CONSOLIDATED BAKERIES (JAMAICA) LIMITED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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CONSOLIDATED BAKERIES (JAMAICA) LIMITED
DECEMBER 31, 2019

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

Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Consolidated Bakeries (Jamaica) Ltd. ("the Company") set out on pages 6 to 40, which comprise the statements 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 financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

During the current year audit there were two areas which we consider to be a key audit matter.

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Impact of the Corona virus

The Company has assessed the impact of the recent Corona virus and its ability to continue as a going concern.

In this evaluation, the company assessed its industry, including its customer base in determining the potential future impacts.

Our responsibility was to assess these factors and determine if management's conclusions as to its ability to continue as a going concern is reasonable.

Management has concluded that based on the industry which it currently is, there will not be significant negative impact on its ability to continue as a going concern.

We have assessed the factors and based on the type of industry found no significant exceptions to their conclusion.

Leases

During the current year, a new IFRS 16 became effective, which had potential impact on the Company's accounting for its operating leases.

Management has determined that its leases are classified as either low cost or short-term leases and therefore, no accounting changes are deemed necessary.

We evaluated the lease contracts and had discussions with management.

Based on the evaluation of the lease contracts and the materiality of the leases as compared to its overall Property, Plant and Equipment, we found no exception to this management assertion.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

Bogle

BOGLE & COMPANY
Chartered Accountants
Kingston, Jamaica

May 29, 2020

Appendix to the Independent Auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

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

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

Consolidated Bakeries (Jamaica) Ltd.
Statement of Financial Position
As at December 31 2019

	Note	2019 $	2018 $
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	6	742,751,418	724,800,558
TOTAL NON-CURRENT ASSETS		742,751,418	724,800,558
CURRENT ASSETS			
Inventories	7	45,982,665	43,341,567
Trade and other receivables	8	102,138,120	93,930,657
Financial Investments	9	23,702,076	43,453,292
Cash & cash equivalents	10	77,101,281	77,612,690
TOTAL CURRENT ASSETS		248,924,142	258,338,206
TOTAL ASSETS		991,675,560	983,138,764
EQUITY			
Share Capital	11	90,726,664	90,726,664
Capital Reserve		20,825,532	20,825,532
Revaluation Reserve		537,342,437	537,342,437
Other Comprehensive Income		3,997,729	5,867,911
Retained Earnings		53,406,249	65,898,346
TOTAL EQUITY		706,298,611	720,660,890
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	12	100,106,646	95,265,270
Deferred tax liabilities	13	9,808,761	7,023,952
TOTAL NON-CURRENT LIABILITIES		109,915,407	102,289,222
CURRENT LIABILITIES			
Borrowings	12	61,526,852	53,522,551
Trade Payables		109,422,778	99,136,292
Accruals		4,511,912	7,529,809
TOTAL CURRENT LIABILITIES		175,461,542	160,188,652
TOTAL LIABILITIES		285,376,949	262,477,874
TOTAL LIABILITIES AND EQUITY		991,675,560	983,138,764

Approved by the Board of Directors on MAY 29, 2020 and signed on its behalf by:

/ Director — Anthony V Chang

Nicola Chang Murphy /Director — Nicola.Chang Murphy

The accompanying notes form part of these financial statements.

Consolidated Bakeries (Jamaica) Ltd.

Statement of Profit or Loss and Comprehensive Income

For year ended December 31 2019

	Note	2019	2018
		$	$
Revenue		1,027,265,773	960,318,626
Cost of Goods Sold	16	(642,420,856)	(588,146,967)
Gross Profit		384,844,917	372,171,659
Administration Expenses	17	(204,049,580)	(177,569,639)
Selling and distribution	18	(153,454,351)	(135,249,710)
Depreciation & Amortisation	6	(31,447,296)	(27,371,857)
		(388,951,227)	(340,191,206)
(Loss)/Profit from operations		(4,106,310)	31,980,453
Finance Cost	20	(16,970,285)	(23,070,117)
Other Revenue	21	11,369,307	9,939,613
		(5,600,978)	(13,130,504)
(Loss)/Profit before income tax		(9,707,288)	18,849,949
Income tax expense	22(a)	(2,784,809)	(5,890,933)
(Loss)/Profit after income tax		(12,492,097)	12,959,016
Other comprehensive income			
Those that might be reclassified to profit or loss in subsequent periods			
Unrealised Gain on Investment		376,606	268,421
Realised gain on investment reclassified to profit or loss		(2,246,788)	(8,964,363)
Total comprehensive income/(expense) for the year		(14,362,279)	4,263,074
Earnings per Share		(0.06)	0.06

Average number of shares in issue for the year is 222,709,171 (2018: 222,709,171)

The accompanying notes form part of these financial statements.

Consolidated Bakeries (Jamaica) Ltd.

Statement of Changes in Equity

For the Year Ended December 31 2019

	Share Capital	Revaluation Reserve	Capital Reserve	Other Comprehensive Income	Retained Earnings	Total
	$	$	$	$	$	$
Balance as at 1 January 2018	90,726,664	537,342,437	20,825,532	14,563,853	52,939,330	716,397,816
Comprehensive Income						
Profit for the year					12,959,016	12,959,016
Other comprehensive income for the year	-	-	-	-	(8,695,942)	(8,695,942)
Total comprehensive income for the year	-	-	-	-	4,263,074	4,263,074
Realised gain on investment	-	-	-	(8,964,363)	8,964,363	-
Unrealised gain on investment	-	-	-	268,421	(268,421)	-
Total other	-	-	-	(8,695,942)	8,695,942	-
Balance as at December 31 2018	90,726,664	537,342,437	20,825,532	5,867,911	65,898,346	720,660,890
Balance as at 1 January 2019	90,726,664	537,342,437	20,825,532	5,867,911	65,898,346	720,660,890
Comprehensive income						
Loss for the year					(12,492,097)	(12,492,097)
Other comprehensive income for the year	-	-	-	-	(1,870,182)	(1,870,182)
Total comprehensive income for the year	-	-	-	-	(14,362,279)	(14,362,279)
Unrealised gain on investment	-	-	-	376,606	(376,606)	-
Realised gain on investment	-	-	-	(2,246,788)	2,246,788	-
Total other	-	-	-	(1,870,182)	1,870,182	-
Balance as at December 31 2019	90,726,664	537,342,437	20,825,532	3,997,729	53,406,249	706,298,611

The accompanying notes form part of these financial statements.

Consolidated Bakeries (Jamaica) Ltd.

Statement of Cash Flows

For the Year Ended December 31 2019

	Note	2019	2018
		$	$
Cash flow from operating activities			
(Loss)/Profit before income tax		(9,707,288)	18,849,949
Items not affecting cash resources:			
Realised Gain on investment		(2,246,788)	(8,964,363)
Profit on Disposition of Assets		(764,140)	-
Depreciation		31,447,296	27,371,857
		18,729,080	37,257,443
- (increase) in inventories		(2,641,098)	(8,333,579)
- (increase) in trade and other receivables		(8,207,463)	(11,853,252)
- increase in trade payables and accruals		7,268,590	29,475,992
Net cash inflow from operating activities		15,149,109	46,546,604
Cash flow from investing activities			
Purchase of property, plant and equipment		(53,216,517)	(63,758,754)
Financial Investments		20,127,822	(887,539)
Proceeds from sale of fixed assets		4,582,500	-
Net cash (outflow) from investing activities		(28,506,195)	(64,646,293)
Cash flow from financing activities			
New Loan		36,000,000	65,500,000
Loan Repayment		(24,229,875)	(50,791,244)
Net cash inflow from financing activities		11,770,125	14,708,756
Net decrease in cash held		(1,586,961)	(3,390,933)
Cash and cash equivalents at beginning of financial year		46,052,287	49,443,220
Cash and cash equivalents at end of financial year	10	44,465,326	46,052,287

The accompanying notes form part of these financial statements.

1 Reporting Entity

Consolidated Bakeries (Jamaica) Ltd. ("the company")

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

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

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

2 Basis of Preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.
In addition, for financial reporting purposes, fair value measurement are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

3 Functional and presentation currency

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

4 Summary of Significant Accounting Policies

(a) New Accounting Standards for Application in Future Periods

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

Amendments to IAS 1 and IAS 6	Definition of Material[1]
IFRS 17	Insurance Contracts[2]

[1]Effective for annual periods beginning on or after 1 January 2020
[2]Effective for annual periods beginning on or after 1 January 2021.

(b) New and Amended Accounting Policies Adopted

IFRS 16 Leases

The Company has not applied IFRS 16 due to the timing at which the current leases are expected to expire.

Policy applicable from 1 January 2019 if the company had applied
At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A
contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of the accounting policies under IAS 17 and IFRIC 4 are disclosed separately.
At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A
contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company

4 Summary of Significant Accounting Policies (cont'd)

(b) New and Amended Accounting Policies Adopted (cont'd)

IFRS 16 Leases (cont'd)

allocates the consideration in the contract to each lease component on the basis of its relative stand -alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right -of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the leases payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, included in-substance fixed payments;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate as the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option,

4 Summary of Significant Accounting Policies (cont'd)

(b) New and Amended Accounting Policies Adopted (cont'd)

IFRS 16 Leases (cont'd)

and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and lease of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including its equipment and storage warehouses. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of sub-lease with reference to the right-of-use asset arising from

the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sup-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

4 Summary of Significant Accounting Policies (cont'd)

(b) New and Amended Accounting Policies Adopted (cont'd)

IFRS 16 Leases (cont'd)

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.
Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in finance lease classification.

Policy still currently applied

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of specific asset or assets; and

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

4 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment

This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.
The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
(a) It is probable that future economic benefits associated with the item will flow to the entity; and
(b) The cost of the item can be measured reliably

Items of property, plant and equipment may be acquired for safety or environmental reasons. The acquisition of such property, plant and equipment, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for an entity to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable an entity to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired.

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

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

The company uses the cost model as its measurement of recognition for its categories apart from Land and Building, which it uses the revaluation model.

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

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

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

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

The depreciation method used by the company is the straight-line basis and is designed to write off the assets over its useful live.

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

4 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment (cont'd)

Land is not depreciated

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

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving average basis for its motor vehicles and the weighted average basis for its parts. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(e) Trade and Other Receivables

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

(i) Impairment

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLS, the Company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Company recognize loss allowances for ECLs and considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without Recourse by the Company to action such as realizing security if any is held; or
- The financial assets are more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the the expected life of the financial instrument.

4 Summary of Significant Accounting Policies (cont'd)

(e) Trade and Other Receivables (cont'd)

(i) Impairment (cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as a default or past due event.
- It is becoming probable that the borrower will enter bankruptcy or other financial Reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

(f) Cash and Cash Equivalents

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

a. **Financial Investments**

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

4 Summary of Significant Accounting Policies (cont'd)

(h) Borrowing Costs

Loans are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently reduced by the principal payment. The company does not recognise the interest expense as the loans presented on the Statement of Financial Position is repaid to the company by the related party.

(i) Related party disclosures

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

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

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

(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A **related party transaction** is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged

4 Summary of Significant Accounting Policies (cont'd)

(j) Trade and Other Payables

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

(k) Foreign Currency Transactions and Balances

The company is subject to changes in foreign currency rates as it relates to the United States dollar. It is recorded initially in the functional currency using the spot exchange rate of the Jamaican dollar to the United States dollar at the date of the transaction. At the end of the period, the foreign currency is converted to the functional currency using the closing rate for the period. Exchange differences arising from the conversion of the rates used for initial recording and at the end of the period are recognised in the profit and loss statement.

(l) Revenue and Other Income

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

i. Sale of goods

The Company's main source of revenue is through the sale of new passenger and commercial motor vehicles. The company also sells parts for the motor vehicles.

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

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

4 Summary of Significant Accounting Policies (cont'd)

(l) Revenue and Other Income (cont'd)

ii. Interest Income

The Company recognises interest earned on its cash and cash equivalents held at financial institutions in qualifying accounts.
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

iii. Rental Income

The Company recognises rental income on a straight-line basis over the period covered under the lease terms. The lease is categorised as a short-term lease.

(m) Employee Benefits

i. Pension plan

The company contributes towards defined contribution retirement savings plans which were purchased from Sagicor Life Limited. Employees who opt to join the plan, contribute up to 20% of gross basic salaries to their plans and the Company contributes 5%. In 2019, a total of $3,567,521 (2018: $4,203,281) company contributions was recognised as expense in the statement of Profit or Loss

ii. (ii) Short-term employee benefits

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

(n) Leases

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including its equipment and storage warehouses. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4 Summary of Significant Accounting Policies (cont'd)

(o) Fair value measurement

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

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

The principal or most advantageous market must be accessible by the Company.
The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
In addition, for financial reporting purposes, fair value measurement is categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

(p) Taxation

(i) Current tax

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

4 Summary of Significant Accounting Policies (cont'd)

(p) Taxation (cont'd)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

(q) Share Capital

Share capital consists of funds raised by issuing shares in return for cash or other considerations. The amount of share capital a company has can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase.

4 Summary of Significant Accounting Policies (cont'd)

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

5 Financial Instruments: Disclosures

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

(a) Credit risk

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

	2019	2018
	$	$
Financial Assets		
Cash & cash equivalents	77,101,281	77,612,690
Trade and other receivables	102,138,120	93,930,657
Financial Liabilities		
Trade Payables	(113,934,691)	(106,666,101)
Borrowings	(61,526,852)	(53,522,551)

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

Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country which the customers operate.
The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

5 Financial Instruments: Disclosures (cont'd)

(a) Credit risk (cont'd)

At 31 December 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows

	2019	2018
	$	$
Jamaica	39,084,087	44,409,394
United States of America	-	105,801
United Kingdom	91,969	-
Note 8	39,176,056	44,515,195

At 31 December 2019, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	2019	2018
	$	$
Wholesale customers	39,099,700	44,480,680
End-user customers	76,356	34,515
Note 8	39,176,056	44,515,195

The ageing of trade receivables that were past due but not impaired as at 31 December 2019 is as follows

	2019	2018
	$	$
Past due 1- 30 days	29,685,583	26,031,050
Past due 31- 90 days	6,278,081	9,277,355
Over 90 days	3,212,392	9,206,790
Note 8	39,176,056	44,515,195

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2019.

	Gross carrying amount	Weighted-average loss rate	Impairment loss allowance
Low Risk	29,451,337	4%	1,178,053
Medium Risk	4,382,477	10%	438,248
High Risk	5,342,350	20%	1,068,470
	39,176,164		**2,684,771**

5 Financial Instruments: Disclosures (cont'd)

(a) Credit risk (cont'd)

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

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

(b) Liquidity risk

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

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

	2019	**2018**
	$	**$**
Current Assets	248,924,142	258,338,206
Current Liabilities	175,461,543	160,188,652
	1.42%	1.61%

The liquid asset ratio at the end of the year was 1.42:1 (2018: 1.61:1). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk.

5 Financial Instruments: Disclosures (cont'd)

(b) Liquidity risk (cont'd)

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

Balance as at December 31 2019

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
Borrowings	32,121,938	10,664,529	29,079,361	116,756,414	5,567,966	194,190,208
Trade and other payables	109,422,778	-	-	-	-	109,422,778
	141,544,716	10,664,529	29,079,361	116,756,414	5,567,966	303,612,986

(c) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

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

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

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

5 Financial Instruments: Disclosures (cont'd)

(c) Currency risk (cont'd)

Balance as at December 31 2019

	JMD $	US $	CAN $	GBP $	Total $
Financial Assets					
Trade and other receivables	102,046,151	-	-	91,969	102,138,120
Financial Investments	-	23,702,076			23,702,076
Cash	39,080,235	37,983,356	37,690	-	77,101,281
Total financial assets	141,126,386	61,685,432	37,690	91,969	202,941,477
Financial Liabilities					
Borrowings	161,633,498	-	-	-	161,633,498
Trade and other payables	113,934,691	-	-	-	113,934,691
Total financial liabilities	275,568,189	-	-	-	275,568,189
Net financial position	(134,441,803)	61,685,432	37,690	91,969	(72,626,712)

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the 5% devaluation and 3% appreciation of the Jamaican dollar. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on net profit shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	% Change in Currency rate 2019	Effect on Equity 2019 $	Effect on Net Profit 2019 $
Currency:			
USD – Positive	3	(616,854)	(1,869,069)
USD – Negative	(5)	3,084,272	2,930,058

5 Financial Instruments: Disclosures (cont'd)

(d) Capital Management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company makes use of it is working capital facilities, this has remained unchanged from 2018.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in the Statement of Changes in Equity). Total capital is calculated as 'equity' plus net debt.

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

	2019	2018
	$	$
Interest-bearling borrowings	161,633,498	148,787,821
Less: cash and bank	(77,101,281)	(77,612,690)
Net Debt	84,532,217	71,175,131
Total Equity	706,298,611	720,660,890
Capital and net debt	790,830,828	791,836,021
Gearing ratio	10.69%	8.99%

(e) Fair value measurements

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.
The carrying values of short-term financial asset and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents, trade and other receivables and amounts due from related companies. Short-term financial liabilities comprise trade, due to related parties, payables and long-term financial liabilities comprise of loan.
The carrying value of loans with variable interest rates approximates fair value as interest rates approximate market rates. The fair value of loans with fixed rates is estimated to approximate its carrying value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value for the amount due to the parent company approximates its carrying value.

5 Financial Instruments: Disclosures (cont'd)

(e) Fair value measurements (cont'd)

	2019 Fair Value	2019 Carrying Value	2018 Fair Value	2018 Carrying Value
	$	$	$	$
Financial assets				
Cash & cash equivalents	77,101,281	77,101,281	77,612,690	77,612,690
Trade receivables	36,491,285	36,491,285	40,758,958	40,758,958
Owed by Related Parties	25,117,513	25,117,513	18,231,222	18,231,222
Financial liabilities				
Borrowings excluding bank overdraft	128,997,543	128,997,543	117,227,418	117,227,418
Bank overdraft	32,635,955	32,635,955	31,560,403	31,560,403
Trade payables	109,422,778	109,422,778	99,136,292	99,136,292

6 Property, plant & equipment

	Land and Buildings	Plant,machinery & equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Computer equipment	Total
	$	$	$	$	$	$
Cost/Valuation						
Balance as at 1 January 2018	497,960,000	159,378,929	11,358,307	104,219,531	28,711,434	801,628,201
Additions	2,207,605	37,095,509	4,015,820	20,270,098	169,723	63,758,755
Balance as at December 31 2018	500,167,605	196,474,438	15,374,127	124,489,629	28,881,157	865,386,956
Additions	2,703,355	18,953,914	2,082,980	26,584,634	2,891,634	53,216,517
Disposals	-	-	-	(3,818,361)	-	(3,818,361)
Balance as at December 31 2019	502,870,960	215,428,352	17,457,107	147,255,902	31,772,791	914,785,112
Accumulated Depreciation						
Balance as at 1 January 2018	-	46,298,913	5,379,972	38,004,583	23,531,073	113,214,541
Depreciation expense	3,357,614	12,815,415	741,695	7,744,538	2,712,595	27,371,857
Balance as at December 31 2018	3,357,614	59,114,328	6,121,667	45,749,121	26,243,668	140,586,398
Depreciation expense	3,352,035	14,339,759	1,034,863	10,277,314	2,443,325	31,447,296
Disposals	-	-	-	-	-	-
Balance as at December 31 2019	6,709,649	73,454,087	7,156,530	56,026,435	28,686,993	172,033,694
December 31 2019	496,161,311	141,974,265	10,300,577	91,229,467	3,085,798	742,751,418
December 31 2018	496,809,991	137,360,110	9,252,460	78,740,508	2,637,489	724,800,558

Land

The total value of land as at December 31 2019 is $361,021,000 (2018 : $361,021,000). Land is not depreciated.

7 Inventory

	2019	2018
	$	$
Current		
At net realisable value:		
Raw materials	11,784,829	11,022,086
Packaging materials & spares	18,142,258	18,629,918
Finished goods	5,505,830	6,481,015
Other inventory	10,549,748	7,208,548
Total Inventories at net realisable value	45,982,665	43,341,567
Total current inventories	45,982,665	43,341,567
Total Inventories	45,982,665	43,341,567

8 Trade and other receivables

	2019	2018
	$	$
Current		
Trade receivables	39,176,056	44,515,195
Less: Provision for Doubtful Accounts	(2,684,771)	(3,756,237)
	36,491,285	40,758,958
Owed by Related Parties (Note 14)	25,117,513	18,231,222
Prepayments	15,104,303	16,794,134
Deposit on equipment	10,616,722	4,659,833
Staff Loans and Advances	7,194,191	7,677,808
Other receivables	7,614,106	5,808,702
Total current trade and other receivables	102,138,120	93,930,657
Total trade and other receivables	102,138,120	93,930,657

a. **Credit Risk and market risk, and impairment losses**
Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 5(a)

9 Other Financial Assets

		2019	2018
		$	$
Current			
Financial assets at fair value through Other Comprehensive Income	9(a)	23,702,076	43,453,292
Total current assets		23,702,076	43,453,292

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

(a) Financial assets at fair value through other comprehensive income

	2019	2018
	$	$
NCB Capital Markets Cash Value	887,011	-
NCB Cap xB Fund	20,473,667	34,434,559
NCB Cap xM Fund	2,341,398	9,018,733
Financial assets at FVOCI	23,702,076	43,453,292

10 Cash & cash equivalents

	2019	2018
	$	$
Cash and cash equivalents		
Cash on hand	8,621,293	8,615,741
Bank accounts (Jamaican Dollars)	30,458,942	17,357,272
Bank accounts (United States Dollars)	3,746,227	11,433,174
Bank accounts (Canadian Dollars)	37,690	37,884
	42,864,152	37,444,071
Short Term Investments	34,237,129	40,168,619
Total cash and cash equivalents	77,101,281	77,612,690

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2019	2018
	$	$
Cash and cash equivalents	77,101,281	77,612,690
Secured - Bank overdrafts	(32,635,955)	(31,560,403)
Balance as per statement of cash flows	44,465,326	46,052,287

11 Share capital

	2019	2018
	$	$
Authorised	427,260,000	427,260,000
Issued and fully paid		
This consist of 222,709,171 (2018: 222,709,171) ordinary shares valued at no par value	90,726,664	90,726,664

12 Borrowings

	2019	2018
	$	$
Current		
Secured liabilities:		
Bank overdrafts	32,635,955	31,560,403
National Commercial Bank Jamaica Limited	28,890,897	21,962,148
	61,526,852	53,522,551
Total current borrowings	61,526,852	53,522,551
Non-current		
Secured liabilities:		
National Commercial Bank Jamaica Limited	100,106,646	95,265,270
	100,106,646	95,265,270
Total non-current borrowings	100,106,646	95,265,270
Total Borrowings	161,633,498	148,787,821

a) Terms and repayment schedule

	Interest rate	Year of Maturity	Carrying Value 2019	Carrying Value 2018
	%		$	$
Secured - Bank overdrafts	23.75	2020	32,635,955	31,560,403
National Commercial Bank Jamaica Limited				
-Secured Loan	7.95	2022	29,154,371	-
-Secured Loan	7.95	2023	41,100,148	50,000,000
-Secured Loan	8.25	2026	53,590,409	60,593,556
-Secured Loan	8.25	2026	5,152,615	6,633,862
			161,633,498	148,787,821

12 Borrowings (cont'd)

Security

a) National Commercial Bank

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

     Assignment of adequate FEH Insurance.

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

     Assignment of adequate FEH Insurance.

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

b) Bank overdraft

Bank overdraft is at an interest rate of 23.75% and is secured by first legal mortgage over commercial property located at 111 Red Hills Road and by guarantee of Directors Anthony and Vincent Chang.
Bank overdraft consists primarily of transactions processed at the end of the fiscal year, thereby, causing a timing variance (outstanding cheques)

13 Deferred tax

	2019	2018
	$	$
Non-current		
Deferred tax liability		
Property, plant and equipment - tax allowance	17,154,730	12,569,761
Future income tax benefits attributable to tax losses	(7,345,969)	(5,545,809)
	9,808,761	7,023,952

14 Related Party Transactions

	2019	2018
	$	$
Poly Cello Packaging	17,081,113	18,231,222
Other Related Parties	8,036,400	-
	25,117,513	18,231,222

All transactions between Consolidated Bakeries (Jamaica) Ltd. And the related companies have been transacted at arm's length.

Related Party Net movement

	2019	2018
	$	$
Loans repaid by Directors	-	(1,160,865)
Advances made to Poly Cello	949,891	399,489
Loan to other related Parties	8,036,400	-
Repayment from Poly Cello	(2,100,000)	-
	6,886,291	(761,376)

Nominee Holding

The company has been the registered proprietor of land situated in Stony Hill, which is beneficially owned and held to the order of Vincent Chang, the company's Chairman. The Company will transfer the property to him, at no cost to the Company, and the Company has incurred no cost in respect of the land. As at June 17, 2019, the transfer has been made.

15 Key Management Personnel Compensation

	2019	2018
	$	$
Director's fees	1,147,000	1,971,626
Director management remuneration	23,271,560	23,046,845
	24,418,560	25,018,471

16 Cost of Goods Sold

	2019	2018
	$	$
Salaries and related expenses	87,739,305	82,448,651
Purchases	516,918,149	475,555,572
Repairs and maintenance	9,122,104	7,974,928
Equipment rental	4,746,801	3,697,084
Transportation	12,646,039	3,327,667
Fuel	10,917,100	11,978,060
Other	331,358	3,165,005
	642,420,856	588,146,967

17 Administrative Expense

	2019	2018
	$	$
Salaries and related expenses	82,699,841	64,717,409
Security	9,354,616	8,046,519
Insurance	8,162,245	5,538,266
Utilities	26,159,935	24,067,521
Advertising and Promotion	1,396,340	2,436,752
Traveling and motor vehicle expenses	9,561,214	16,829,117
Director's fees	1,147,000	1,971,626
Director management remuneration	23,271,560	23,046,845
Repairs and Maintenance	3,219,981	2,727,268
Office supplies	4,041,292	3,527,144
Office and Space Rental	3,797,758	3,178,301
Auditor's Remuneration	1,545,000	1,430,200
Professional Fees	16,984,097	9,922,528
Other Expenses	12,708,701	10,130,143
	204,049,580	177,569,639

18 Selling and distribution

	2019	2018
	$	$
Salaries and related expense	75,121,905	67,510,938
Sales Contractors	23,209,205	20,081,314
Travelling and motor vehicle expenses	37,769,394	31,706,970
Repairs and Maintenance expense	1,811,913	2,250,952
Office and Space rental	165,000	26,000
Advertising and Promotion	15,206,076	13,603,958
Other expenses	170,858	69,578
	153,454,351	135,249,710

19 Staff Costs

	2019	2018
	$	$
Staff Salaries	210,649,770	181,882,993
Statutory Expense	21,466,840	18,539,563
Staff Welfare	9,876,920	10,051,161
Pension	3,567,521	4,203,281
Total Staff Related Costs	245,561,051	214,676,998

Staff costs have been allocated between Cost of Goods Sold (COGS), Selling and Distribution expense and Administrative expenses.

20 Finance Cost

	2019	2018
	$	$
Loan Interest	11,079,058	11,106,447
Bank Charges	5,429,642	11,734,600
Other Finance Cost	461,585	229,070
	16,970,285	23,070,117

21 Other Revenue

	2019	2018
	$	$
Other Revenue		
Interest	1,897,390	1,651,556
Rental	1,159,963	1,602,149
Realised gain/(loss) on foreign	7,547,814	6,685,908
Gain/loss on Disposal of Assets	764,140	-
	11,369,307	9,939,613

22 Tax Expense

(a) The components of tax (expense)/income comprises:

	Note	2019	2018
		$	$
Deferred tax	13	(2,784,809)	(5,890,933)
Income tax expense for the year		(2,784,809)	(5,890,933)

(b) Tax reconciliation

	2019	2018
	$	$
Tax on (loss)/profit at 12.5% (2018: 12.5%)	(1,213,411)	2,356,244
Add tax effect of:		
non-allowable items	117,218	34,810
	117,218	34,810
Less tax effect of:		
Deferred tax adjustment	(3,881,002)	(3,499,879)
	(3,881,002)	(3,499,879)
Income tax attributable to the entity	2,784,809	5,890,933
The applicable weighted average effective tax rates are as follows:	-24.05%	58.02%

Tax remission

The Company having been listed on the Junior Stock Exchange in 2012 became eligible for remission of Income-tax for 10 years, as below, provided the shares remain listed for at least 15 years. The total loss for the current period is ($22,929,649), which represents 50% of the current year losses and a total loss carried forward of ($58,767,753).

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

Transfer pricing

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

23 Auditor's Remuneration

	2019	2018
	$	$
Remuneration of the auditor of the entity for:		
auditing or reviewing the financial statements	1,545,000	1,430,200
	1,545,000	1,430,200

24 Short-term and Low cost leases

Has rental agreements for properties in Mandeville and Montego Bay for 12-month period. These are deemed short term rental agreements. The Company also leases equipment as needed on a short-term basis.