incurred.

Subsequently, borrowings are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method. Interest charges are recognised in profit or loss in the period in which they occur.

j Impairment

The company's property, plant and equipment and intangible assets are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested 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 assets or cash-generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

k Intangible assets

Initial recognition

Computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

Brand name

Brand name acquired are recognised as an intangible asset at its fair value.

Subsequent measurement

All finite-lined intangible assets, are accounted for using the cost model whereby capitalised costs are amortised in a straight line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition they are subject to impairment testing as described in Note 4j. The useful lives applied are ten (10) years for computer software and fifteen (15) years for brand name.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand name are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or expenses.

I Leases

As described in Note 3, the Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from January 1, 2019

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company as the right to obtain substantially all of the economic benefits from use of identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability
on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

m Equity

Share capital is determined using the proceeds received for the shares that have been issued.

Capital reserve represents gains and losses arising from the revaluation of land and buildings.

Retained profits include all current and prior period results as disclosed in profit or loss.

All transactions with owners of the company are recorded separately within equity.

Dividends are recognised in the period in which they are declared.

n Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

o Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements.

These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 4(a).

(ii) Taxation

The Company is required to estimate income tax payable to the Commissioner General of Tax Administration Jamaica on any profit derived from operations (Note 21). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments.

These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the end of the reporting period.

If the tax eventually payable or recoverable differs from the amounts originally estimated then the difference will be accounted for in the accounts in the year such determination is made.

(iii) Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

(iv) In determining amounts recorded from impairment of trade receivables, the company applies a simplified approach in calculating expected credit losses. The company recognises a loss allowance based on 12 months expected credit losses at each reporting period date and has established a provision matrix based on its historical credit loss experience and adjusted for forward looking microeconomic factors affecting the customers ability to settle the amount outstanding.

p Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be

received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position.

Probable inflows of economic benefits to the company that do not yet meet the recognition criteria of an asset are considered contingent assets.

q Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Chief Operating Decision Makers to make decisions about resources to be allocated to the segments and assess its performance.

The company has three operating segments, books, furniture and stationery and other supplies.

r Comparative information

Certain previous year figures have been restated to conform to current year's presentation.

5. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the years included in these financial statements as at December 31, 2019 can be analysed as follows:

	Construction in progress $	Freehold Land $	Buildings $	Roadway $	Leasehold improvements $	Motor Vehicles $	Computer Equipment $	Other Equipment $	Solar Equipment $	Total $
Gross carrying amount										
Balance at January 1, 2019	-	100,000,000	168,613,166	2,062,400	7,234,615	102,804,557	12,692,110	77,924,492	14,600,678	485,932,018
Additions	16,709,023	-	2,467,850	-	-	21,948,570	1,003,906	1,227,196	-	43,356,545
Disposals	-	-	-	-	-	-	-	(850,000)	-	(850,000)
Balance at December 31, 2019	**16,709,023**	**100,000,000**	**171,081,016**	**2,062,400**	**7,234,615**	**124,753,127**	**13,696,016**	**78,301,688**	**14,600,678**	**528,438,563**
Depreciation										
Balance at January 1, 2019	-	-	(6,942,052)	(144,368)	(7,234,614)	(47,789,327)	(9,450,871)	(17,567,774)	(7,300,341)	(96,429,347)
Depreciation and impairment	-	-	(3,369,957)	(82,496)	-	(17,899,807)	(1,288,170)	(7,779,602)	(1,825,085)	(32,245,117)
Disposals	-	-	-	-	-	-	-	850,000	-	850,000
Balance at December 31, 2019	**-**	**-**	**(10,312,009)**	**(226,864)**	**(7,234,614)**	**(65,689,134)**	**(10,739,041)**	**(24,497,376)**	**(9,125,426)**	**(127,824,464)**
Carrying amount at December 31, 2019	**16,709,023**	**100,000,000**	**160,769,007**	**(1,835,536)**	**1**	**59,063,993**	**2,956,975**	**53,804,312**	**5,475,252**	**400,614,099**

(i) Land and buildings located at 34 Collins Green Avenue, St. Andrew, were revalued by independent valuators D.C. Tavares & Finson Realty Ltd. in November 2017. The resulting decrease in valuation has been debited to the statement of profit or loss.

(ii) Under the cost model, the carrying amount of revalued land and buildings at 21, 23 and 25 Beechwood Avenue, Kingston 5 and 34 Collins Green Avenue, St. Andrew at reporting date would be $97,293,949 (2018 - $95,994,739).

(iii) Land and buildings have been pledged as security for the company's borrowings (Note 13).

5. Property, plant and equipment comprise (cont'd):

	Freehold Land $	Buildings $	Roadway $	Leasehold improvements $	Motor Vehicles $	Computer Equipment $	Other Equipment $	Solar Equipment $	Total $
Gross carrying amount									
Balance at January 1, 2018	100,000,000	160,394,126	2,062,400	7,234,615	83,200,292	10,997,002	21,765,533	14,600,678	400,254,646
Additions	-	8,219,040	-	-	34,000,000	1,695,108	56,158,959	-	100,073,107
Disposals	-	-	-	-	(14,395,735)	-	-	-	(14,395,735)
Balance at December 31, 2018	100,000,000	168,613,166	2,062,400	7,234,615	102,804,557	12,692,110	77,924,492	14,600,678	485,932,018
Depreciation									
Balance at January 1, 2018	-	(3,841,596)	(61,872)	(7,234,614)	(40,787,489)	(8,233,926)	(12,123,914)	(5,475,256)	(77,758,667)
Depreciation and impairment	-	(3,100,456)	(82,496)	-	(15,806,574)	(1,216,945)	(5,443,860)	(1,825,085)	(27,475,416)
Disposals	-	-	-	-	8,804,736	-	-	-	8,804,736
Balance at December 31, 2018	-	(6,942,052)	(144,368)	(7,234,614)	(47,789,327)	(9,450,871)	(17,567,774)	(7,300,341)	(96,429,347)
Carrying amount at December 31, 2018	100,000,000	161,671,114	1,918,032	1	55,015,230	3,241,239	60,356,718	7,300,337	389,502,671

Include in the above are motor vehicles with gross carrying amounts totalling $16,842,047, which were acquired under finance lease arrangements (Note 15).

6. Intangible assets

Details of intangible assets and their carrying amounts are as follows:

	Acquired Software $	Brand Name $	Total $
Gross carrying amount			
Balance at January 1, 2019	5,661,552	10,325,000	15,986,552
Balance at December 31, 2019	**5,661,552**	**10,325,000**	**15,986,552**
Amortisation			
Balance at January 1, 2019	(1,132,310)	(301,146)	(1,433,456)
Charge for the year	(566,155)	(688,334)	(1,254,489)
Balance at December 31, 2019	**(1,698,465)**	**(989,480)**	**(2,687,945)**
Carrying amount at December 31, 2019	**3,963,087**	**9,335,520**	**13,298,607**

	Acquired Software $	Brand Name $	Total $
Gross carrying amount			
Balance at January 1, 2018	5,661,552	-	5,661,552
Separately acquired	-	10,325,000	10,325,000
Balance at December 31, 2018	5,661,552	10,325,000	15,986,552
Amortisation			
Balance at January 1, 2018	(566,155)	-	(566,155)
Charge for the year	(566,155)	(301,146)	(867,301)
Balance at December 31, 2018	(1,132,310)	(301,146)	(1,433,456)
Carrying amount at December 31, 2018	4,529,242	10,023,854	14,553,096

7. Investments

The company accounted for its equity securities at FVTPL and did not make the irrecoverable election to account for it at FVOCI.

	December 31, 2019 $
Quoted equity securities	**3,974,552**
	3,974,552

	December 31, 2018 $
Quoted equity securities	1,427,016
	1,427,016

8. Inventories

	2019 $	2018 $
Finished goods	**210,570,816**	173,659,555
Work-in-progress	**138,677**	653,786
Raw materials	**12,081,349**	13,103,359
Goods in transit	**26,256,732**	27,743,938
Total	**249,047,574**	215,160,638

The cost of inventories recognised as an expense during the year was $635,366,957 (2018 - $559,850,241). This includes $821,090 in respect of items written down to net realisable valve.

9. Trade and other receivables

	2019 $	2018 $
Trade	**141,566,602**	151,328,979
Less: Allowance for expected credit loss	**(4,190,944)**	(2,826,825)
	137,375,658	148,502,154
Staff loans	**497,047**	565,516
Other receivable	**2,540,797**	1,173,789
Total	**140,413,502**	150,241,459

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

The age of trade receivables and other receivables past due but not impaired is as follows

	2019 $	2018 $
Not more than 3 months	**114,429,063**	129,633,714
More than 3 months but not more than I year	**22,946,595**	18,868,440
Total	**137,375,658**	148,502,154

10. Cash and cash equivalents

	2019 $	2018 $
Cash and bank balances:		
J$ savings account	**33,778,604**	33,686,278
J$ current accounts	**22,238,825**	16,256,003
US$ current account	**6,247,617**	2,353,101
Short-term investment	**-**	55,607
Cash in hand	**274,998**	274,998
Total cash at bank and in hand	**62,540,044**	52,625,987
Less: bank overdraft (Note 17)	**-**	3,846,305
Total cash and cash equivalents	**62,540,044**	48,779,682

11. Share capital

	2019 $	2018 $
Authorised:		
500,000,000 ordinary shares (2018 - 2000)		
Issued:		
250,120,500 ordinary shares (2018 - 2000)		
Stated capital		
Issued and fully paid:		
Balance at beginning of the year	**88,151,214**	88,151,214
Balance at end of the year	**88,151,214**	88,151,214

12. Capital reserve

	2019 $	2018 $
Balance at January 1	**112,423,398**	112,423,398
Balance at December 31	**112,423,398**	112,423,398

13. Borrowings

	2019 $	2018 $
Loans –		
(a) Cornerstone Trust & Merchant Bank Limited (formerly MF&G Trust & Finance Limited)	**34,404,983**	21,110,183
(b) JN Fund Managers Ltd.	**107,790,906**	112,252,355
(c) Seramco Limited Superannuation Fund	**336,684**	1,944,135
(d) The Seramco Limited Staff Pension Fund (2015)	**867,838**	3,329,066
(e) Other loan	**5,135,905**	10,000,000
	148,536,316	148,635,739
Less: Current portion	**(30,307,373)**	(20,572,020)
Total	**118,228,943**	128,063,719

(a) i A loan of $14.9 million was received March 2018 towards the purchase of motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures February 2021. Interest is charged at a rate of eight point five percent (8.5%) per annum which is subject to change from time depending on money market conditions. The loan is secured by:

- Chattel Mortgage over two (2) 2017 Ford Everest motor cars comprehensively insured with interest duly noted for value of EMV $7.45million each.
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $14.9 million.

ii A loan of $6.5 million was received July 2018 to purchase motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures June 2021. Interest is charged at a rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2016 Toyota Land Cruiser Prado comprehensively insured with interest duly noted for value of EMV $8.2 million PSV $6.69 million.
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $6.5 million.

iii A loan of $3.995 million was received October 2018 to purchase motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures September 2021. Interest is charged at a rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2019 Suzuki APV Panel Van comprehensively insured with interest duly noted for value.
-
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $3.9995 million.

iv A loan of $5 million was received May 2019 to purchase motor vehicles. The loan is to be repaid over thirty-six (36) monthly payments and matures September 2022. Interest is charged at a rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2019 Mitsubishi Fuso Canter, comprehensively insured with interest duly noted for value.
- Personal Guarantee of Directors David Mcdaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for JA $5,000,000.

v A loan of $8.75 million was received July 2019 to purchase motor vehicles. The loan is to be repaid over thirty-six (36) monthly payments commencing one month after the date of disbursement and matures July 2022. Interest is charged at a rate of seven percent (7%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2020 Ford Ranger, comprehensively insured with interest duly noted for value.
- Personal Guarantee of Directors David and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $8,750,000.

vi. A loan of $2.55 million was received November 2019 to purchase motor vehicles. The loan is to be repaid over thirty-six (36) monthly payments commencing one month after the date of disbursement and matures November 2022. Interest is charged at a rate of seven percent (7%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2020 JAC Truck, comprehensively insured with interest duly noted for value.
- The joint and Personal Guarantee of Directors David Mcdaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for JA $2,550,000.

vii A loan of $6,692,000 million was received November 2019 to purchase motor vehicles. The loan is to be repaid over thirty-six (36) monthly payments commencing one month after the date of disbursement and matures November 2022. Interest is charged at a rate of seven percent (7%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2020 Mitsubishi Fuso, comprehensively insured with interest duly noted for value.
- Personal Guarantee of Directors David Mcdaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for JA $6,692,000.

(b) i A loan of $37million was received October 2017 towards the purchase of property and is to be repaid over a period of eighty-four (84) months. Interest is at a rate of eight point five percent (8.5%) per annum, subject to change depending on market conditions with repayment commencing thirty (30) days following the date on which the loan was disbursed.

The loan is secured by:

- First legal mortgage over the Duplicate Certificate of Title to commercial property at 23 Beechwood Avenue, Kingston 5.
- Assignment of all Risk Peril Insurance, to the order of JN Fund Managers Limited, over the 10,958 square feet office building at 23 Beechwood Avenue, Kingston 5 for its full replacement cost minimum interest cover ratio 2:1.

ii A bond of $80M was issued April 2018 towards the purchase of equipment and the SEEK brand. The bond is to be repaid over six (6) years and bears interest at a rate of eight percent (8%) per annum. There will be a two year moratorium on principal repayment from April 25, 2018 through April 25, 2020.

The bond is secured by:

- Real estate property located at 34 Collins Green Avenue, with last valuation of J$63,000,000.
- Floating charge over the equivalent of J$85,000,000 of the company's receivables at 33% LTV ratio.
- The LTV of the collateral package will be tested on an annual basis and should be maintained at aforementioned LTV levels.
- In lieu of receivables, the company can opt. to use cash in debt service reserve account at a LTV of 100%.

The company is required to maintain a debt service reserve account with a minimum balance at all times to be equivalent to three months interest payments on the Notes, approximately J$1.7million. However, at year end this was not placed in a reserve account.

(c) This represents a loan of $11.545 million which bears interest at a rate of eight point five percent (8.5%) per annum. The interest rate is subject to change from time to time depending on money market conditions. Repayment will be for a period of thirty-six (36) months commencing one month after the disbursement date.

The loan is secured by:

- Chattel Mortgage over 2017 Subaru XV Crossover. Comprehensively secured with interest duly noted for values of EMV $6.995 million and EMV $4.55 million respectively.
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $11,545,000.

(d) This represents a loan of $6.995 million at an interest rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions. Repayment will be for a period of thirty six (36) months commencing one month after the disbursement date.

The loan is secured by:

- Chattel mortgage over 2016 Toyota Fortuner.
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $11.545 million.

(a) This represents a loan of $10 million with no interest repayment. Repayment of $5 million is due after the expiration of twelve (12) months and the next $5 million due after the expiration of twenty-four (24) months accruing from the effective date of May 1, 2018.

14. (i) Other loans

	2019 $	2018 $
Loan: (a) Director's long term loan	**34,281,348**	36,110,148
(b) Outlook Ltd long term loan	**19,885,350**	19,157,430
	54,166,698	55,267,578
Less: current portion	**(3,380,584)**	(3,039,692)
Total	**50,786,114**	52,227,886

(a) As of March 2018, this loan attracted interest of five point five percent (5.5%) per annum and is repayable on a quarterly basis.

(b) The loan was received on September 1, 2015 for a period of six (6) years with a moratorium on principal payments for the first four (4) years. Interest is fixed at a rate of nine percent (9%) per annum and is payable on a quarterly basis. Effective June 2018 interest payments became due biannually and the rate of interest reduced from nine percent (9%) to six percent (6%) per annum.

(ii) Owing to Directors

	2019 $	2018 $
Advances	**33,204**	685,442
Total	**33,204**	685,442

These amounts are unsecured, interest free and have no fixed repayment terms (Note 25(ii)).

15. Leases

Lease liabilities are presented in the statement of financial position as follows:

	2019 $	2018 $
Finance lease	-	6,558,072
Less: Current portion	-	(6,352,365)
Total	-	205,707

The company entered into finance lease arrangements with MF & G Trust & Finance Limited and The Trustees of Seramco Limited Superannuation Fund for the acquisition of certain motor vehicles which are included in property, plant and equipment (Note 5) and computer software which is included in intangible asset (Note 6).

i There are no future lease payments. All lease arrangements ended during the current year.

ii Future minimum lease payments at December 31, 2018 are as follows:

	Due Within One Year $	Due Within Two to Five Years $	Total $
Lease payments	6,755,120	208,732	6,963,852
Less: Finance charge	(402,755)	(3,025)	(405,780)
	6,352,365	205,707	6,558,072
Less: Current portion	(6,352,365)	-	(6,352,365)
Total	-	205,707	205,707

iii Lease payment not recognised as a liability

The company leases an office, warehouse and storage buildings. The lease agreement expired on December 31, 2015. The company has an option to renew, however, at the reporting date the documentation to give effect to the terms of the new lease agreement had not been finalised. The company has therefore elected not to recognise a lease liability.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	December 31, 2019	
	US$	J$
Lease of office, warehouse and storage building	47,774	6,277,117

16. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a tax rate of 12.5%, (2018 - 12.5%). The movement on the deferred tax account is as follows:

	2019 $	2018 $
Balance at beginning of year	**(8,799,710)**	(15,551,925)
Deferred tax(expense)/credit	**(2,133,692)**	6,752,215
Balance at end of year	**(10,933,402)**	(8,799,710)

Deferred tax balance arose on temporary differences in respect of the following:

	2019 $	2018 $
Deferred tax liability on:		
Property, plant and equipment	**(10,933,402)**	(8,799,710)
Deferred tax liability	**(10,933,402)**	(8,799,710)

17. Bank overdraft

The company does not have a bank overdraft facility. The amount represents uncleared cheques at the end of the year (Note 10).

18. Trade and other payables

	2019 $	2018 $
Trade	**36,146,898**	24,928,397
Customer deposits	**28,964,783**	57,334,528
Statutory deductions	**7,121,537**	9,308,059
Accruals	**2,305,812**	2,663,410
Other	**22,187,697**	40,708,815
Total	**96,726,727**	134,943,209

19. Finance income and finance cost

Finance income includes all income from short – term deposits and cash at bank:

	2019 $	2018 $
Gain on investment	**277,927**	-
Interest income	**806,315**	305,734
Total finance income	**1,084,242**	305,734

Finance costs for the years presented comprise:

	2019 $	2018 $
Interest expense for borrowings at amortised cost	**14,317,958**	12,528,201
Fair value loss on financial assets	**-**	17,377
Interest on finance lease	**947,032**	1,386,336
Total finance costs	**15,264,990**	13,931,914

20. Profit before tax

Profit before tax is stated after charging/ (crediting):

	2019 $	2018 $
Depreciation, amortisation and impairment	**33,499,606**	28,342,717
Directors' emoluments –		
- Management remuneration	**49,665,229**	55,703,502
- Fees	**595,000**	595,000
Auditor's remuneration	**1,950,000**	1,748,250
Finance cost	**15,264,990**	13,931,914
Finance income	**(1,084,242)**	(305,734)
Loss on foreign exchange	**5,228,422**	3,144,526
Gain on disposal of property, plant and equipment	**(150,000)**	(3,499,001)

21. Income tax

The company's shares were listed on the Jamaica Stock Exchange Junior Market (JSE Junior Market) on August 10, 2017. As a result, the company is entitled to a remission of taxes for an allowable period not exceeding ten (10) years from the date of the listing on the JSE Junior Market, provided the shares remain listed for at least fifteen (15) years. The remissions of taxes are applicable as follows:

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

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. Prior to April 1, 2019 the company was liable for $60,000 Minimum Business Tax payable in two equal instalments (June and September). However, as of April 2019, the government abolished the Minimum Business Tax.

i Income tax based on profit for the year, adjusted for tax purposes and computed at the tax rate of 25% comprise:

	2019 $	2018 $
Minimum Business Tax	**-**	60,000
Deferred tax expense (note 16)	**2,133,692**	(6,752,215)
Total	**2,133,692**	(6,692,215)

ii Reconciliation of theoretical tax expenses to effective tax expenses:

	2019 $	2018 $
Profit before tax	**136,698,681**	84,980,859
Tax at the applicable tax rate of 25%.	**34,174,670**	21,245,215
Minimum Business Tax	**-**	60,000
Tax effect of expenses not deductible for tax purposes	**1,980,821**	794,194
Tax effect of other charges and allowances	**3,446,011**	(8,026,495)
Remission of tax	**(37,467,810)**	(20,765,129)
Income tax for the year	**2,133,692**	(6,692,215)

22. Basic and diluted earnings per share

Basic and diluted earnings per share are both calculated using the profit attributed to equity shareholders as the numerator:

	2019 **$**	2018 $
Profit attributable to shareholders	**134,564,989**	91,673,074
Weighted average number of ordinary shares	**250,120,500**	250,120,500
Basic and diluted earnings per share	**0.54**	0.37

23. Dividends

During the year the company paid final dividends for the financial year 2019 of $32,515,665 (2018 - $10,004,820) to its equity shareholders. This represents a payment of $0.05 per share in March and $0.08 per share in December.

24. Segment reporting

Segment information for the reporting period are as follows:

	Books $	Furniture $	Stationery and Others $	Total $
Revenue	62,195,060	900,486,964	255,301,106	1,217,983,130
Less: Cost of sales	57,580,323	450,095,558	127,691,076	635,366,957
Gross profit	**4,614,737**	**450,091,406**	**127,610,030**	**582,616,173**

25. Balances and transactions with related parties

i At the end of the reporting period trade and non-trade balances with related parties were as follows:

	2019 **$**	2018 $
Other loans (Note 14)	**54,166,698**	55,267,578
Owing to Directors (See Note 14)	**33,204**	685,442
	54,199,902	55,953,020

ii Transactions with key management personnel

The compensation of key management for services is shown below:

	2019 **$**	2018 $
Short-term employee benefits – Management remuneration	**49,665,229**	55,703,502
Fees paid to directors	**595,000**	595,000
Total	**50,260,229**	56,298,502

26. Expenses by nature

Total direct, administrative and other overhead expenses:

	2019 $	2018 $
Cost of inventories recognised as an expense	**635,964,035**	559,850,241
Administrative and general expenses		
Directors' emoluments –		
- Management remuneration	**49,665,229**	55,703,502
- Fees	**595,000**	595,000
Employee benefits (Note 27)	**174,308,705**	155,032,338
Rent	**6,277,117**	6,062,867
Utilities	**6,085,867**	5,767,309
Auditor's remuneration	**1,950,000**	1,748,250
Motor vehicle expense	**22,352,568**	18,388,987
Repairs and maintenance	**18,066,168**	22,394,309
Legal and professional fees	**4,549,140**	5,943,335
Asset declaration and annual return fees	**-**	200,000
Security	**1,927,172**	2,611,109
Insurance	**4,217,493**	3,808,914
Donations and subscriptions	**800,669**	828,367
Bank charges	**5,767,041**	4,428,279
Other administrative expenses	**9,615,111**	10,803,752
Total	**306,177,280**	294,316,318
Selling and promotional costs		
Advertising	**18,010,233**	22,396,605
Commission	**62,087,331**	53,233,930
Travelling and entertainment	**13,107,566**	11,962,710
Other	**-**	1,034,313
Total	**93,205,130**	88,627,558
Depreciation		
Depreciation - Administrative	**24,929,313**	23,426,866
Depreciation - Included in cost of sales	**7,315,804**	4,048,550
Total	**32,245,117**	27,475,416
Amortisation		
Amortisation – Intangible asset	**1,254,489**	867,301
Total	**1,254,489**	867,301

27. Employee benefits

	2019 $	2018 $
Salaries and wages	**139,380,458**	123,055,530
Statutory contributions	**26,170,111**	24,191,077
Staff benefits	**8,758,136**	7,785,731
Total	**174,308,705**	155,032,338

There were one hundred and thirty-six (136), (2018 – one hundred and thirty-four (134)) employees at year end.

28. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

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 company is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US$) the company however, maintains US$ bank account in an attempt to minimise this risk.

At the end of the reporting period there were net liabilities of approximately US$470,501 (2018 - US$483,122) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2019 US$	2018 US$
Financial assets		
- Bank and cash	**48,138**	18,691
Financial liabilities		
- Other loans	**(408,592)**	(450,000)
- Trade and other payables	**(110,047)**	(51,813)
Total	**(470,501)**	(483,122)

The above assets/liabilities are receivables/payables in United States Dollars (US$). The exchange rate applicable at date is J$132.57 to US$1 (2018 - J$125.89 to US$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity with regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollars are considered, as these are the two major currencies of the company.

The sensitivity analysis is based on the company's United States Dollar financial instruments at the end of the reporting period.
Effect on results of operations:

If the JA Dollar weakens by 6% (2018 – 4%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

	Rate %	Weakens $
2019	**6**	**(3,742,459)**
2018	4	(2,432,809)

If the JA Dollar strengthens against the US Dollar by 4% (2018 – 2%) this would have the following impact:

	Rate %	Strengthens $
2019	**4**	**2,494,973**
2018	2	1,216,405

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company maintains interest-earning bank accounts with licensed financial institutions. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

The company's interest rate risk arises mainly from its borrowings.

Interest rate sensitivity

Due to the fact that interest earned from the company's interest-earning bank accounts is immaterial, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates. However, the company is exposed to changes in market interest rates through its borrowings.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates.

Effects on results of operations:

If the interest rate increases by 1% (2018 – 1%) according to changes in money market conditions then this would be the effect of the amounts shown on the basis that all other variables remain constant.

	Rate %	$
2019	**1**	**1,959,093**
2018	1	1,389,358

If the interest rate decrease by 1% (2018 – 1%) according to change in money market conditions then this would be the effect of the amounts shown on the basis that all other variables remain constant.

	Rate %	$
2019	**1**	**(1,959,093)**
2018	1	(1,389,358)

iii Other price risk

Other 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 company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with reputable financial institutions.

The company continuously monitors the credit quality of customers. The company's policy is to deal with only credit worthy counterparties. The credit terms range between 15 and 30 days. The credit terms for customers are subject to an internal approval process which considers the credit rating scorecard. The on going credit risk is managed through regular review of aging analysis together with credit limit per customer.

Trade receivables consists of a large number of customers. The company does not require collateral or other credit enhancements in respect of its trade and other receivables.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2019	2018
	$	$
Investments	**3,974,552**	1,427,016
Trade and other receivables	**140,413,502**	150,241,459
Bank balances	**62,265,046**	52,350,989
Total	**206,653,100**	204,019,464

Trade receivables

The company applies IFRS 9 simplified model of recognising lifetime estimate credit losses, for all trade receivables as these items do not have significant financing component.

In measuring the expected credit losses the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.
The expected loss rates are based on the payment profile for sales over the last 24 months before December 31, 2019 and January 1, respectively as well as the corresponding historical losses during the period. The historical rates are adjusted to reflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding. The company has identified gross domestic product (GDP) and inflation rates to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, failure to make payments within 365 days from the invoice date and failure to engage with the company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

December 31, 2019

	Trade receivables days past due					
	Current	**More than 30 days**	**More than 60 days**	**More than 90 days**	**365 days and over**	**Total**
Expected credit loss rate	**-**	**0.03%**	**0.03%**	**0.04%**	**100%**	**-**
Gross carrying amount	**-**	**64,657,658**	**49,806,796**	**22,954,300**	**4,147,847**	**141,566,602**
Lifetime expected credit loss	**-**	**19,397**	**14,942**	**8,758**	**4,147,847**	**4,190,944**

December 31, 2018

	Trade receivables days past due					
	Current	More than 30 days	More than 60 days	More than 90 days	365 days and over	Total
Expected credit loss rate	0.67%	0.74%	0.82%	4.82%	100%	-
Gross carrying amount	80,635,593	35,817,839	14,101,223	19,823,954	950,371	151,328,979
Lifetime expected credit loss	540,258	265,052	115,630	955,514	950,371	2,826,825

The closing balance of the trade and other receivables as at December 31, 2018 reconciles with the trade receivables loss allowance opening balance as follows:

	2019 $	2018 $
Loss allowance as at January 1, calculated under IAS 39	**2,826,825**	1,969,888
Amount restated through opening retained earnings	**-**	823,670
Opening loss allowance at January 1, 2019	**2,826,825**	2,793,558
Receivables written-off during the year	**(147,417)**	(109,909)
Loss allowance recognised during the year	**1,511,536**	143,176
	4,190,944	2,826,825

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash to meet its liquidity requirements.

As at December 31, 2019, the company's non-derivative financial liabilities have contractual maturities (including interest payment where applicable) as summarised below:

	Current Within 12 Months $	**Non-current 2 to 5 years $**	**Non-current Over 5 years $**
Borrowings	**41,216,208**	**141,851,182**	**-**
Other loans	**6,390,032**	**47,064,304**	**11,676,019**
Owing to directors	**33,204**	**-**	**-**
Trade and other payables	**96,726,727**	**-**	**-**
Total	**144,366,171**	**188,915,486**	**11,676,019**

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	Current Within 12 Months $	Non-current 2 to 5 years $	Non-current Over 5 years $
Borrowings	31,524,078	152,621,686	-
Other loans	4,935,427	43,835,145	16,023,408
Finance lease	6,755,120	205,707	-
Owing to directors	685,442	-	-
Trade and other payables	134,943,209	-	-
Total	178,843,276	196,662,538	16,023,408

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

29. Fair value measurement

(i) Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

December 31, 2019	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Quoted equity securities	**3,974,552**	**-**	**-**	**3,974,552**
Total	**3,974,552**	**-**	**-**	**3,974,552**

December 31, 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Quoted equity securities	1,427,016	-	-	1,427,016
Total	1,427,016	-	-	1,427,016

There were no transfers between level 1 and level 2 in 2019 and 2018

The company's other financial assets and financial liabilities are measured at amortised cost, and the fair values for these are disclosed at Note 30.

(ii) Fair value measurement of non-financial assets.

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2019:

December 31, 2019	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Property, plant and equipment	-	-	-	-
Land and buildings	-	-	260,769,007	260,769,007
Total	-	-	260,769,007	260,769,007

Fair value of the company's land and buildings is estimated based on appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

Land and Buildings (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 34 Collins Green Avenue, St. Andrew, were revalued November 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2019 $
Balance at January 1, 2019	261,671,114
Additions	2,467,850
Depreciation of land and buildings	(3,369,957)
Balance at December 31, 2019	260,769,007

December 31, 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Property, plant and equipment				
Land and buildings	-	-	261,671,114	261,671,114
Total	-	-	261,671,114	261,671,114

Fair value of the company's land and buildings is estimated based on appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

Land and Buildings (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 34 Collins Green Avenue, St. Andrew, were revalued November 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2018 $
Balance at January 1, 2018	256,552,530
Additions	8,219,040
Depreciation of land and buildings	(3,100,456)
Balance at December 31, 2018	**261,671,114**

30. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the end of the reporting periods under review may also be categorised as follows:

	2019 $	2018 $
Financial assets		
Investments		
Fair value through profit or loss	**3,974,552**	1,427,016
	3,974,552	1,427,016
Financial assets		
Amortised cost		
Trade and other receivables	**140,413,502**	150,241,459
Bank and cash	**62,540,044**	52,625,987
Total	**202,953546**	202,867,446
Financial liabilities measured at amortised cost		
Borrowings	**118,228,943**	128,063,719
Other loans	**50,786,114**	52,227,886
Finance lease	**-**	205,707
Financial liabilities measured at amortised cost		
Bank overdraft	**-**	3,846,305
Trade and other payables	**96,726,727**	134,943,209
Owing to directors	**33,204**	685,442
Current portion of borrowings	**30,307,373**	20,572,020
Current portion of other loans	**3,380,584**	3,039,692
Current portion of finance lease	**-**	6,352,365
Total	**299,462,945**	349,936,345

31. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors review the financial position of the company at regular meetings.

The company is not subject to externally imposed capital requirements. The company did not change its approach to capital management polices during the year.