Wisynco Group Limited

Financial Statements
30 June 2020

Wisynco Group Limited

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30 June 2020

Independent auditor's report

To the Members of Wisynco Group Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Wisynco Group Limited (the Company) and its subsidiary (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2020, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 30 June 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 June 2020;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Discontinued Operations (Group and Company) *Refer to notes 2(s) and 12 to the financial statements for disclosures of related accounting policies and balances.*	
On 1 January 2020, the Government of Jamaica implemented a ban on styrofoam products which resulted in the Company ceasing operations in relation to the manufacturing of foam products on 31 December 2019. This resulted in the company treating the operations of the foam division for the current and prior year as a discontinued operation. The discontinued operation resulted in the disposal of property plant and equipment within the foam division for a loss of $115,716,000. We focused on this area due to the significance of the disposal as well as the general impact on the presentation of the financial statements and related disclosures.	We performed the following procedures, amongst others, over discontinued operations as follows: • obtained an understanding of the transaction and evaluated the accounting and consistent application of the applicable IFRS requirements. • tested select financial statement line items for the current year, based on our professional judgement, which comprised the discontinued operations, through corroboration of these balances to supporting documents including sales and purchases invoices, payroll records and the property, plant and equipment register. • evaluated the allocation, within the Group and Company, of the carrying value of the net assets and

statement of comprehensive income balances of the discontinued division.

- evaluated the adequacy of the disclosures made in the notes to the financial statements in accordance with the accounting standards.

There were no required adjustments from the procedures performed above.

Other information

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
28 August 2020

Wisynco Group Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

Continuing operations	**Note**	**2020 $'000**	**2019 $'000**
Revenue	5	32,170,426	26,939,227
Cost of sales		(21,103,363)	(16,867,965)
Gross Profit		11,067,063	10,071,262
Other operating income	6	142,654	288,656
Selling and distribution expenses		(6,784,843)	(6,124,857)
Administration expenses		(1,370,277)	(1,097,978)
Operating Profit		3,054,597	3,137,083
Finance income	9	320,495	119,218
Finance costs	10	(155,844)	(230,205)
Share of results of associate	18	984	7,792
Profit before Taxation		3,220,232	3,033,888
Taxation	11	(557,565)	(491,723)
Profit for the year from continuing operations		2,662,667	2,542,165
Profit from discontinued operations	12	139,736	387,157
Net Profit		2,802,403	2,929,322
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign subsidiary		9,765	(1,038)
Share of other comprehensive income of associate	18	9,322	-
Items that will not be reclassified to profit or loss			
Unrealised gains on investment securities	20	17,302	10,886
Total Comprehensive Income		2,838,792	2,939,170
Earnings Per Stock Unit from continuing and discontinued operations attributable to stockholders of the Group	13		
From continuing operations		$0.71	$0.68
From discontinued operations		$0.04	$0.10
		$0.75	$0.78

Wisynco Group Limited

Consolidated Statement of Financial Position

30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-Current Assets			
Property, plant and equipment	15	7,088,491	6,724,278
Intangible assets	16	32,162	-
Investment in associate	18	604,267	593,961
Loans receivable	19	175,932	165,545
Investment securities	20	131,253	379,060
		8,032,105	7,862,844
Current Assets			
Inventories	21	3,316,760	3,225,686
Receivables and prepayments	22	2,528,374	2,585,519
Investment securities	20	447,267	130,385
Cash and short-term deposits	23	4,950,743	3,974,545
		11,243,144	9,916,135
Current Liabilities			
Trade and other payables	24	3,339,033	3,336,064
Short-term borrowings	25	702,393	485,724
Lease liabilities	26	73,966	-
Taxation payable		437,338	444,969
		4,552,730	4,266,757
Net Current Assets		6,690,414	5,649,378
		14,722,519	13,512,222

Wisynco Group Limited

Consolidated Statement of Financial Position (Continued)

30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	27	1,192,647	1,192,647
Other reserve	28	248,534	130,832
Translation reserve	29	48,135	29,048
Retained earnings	30	11,485,457	9,733,054
		12,974,773	11,085,581
Non-Current Liabilities			
Deferred tax liabilities	31	155,647	213,511
Borrowings	25	1,546,947	2,213,130
Lease liabilities	26	45,152	-
		1,747,746	2,426,641
		14,722,519	13,512,222

Approved by the Board of Directors on 28 August 2020 and signed on its behalf by:

William Mahfood Director

Andrew Mahfood Director

Wisynco Group Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Number of shares '000	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Translation Reserve $'000	Total Equity $'000
Balance at 1 July 2018	3,750,000	1,192,647	119,946	7,347,482	30,086	8,690,161
Net profit	-	-	-	2,929,322	-	2,929,322
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	10,886	-	-	10,886
Exchange differences on translating foreign subsidiary	-	-	-	-	(1,038)	(1,038)
Total comprehensive income	-	-	10,886	2,929,322	(1,038)	2,939,170
Transactions with owners -						
Dividends (Note 34)	-	-	-	(543,750)	-	(543,750)
	-	-	-	(543,750)	-	(543,750)
Balance at 30 June 2019	3,750,000	1,192,647	130,832	9,733,054	29,048	11,085,581
Net profit	-	-	-	2,802,403	-	2,802,403
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	17,302	-	-	17,302
Share-based payment expenses, net of taxes	-	-	100,400	-	-	100,400
Share of other comprehensive income of associate (Note 18)	-	-	-	-	9,322	9,322
Exchange differences on translating foreign subsidiary	-	-	-	-	9,765	9,765
Total comprehensive income	-	-	117,702	2,802,403	19,087	2,939,192
Transactions with owners -						
Dividends (Note 34)	-	-	-	(1,050,000)	-	(1,050,000)
	-	-	-	(1,050,000)	-	(1,050,000)
Balance at 30 June 2020	3,750,000	1,192,647	248,534	11,485,457	48,135	12,974,773

Wisynco Group Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Operating Activities			
Cash provided by operating activities	32	3,673,191	2,267,259
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,472,538)	(1,059,047)
Purchase of intangible assets	16	(21,275)	-
Purchase of investments	20	(150,442)	-
Net purchase of deposits over 90 days		(678,848)	(522,837)
Proceeds from the sale of property, plant and equipment		4,300	7,550
Proceeds from sale of investment		130,385	-
Dividend received		1,510	2,014
Purchase of shares in associate	18	-	(586,169)
Issue of promissory note		-	(165,545)
Interest received		126,554	89,194
Cash used in investing activities		(2,060,354)	(2,234,840)
Cash Flows from Financing Activities			
Interest paid		(178,525)	(186,439)
Long-term loans repaid	32	(525,000)	(376,500)
Lease liabilities repaid		(75,456)	-
Loan commitment fees paid	32	-	(1,418)
Long-term loans received	32	-	567,000
Finance lease repaid	32	(913)	(22,298)
Dividend paid		(712,500)	(543,750)
Cash used in financing activities		(1,492,394)	(563,405)
Increase/(decrease) in cash and cash equivalents		120,443	(530,986)
Effects of changes in foreign exchange rates on cash and cash equivalents		100,790	29,220
Increase/(decrease) in cash and cash equivalents		221,233	(501,766)
Cash and cash equivalents at beginning of year		3,415,897	3,917,663
Cash and Cash Equivalents at End of Year	23	3,637,130	3,415,897

Wisynco Group Limited

Company Statement of Comprehensive Income

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

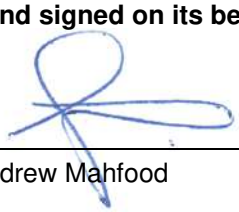
	Note	2020 $'000	2019 $'000
Continuing operations			
Revenue	5	32,159,881	26,927,363
Cost of sales		(21,059,942)	(16,828,606)
Gross Profit		11,099,939	10,098,757
Other operating income	6	140,127	279,607
Selling and distribution expenses		(6,856,195)	(6,205,270)
Administration expenses		(1,379,305)	(1,110,567)
Operating Profit		3,004,566	3,062,527
Finance income	9	320,495	119,218
Finance costs	10	(155,844)	(176,406)
Profit before Taxation		3,169,217	3,005,339
Taxation	11	(557,066)	(491,507)
Profit for the year from continuing operations		2,612,151	2,513,832
Profit from discontinued operations	12	139,736	387,157
Net Profit		2,751,887	2,900,989
Other Comprehensive Income			
Items that will not be subsequently reclassified to profit or loss			
Unrealised gains on investment securities	20	17,302	10,886
Total Comprehensive Income		2,769,189	2,911,875

Wisynco Group Limited

Company Statement of Financial Position
30 June 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-Current Assets			
Property, plant and equipment	15	7,088,491	6,724,278
Intangible assets	16	32,162	-
Investment in subsidiary	17	11,375	11,375
Investment in associate	18	586,169	586,169
Loans receivable	19	175,932	165,545
Investment securities	20	131,253	379,060
		8,025,382	7,866,427
Current Assets			
Inventories	21	3,316,760	3,225,686
Receivables and prepayments	22	2,526,649	2,581,362
Investment securities	20	447,267	130,385
Cash and short-term deposits	23	4,824,206	3,907,783
		11,114,882	9,845,216
Current Liabilities			
Trade and other payables	24	3,330,291	3,325,212
Short-term borrowings	25	702,393	485,724
Lease liabilities	26	73,966	-
Taxation payable		436,645	444,432
		4,543,295	4,255,368
Net Current Assets		6,571,587	5,589,848
		14,596,969	13,456,275
Shareholders' Equity			
Share capital	27	1,192,647	1,192,647
Other reserve	28	248,534	130,832
Retained earnings		11,408,042	9,706,155
		12,849,223	11,029,634
Non-Current Liabilities			
Deferred tax liabilities	31	155,647	213,511
Borrowings	25	1,546,947	2,213,130
Lease liabilities	26	45,152	-
		1,747,746	2,426,641
		14,596,969	13,456,275

Approved for issue by the Board of Directors on 28 August 2020 and signed on its behalf by:



William Mahfood Director

Andrew Mahfood Director

Wisynco Group Limited

Company Statement of Changes in Equity

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of shares '000	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2018		3,750,000	1,192,647	119,946	7,348,916	8,661,509
Net profit		-	-	-	2,900,989	2,900,989
Changes in fair value of equity instruments measured at fair value through other comprehensive income	20	-	-	10,886	-	10,886
Total comprehensive income		-	-	10,886	2,900,989	2,911,875
Transactions with owners -						
Dividends	34	-	-	-	(543,750)	(543,750)
		-	-	-	(543,750)	(543,750)
Balance at 30 June 2019		3,750,000	1,192,647	130,832	9,706,155	11,029,634
Net profit		-	-	-	2,751,887	2,751,887
Changes in fair value of equity instruments measured at fair value through other comprehensive income	20	-	-	17,302	-	17,302
Share-based payment expenses, net of taxes		-	-	100,400	-	100,400
Total comprehensive income		-	-	117,702	2,751,887	2,869,589
Transactions with owners -						
Dividends	34	-	-	-	(1,050,000)	(1,050,000)
		-	-	-	(1,050,000)	(1,050,000)
Balance at 30 June 2020		3,750,000	1,192,647	248,534	11,408,042	12,849,223

Wisynco Group Limited

Company Statement of Cash Flows

Year ended 30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Operating Activities			
Cash provided by operating activities	32	3,613,417	2,250,167
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,472,538)	(1,059,047)
Purchase of intangible assets	16	(21,275)	-
Proceeds from the sale of property, plant and equipment		4,300	7,550
Purchase of investment securities	20	(150,442)	-
Proceeds from sale of investment securities		130,385	-
Net purchase of deposits over 90 days		(678,849)	(522,837)
Dividend received		1,510	2,014
Purchase of shares in associate	18	-	(586,169)
Issue of promissory note		-	(165,545)
Interest received		126,554	89,194
Cash used in investing activities		(2,060,355)	(2,234,840)
Cash Flows from Financing Activities			
Interest paid		(178,525)	(186,439)
Long-term loans repaid	32	(525,000)	(376,500)
Lease liabilities repaid		(75,456)	-
Long-term loans received		-	567,000
Finance leases repaid	32	(913)	(22,298)
Commitment fees paid	32	-	(1,418)
Dividend paid		(712,500)	(543,750)
Cash used in financing activities		(1,492,394)	(563,405)
Increase/(decrease) in cash and cash equivalents		60,668	(548,078)
Effects of changes in foreign exchange rates		100,790	29,220
Cash and cash equivalents at beginning of year		3,349,135	3,867,993
Cash and Cash Equivalents at End of Year	23	3,510,593	3,349,135

Wisynco Group Limited

Notes to the Financial Statements
30 June 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

2. Significant Accounting Policies

(a) Basis of preparation

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2019, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

The adoption of IFRS 16 from 1 July 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 16 [C7], comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in Note 2 (m) and the impact on the financial statements on adoption of the new standard is disclosed in Note 37.

Amendments to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. There was no impact on adoption of this amendment.

I**FRIC 23 'Uncertainty over Income Tax Treatments',** (effective for annual reporting periods beginning on or after 1 January 2019). This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. There was no impact from adoption of the interpretation.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Annual improvements 2015 – 2017. These annual improvements are effective for annual periods beginning on or after 1 January 2020. These amendments include minor changes to the following standards:

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

There was no impact on adoption of these amendments.

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

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

IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts. The Group is currently assessing the impact of this standard.

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify the definition of materiality and the meaning of primary users of general-purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Group is currently assessing the impact of this standard.

Amendment to IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group will apply this amendment to future transactions.

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however, no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The Group is currently assessing the impact of this revision.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 10, 'Consolidated financial statements' and 'IAS 28 Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2025) The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investment in the associate or joint venture. The amendments apply prospectively. The Group is currently assessing the impact of this standard.

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

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

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

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates

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

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

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

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

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

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

The Group's associated company is as follows:

	Financial Reporting Year-end	Country of Incorporation	Nature of Business	Group's percentage interest	
				2020	2019
JP Snacks Caribbean Limited (consolidated)	31 December	Cayman Islands	Manufacturing and distribution	30.0	30.0

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

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

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

Sales of goods

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

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

Interest and dividend income

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

Other operating income

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

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2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

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

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

(e) Property, plant and equipment

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

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

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

Land is not depreciated.

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

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

(f) Intangible assets

Computer software
Computer software are recorded at cost. This cost is amortised over a period of three years.

2. Significant Accounting Policies (Continued)

(g) Impairment of non-current assets

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

(h) Financial instruments

Classification of financial instruments

The Group classifies financial assets and liabilities as those measured at fair value through other comprehensive income (FVOCI) or measured at amortised cost in accordance with IFRS 9 'Financial Instruments'.

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

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

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

Measurement of financial instruments

Debt instruments

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

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

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Measurement of financial instruments (continued)

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

Impairment of financial instruments

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

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

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

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

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

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

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

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Impairment of financial instruments (continued)

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

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

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

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

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

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

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

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

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2. Significant Accounting Policies (Continued)

(i) Inventories

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

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

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

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of trade receivables is determined using the simplified approach based on the required of IFRS 9 as outlined in Note 2(h) above.

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

(k) Cash and cash equivalents

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

(l) Payables

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

2. Significant Accounting Policies (Continued)

(m) Leases

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

Accounting policy until 30 June 2019

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

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

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(n) Borrowings and borrowings costs

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

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

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

(o) Income taxes

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

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

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

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

2. Significant Accounting Policies (Continued)

(o) Income taxes (continued)

IAS 12 'Income Taxes' does not specifically address the tax effects of right-of-use assets and lease liabilities. There are two principal approaches to the deferred tax accounting. The choice of approach is a matter of accounting policy, to be applied on a consistent basis. The Group's accounting policy choice considers the asset and the liability separately. The temporary difference on each item does not give rise to deferred tax, since the initial recognition exception applies.

(p) Employee benefits

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

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

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

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

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

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

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

Share-based payments
The Group operates an equity-settled, share-based compensation scheme. Senior executives and key management are awarded stock options. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in staff costs. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of non-marketing conditions. When options are exercised, the proceeds net of any transactions costs or the value transferred are credited to share capital.

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2. Significant Accounting Policies (Continued)

(q) Provisions

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

(r) Dividends

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

(s) Discontinued operations

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

(t) Segment reporting

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

3. Financial Risk Management

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

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

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

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

(a) Credit risk

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

Credit review process

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Trade and other receivables

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

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

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

(ii) Investments

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

(iii) Loans receivable

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

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	2,437,692	2,550,244	2,435,967	2,546,087
Cash and short-term deposits	4,950,743	3,974,545	4,824,206	3,907,783
Investment securities	516,578	477,134	516,578	477,134
Loans receivable	175,932	165,545	175,932	165,545
	8,080,945	7,167,468	7,952,683	7,096,549

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

Loss allowance

	2020			2019		
	Gross Carrying Amount $'000	**Loss Allowance $'000**	**Expected loss rate**	**Gross Carrying Amount $'000**	**Loss Allowance $'000**	**Expected loss rate**
0 to 30 days	1,311,116	447	0.03%	1,460,348	231	0.02%
31 to 60 days	378,238	110	0.03%	588,769	57	0.01%
60 to 90 days	136,596	73	0.05%	158,889	38	0.02%
90 days or more	231,093	59,270	25.65%	49,203	30,655	62.30%
Gross amount	2,057,043	59,900		2,257,209	30,981	

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	The Group and Company	
	2020 $'000	**2019 $'000**
At 1 July	30,981	35,586
Provision for receivables impairment	43,388	8,137
Bad debt recovered	(14,469)	(12,742)
At 30 June	59,900	30,981

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

Credit exposure for trade receivables

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

	The Group and Company	
	2020 $'000	**2019 $'000**
Kingston & St. Andrew	765,468	948,976
South Central	442,259	342,205
North Eastern	142,298	327,435
Western	315,453	427,504
Hotels & Restaurants	172,914	133,079
Other	218,651	78,010
	2,057,043	2,257,209
Less: Provision for credit losses	(59,900)	(30,981)
	1,997,143	2,226,228

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

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

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

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

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

The Company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately $11,500,000 (2019 - $11,500,000).

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2020					
Liabilities						
Borrowings	153,364	147,295	548,654	1,713,045	-	2,562,358
Lease liabilities	6,591	13,183	59,326	46,113	-	125,213
Trade and other payables	2,362,568	359,938	364,329	-	-	3,086,835
Total financial liabilities	2,522,524	520,416	972,309	1,759,158	-	5,774,407

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

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

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2020					
Liabilities						
Borrowings	153,365	147,295	548,654	1,713,045	-	2,562,359
Lease liabilities	6,591	13,183	59,326	46,113	-	125,213
Trade and other payables	2,353,826	359,938	364,329	-	-	3,078,093
Total financial liabilities	2,513,782	520,416	972,309	1,759,158	-	5,765,665

Wisynco Group Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

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

(c) Market risk

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

(i) Currency risk

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

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

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

Concentrations of currency risk

The Group and Company has accounts receivable, cash and deposits, long term receivable net of accounts payable and lease liabilities denominated in United States dollars, amounting to an asset of J$2,341,830,000 and J$2,107,047,000 at 30 June 2020 (2019 - J$720,173,000 and J$616,915,000) respectively. The Group and Company also have cash and deposits net of accounts payable denominated in Euros, amounting to an (liability)/asset of J$(34,000) (2019 - J$388,214,000).

Wisynco Group Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and Company had significant exposure on their monetary assets and liabilities and forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonably expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of trade receivables and payables.

	The Group			
	% Change in Currency Rate	Effect on Profit before Taxation 2020	% Change in Currency Rate	Effect on Profit before Taxation 2019
	%	$'000	%	$'000
Currency:				
USD	+2	(46,837)	+4	(28,807)
USD	-6	140,510	-6	43,210
EURO	+2	1	+4	(15,529)
EURO	-6	(2)	-6	23,293

	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation 2020	% Change in Currency Rate	Effect on Profit before Taxation 2019
	%	$'000	%	$'000
Currency:				
USD	+2	(42,141)	+4	(24,677)
USD	-6	126,423	-6	37,015
EURO	+2	1	+4	(15,529)
EURO	-6	(2)	-6	23,293

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2020			
Assets							
Investment securities	-	-	447,267	69,311	-	61,942	578,520
Receivables	-	-	-	-	-	2,437,692	2,437,692
Cash and short-term deposits	3,404,307	1,545,995	-	-	-	441	4,950,743
Long-term receivable	-	-	-	-	172,414	3,518	175,932
Total financial assets	3,404,307	1,545,995	447,267	69,311	172,414	2,503,593	8,142,887
Liabilities							
Borrowings	147,365	112,250	443,062	1,547,750	-	-	2,250,427
Trade and other payables	-	-	-	-	-	3,086,835	3,086,835
Lease liabilities	5,996	12,082	55,888	45,152	-	-	119,118
Total financial liabilities	153,361	124,332	498,950	1,592,902	-	3,086,835	5,456,380
Total interest repricing gap	3,250,946	1,421,663	(51,683)	(1,523,591)	172,414	(583,242)	2,686,507

Wisynco Group Limited

Notes to the Financial Statements

30 June 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

Wisynco Group Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2020			
Assets							
Investment securities	-	-	447,267	69,311	-	61,942	578,520
Receivables	-	-	-	-	-	2,435,967	2,435,967
Cash and short-term deposits	3,277,770	1,545,995	-	-	-	441	4,824,206
Long term receivable	-	-	-	-	172,414	3,518	175,932
Total financial assets	3,277,770	1,545,995	447,267	69,311	172,414	2,501,868	8,014,625
Liabilities							
Borrowings	147,365	112,250	443,062	1,547,750	-	-	2,250,427
Lease liabilities	5,996	12,082	55,888	45,152	-	-	119,118
Trade and other payables	-	-	-	-	-	3,078,093	3,078,093
Total financial liabilities	153,361	124,332	498,950	1,592,902	-	3,078,093	5,447,638
Total interest repricing gap	3,124,409	1,421,663	(51,683)	(1,523,591)	172,414	(576,225)	2,566,987

Wisynco Group Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2019			
Assets							
Investment securities	-	130,385	-	346,750	-	32,310	509,445
Receivables	-	-	-	-	-	2,546,087	2,546,087
Cash and short-term deposits	2,187,920	1,196,550	522,837	-	-	476	3,907,783
Long term receivable	-	-	-	-	165,545	-	165,545
Total financial assets	2,187,920	1,326,935	522,837	346,750	165,545	2,578,873	7,128,860
Liabilities							
Borrowings	35,811	112,250	337,663	2,213,130	-	-	2,698,854
Trade and other payables	-	-	-	-	-	3,055,035	3,055,035
Total financial liabilities	35,811	112,250	337,663	2,213,130	-	3,055,035	5,753,889
Total interest repricing gap	2,152,109	1,214,685	185,174	(1,866,380)	165,545	(476,162)	1,374,971

Interest rate sensitivity

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

(iii) Price risk

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

Wisynco Group Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk (continued)

The table below summarises the impact of increases/ (decreases) on the Company's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity prices had increased by 5% and decreased by 10% (2019 - 10% increase and decrease) with all other variables held constant.

	Equity Securities	
	Effect on Other Components of Equity	**Effect on Other Components of Equity**
	2020	**2019**
Change in index:	**$'000**	**$'000**
-10% (2019 – 10%)	(6,194)	(3,231)
+5% (2019 – 10%)	3,097	3,231

Wisynco Group Limited

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3. Financial Risk Management (Continued)

(d) Capital management

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

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

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

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

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

	Required	Actual 2020	Actual 2019
Minimum current assets to current liabilities	1.20:1	2.46:1	2.3:1
Maximum debt to equity ratio	2.33:1	0.12:1	0.57:1
Minimum interest cover	2.9 times	30 times	26.6 times
Minimum debt service coverage margin	2.0 times	5.71 times	7.09 times

3. Financial Risk Management (Continued)

(e) Fair value estimation

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

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

The Group's financial instruments are classified as amortised cost and fair value through other comprehensive income as disclosed in Note 20. Corporate bonds are classified as level 2 and quoted instruments are classified as level 1.

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

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

There were no transfers between the Levels.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
		2020		
Investment securities –				
Quoted equities	61,868	-	-	61,868
Unquoted equities	-	-	74	74
	61,868	-	74	61,942

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

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

Income taxes

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

Wisynco Group Limited

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5. Revenue

Revenues can be disaggregated as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Export	445,275	400,112	445,275	400,112
Local	31,083,541	25,547,038	31,083,541	25,547,038
Related parties	631,065	980,213	631,065	980,213
Revenue transferred at a point in time	32,159,881	26,927,363	32,159,881	26,927,363
Revenue from insurance contracts	10,545	11,864	-	-
	32,170,426	26,939,227	32,159,881	26,927,363

6. Other Operating Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Bad debts recovered	7,734	3,235	7,734	3,235
Capital grant	8,586	168,396	8,586	168,396
Commission income	9,690	9,049	-	-
Discount received	30,093	30,162	30,093	30,162
Gain on disposal of property, plant and equipment	95	4,927	95	4,927
Management fees	13,034	14,946	13,034	14,946
Other	6,855	3,980	14,018	3,980
Rebates	32,400	32,236	32,400	32,236
Rental income	11,883	-	11,883	-
Royalty income	15,883	15,908	15,883	15,908
Storage income	6,401	5,817	6,401	5,817
	142,654	288,656	140,127	279,607

Wisynco Group Limited

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7. Expenses by Nature

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advertising costs	786,942	771,854	786,942	771,854
Audit fees	13,550	13,625	11,740	11,978
Bad debt expense	43,388	8,137	43,388	8,137
Commissions	149,990	144,958	149,990	144,958
Cost of inventory recognised as expense	18,063,794	13,845,809	18,063,794	13,987,834
Delivery and motor vehicle expense	1,584,202	1,462,142	1,584,202	1,462,142
Directors fees	14,572	13,084	14,160	12,689
Insurance	247,228	202,945	247,228	202,945
Other operating expenses	804,808	980,180	843,989	893,840
Property expenses, including depreciation	2,218,684	1,910,195	2,218,684	1,910,195
Royalties	30,939	35,697	30,939	35,697
Staff costs (Note 8)	4,678,085	4,097,510	4,678,085	4,097,510
Utilities	622,301	604,664	622,301	604,664
	29,258,483	24,090,800	29,295,442	24,144,443

8. Staff Costs

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Wages and salaries	3,777,391	3,337,008
Statutory contributions	386,471	363,306
Other	267,219	247,683
Pension contributions (Note 33)	156,246	135,971
Share-based payment expenses	80,320	-
Termination costs	10,438	13,542
	4,678,085	4,097,510

Wisynco Group Limited

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9. Finance Income

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Dividend income	1,510	2,014
Foreign exchange gains	182,044	28,010
Interest income	136,941	89,194
	320,495	119,218

10. Finance Costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense -				
Bank borrowings and finance leases	155,561	176,359	155,561	176,359
Finance charges and non-interest fees	283	53,846	283	47
	155,844	230,205	155,844	176,406

Wisynco Group Limited

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11. Taxation

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	628,600	611,339	628,101	611,123
Prior year over-accrual	(7,779)	-	(7,779)	-
Deferred income tax (Note 31)	(37,784)	(43,919)	(37,784)	(43,919)
	583,037	567,420	582,538	567,204
Tax expense attributable to:				
Profit from continuing operations	557,565	491,723	557,066	491,507
Profit from discontinued operations (Note 12)	25,472	75,697	25,472	75,697
	583,037	567,420	582,538	567,204

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax from continuing operations	3,220,232	3,033,888	3,169,217	3,005,339
Profit before tax from discontinued operations	165,208	462,854	165,208	462,854
	3,385,440	3,496,742	3,334,425	3,468,193
Tax calculated at applicable tax rate on continuing operations	846,360	874,186	833,606	867,048
Adjusted for the effects of:				
Income not subject to tax	(30,546)	(26,762)	(30,546)	(26,762)
Expenses not deductible for tax purposes	11,658	1,674	11,658	1,674
Share of profits of associate	(984)	(7,792)	-	-
Tax credit	(233,021)	(247,611)	(233,021)	(247,611)
Adjustment to prior provision	(7,779)	-	(7,779)	-
Tax at another rate	(12,009)	-	-	-
Other	9,358	(26,275)	8,620	(27,145)
Tax expense	583,037	567,420	582,538	567,204

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12. Discontinued Operations

On 31 December 2019, the Company ceased operations of the manufacturing of foam products due to the January 1, 2020 ban on Styrofoam products by the government.

The financial performance and cash flow information presented at June 30, 2020 are as follows:

	2020 $'000	2019 $'000
Revenue	945,035	1,473,187
Cost of sales	(664,111)	(1,010,243)
Gross profit	280,924	462,944
Other operating expense	(115,716)	-
Selling and distribution expenses	-	(90)
Profit before taxation	165,208	462,854
Taxation	(25,472)	(75,697)
Net profit after tax from discontinued operations	139,736	387,157

Other operating expense represents loss on disposal of property, plant and equipment.

	2020 $'000	2019 $'000
Operating cash flows, being net cash flows	286,118	319,523

Details of the net assets of the discontinued operations are as follows:

	2020 $'000
Property, plant and equipment	115,716
Inventories	30,666
	146,382

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13. Earnings Per Stock Unit

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

	2020	2019
Net profit attributable to ordinary stockholders from continuing operations ($'000)	2,662,667	2,542,165
Net profit attributable to ordinary stockholders from discontinued operations ($'000)	139,736	387,157
Net profit attributable to ordinary stockholders ($'000)	2,802,403	2,929,322
Weighted average number of ordinary stock units in issue ('000)	3,750,000	3,750,000
Basic earnings per stock unit from continuing operations ($)	0.71	0.68
Basic earnings per stock unit from discontinued operations ($)	0.04	0.10
Basic earnings per stock unit ($)	0.75	0.78

The Company has no dilutive potential ordinary stock units.

Wisynco Group Limited

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14. Related Party Transactions and Balances

The following companies are related parties by virtue of:

Being a subsidiary of the company:
Indies Insurance Company

Holding shares in the company:
Wisynco Group Caribbean Limited

Affiliates:
Affiliates comprise companies over which the immediate parent has some share ownership.

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

(a) Sale of goods and services

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Convenient Brands Limited	630,052	980,213	619,508	980,213
JP Snacks Caribbean Limited	9,504	-	9,504	-
Trade Winds Citrus Limited	649	-	649	-
Worthy Park Estate Limited	1,404	-	1,404	-
	641,609	980,213	631,065	980,213

(b) Purchases of goods and services

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade Winds Citrus Limited	3,699,907	3,718,577	3,699,907	3,718,577
Antillean Foods Inc	793,287	215,625	793,287	215,695
Worthy Park Estate Limited	3,039,939	2,789,149	3,039,939	2,789,149
	7,533,133	6,723,351	7,533,133	6,723,421

(c) Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Insurance Expense				
Indies Insurance Company Limited	-	-	236,801	182,166
Interest expense				
Seville Development Corporation Limited	381	-	381	-
Rebates				
Convenient Brands Limited	1,293	3,164	1,293	3,164

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14. Related Party Transactions and Balances (Continued)

(c) Expenses (continued)

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Royalties				
Trade Winds Citrus Limited	30,939	35,697	30,939	35,697

(d) Income

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Interest Income		
JP Snacks Caribbean Limited	5,438	-
Management Fees		
Convenient Brands Limited	13,034	14,946
Rental Income		
Worthy Park Estates Limited	11,893	-

(e) Year-end balances

Receivables (Note 22)	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from subsidiary -				
Indies Insurance Company Limited	-	-	3,164	3,164
Receivables from affiliates -				
Convenient Brands Limited	125,905	92,435	125,905	92,435
Trade Winds Citrus Limited	26,709	19,725	26,709	19,725
JP Snacks Caribbean Limited	3,898	-	3,898	-
Worthy Park Estates Limited	51,582	-	51,582	-
Other affiliates	2,266	4,856	2,266	1,724
Receivable from parent company	5	-	5	-
Included in receivables and prepayments	210,365	117,016	213,529	117,048
Long term receivable from associate				
JP Snacks Caribbean Limited (Note 19)	175,932	165,546	175,932	165,546

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14. Related Party Transactions and Balances (Continued)

(e) Year-end balances (continued)

Payables (Note 24)	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Payables to affiliate -		
Convenient Brands Limited	204	-
Recycling Partners	82,789	32,367
Seville Development Corporation Limited	27,708	26,279
Trade Winds Citrus Limited	318,381	424,614
Worthy Park Estates Limited	192,760	167,420
Other affiliates	-	337
	621,842	651,017
Payable to associate		
Antillean Foods Inc	52,949	12,575
Included in trade and other payables	674,791	663,592

(f) Key management compensation

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	453,574	424,119	453,574	424,119
Statutory contributions	22,358	21,605	22,358	21,605
Pension benefits	22,958	21,786	22,958	21,786
	498,890	467,510	498,890	467,510
Directors' emoluments –				
Management remuneration (included above)	343,717	322,753	343,717	322,753
Fees	14,572	12,689	14,160	12,689

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14. Related Party Transactions and Balances (Continued)

(g) Dividends declared

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Parent company	777,331	402,547
Key management	16,657	12,562
	793,988	415,109

Included in dividends declared are dividends accrued of $254,328,000 (Note 14(h)).

(h) Dividends accrued

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Parent company	249,857	-
Key management	4,471	-
	254,328	-

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15. Property, Plant and Equipment

	The Group and Company						
	Land and Buildings	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Leasehold Improvements**	**Right of use assets**	**Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost -							
At 1 July 2018	3,075,374	5,932,119	652,154	19,032	-	1,052,102	10,730,781
Additions	162,843	749,960	146,244	-	-	-	1,059,047
Transfers	581,360	470,742	-	-	-	(1,052,102)	-
Adjustment	-	(57,654)	-	-	-	-	(57,654)
Disposals/Adjustments	-	(2,224)	(15,696)	-	-		(17,920)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	-	11,714,254
Additions	53,336	468,459	156,684	-	182,273	794,059	1,654,811
Transfer to intangible assets (Note 16)	-	(158,971)	-	-	-	-	(158,971)
Adjustment	(83,390)	83,390	-	-	-	-	-
Disposals	-	(474,004)	(12,064)	-	-	-	(486,068)
At 30 June 2020	3,789,523	7,011,817	927,322	19,032	182,273	794,059	12,724,026
Depreciation -							
At 1 July 2018	408,054	3,248,168	279,800	19,032	-	-	3,955,054
Charge for the year	103,181	794,658	152,379	-	-	-	1,050,218
Relieved on disposal	-	(2,168)	(13,128)	-	-	-	(15,296)
At 30 June 2019	511,235	4,040,658	419,051	19,032	-	-	4,989,976
Charge for the year	113,111	773,233	136,747	-	73,786	-	1,096,877
Relieved on disposal	-	(358,288)	(7,859)	-	-	-	(366,147)
Transfer to intangible assets (Note 16)	-	(85,171)	-	-	-	-	(85,171)
At 30 June 2020	624,346	4,370,432	547,939	19,032	73,786	-	5,635,535
Net Book Value -							
30 June 2020	3,165,177	2,641,385	379,383	-	108,487	794,059	7,088,491
30 June 2019	3,308,342	3,052,285	363,651	-	-	-	6,724,278

The categorisation of right of use assets is detailed in Note 26.

Included in depreciation charges are amounts in respect of discontinued operations of $13,225,000 (2019: $32,377,000).

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16. Intangible Assets

	Computer Software $'000	Total $'000
Cost -		
At 1 July 2018 and 2019	-	-
Transfer from property, plant and equipment (Note 15)	158,971	158,971
Additions	21,275	21,275
At 30 June 2020	180,246	180,246
Amortisation -		
At 1 July 2018 and 2019	-	-
Transfer from property, plant and equipment (Note 15)	85,171	85,171
Charge for the year	62,913	62,913
At 30 June 2020	148,084	148,084
Net Book Amount		
30 June 2020	32,162	32,162
30 June 2019	-	-

Wisynco Group Limited

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17. Investment in Subsidiaries

	The Company	
	2020	**2019**
	$'000	**$'000**
Indies Insurance Company – 100%		
50,000 Ordinary shares, fully paid	11,375	11,375

18. Investment in Associates

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	593,961	-	586,169	-
Additions	-	586,169	-	586,169
Amounts recognised in other comprehensive income	9,322	-	-	-
Amounts recognised in profit and loss	984	7,792	-	-
Amounts recognised in the statement of financial position	604,267	593,961	586,169	586,169

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

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

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

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

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18. Investment in Associates (Continued)

The summarised information for JP Snacks Caribbean Limited (consolidated) that was accounted for using the equity method as at 30 June 2020 is as follows:

Summarised statement of financial position

	Group 2020 $'000	Group 2019 $'000
Current		
Cash and cash equivalents	91,348	52,510
Other current assets (excluding cash)	248,626	206,879
Total current net assets	339,974	259,389
Other current liabilities (including trade payables)	136,776	116,754
Total current liabilities	136,776	116,754
Non-current		
Assets	958,956	968,173
Total non-current liabilities	574,304	557,310
Net assets	587,850	553,498

Summarised income statement

	Group 2020 $'000	Group 2019 $'000
Revenue	1,390,449	167,163
Depreciation	(66,937)	(10,797)
Amortisation	(54,409)	(8,606)
Interest expense	(17,310)	(2,904)
Profit before income tax	4,037	25,974
Taxation expense	(759)	-
Profit after tax	3,278	25,974
Total comprehensive income	34,352	25,974

Wisynco Group Limited

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18. Investment in Associates (Continued)

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

	Group	Group
	2020	**2019**
	$'000	**$'000**
Summarised financial information		
Opening net assets	553,498	527,524
Profit for the period	3,278	25,974
Other comprehensive income for the period	31,074	-
Closing net assets	587,850	553,498
Interest in associates (%)	30%	30%
Interest in associates (J$)	176,355	166,049
Carrying value	604,267	593,961

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19. Loans Receivable

A promissory note of US$1,230,555 was issued to JP Snacks Caribbean Limited on 29 April 2019. The note matures 29 April 2026 and interest accrues daily at an interest rate of 3% per annum payable at maturity date. The carrying amount of $175,932,000 (2019 - $165,545,000) includes accrued interest receivable of $3,518,000 (2019 – nil).

20. Investment Securities

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Equity investment securities measured at fair value through other comprehensive income:		
Quoted	61,868	27,292
Unquoted	74	5,018
	61,942	32,310
Debt investment securities measured at amortised cost:		
Corporate bonds	516,578	477,135
Total investment securities	578,520	509,445

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20. Investment Securities (Continued)

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
At beginning of year	509,445	485,290
Additions	150,442	-
Disposals	(130,385)	-
Foreign exchange gain	31,716	13,269
Fair value gains charged to fair value reserve	17,302	10,886
	578,520	509,445
Current portion	(447,267)	(130,385)
Non-current portion	131,253	379,060
Quoted	61,868	32,292
Unquoted	516,652	477,153
	578,520	509,445

21. Inventories

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Raw materials	1,000,649	726,241
Finished goods	174,530	221,562
Merchandise for resale	1,640,649	1,719,600
	2,815,828	2,667,403
Less: Provision for obsolete inventories	(10,553)	(18,518)
	2,805,275	2,648,885
Goods-in-transit	511,485	576,801
	3,316,760	3,225,686

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22. Receivables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	2,057,043	2,257,209	2,057,043	2,257,209
Less: Provision for doubtful debts	(59,900)	(30,981)	(59,900)	(30,981)
Trade receivables, net	1,997,143	2,226,228	1,997,143	2,226,228
Prepayments	60,991	35,275	60,991	35,275
Receivables from related parties (Note 14(e))	210,365	117,016	213,529	117,048
Principal receivables	96,846	153,098	96,846	153,098
Other receivables	163,029	53,902	158,140	49,713
	2,528,374	2,585,519	2,526,649	2,581,362

23. Cash and Cash Equivalents

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	2,112,130	1,199,359	1,985,593	1,132,597
Short-term deposits	2,838,613	2,775,186	2,838,613	2,775,186
	4,950,743	3,974,545	4,824,206	3,907,783
Bank overdrafts (Note 25)	(111,927)	(35,811)	(111,927)	(35,811)
Balances with maturity dates over 3 months	(1,201,686)	(522,837)	(1,201,686)	(522,837)
	3,637,130	3,415,897	3,510,593	3,349,135

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

	2020	**2019**
	%	**%**
Short-term deposits –	3.84	3.29
J$		
US$	3.81	3.84

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24. Payables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	1,518,319	1,630,594	1,518,319	1,630,594
Statutory contributions payable	60,856	61,534	60,856	61,534
Dividend payable (Note 34)	337,500	-	337,500	-
Accrued expenses	378,257	696,906	378,257	686,054
Payables to related parties (Note 14 (e))	674,791	663,592	674,791	663,592
Other payables	369,310	283,438	360,568	283,438
	3,339,033	3,336,064	3,330,291	3,325,212

25. Borrowings

(a) Composition of borrowings

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Total borrowings -		
Bank loans -		
Long term	2,137,413	2,662,130
Finance leases	-	913
Bank overdraft	111,927	35,811
	2,249,340	2,698,854
Current -		
Bank overdraft (Note 23)	(111,927)	(35,811)
Current portion of finance leases	-	(913)
Current portion of long-term loans	(590,466)	(449,000)
Total current borrowings	(702,393)	(485,724)
Non-current borrowings	1,546,947	2,213,130

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25. Borrowings (Continued)

(a) Composition of borrowings (continued)

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Non-current -		
(i) Bank of Nova Scotia (6% - 2023)	507,500	652,500
(ii) National Commercial Bank (6.18 -2023)	1,064,000	1,444,000
(iii) Bank of Nova Scotia (5.65%, 2024)	565,913	565,630
	2,137,413	2,662,130
Less: Current portion	(590,466)	(449,000)
	1,546,947	2,213,130

Non-current borrowings

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

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

(iii) This loan unsecured attracts interest at a fixed rate of 5.65% per annum. It is repayable over 5 years at $35,437,500 principal payments per quarter after an initial moratorium period of up to 15 months. The carrying value includes unamortised commitment fees of $1,087,000 (2019 - $1,370,000).

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25. Borrowings (Continued)

(a) Composition of borrowings (continued)

Finance lease liabilities – minimum lease payments

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Not later than 1 year	-	921
Later than 1 year and not later than 5 years	-	-
	-	921
Future finance charges on finance leases	-	(8)
Present value of finance lease liabilities	-	913

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Not later than 1 year	-	913
Later than 1 year and not later than 5 years	-	-
	-	913

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25. Borrowings (Continued)

(b) Interest rate risk exposure

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

	The Group and Company	
	2020	**2019**
	%	**%**
Current -		
Bank overdraft	39.75 – 40	39.75 – 40
Bank borrowings	5.65 – 6.18	5.65 – 8.75
Non-current -		
Bank borrowings	5.65 – 6.18	5.65 – 8.75
Finance leases	-	10

26. Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

	The Group and Company	
	30 June 2020 $'000	**1 July 2019 $'000**
Right-of-use assets		
Land and buildings (Note 15)	108,487	182,273
Lease liabilities		
Current	73,966	63,723
Non-current	45,152	118,550
	119,118	182,273

The right-of-use assets in the statement of financial position relate to warehouse spaces leased for the storage of inventory.

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26. Leases (Continued)

(b) Lease liabilities

	The Group and Company
	$'000
1 July 2019	182,273
Lease payments	(84,980)
Interest expense	9,524
Foreign exchange translation	12,301
30 June 2020	119,118

Income arising from the sub-lease of right-of-use assets to a related party amounted to $11,883,000 (Notes 6 and 14).

(c) Amounts recognised in the statement of profit or loss IFRS16

The statement of profit or loss shows the following amounts relating to right-of-use assets and lease liabilities:

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Depreciation charge on right-of-use assets		
Land and buildings	73,786	-
Interest expense	9,524	-

27. Share Capital

	2020	**2019**
	$'000	**$'000**
Authorised –		
4,000,000,000 (2019 – 4,000,000,000) Ordinary stock units		
Issued and fully paid –		
3,750,000,000 (2019 – 3,750,000,000) Ordinary stock units at no par value	1,192,647	1,192,647

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28. Other Reserves

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Realised gains	24,998	24,998
Unrealised surplus on revaluation of land and buildings	72,740	72,740
Share-based payments	80,320	-
Deferred tax on share-based payments	20,080	-
Fair value gains on financial instruments – fair value through other comprehensive income	50,396	33,094
	248,534	130,832

Realised gains
This represents realised gains on sale of assets.

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

Fair value gains on financial instruments measured at fair value through other comprehensive income and financial instruments
This represents the fair value of quoted equity instruments.

Share-based payments
The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised under the Group's Employee Share Option Scheme (Note 36).

29. Translation Reserve

The translation reserve represents a cumulation of exchange differences arising on translation of the Company's foreign controlled entity and foreign associate. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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30. Net Profit/Retained Earnings

	The Group	
	2020	**2019**
	$'000	**$'000**
At beginning of year	9,733,054	7,347,482
Net profit attributable to:		
Company	2,751,887	2,900,989
Subsidiary	49,532	20,541
Associate	984	7,792
	2,802,403	2,929,322
Dividends	(1,050,000)	(543,750)
At end of year	11,485,457	9,733,054

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31. Deferred Income Taxes

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

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
At the beginning of the year	213,511	257,430
Credited to profit or loss	(37,784)	(43,919)
Credited to equity	(20,080)	-
At end of year	155,647	213,511

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

Deferred tax liabilities

	The Group and Company		
	Excess of Capital Allowances over Depreciation	**Unrealised Foreign Exchange Gain**	**Total**
	$'000	**$'000**	**$'000**
At 1 July 2018	270,327	11,834	282,161
Credited to profit or loss	(42,660)	(10)	(42,670)
At 30 June 2019	227,667	11,824	239,491
(Credited)/Charged to profit or loss	(55,287)	8,859	(46,428)
At 30 June 2020	172,380	20,683	193,063

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31. Deferred Income Taxes (Continued)

Deferred tax assets

	Finance lease $'000	Accrued vacation $'000	Employee share option scheme	Unrealised Foreign exchange losses $'000	Interest payable $'000	Total $'000
At 1 July 2018	5,803	5,166	-	4,229	9,533	24,731
Credited/(charged) to profit or loss	(5,575)	7,845	-	1,487	(2,508)	1,249
At 30 June 2019	228	13,011	-	5,716	7,025	25,980
(Charged)/credited to profit or loss	(228)	(2,868)	-	193	(5,741)	(8,644)
Credited to equity	-	-	20,080	-	-	20,080
At 30 June 2020	-	10,143	20,080	5,909	1,284	37,416

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31. Deferred Income Taxes (Continued)

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Deferred tax assets to be recovered	20,080	228
Deferred tax liabilities to be settled	172,380	227,667

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Deferred tax liabilities	(155,647)	(213,511)
At end of year	(155,647)	(213,511)

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32. Cash Provided by Operating Activities

Cash provided by operating activities includes the following amounts:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net Profit from:				
Continuing operations	2,662,667	2,542,165	2,612,151	2,513,832
Discontinued operations	139,736	387,157	139,736	387,157
Net profit before tax including discontinued operations	2,802,403	2,929,322	2,751,887	2,900,989
Items not affecting cash:				
Share of results of associates	(984)	(7,792)	-	-
Depreciation	1,096,877	1,050,219	1,096,877	1,050,219
Amortisation	62,913	-	62,913	-
Amortisation of loan commitment fees	283	48	283	48
Non-cash employee benefits expense – share-based	80,320	-	80,320	-
Loss/(Gain) on sale of property, plant and equipment	115,621	(4,927)	115,621	(4,927)
Interest income	(136,941)	(89,194)	(136,941)	(89,194)
Write-off of property, plant and equipment	-	57,654	-	57,654
Dividend income	(1,510)	(2,014)	(1,510)	(2,014)
Interest expense	155,561	230,205	155,561	176,406
Taxation expense	583,037	567,741	582,538	567,204
Exchange gain on foreign currency balances	(115,389)	(29,048)	(125,154)	(28,010)
	4,642,191	4,702,214	4,582,395	4,628,375
Changes in operating assets and liabilities:				
Inventories	(91,074)	(1,026,413)	(91,074)	(1,026,413)
Receivables and prepayments	62,093	(281,440)	59,662	(288,461)
Due from parent company	-	-	-	1,898
Trade and other payables	(311,567)	(597,471)	(309,457)	(535,601)
Cash generated from operations	4,301,643	2,796,890	4,241,526	2,779,798
Taxation paid	(628,452)	(529,631)	(628,109)	(529,631)
Cash provided by operating activities	3,673,191	2,267,259	3,613,417	2,250,167

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32. Cash Provided by Operating Activities (Continued)

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
At 30 June 2019	2,663,043	2,496,211
Loans received	-	567,000
Commitment fees paid	-	(1,418)
Loans repaid	(525,913)	(398,798)
Amortisation of commitment fees	283	48
At 30 June 2020	2,137,413	2,663,043

The principal non-cash transactions include the acquisition of right-of-use assets (Note 16).

33. Pension Scheme

The Company participates in a defined contribution pension plan administered by Sagicor Life Jamaica Limited. Members contribute 5% of pensionable earnings which is matched by the employer. The employer also matches additional voluntary contributions, not exceeding 5%, made by members aged 45 and over who have 10 or more years of service. Pension contributions for the year was $160,741,000 (2019 - $144,244,000) for the Group and the Company.

Pension contributions comprise

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Continuing operations (Note 8)	156,246	135,971
Discontinued operations	4,495	8,273
	160,741	144,244

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34. Dividends

	2020	2019
	$'000	$'000
Interim dividends -		
10 cents per stock unit – 27 August 2019	375,000	-
9 cents per stock unit – 3 March 2020	337,500	-
9 cents per stock unit – accrued June 2020	337,500	-
7.5 cents per stock unit – 10 October 2019	-	281,250
7 cents per stock unit – 26 February 2019	-	262,500
	1,050,000	543,750

35. Segment Reporting

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

36. Employee Share Option Scheme

During the financial year, the Company established an Employee Share Option Scheme administered by a committee of the Board of Directors. The Company will seek its shareholders' approval to authorize a maximum of 5% of the total number of issued shares of no par value, to be set aside for allocation and sale to the executive and other key management of the Company, at this year's annual general meeting. The allocation and sale of these shares is governed by the provisions of the Company's Long-Term Incentive Plan Policy and the plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, stock dividend, recapitalization, combinations or exchanges of shares.

The plan is designed to provide long term incentives for executive and key management to deliver long-term shareholder returns. Under the plan, participants are granted options which vest when service conditions are met. Participation in the plan is at the board's discretion, responsibility of which has been delegated to the Corporate Governance and Compensation sub-committee. No individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of options is determined by the Corporate Governance and Compensation Committee.

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36. Employee Share Option Scheme (Continued)

Options granted under the plan during financial year 2020 are as follows:

	Average exercise price per option $	Number of options $
As at 1 July	-	-
Granted during the year	15.62	24,574,000
Forfeited during the year	15.62	(930,000)
As at 30 June	15.62	23,644,000
Vested and exercisable at 30 June	-	-

No options expired during the period.
Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2020
1 Oct 2019	1 April 2024	7.87	2,364,400
1 Oct 2019	1 April 2024	16.00	9,457,600
1 Oct 2019	1 April 2025	23.00	11,822,000
Total			23,644,000

36. Employee Share Option Scheme (Continued)

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2020 included:

(a) Options vest based on defined service period.
(b) Vested options are exercisable for a period of three years after vesting.
(c) Exercise price: $7.87, $16.00, $23.00
(d) Grant date: 1 October 2019
(e) Expiry date: 1 April 2024, 1 April 2025
(f) Share price: $23.79
(g) Expected price volatility: 35.55% (based on historic volatility)
(h) Expected dividend yield: 0.71%
(i) Risk-free interest rate: 3.5%

The expense recognised in the profit and loss statement for share-based payments was $80,320,000.

37. Adoption of New Accounting Standard

The Group has adopted IFRS 16 Leases retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The impact arising from adoption of the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in Note 2(m).

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases.*

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6%.

The adoption of IFRS 16 resulted in an increase in the lease liabilities of $182,273,000 and a corresponding increase in the right-of-use assets of $182,273,000 on 1 July 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The table below shows the reconciliation of the operating lease commitments as at 30 June 2019 to the lease liabilities recognised as at 1 July 2019:

	The Group and Company
	July 1 2019
	$'000
Operating lease commitments disclosed as at 30 June 2019	193,209
Effect of discounting using the incremental borrowing rate at the date of initial recognition	(10,936)
Lease liabilities recognised on adoption of IFRS 16 (Note 26)	182,273
Finance lease liabilities recognised as at 30 June 2019 (Note 25)	913
Lease liabilities recognised as at 1 July 2019	183,186

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

37. Adoption of New Accounting Standard (Continued)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

38. Subsequent Event

The Company was approved for a loan on July 1, 2020 with National Commercial Bank Limited for $500 million to replenish cash flow used for the acquisition/installation of a cogeneration plant. The loan proceeds were received on July 24, 2020.

39. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the COVID-19 virus in March 2020, not long before the World Health Organization declared the novel coronavirus, a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Company has taken several measures to protect its team members, customers and shareholders. The Company established a cross-functional team comprised of senior management from various areas of the business, reporting to their CEO, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for team members, securitization of the Company's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Company's receivables..

At this point in time, although the fourth quarter presented challenges, the production, sales and distribution teams exceeded their amended sales targets for the fourth quarter. This was primarily due to the diversity of the Company's product portfolio and its far-reaching sales and distribution network across the island. The Company currently has a positive liquidity position with an increase in our cash and short-term deposit balances and ended the financial year with lower outstanding receivables than prior year.

The Company will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue our operations in the best and safest way possible, without jeopardizing the health of its team members.