



**Jamaica Broilers Group Limited**

**Financial Statements  
1 May 2021**

# Jamaica Broilers Group Limited

Index

1 May 2021

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## Independent auditor's report

To the Members of Jamaica Broilers Group Limited

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

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#### Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Jamaica Broilers Group Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 1 May 2021, 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**

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

- the Group balance sheet as at 1 May 2021;
- the Group statement of comprehensive income for the year then ended;
- the Group statement of changes in stockholders' equity for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Company balance sheet as at 1 May 2021;
- the Company statement of comprehensive income for the year then ended;
- the Company statement of changes in stockholders' 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.

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#### 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.

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### **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.

In addition to Jamaica, the entities of the Group are located in Haiti, St. Lucia and the United States of America. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages. All companies located outside of Jamaica are audited by non-PwC firms. Based on the financial significance of the individual entities and our professional judgement, certain components were selected for full scope audit procedures to achieve appropriate coverage on the consolidated financial statements. In addition, we performed certain audit procedures over select classes of transactions and balances for non-significant components.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the Group engagement team and component auditors. The Group engagement team held regular meetings with the component teams and reviewed the working papers of the auditors of select components. The Group engagement leader and the senior members of the Group engagement team reviewed all inter-office and inter-firm reports regarding the audit approach and findings of the component auditors in detail.



### **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. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="261 695 841 730"><i>Goodwill impairment assessment (Group)</i></p> <p data-bbox="261 737 841 814"><i>Refer to notes 2(h), 4(b) and 15 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.</i></p> <p data-bbox="261 835 841 1115">The Group has recorded goodwill of \$785.8 million arising from several acquisitions over the years and representing approximately 1.5% of the Group's total assets at year end. Of this amount, \$732.9 million or 93% represents amounts arising from recent acquisitions in the US operations and therefore these amounts were subject to audit procedures.</p> <p data-bbox="261 1142 841 1388">We focused on this area as the annual impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumptions including, in particular, revenue growth rates and the discount rate in the Group's impairment model.</p>	<p data-bbox="846 835 1515 940">With the assistance of internal experts, we performed the following procedures over management's goodwill impairment assessment:</p> <ul data-bbox="846 953 1515 1633" style="list-style-type: none"><li data-bbox="846 953 1515 1199">• Evaluated management's future cash flow forecasts, and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets. Compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting.</li><li data-bbox="846 1213 1515 1304">• Compared long term revenue growth rates to historical results and economic and industry forecasts.</li><li data-bbox="846 1318 1515 1388">• Evaluated the discount rate by recomputing the cost of capital of the Group.</li><li data-bbox="846 1402 1515 1528">• Compared the key assumptions to externally derived data where available, including market expectations of investment return, projected economic growth and interest rates.</li><li data-bbox="846 1543 1515 1633">• Applied sensitivities in evaluating management's assessment of the planned growth rate in cash flows.</li></ul> <p data-bbox="846 1648 1515 1738">The results of our procedures indicated that the assumptions used by management for assessing goodwill impairment were not unreasonable.</p>



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### 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.

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### 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.

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### 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.



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### 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  
8 July 2021



# Jamaica Broilers Group Limited

## Group Statement of Comprehensive Income

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Revenue</b>		56,951,280	55,747,933
Cost of sales		(42,328,591)	(41,143,805)
<b>Gross Profit</b>		14,622,689	14,604,128
Other income	6	847,827	366,534
Distribution costs		(2,035,599)	(1,971,211)
Net impairment change on trade receivables		63,181	(161,712)
Administration and other expenses		(9,434,032)	(9,837,015)
<b>Operating Profit</b>		4,064,066	3,000,724
Finance income	9	-	36,458
Finance costs	9	(858,940)	(1,183,799)
<b>Profit before Taxation</b>		3,205,126	1,853,383
Taxation	10	(806,763)	(493,267)
<b>Net Profit</b>		2,398,363	1,360,116
<b>Other Comprehensive Income, net of taxes - Item that will not be reclassified to profit or loss -</b>			
Re-measurements of post-employment benefits and obligations - net of taxes	10	453,600	(237,325)
<b>Item that will be reclassified to profit or loss -</b>			
Exchange differences on translating foreign operations		840,478	487,588
Total other comprehensive income		1,294,078	250,263
<b>Total Comprehensive Income for Year</b>		3,692,441	1,610,379
<b>Net Profit Attributable to:</b>			
Stockholders of the company		2,335,124	1,400,069
Non-controlling interests	19	63,239	(39,953)
		2,398,363	1,360,116
<b>Total Comprehensive Income Attributable to:</b>			
Stockholders of the company		3,606,738	1,667,331
Non-controlling interests		85,703	(56,952)
		3,692,441	1,610,379
Earnings per Stock Unit	12	\$ 2.30	\$ 1.37

# Jamaica Broilers Group Limited

## Group Balance Sheet

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	13	13,653,259	12,454,524
Right of use assets	14	1,006,359	534,437
Intangible assets	15	2,382,124	1,941,399
Investment property	16	5,814	5,980
Investments	17	486,964	225,059
Deferred expenditure		18,210	36,420
Deferred income taxes	20	68,730	41,509
Post-employment benefit assets	21	993,500	379,900
		<u>18,614,960</u>	<u>15,619,228</u>
<b>Current Assets</b>			
Inventories	22	12,905,750	9,477,388
Biological assets	23	11,427,065	9,107,134
Receivables	24	4,521,295	3,880,063
Taxation recoverable		17,363	22,994
Deferred expenditure		18,210	18,210
Financial assets at fair value through profit or loss	25	182,144	233,545
Cash and short term investments	26	3,424,664	5,874,444
		<u>32,496,491</u>	<u>28,613,778</u>
<b>Current Liabilities</b>			
Payables	27	9,671,650	9,379,263
Taxation payable		285,903	364,428
Borrowings	29	10,958,383	9,650,736
Lease liabilities	14	310,481	236,902
		<u>21,226,417</u>	<u>19,631,329</u>
<b>Net Current Assets</b>		<u>11,270,074</u>	<u>8,982,449</u>
		<u>29,885,034</u>	<u>24,601,677</u>

# Jamaica Broilers Group Limited

Group Balance Sheet (Continued)

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Stockholders' Equity</b>			
Share capital	30	765,137	765,137
Reserves	31	2,503,992	1,685,978
Retained earnings		19,165,024	16,821,259
Shares held by Trust	30	(3,713,144)	(3,378,643)
		<u>18,721,009</u>	<u>15,893,731</u>
<b>Non-controlling interests</b>	19	<u>198,703</u>	<u>68,652</u>
		<u>18,919,712</u>	<u>15,962,383</u>
<b>Non-Current Liabilities</b>			
Borrowings	29	8,953,359	7,572,178
Lease liabilities	14	716,074	311,526
Deferred income taxes	20	1,275,689	735,590
Post-employment benefit obligations	21	20,200	20,000
		<u>10,965,322</u>	<u>8,639,294</u>
		<u>29,885,034</u>	<u>24,601,677</u>

Approved for issue by the Board of Directors on 8 July 2021 and signed on its behalf by:



Robert E. Levy

Chairman



Christopher E. Levy

Director

# Jamaica Broilers Group Limited

## Group Statement of Changes in Stockholders' Equity

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to the Company's Stockholders					Non-controlling Interests	Total Equity
		Number of Shares	Share Capital	Reserves	Retained Earnings	Shares held by Trust		
		'000	\$'000	\$'000	\$'000	\$'000		
<b>Balance at 27 April 2019</b>		1,023,746	765,137	1,181,391	16,037,300	(3,273,909)	125,604	14,835,523
Remeasurements of pension asset/obligation, net of taxes	10	-	-	-	(237,325)	-	-	(237,325)
Exchange differences on translating foreign operations	31	-	-	504,587	-	-	(16,999)	487,588
<b>Total other comprehensive income</b>		-	-	504,587	(237,325)	-	(16,999)	250,263
Net profit		-	-	-	1,400,069	-	(39,953)	1,360,116
<b>Total comprehensive income</b>		-	-	504,587	1,162,744	-	(56,952)	1,610,379
Dividends	28	-	-	-	(378,785)	-	-	(378,785)
Purchase of shares by Trust	30	(3,761)	-	-	-	(104,734)	-	(104,734)
<b>Total transactions with owners</b>		(3,761)	-	-	(378,785)	(104,734)	-	(483,519)
Movement during the year		(3,761)	-	504,587	783,959	(104,734)	(56,952)	1,126,860
<b>Balance at 2 May 2020</b>		1,019,985	765,137	1,685,978	16,821,259	(3,378,643)	68,652	15,962,383
Remeasurements of pension asset/obligation, net of taxes	10	-	-	-	453,600	-	-	453,600
Exchange differences on translating foreign operations	31	-	-	818,014	-	-	22,464	840,478
<b>Total other comprehensive income</b>		-	-	818,014	453,600	-	22,464	1,294,078
Net profit		-	-	-	2,335,124	-	63,239	2,398,363
<b>Total comprehensive income</b>		-	-	818,014	2,788,724	-	85,703	3,692,441
Dividends	28	-	-	-	(415,038)	-	-	(415,038)
Purchase of shares by Trust	30	(12,019)	-	-	-	(334,501)	-	(334,501)
Additional investment by non-controlling interest		-	-	-	-	-	14,427	14,427
Purchase of shares from non-controlling interest		-	-	-	(29,921)	-	29,921	-
<b>Total transactions with owners</b>		(12,019)	-	-	(444,959)	(334,501)	44,348	(735,112)
Movement during the year		(12,019)	-	818,014	2,343,765	(334,501)	130,051	2,957,329
<b>Balance at 1 May 2021</b>		1,007,966	765,137	2,503,992	19,165,024	(3,713,144)	198,703	18,919,712

# Jamaica Broilers Group Limited

## Group Statement of Cash Flows

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		2,398,363	1,360,116
Adjustments for:			
Depreciation		1,652,340	1,313,113
Amortisation	15	269,834	176,360
Loss on disposal of property, plant and equipment		35,430	15,574
Impairment of property, plant and equipment		-	35,896
Deferred expenditure		18,210	18,210
Fair value gain on financial assets at fair value through profit of loss		(53,178)	(6,792)
Changes in post-employment benefits		(8,600)	103,700
Taxation expense	10	806,763	493,267
Interest income		(39,651)	(43,413)
Unrealised foreign exchange (gains)/losses		(82,290)	130,364
Interest expense - borrowings		889,351	879,311
Interest expense – lease liabilities		40,680	28,695
		<u>5,927,252</u>	<u>4,504,401</u>
Changes in operating assets and liabilities:			
Inventories		(3,428,362)	(2,672,913)
Biological assets		(1,510,728)	(1,738,618)
Receivables		(593,306)	241,391
Payables		150,338	2,745,587
Financial assets at fair value through profit or loss		111,708	408,121
Translation (loss)/gain on working capital of foreign subsidiaries		(192,959)	82,844
		<u>463,943</u>	<u>3,570,813</u>
Taxation paid		<u>(533,862)</u>	<u>(331,793)</u>
Cash (used in)/provided by operating activities		<u>(69,919)</u>	<u>3,239,020</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	13	(2,643,775)	(3,091,434)
Proceeds from disposal of property, plant and equipment		76,230	20,126
Purchase of investments		(236,857)	-
Proceeds from sale of investment		-	71,415
Cash outflow on business combinations	34	-	(1,498,066)
Purchase of intangible assets		-	(5,900)
Loans receivable repayments		-	1,444,374
Interest received		42,987	55,582
Cash used in investing activities		<u>(2,761,415)</u>	<u>(3,003,903)</u>
<b>Cash Flows (used in)/provided by Operating and Investing Activities carried forward</b>		<u>(2,831,334)</u>	<u>235,117</u>

# Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	1 May 2021 \$'000	2 May 2020 \$'000
	<b>Note</b>	
<b>Cash Flows (used in)/provided by Operating and Investing Activities (Page 5)</b>	(2,831,334)	235,117
<b>Cash Flows from Financing Activities</b>		
Loans repaid	(4,858,602)	(3,561,843)
Loans received	6,996,201	7,932,405
Lease repayments	(318,690)	(233,623)
Other long term liabilities paid	-	(720,383)
Purchase of the company's shares by the Trust	(334,501)	(104,734)
Interest paid – borrowings	(882,934)	(885,519)
Interest paid – lease liabilities	(40,680)	(28,695)
Dividends paid	(415,038)	(591,117)
Cash provided by financing activities	145,756	1,806,491
Effect of changes in exchange rates on cash and cash equivalents	285,895	244,855
(Decrease)/increase in cash and cash equivalents	(2,399,683)	2,286,463
Cash and cash equivalents at beginning of year	5,621,343	3,334,880
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	26 <u>3,221,660</u>	<u>5,621,343</u>

Non-cash transactions during the year amounted to \$750,937,000 (2020 - \$741,362,000) in relation to additions (2020 - the initial recognition) of the right of use asset and finance lease liabilities. Non-controlling interests includes \$14,427,000 payables that were converted to equity.

# Jamaica Broilers Group Limited

Company Statement of Comprehensive Income

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Revenue</b>		34,330,488	35,291,015
Cost of sales		<u>(26,644,327)</u>	<u>(27,178,052)</u>
<b>Gross Profit</b>		7,686,161	8,112,963
Other income	6	886,823	879,481
Distribution costs		(1,183,791)	(1,241,265)
Net impairment change on trade receivables		52,124	(134,135)
Administration and other expenses		<u>(4,584,556)</u>	<u>(5,660,977)</u>
<b>Operating Profit</b>		2,856,761	1,956,067
Finance income	9	232,188	25,070
Finance costs	9	<u>(795,298)</u>	<u>(676,491)</u>
<b>Profit before Taxation</b>		2,293,651	1,304,646
Taxation	10	<u>(426,137)</u>	<u>(153,956)</u>
<b>Net Profit</b>		1,867,514	1,150,690
<b>Other Comprehensive Income, net of taxes -</b>			
<b>Item that will not be reclassified to profit or loss -</b>			
Re-measurements of post-employment benefits	10	<u>439,350</u>	<u>(230,775)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>2,306,864</u></u>	<u><u>919,915</u></u>

# Jamaica Broilers Group Limited

## Company Balance Sheet

1 May 2021

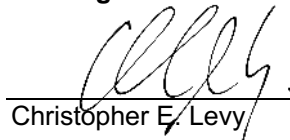
(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	13	6,150,036	5,455,811
Right of use assets	14	451,356	36,149
Intangible asset	15	141,707	167,633
Investments	17	8,567	8,567
Interest in subsidiaries		5,641,085	4,118,208
Loans receivable	18	3,983,846	3,654,949
Post-employment benefit assets	21	968,200	370,700
		<u>17,344,797</u>	<u>13,812,017</u>
<b>Current Assets</b>			
Inventories	22	7,054,405	6,440,207
Biological assets	23	808,906	482,447
Receivables	24	2,519,549	2,179,454
Subsidiaries	32	4,011,543	4,177,201
Taxation recoverable		3,915	9,725
Cash and short term investments	26	2,924,150	4,873,523
		<u>17,322,468</u>	<u>18,162,557</u>
<b>Current Liabilities</b>			
Payables	27	6,234,664	6,163,899
Taxation payable		111,383	116,704
Subsidiaries	32	49,145	417,134
Lease liabilities	14	89,744	26,070
Borrowings	29	4,065,998	5,204,378
		<u>10,550,934</u>	<u>11,928,185</u>
<b>Net Current Assets</b>			
		<u>6,771,534</u>	<u>6,234,372</u>
		<u>24,116,331</u>	<u>20,046,389</u>
<b>Stockholders' Equity</b>			
Share capital	30	765,137	765,137
Reserves	31	222,947	222,947
Retained earnings		14,859,427	13,044,266
		<u>15,847,511</u>	<u>14,032,350</u>
<b>Non-Current Liabilities</b>			
Borrowings	29	6,938,294	5,450,049
Lease liabilities	14	379,419	11,557
Deferred income taxes	20	931,807	534,233
Post-employment benefit obligations	21	19,300	18,200
		<u>8,268,820</u>	<u>6,014,039</u>
		<u>24,116,331</u>	<u>20,046,389</u>

Approved for issue by the Board of Directors on 8 July 2021 and signed on its behalf by:

  
Robert E. Levy

Chairman

  
Christopher E. Levy

Director



# Jamaica Broilers Group Limited

Company Statement of Changes in Stockholders' Equity

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 27 April 2019</b>		1,199,277	765,137	222,947	12,568,083	13,556,167
Remeasurement of pension asset/obligation, net of taxes	10	-	-	-	(230,775)	(230,775)
Total other comprehensive income		-	-	-	(230,775)	(230,775)
Net profit		-	-	-	1,150,690	1,150,690
<b>Total comprehensive income</b>		-	-	-	919,915	919,915
Dividends	28	-	-	-	(443,732)	(443,732)
Movement during the year		-	-	-	476,183	476,183
<b>Balance at 2 May 2020</b>		1,199,277	765,137	222,947	13,044,266	14,032,350
Remeasurement of pension asset/obligation, net of taxes	10	-	-	-	439,350	439,350
Total other comprehensive income		-	-	-	439,350	439,350
Net profit		-	-	-	1,867,514	1,867,514
<b>Total comprehensive income</b>		-	-	-	2,306,864	2,306,864
Dividends	28	-	-	-	(491,703)	(491,703)
Movement during the year		-	-	-	1,815,161	1,815,161
<b>Balance at 1 May 2021</b>		<u>1,199,277</u>	<u>765,137</u>	<u>222,947</u>	<u>14,859,427</u>	<u>15,847,511</u>

# Jamaica Broilers Group Limited

## Company Statement of Cash Flows

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		1,867,514	1,150,690
Adjustments for:			
Depreciation		635,080	587,251
Amortisation	15	25,926	18,334
Loss on disposal of property, plant and equipment	6	9,294	15,574
Changes in post-employment benefits		(10,600)	102,700
Taxation expense	10	426,137	153,956
Interest income		(52,684)	(53,210)
Dividend income		(663,695)	(694,240)
Unrealised foreign exchange gains		(389,022)	(18,841)
Interest expense – borrowings		600,752	572,465
Interest expense – lease liabilities		13,096	2,461
		<u>2,461,798</u>	<u>1,837,140</u>
Changes in operating assets and liabilities:			
Inventories		(614,198)	(1,668,162)
Biological assets		(326,459)	248,437
Receivables		(292,169)	310,741
Subsidiaries		(742,549)	(682,561)
Intercompany loans receivable		(284,310)	(804,113)
Payables		(71,284)	1,577,330
		<u>130,833</u>	<u>818,812</u>
Taxation paid		(174,524)	(249,218)
Cash (used in)/provided by operating activities		<u>(43,691)</u>	<u>569,594</u>
<b>Cash Flows from Investing Activities</b>			
Investments in subsidiaries		(623,923)	(961,652)
Purchase of property, plant and equipment	13	(1,294,132)	(1,027,572)
Proceeds from disposal of property, plant and equipment		13,622	19,787
Purchase of intangible asset		-	(5,900)
Loans receivable repayments		-	1,444,374
Interest received		14,851	26,283
Dividend received		663,695	694,240
Cash (used in)/provided by investing activities		<u>(1,225,887)</u>	<u>189,560</u>
<b>Cash Flows (used in)/provided by Operating and Investing Activities carried forward</b>		<u>(1,269,578)</u>	<u>759,154</u>

# Jamaica Broilers Group Limited

Company Statement of Cash Flows (Continued)

Year ended 1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2021 \$'000	2 May 2020 \$'000
<b>Cash Flows (used in)/provided by Operating and Investing Activities (Page 10)</b>		(1,269,578)	759,154
<b>Cash Flows from Financing Activities</b>			
Loans repaid		(4,540,285)	(2,718,851)
Loans received		4,879,097	4,961,116
Lease repaid		(57,779)	(32,360)
Interest paid borrowings		(607,229)	(578,716)
Interest paid – lease liabilities		(13,096)	(2,461)
Dividends paid		(491,703)	(683,587)
Cash (used in)/provided by financing activities		(830,995)	945,141
Effect of changes in exchange rates on cash and cash equivalents		285,895	244,855
(Decrease)/increase in cash and cash equivalents		(1,814,678)	1,949,150
Cash and cash equivalents at beginning of year		4,738,132	2,788,982
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	26	<u>2,923,454</u>	<u>4,738,132</u>

Non-cash transaction during the year amounted to \$473,296,000 (2020 - \$67,522,000) in relation to the additions (2020 - initial recognition) of the right of use asset and finance lease liabilities. Amounts of \$898,954,000 representing intercompany loan and receivables were converted to investment in subsidiaries.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification

Jamaica Broilers Group Limited (the company) is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at Content, McCooks Pen, St. Catherine. The company was incorporated in 1958.

The principal activities of the company and its subsidiaries include the production and distribution of poultry products, animal feeds and agricultural items (Note 2(b)).

The company's subsidiaries together with the company are referred to as "the Group".

The company is listed on the Jamaica Stock Exchange.

### 2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets and certain financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 consolidated financial statements are disclosed in Note 4.

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

Certain new accounting 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 adopted the following which are relevant to its operations. Unless stated otherwise, the adoption of these new standards, amendments to existing standards or interpretations to published standards did not have a material impact on the operations of the Group.

- **Amendments to IFRS 3 'Business Combinations'**, (effective for annual periods beginning on or after 1 January 2020). The amended definition of a business 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 amendments will likely result in more acquisitions being accounted for as asset acquisitions.
- **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). The amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group***

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions** (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities**, (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16**, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (b) Consolidation (continued)

##### (i) Subsidiaries (continued)

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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (b) Consolidation (continued)

##### (i) Subsidiaries (continued)

The consolidated financial statements include the financial statements of the company and its operating divisions and subsidiaries as follows:

	Principal Activities	% Ownership by Company at 1 May 2021	% Ownership by Group at 1 May 2021
<b>Resident in Jamaica:</b>			
<b>Operating divisions</b>			
Best Dressed Chicken	Poultry and pullet production and feed milling, processing and sale of salted products/pickled products	100	100
Hi-Pro Ace	Feed sales, suppliers of farming equipment and supplies	100	100
<b>Subsidiaries</b>			
Energy Associates Limited and its subsidiary: CE Jamaica Inc.	Holding and investment company Non-trading	100 -	100 100
JB Group Limited	Non-trading	100	100
EAL/ERI Co-generation Partners, LP	Generation of electricity	-	100
ERI Jam, LLC	Non-trading	-	100
Jabexco Limited	Non-trading	100	100
International Poultry Breeders (Jamaica) Limited	Fertile egg production and cattle rearing for sale	100	100
Levy Industries Limited	Property rental	100	100
Trafalgar Agriculture Development Limited	Non-trading	100	100
S.G Developments Limited	Non-trading	100	100
<b>Resident outside of Jamaica:</b>			
Atlantic United Insurance Company Limited, St. Lucia	Captive insurance	100	100
Best Dressed Chicken, Inc, The	Poultry production	100	100
International Poultry Breeders Inc., USA and its subsidiaries	Holding company	100	100
England Packing Company Inc., USA	Packing company	-	100
England Transport Company Inc., USA	Transportation	-	100
England Farms Inc., USA	Fertile egg production	-	100
International Poultry Breeders Hatcheries Inc., USA	Hatching and distribution of baby chicks	100	100
International Poultry Breeders LLC., USA	Fertile egg production	90	90
Wincorp Properties Inc., USA	Feed milling and sales	100	100
Haiti Broilers, S.A. and its subsidiary: T&S Rice S.A., Haiti	Production and sale of broilers, layer pullets, table eggs and animal feeds Lessee of production facilities in Haiti	85.48 -	85.48 85.48
WI Trading (St. Lucia) Limited, St. Lucia	Aircraft ownership	100	100
Jabexco Cayman Limited, Cayman Islands	Non-trading	40	40
Wincorp International, Inc., USA and its subsidiary: Consolidated Freight and Shipping, Inc., USA	Procurers and distributors of agricultural and industrial supplies Ocean freight consolidator	100 -	100 100

The JBGL Stockholders Nominee Limited is consolidated in the Group as a special purpose entity.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (b) Consolidation (continued)

##### (ii) *Changes in ownership interests in subsidiaries without change of control*

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.

##### (iii) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when control of the goods has been established – being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been transported to a specific predetermined location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered, at which point in time the consideration is deemed unconditional and only the passage of time is required before the payment is due.

#### ***Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

#### ***Dividend income***

Dividend income is recognised when the right to receive payment is established.



# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (d) 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 is the President and Chief Executive Officer.

### (e) Foreign currency translation

#### (i) 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 presentation currency and the company's functional currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income in other income.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments.

All foreign exchange gains and losses recognised in the profit or loss are presented net in the profit or loss within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in stockholders' equity.

Translation differences on non-monetary financial instruments, such as equities held at FVOCI, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVOCI financial assets, are included in the capital reserve in stockholders' equity.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (e) Foreign currency translation (continued)

#### (iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

### (f) Income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

#### (i) Current taxation

Current tax charges are based on taxable profit for the year, which differs 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 balance sheet date.

#### (ii) Deferred taxation

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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled.

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

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (g) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is carried at cost and is not depreciated. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their estimated useful lives. The expected useful lives are as follows:

Freehold buildings	11 – 100 years
Leasehold property	Life of lease
Plant, machinery and equipment	4 – 33 years
Furniture and fixtures	10 years
Motor vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in other income in profit or loss.

Repairs and maintenance expenditure are charged to profit or loss during the financial period in which they are incurred.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (h) Intangible assets

##### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post-acquisition losses is taken to profit or loss during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses is recognised as income immediately.

For the purposes of impairment testing, goodwill acquired in a business combination is assigned to cash generating units that is expected to benefit from the synergies of the combination.

##### (ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of ten years for software on a straight line basis. Amortisation is recognised in the profit or loss in administration and other expenses.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

##### (iii) Brands

Brands are recorded at historical cost. They are acquired in a business combination and are recognised at the fair value at acquisition date. These costs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their expected useful lives of 7 to 15 years.

##### (iv) Customer relationships

Customer relationships are recorded at cost and represent the value of the consideration paid to acquire customer contract and the related customer relationships. These costs are amortised over the estimated useful lives of the relationships between 8 to 10 years.

##### (v) Non-compete agreements

Non-compete agreements are recorded at cost and represent the attributed consideration paid to acquire them. These costs are amortised over the estimated useful lives of the non-compete agreements which is between 2 to 10 years.

##### (vi) Product formulation

Product formulation are recorded at cost and represent the value of the consideration paid to have rights to the use of recipes and formulations. These costs are amortised over their estimated useful lives of 20 years.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (i) Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as long-term investments and are carried at deemed cost less accumulated depreciation. Freehold buildings are depreciated on the straight line basis over their expected useful lives of 60 years.

### (j) Impairment of non-financial 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 greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### (k) Financial assets

#### **Classification**

Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics

The Group classifies its financial assets in the following categories:

- (i) Measured at amortised cost
- (ii) Measured at fair value through other comprehensive income
- (iii) Measured at fair value through profit or loss

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

#### **Measurement**

##### Debt instruments

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

##### (i) Amortised cost

Financial assets that are held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Interest income from these assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised in profit or loss. Impairment losses are presented in the income statement.

##### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held in order to collect contractual cash flows and for selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these assets is included in the income statement using the effective interest rate method. Impairment losses are presented in the income statement.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (k) Financial assets (continued)

#### *Measurement (continued)*

Debt instruments (continued)

#### (iii) Fair value through profit or loss (FVPL)

All other financial assets that do not meet the criteria for amortised costs or FVOCI. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

#### Equity instruments

The Group measures all equity investment at fair value. An entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Where management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Change in the fair value of financial assets at FVPL are recognised in the income statement.

#### Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost and debt instruments measured at FVOCI.

#### Application of the General Model

The Group applied the 'general model' as required by IFRS 9 for debt instrument 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. The ECL will be recognised in the 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 values of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

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

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

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

# Jamaica Broilers Group Limited

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## 2. Significant Accounting Policies (Continued)

### (k) Financial assets (continued)

#### Application of the General Model (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. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

##### 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.

##### Financial liabilities

The Group's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as current and non-current liabilities.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 2. Significant Accounting Policies (Continued)

#### (I) Employee benefits

##### (i) Pension obligations

The Group has a defined benefit plan and a defined contribution plan; the assets of which are generally held in separate trustee-administered funds. The pension obligations are determined by periodic actuarial calculations.

A defined contribution plan is a pension plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if this fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs in the statement of comprehensive income.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailment and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are charged or credited to equity in other comprehensive income in the period in which they arise.

An overseas subsidiary also operates a defined contribution plan. The subsidiary's contributions are based primarily on employee participation. Once the contributions have been paid, the subsidiary has no further legal or constructive obligations. The contributions are recognized as employee benefit expense when they are due.

##### (ii) Other post-employment benefits

The Group also provides supplementary medical and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income. These obligations are valued annually by independent qualified actuaries.



# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 2. Significant Accounting Policies (Continued)

### (l) Employee benefits (continued)

#### (iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

#### (iv) 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.

#### (v) Profit-sharing and performance incentives

The Group recognises a liability and an expense for performance incentives and profit-sharing based on a formula that takes into consideration the profit before taxation after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### (m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

### (n) Biological assets

Biological assets include beef cattle, breeder flocks held for the production of hatching eggs, layer pullets being grown for sale to table egg farmers, layer pullets held for the production of table eggs, and broiler flocks at various stages of growth.

There is an active market in Jamaica for beef cattle.

No active markets exist for breeder flocks, layer pullets in grow out and broiler flocks at various stages of growth. Biological assets, except breeder flocks and pullets in production, are measured at fair value less cost to sell. Fair value is determined by reference to available market data. In the absence of market data, fair value is based on management's best estimate considering available data and benchmark statistics. Gains and losses arising from changes in fair values are recorded in profit or loss for the period in which they arise.

Breeder flocks and pullets in production are capitalised. Breeder flocks and pullets in production are not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and production. Consequently, breeder flocks and pullets in production are measured at cost, less depreciation and impairment losses.

Pullets in production are depreciated on a straight line basis over the production life cycle which is estimated to be one year on average.

Breeder flocks are depreciated over the production cycle which is estimated to be nine months on average based on the anticipated production output month to month.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 2. Significant Accounting Policies (Continued)

**(o) 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. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss in administration and other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

**(p) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and investments with original maturity dates of ninety days or less, net of short term loans and bank overdrafts.

**(q) Trade payables**

Trade payables are stated at cost.

**(r) Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if 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, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# Jamaica Broilers Group Limited

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## 2. Significant Accounting Policies (Continued)

### (t) Leases

The group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

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

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.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

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

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

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation period for the right-of-use assets is 5 to 20 years for office building.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Group applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

# Jamaica Broilers Group Limited

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## 2. Significant Accounting Policies (Continued)

### (t) Leases (continued)

The right-of-use assets is presented as a separate line item on the balance sheet. At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term.

The Group leases office buildings, storage space and vehicles to conduct aspects of its business. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options 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 both the Group and the respective lessor.

Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options for an additional 1 to 5 years.

The lease payments are fixed and adjusted for inflation. The inflation increases 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. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal 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 lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

#### *Extension and termination options*

Extension and termination options are included in 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 by the respective lessor and not only by the Group.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 2. Significant Accounting Policies (Continued)

**(u) Dividends paid**

Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's stockholders.

Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

**(v) Share capital**

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's owners until the shares are reissued or cancelled. Where shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to company's owners.

### 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 includes a focus 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 approves principles for overall risk management. The Board has established functions/committees for managing and monitoring risks, as follows:

**(i) Treasury Function**

The Treasury function 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. The Treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

**(ii) Audit Committee**

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate and other price risk.

# Jamaica Broilers Group Limited

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## 3. Financial Risk Management (Continued)

### (a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. 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 limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

#### ***Credit review process***

The Group has an established credit process which involves regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

#### (i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Customers of the Group include wholesalers, farm store and feed customers, and chicken farmers. There is a credit policy in place under which each wholesaler and feed customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers are assigned credit limits, which represent the maximum credit allowable. The Group has procedures in place to restrict customer orders if the orders will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to farm store customers are settled in cash or by the use of major credit cards.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets.

The Group's credit period on the sale of goods ranges from 7 to 30 days.

#### (ii) Investments

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 3. Financial Risk Management (Continued)

### (b) Credit risk (continued)

#### Trade receivables

#### Loss allowance

To measure expected credit losses, trade receivables are grouped by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 4 months past due are used as a proxy for historical losses. On this basis, the Group's loss allowance for trade receivables was determined as follows:

	Group					
	1 May 2021			2 May 2020		
	Gross carrying amount \$'000	Loss allowance \$'000	Expected loss rate	Gross carrying amount \$'000	Loss allowance \$'000	Expected loss rate
Less than 1 month	1,853,686	34,623	1.9%	2,041,538	10,261	0.5%
Within 1 to 3 months	998,842	60,043	6.0%	979,924	117,279	12.0%
Over 3 months	494,687	375,056	75.8%	565,154	480,044	84.9%
	<u>3,347,215</u>	<u>469,722</u>		<u>3,586,616</u>	<u>607,584</u>	

	Company					
	1 May 2021			2 May 2020		
	Gross carrying amount \$'000	Loss allowance \$'000	Expected loss rate	Gross carrying amount \$'000	Loss allowance \$'000	Expected loss rate
Less than 1 month	1,342,848	7,232	0.5%	1,165,147	7,103	0.5%
Within 1 to 3 months	265,400	30,713	11.6%	601,462	86,495	14.4%
Over 3 months	308,615	308,615	100%	424,879	392,180	92.3%
	<u>1,916,863</u>	<u>346,560</u>		<u>2,191,488</u>	<u>485,778</u>	

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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

# Jamaica Broilers Group Limited

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## 3. Financial Risk Management (Continued)

### (c) Credit risk (continued)

#### *Trade receivables (continued)*

#### *Loss allowance (continued)*

The closing loss allowances for trade receivable as at 1 May 2021 reconcile to the opening loss allowances as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
Opening	607,584	547,667	485,778	351,308
Movement on loss allowance recognised in the profit or loss	(3,634)	196,133	(1,097)	167,062
Recoveries recognised in the profit or loss	(59,330)	(34,703)	(51,027)	(32,592)
Receivables written off during the year as uncollectible	(87,094)	(102,119)	(87,094)	-
Translation	12,196	606	-	-
At year end	<u>469,722</u>	<u>607,584</u>	<u>346,560</u>	<u>485,778</u>

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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



# Jamaica Broilers Group Limited

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### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### *Exposure to credit risk for trade receivables*

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

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Supermarket chains	674,979	416,644	213,170	269,374
Wholesalers and retail distributors	903,997	903,002	783,191	758,413
Hotels	125,271	151,487	121,947	149,164
Farmers/farm stores	1,355,072	1,800,533	565,344	735,204
Other	287,896	314,950	233,211	279,333
	3,347,215	3,586,616	1,916,863	2,191,488
Less: Provision for impairment	(469,722)	(607,584)	(346,560)	(485,778)
	<u>2,877,493</u>	<u>2,979,032</u>	<u>1,570,303</u>	<u>1,705,710</u>

The following table summarises the Group's and company's credit exposure for investments at their carrying amounts, as categorised by issuer.

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Loans receivable	-	-	4,172,561	4,040,349
Investments	486,964	225,059	8,567	8,567
Financial assets at fair value through profit or loss	182,144	233,545	-	-
Subsidiaries	-	-	3,822,828	3,791,801
Cash and short term investments	3,434,664	5,874,444	2,924,150	4,873,523
	<u>4,103,772</u>	<u>6,333,048</u>	<u>10,928,106</u>	<u>12,714,240</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 3. Financial Risk Management (Continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Group may be 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 Treasury function, includes:

- (i) Monitoring future cash flows and liquidity periodically. This incorporates an assessment of expected cash flows;
- (ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit;
- (iv) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

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.

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 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 1 May 2021 and 2 May 2020 based on contractual undiscounted payments.

	The Group				Total \$'000
	Within 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	
	<b>As at 1 May 2021</b>				
Payables	7,215,091	2,240,921	-	-	9,456,012
Lease liabilities	88,298	199,184	393,963	136,598	818,043
Borrowings	2,592,035	3,633,293	14,211,983	1,866,305	22,303,616
<b>Total financial liabilities (contractual maturity dates)</b>	<b>9,895,424</b>	<b>6,073,398</b>	<b>14,605,946</b>	<b>2,002,903</b>	<b>32,577,671</b>

	The Group				Total \$'000
	Within 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	
	<b>As at 2 May 2020</b>				
Payables	6,599,909	2,511,212	-	-	9,111,121
Lease liabilities	101,652	187,791	336,448	14,113	640,004
Borrowings	2,719,849	6,525,770	7,955,862	1,653,097	18,854,578
<b>Total financial liabilities (contractual maturity dates)</b>	<b>9,421,410</b>	<b>9,224,773</b>	<b>8,292,310</b>	<b>1,667,210</b>	<b>28,605,703</b>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company				Total \$'000
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	
<b>As at 1 May 2021</b>					
Payables	3,883,083	2,224,034	-	-	6,107,117
Subsidiaries	49,145	-	-	-	49,145
Lease liabilities	25,883	77,483	226,076	128,944	458,386
Borrowings	1,692,910	2,828,881	6,563,461	1,710,545	12,795,797
<b>Total financial liabilities (contractual maturity dates)</b>	<b>5,651,021</b>	<b>5,130,398</b>	<b>6,789,537</b>	<b>1,839,489</b>	<b>19,410,445</b>

	The Company				Total \$'000
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	
<b>As at 2 May 2020</b>					
Payables	3,458,813	2,478,980	-	-	5,937,793
Subsidiaries	417,134	-	-	-	417,134
Lease liabilities	15,103	22,309	3,482	-	40,894
Borrowings	2,447,816	2,333,768	6,458,253	456,408	11,696,245
<b>Total financial liabilities (contractual maturity dates)</b>	<b>6,338,866</b>	<b>4,835,057</b>	<b>6,461,735</b>	<b>456,408</b>	<b>18,092,066</b>

Assets available to meet liabilities and to cover financial liabilities include cash and short term investments.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (b) Liquidity risk (continued)

#### *Off-balance sheet items – Contingent liabilities and commitments*

- (a) The company has guaranteed US\$3,860,000 (2020 - US\$3,860,000) in favour of various financial institutions for loans undertaken by the company and certain subsidiaries.
- (b) The company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately Nil (2020 - US\$1,430,000) and \$12,000,000 (2020 - \$12,000,000).
- (c) The Group has capital commitments authorised US\$10,420,000 (2020 – US\$5,241,000).
- (d) The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provisions are made for such matters when in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group and the amount can be reasonably estimated.

### (c) Market risk

The Group takes on exposure to market risk, 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, interest rates and commodity prices. Market risk is monitored by the Group's Treasury function which carries out research and monitors the price movement of financial assets on the local and international markets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

#### (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 arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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.

The Group has operations in two functional currencies, Jamaican dollar and United States dollar, which provide a natural hedge in currency risk.

The Group's balance sheet at 1 May 2021 includes aggregate net foreign liabilities of approximately US\$27,138,000 (2020 – US\$18,933,000) in respect of transactions arising in the ordinary course of business.

The company's balance sheet at 1 May 2021 includes aggregate net foreign liabilities of approximately US\$7,694,000 (2020 – US\$2,508,000 net foreign liabilities), in respect of transactions arising in the ordinary course of business.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 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 its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates with all variables held constant. The sensitivity analysis on pre-tax profit is based on outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for 2% (2020 – 2%) depreciation and a 6% (2020 – 6%) appreciation of the US dollar against the Jamaican dollar. There was no impact on other components of equity.

The Group				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Other Comprehensive Income
	1 May 2021	1 May 2021 \$'000	1 May 2021	1 May 2021 \$'000
Currency:				
USD	+6	(249,585)	+6	(163,457)
USD	-2	83,195	-2	54,486

The Group				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Other Comprehensive Income
	2 May 2020	2 May 2020 \$'000	2 May 2020	2 May 2020 \$'000
Currency:				
USD	+6	682,201	+6	21,042
USD	-2	(227,400)	-2	(14,028)

The Company				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Pre-Tax Profit
	1 May 2021	1 May 2021 \$'000	2 May 2020	2 May 2020 \$'000
Currency:				
USD	+6	(70,762)	+6	(21,654)
USD	-2	23,587	-2	7,218

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 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 mainly arises from its long term investments, loans receivable and borrowings. This risk is managed by analysing the economic environment and obtaining fixed rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. The policy also requires it to manage the maturities of interest bearing financial assets and liabilities.

#### Investments

At 1 May 2021 and 2 May 2020, the Group's investments were fixed rate instruments.

#### Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's and company's profit or loss and stockholders' equity.

The sensitivity of the profit or loss is the effect of 1% increase/1% decrease (2020 – 1% increase and 1% decrease) for Jamaican dollar denominated loans and a 1% increase/1% decrease (2020 – 1% increase and 1% decrease) for US dollar denominated loans on pre-tax profit based on the floating rate borrowings. The sensitivity of other components of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of an assumed change in interest rates. There were no available-for-sale financial assets at the current or prior year end.

	The Group		The Company	
	Effect on Pre-tax Profit 1 May 2021 \$'000	Effect on Pre-tax Profit 2 May 2020 \$'000	Effect on Pre-tax Profit 1 May 2021 \$'000	Effect on Pre-tax Profit 2 May 2020 \$'000
<b>Change in basis points:</b>				
Jamaican dollars				
- 100 (2020: -100)	15,000	15,000	15,000	15,000
+ 100 (2020: 100)	(15,000)	(15,000)	(15,000)	(15,000)
US dollars				
- 100 (2020: -100)	71,831	58,315	17,405	23,356
+ 100 (2020: 100)	(71,831)	(58,315)	(17,405)	(23,356)

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (iii) Commodity 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 and the company are exposed to price risk relating to corn and soya bean meal.

The Group and the company enter into commodity contracts or related financial instruments in respect of its future usage requirements. The price of these commodities is reviewed regularly in considering the need for active financial risk management.

To manage price risk on imported corn and soya bean meal, the prices are tracked and items purchased in advance if prices are increasing.

### (d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to ordinary stockholders.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by total capital. Borrowings include current and non-current borrowings as shown in the consolidated balance sheet. Total capital is calculated as 'stockholders' equity' as shown in the consolidated balance sheet plus borrowings.

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio below 1:1. The gearing ratios at 1 May 2021 and 2 May 2020 were as follows:

	<b>The Group</b>	
	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
Borrowings	19,911,742	17,222,914
Total capital	38,632,753	33,116,645
Gearing ratio	<u>0.52:1</u>	<u>0.52:1</u>

There were no changes to the Group's approach to capital management during the year.



# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Group 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.

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

In the process of applying the Group's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

**(b) Key sources of estimation uncertainty**

***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 Group 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 originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

***Post-employment benefits***

Accounting for some post-employment benefits requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits and comprise both demographic and financial assumptions. Variations in the financial assumptions can cause material adjustments in the next financial year, if it is determined that the actual experience differed from the estimate (Note 21).

***Depreciable assets***

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

***Assessment of goodwill***

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rates would result in a reduction in the value in use by \$797,994,000, which would not result in an impairment of carrying value of the goodwill of \$785,884,000 (Note 15).

***Purchase Price Allocation of a business combination***

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions being revenue forecasts, discount rate, capital expenditure, royalty rates and revenue growth rates made in the valuation process, the determination of those fair value requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer that are used to make strategic decisions.

Segment information is provided for reportable segments as follows:

- Jamaica Operations
- US Operations
- Haiti Operations
- Other Caribbean Operations

The business is considered primarily from a geographical perspective. During the year the Haiti Operations was separated from the Other Caribbean Operations as a standalone segment. The comparative segment report has been revised to reflect this change.

Interest income and interest expense are not included in the measure of segment results and are not regularly reviewed by the President and Chief Executive Officer.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Segmental Financial Information (Continued)

	2021					Group \$'000
	Jamaica Operations	US Operations	Haiti Operations	Other Caribbean Operations	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenues	33,830,926	20,754,813	2,365,541	-	-	56,951,280
Revenue from other segments	139,831	3,219,888	-	769,861	(4,129,580)	-
Total revenue	<u>33,970,757</u>	<u>23,974,701</u>	<u>2,365,541</u>	<u>769,861</u>	<u>(4,129,580)</u>	<u>56,951,280</u>
Segment result	<u>4,466,476</u>	<u>1,595,816</u>	<u>(6,909)</u>	<u>1,054,735</u>	<u>(1,131,338)</u>	<u>5,978,780</u>
Unallocated corporate expenses						<u>(1,914,714)</u>
Operating profit						4,064,066
Finance income						-
Finance costs						<u>(858,940)</u>
Profit before tax						3,205,126
Taxation						<u>(806,763)</u>
Net profit						<u>2,398,363</u>
Segment assets -						
Current assets	16,752,951	17,032,906	1,470,871	484,994	(3,245,231)	32,496,491
Non-current assets	17,773,637	7,608,077	859,013	7,165,864	(14,791,631)	18,614,960
Total assets	<u>34,526,588</u>	<u>24,640,983</u>	<u>2,329,884</u>	<u>7,650,858</u>	<u>(18,036,862)</u>	<u>51,111,451</u>
Segment liabilities -						
Current liabilities	10,598,775	11,014,084	1,092,685	1,766,269	(3,245,396)	21,226,417
Non-current liabilities	8,422,793	2,542,529	-	3,983,846	(3,983,846)	10,965,322
Total liabilities	<u>19,021,568</u>	<u>13,556,613</u>	<u>1,092,685</u>	<u>5,750,115</u>	<u>(7,229,242)</u>	<u>32,191,739</u>
Other segment items-						
Capital expenditure	<u>1,300,686</u>	<u>1,320,960</u>	<u>22,129</u>	<u>-</u>	<u>-</u>	<u>2,643,775</u>
Amortisation	<u>33,290</u>	<u>236,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,834</u>
Depreciation	<u>630,032</u>	<u>476,068</u>	<u>119,804</u>	<u>114,393</u>	<u>-</u>	<u>1,340,297</u>
Revenue						
Goods transferred at a point in time	33,830,926	20,658,296	2,365,541	-	-	56,854,763
Service transferred at a point in time	-	96,517	-	-	-	96,517
External revenues	<u>33,830,926</u>	<u>20,754,813</u>	<u>2,365,541</u>	<u>-</u>	<u>-</u>	<u>56,951,280</u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Segmental Financial Information (Continued)

	2020					Group \$'000
	Jamaica Operations \$'000	US Operations \$'000	Haiti Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	
External revenues	34,764,365	18,917,202	2,066,366	-	-	55,747,933
Revenue from other segments	215,606	3,559,646	-	697,420	(4,472,672)	-
Total revenue	<u>34,979,971</u>	<u>22,476,848</u>	<u>2,066,366</u>	<u>697,420</u>	<u>(4,472,672)</u>	<u>55,747,933</u>
Segment result	<u>3,172,213</u>	<u>1,486,644</u>	<u>57,019</u>	<u>(322,938)</u>	<u>269,606</u>	<u>4,662,544</u>
Unallocated corporate expenses						<u>(1,661,820)</u>
Operating profit						3,000,724
Finance income						36,458
Finance costs						<u>(1,183,799)</u>
Profit before tax						1,853,383
Taxation						<u>(493,267)</u>
Net profit						<u>1,360,116</u>
Segment assets -						
Current assets	17,567,038	12,822,710	1,179,417	901,037	(3,856,424)	28,613,778
Non-current assets	<u>14,274,196</u>	<u>6,556,991</u>	<u>748,960</u>	<u>5,897,748</u>	<u>(11,858,667)</u>	<u>15,619,228</u>
Total assets	<u>31,841,234</u>	<u>19,379,701</u>	<u>1,928,377</u>	<u>6,798,785</u>	<u>(15,715,091)</u>	<u>44,233,006</u>
Segment liabilities -						
Current liabilities	11,941,921	8,165,181	1,689,811	1,691,008	(3,856,592)	19,631,329
Non-current liabilities	<u>6,193,592</u>	<u>2,428,132</u>	<u>12,132</u>	<u>3,651,387</u>	<u>(3,645,949)</u>	<u>8,639,294</u>
Total liabilities	<u>18,135,513</u>	<u>10,593,313</u>	<u>1,701,943</u>	<u>5,342,395</u>	<u>(7,502,541)</u>	<u>28,270,623</u>
Other segment items-						
Capital expenditure	<u>1,040,310</u>	<u>1,081,834</u>	<u>75,571</u>	<u>893,719</u>	<u>-</u>	<u>3,091,434</u>
Amortisation	<u>25,698</u>	<u>150,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,360</u>
Depreciation	<u>609,896</u>	<u>346,798</u>	<u>81,750</u>	<u>45,698</u>	<u>-</u>	<u>1,084,142</u>
Revenue						
Goods transferred at a point in time	34,764,365	18,819,035	2,066,366	-	-	55,649,766
Service transferred at a point in time	-	98,167	-	-	-	98,167
External revenues	<u>34,764,365</u>	<u>18,917,202</u>	<u>2,066,366</u>	<u>-</u>	<u>-</u>	<u>55,747,933</u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Other Income

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Dividend income from subsidiary	-	-	663,695	694,240
Fair value gains/(losses) on financial assets at fair value through profit or loss (Note 25)	53,178	(6,792)	-	-
Foreign exchange gains	140,008	134,030	140,080	134,155
Loss on sale of property, plant and equipment	(35,430)	(15,233)	(9,294)	(15,574)
Interest income	39,651	40,261	14,851	14,659
Management fees	-	-	9,616	21,773
Reinsurance commissions	70,674	63,523	-	-
Insurance claim	236,265	-	-	-
Other	343,481	150,745	67,875	30,228
	<u>847,827</u>	<u>366,534</u>	<u>886,823</u>	<u>879,481</u>

### 7. Expenses by Nature

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Auditors' remuneration	71,252	86,069	19,451	19,347
Advertising and promotions	324,755	821,619	296,353	713,095
Amortisation of intangible assets	269,063	176,358	25,926	18,334
Net impairment change on trade receivables	(63,826)	161,712	(52,770)	134,135
Cost of inventories recognised as expense	30,509,599	28,583,376	19,289,693	18,653,812
Depreciation	1,651,985	1,313,113	635,080	587,251
Fuel	696,156	711,899	478,466	534,823
Legal and professional fees	198,619	246,909	82,099	118,403
Impairment	-	35,896	-	-
Insurance	656,559	534,161	738,403	672,231
Occupancy – rent and utilities	1,185,509	1,077,983	768,521	668,073
Repairs and maintenance	1,590,362	1,654,393	1,190,193	1,364,736
Staff costs (Note 8)	11,853,385	12,435,684	5,250,676	6,501,959
Trucking	1,294,002	1,501,466	1,083,076	1,160,177
Other expenses	3,497,621	3,773,105	2,555,383	3,068,053
	<u>53,735,041</u>	<u>53,113,743</u>	<u>32,360,550</u>	<u>34,214,429</u>

Expenses by nature include the total of cost of sales, distribution costs, administration and other expenses.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 8. Staff Costs

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Wages, salaries and contractors' costs	10,337,312	10,431,465	4,466,964	5,157,005
Payroll taxes - Employer's portion	521,542	548,608	277,501	352,975
Pension costs - defined contribution plan	90,850	77,839	9,993	7,613
Pension costs - defined benefit plan (Note 21)	17,000	134,000	14,500	132,400
Post-employment medical benefits (Note 21)	1,200	1,900	1,100	1,300
Termination costs	46,764	253,177	46,764	253,177
Other - benefits and welfare	838,717	988,695	433,854	597,489
	<u>11,853,385</u>	<u>12,435,684</u>	<u>5,250,676</u>	<u>6,501,959</u>

### 9. Finance Income and Costs

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Finance income -				
Foreign exchange gains/(losses)	-	33,306	194,355	(13,483)
Interest income	-	3,152	37,833	38,553
	<u>-</u>	<u>36,458</u>	<u>232,188</u>	<u>25,070</u>
Finance costs -				
Foreign exchange (gains)/losses	(102,686)	257,583	168,255	101,565
Finance leases	31,697	28,695	600,752	2,461
Interest expense	889,351	863,520	4,113	556,864
Amortisation of debt financing fees and other expenses	40,578	34,001	22,178	15,601
	<u>858,940</u>	<u>1,183,799</u>	<u>795,298</u>	<u>676,491</u>

### 10. Taxation

Subsidiaries incorporated and domiciled in Jamaica, United States of America, Haiti and St. Lucia are taxable at a rate of 25% & 33 1/3%, 25% - 30%, 30% and 1% on their income, respectively.

(a) Taxation is based on the profit for the year adjusted for tax purposes and comprises:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Current taxation	432,012	545,914	177,920	268,048
Prior year under/(over) provision	28,956	(12,272)	(2,907)	(32,203)
Deferred taxation (Note 20)	345,795	(40,375)	251,124	(81,889)
	<u>806,763</u>	<u>493,267</u>	<u>426,137</u>	<u>153,956</u>

# Jamaica Broilers Group Limited

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### 10. Taxation (Continued)

- (b) The tax on the Group's and company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Profit before taxation for taxable entities	3,248,205	1,913,958	2,293,651	1,304,646
Loss before taxation for non-taxable entities	(43,079)	(60,575)	-	-
	<u>3,205,126</u>	<u>1,853,383</u>	<u>2,293,651</u>	<u>1,304,646</u>
Tax calculated at applicable tax rates	812,051	478,489	573,413	326,162
Adjusted for:				
Income not subject to tax	(9,353)	(152,070)	(183,642)	(173,560)
Employment tax credit	(84,428)	(57,367)	(84,428)	(57,367)
Adjustment to deferred tax	(5,492)	5,234	-	-
Prior year under/(over) provision - current tax	28,956	(12,272)	(2,907)	(32,203)
Different tax rate in other countries	(67,278)	88,256	-	-
Expenses not deductible for tax purposes	122,918	115,383	112,947	84,921
Tax losses for which no deferred tax recognised	638	1,017	-	-
Other allowances	8,751	26,597	10,754	6,003
Income tax expense	<u>806,763</u>	<u>493,267</u>	<u>426,137</u>	<u>153,956</u>

- (b) The tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Other comprehensive income -				
Remeasurements on retirement benefits (Note 21)	(604,800)	316,600	(585,800)	307,700
Tax charge/(credit) (Note 20)	151,200	(79,275)	146,450	(76,925)
	<u>(453,600)</u>	<u>237,325</u>	<u>(439,350)</u>	<u>230,775</u>

# Jamaica Broilers Group Limited

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## 11. Net Profit/Retained Earnings Attributable to the Stockholders

	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
Net profit attributable to:		
Holding company	1,867,514	1,150,690
Intercompany dividend and management fees	<u>(673,311)</u>	<u>(716,013)</u>
Adjusted Holding company profits	1,194,203	434,677
Subsidiaries	<u>1,140,921</u>	<u>965,392</u>
	<u>2,335,124</u>	<u>1,400,069</u>
Retained earnings attributable to:		
Holding company	14,859,427	13,044,266
Subsidiaries	<u>4,305,597</u>	<u>3,776,993</u>
	<u>19,165,024</u>	<u>16,821,259</u>

## 12. Earnings Per Stock Unit

The calculation of earnings per ordinary stock unit is based on the Group's net profit attributable to stockholders and ordinary stocks units in issue (Note 30).

	<b>1 May 2021</b>	<b>2 May 2020</b>
Net profit attributable to stockholders (\$'000)	2,335,124	1,400,069
Weighted average number of ordinary stock units in issue ('000)	<u>1,014,775</u>	<u>1,023,507</u>
Basic earnings per stock unit (\$)	<u>2.30</u>	<u>1.37</u>

The weighted average number of shares is based on the purchase of shares by the Trust at several intervals throughout the year.



# Jamaica Broilers Group Limited

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### 13. Property, Plant and Equipment

	The Group							Total
	Freehold Land	Freehold Buildings	Leasehold Property	Plant, Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At Cost -	2021							
At 2 May 2020	568,814	3,932,404	704,866	10,901,920	883,850	1,545,958	1,092,720	19,630,532
Additions	-	170,574	-	642,100	47,011	161,737	1,622,353	2,643,775
Disposals	(41,076)	-	-	-	-	(171,224)	-	(212,300)
Transfer from CWIP	-	480	15,878	804,923	27,835	3,467	(852,583)	-
Transfer to Intangible assets from CWIP	-	-	-	-	-	-	(562,950)	(562,950)
Transfer to Intangible assets	-	-	-	(57,454)	-	-	-	(57,454)
Translation	32,584	107,868	178,527	409,534	11,936	68,411	72,258	881,118
At 1 May 2021	560,322	4,211,326	899,271	12,701,023	970,632	1,608,349	1,371,798	22,322,721
Depreciation -								
At 2 May 2020	-	1,488,703	248,874	3,884,905	665,947	887,579	-	7,176,008
Charge for the year	-	121,304	104,135	842,829	66,692	205,337	-	1,340,297
Relieved on disposals	-	-	-	-	-	(100,640)	-	(100,640)
Transfer to Intangible assets	-	-	-	(21,253)	-	-	-	(21,253)
Translation	-	32,722	59,883	136,297	7,596	38,552	-	275,050
At 1 May 2021	-	1,642,729	412,892	4,842,778	740,235	1,030,828	-	8,669,462
Net Book Value -								
At 1 May 2021	560,322	2,568,597	486,379	7,858,245	230,397	577,521	1,371,798	13,653,259

# Jamaica Broilers Group Limited

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### 13. Property, Plant and Equipment (Continued)

	The Group							Total \$'000
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	
	2020							
At Cost -								
At 27 April 2019	539,625	3,599,844	724,433	9,048,130	814,688	1,294,995	175,100	16,196,815
Acquisition of business (Note 35)	16,343	157,297	-	141,962	-	6,387	-	321,989
Additions	-	-	3,089	1,086,469	49,113	270,601	1,682,162	3,091,434
Disposals	-	-	-	(25,697)	-	(59,088)	(8,038)	(92,823)
Transfer from CWIP	129	81,026	1,883	570,472	16,215	8,209	(677,934)	-
Transfer to Intangible assets	-	-	-	-	-	-	(74,307)	(74,307)
Impairment	-	-	-	(35,896)	-	-	-	(35,896)
Translation	12,717	94,237	(24,539)	116,480	3,834	24,854	(4,263)	223,320
At 2 May 2020	568,814	3,932,404	704,866	10,901,920	883,850	1,545,958	1,092,720	19,630,532
Depreciation -								
At 27 April 2019	-	1,348,726	185,985	3,209,774	598,452	747,184	-	6,090,121
Charge for the year	-	114,422	73,613	654,870	65,024	176,213	-	1,084,142
Relieved on disposals	-	-	-	(9,737)	-	(47,386)	-	(57,123)
Translation	-	25,555	(10,724)	29,998	2,471	11,568	-	58,868
At 2 May 2020	-	1,488,703	248,874	3,884,905	665,947	887,579	-	7,176,008
Net Book Value -								
At 2 May 2020	568,814	2,443,701	455,992	7,017,015	217,903	658,379	1,092,720	12,454,524

# Jamaica Broilers Group Limited

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### 13. Property, Plant and Equipment (Continued)

	The Company						Total
	Freehold Land	Freehold Buildings	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At Cost -							
At 27 April 2019	35,504	1,910,973	5,490,754	604,123	722,043	134,912	8,898,309
Additions	-	-	99,306	45,502	126,714	756,050	1,027,572
Disposals	-	-	(33,735)	-	(51,611)	-	(85,346)
Transfers from CWIP	-	81,154	523,779	15,677	-	(620,610)	-
Transfer to Intangible assets	-	-	-	-	-	(74,307)	(74,307)
At 2 May 2020	35,504	1,992,127	6,080,104	665,302	797,146	196,045	9,766,228
Additions	-	6,282	6,758	37,349	67,505	1,176,238	1,294,132
Disposals	-	-	-	-	(101,629)	-	(101,629)
Transfers from CWIP	-	480	671,495	27,835	-	(699,810)	-
At 1 May 2021	35,504	1,998,889	6,758,357	730,486	763,022	672,473	10,958,731
Depreciation -							
At 27 April 2019	-	772,039	2,069,652	472,851	489,982	-	3,804,524
Charge for the year	-	52,157	363,987	48,154	91,580	-	555,878
Disposal	-	-	(9,737)	-	(40,248)	-	(49,985)
At 2 May 2020	-	824,196	2,423,902	521,005	541,314	-	4,310,417
Charge for the year	-	49,544	394,710	48,820	83,917	-	576,991
Disposals	-	-	-	-	(78,713)	-	(78,713)
At 1 May 2021	-	873,740	2,818,612	569,825	546,518	-	4,808,695
Net Book Value -							
At 1 May 2021	35,504	1,125,149	3,939,745	160,661	216,504	672,473	6,150,036
At 2 May 2020	35,504	1,167,931	3,656,202	144,297	255,832	196,045	5,455,811

Depreciation is charged to cost of sales and administration and other expenses in profit or loss.

# Jamaica Broilers Group Limited

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### 14. Right of Use Assets/Lease Liabilities

This note provides information for leases where the Group is a lessee. The Group is not a lessor.

(a) Amounts recognised in the balance sheet

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Right-of-Use Asset/ Lease Liabilities				
Land and buildings	623,306	244,734	275,247	36,149
Vehicles	383,053	289,703	176,109	-
	<u>1,006,359</u>	<u>534,437</u>	<u>451,356</u>	<u>36,149</u>
Lease liabilities				
Current	310,481	236,902	89,744	26,070
Non-current	716,074	311,526	379,419	11,557
	<u>1,026,555</u>	<u>548,428</u>	<u>469,163</u>	<u>37,627</u>

(b) Amounts recognised in the statement of profit or loss

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

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Depreciation charge of right-of-use assets				
Land and buildings	202,895	143,144	48,022	31,373
Vehicles	108,982	86,670	10,066	-
	311,877	229,814	58,088	31,373
Interest expense	40,680	28,695	13,095	2,461
Total expenses related to leases	<u>352,557</u>	<u>258,509</u>	<u>71,183</u>	<u>33,834</u>

Interest expense is included in cost of sales and finance costs

The total cash outflow for leases was \$330,194,000 (2020 - \$339,515,000) and \$57,779,000 (2020 - \$100,300,000) for the Group and company respectively.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 15. Intangible Assets

						<u>The Group</u>	<u>The Company</u>
	Goodwill	Brands and Customer Relationships	Non- Compete Agreement	Product Formulation	Computer Software	Total	Computer Software
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -							
At 27 April 2019	435,981	842,121	170,663	20,780	310,574	1,780,119	304,344
Acquisition of business	260,525	547,339	103,639	-	-	911,503	-
Addition	-	-	-	-	5,900	5,900	5,900
Transfer from CWIP	-	-	-	-	74,307	74,307	74,307
Translation	39,702	82,438	16,628	-	437	139,205	-
At 2 May 2020	736,208	1,471,898	290,930	20,780	391,218	2,911,034	384,551
Transfer from property, plant and equipment	-	-	-	-	57,454	57,454	-
Transfer from CWIP	-	-	-	-	562,950	562,950	-
Translation	49,676	103,285	20,686	-	485	174,132	-
At 1 May 2021	785,884	1,575,183	311,616	20,780	1,012,107	3,705,570	384,551
Amortisation -							
At 27 April 2019	-	380,205	159,871	5,801	204,813	750,690	198,584
Charge for the year	-	133,495	23,492	1,039	18,334	176,360	18,334
Translation	-	30,260	11,889	-	436	42,585	-
At 2 May 2020	-	543,960	195,252	6,840	223,583	969,635	216,918
Charge for the year	-	174,604	40,474	1,039	53,717	269,834	25,926
Transfer from property, plant and equipment	-	-	-	-	21,253	21,253	-
Translation	-	44,876	15,737	-	2,111	62,724	-
At 1 May 2021	-	763,440	251,463	7,879	300,664	1,323,446	242,844
Net Book Value -							
1 May 2021	785,884	811,743	60,153	12,901	711,443	2,382,124	141,707
2 May 2020	736,208	927,938	95,678	13,940	167,635	1,941,399	167,633

# Jamaica Broilers Group Limited

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## 15. Intangible Assets (Continued)

### *Impairment tests for goodwill*

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

The amortisation of intangible assets is included in administration and other expenses in profit or loss.

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
US operations	732,851	683,175
Jamaica operations	53,033	53,033
	<u>785,884</u>	<u>736,208</u>

The recoverable amount of a CGU is determined based on value in use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	<b>Revenue Growth Rate</b>	<b>EBITDA to Revenue</b>	<b>Capital Expenditure to Revenue</b>	<b>Discount Rate</b>
US operations	3.0% - 5.5%	6.1% - 16.6%	0.2% - 2.7%	10.4% - 12%

# Jamaica Broilers Group Limited

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### 16. Investment Property

	<b>The Group</b>
	<b>Land and Buildings</b>
	<b>\$'000</b>
Cost -	
At 27 April 2019, At 2 May 2020 and at 1 May 2021	9,976
Depreciation -	
At 27 April 2019	3,830
Charge for the year	166
At 2 May 2020	3,996
Charge for the year	166
At 1 May 2021	4,162
Net Book Value -	
At 1 May 2021	5,814
At 2 May 2020	5,980

The investment property was valued by the directors as at April 2021, based on directors' estimate. The market value of the property is estimated to be \$59,000,000.

Rental income earned on the property amounted to \$1,839,000 (2020 - \$Nil). There was no repairs and maintenance on the property.

### 17. Investments

	<b>The Group</b>		<b>The Company</b>	
	<b>1 May</b>	<b>2 May</b>	<b>1 May</b>	<b>2 May</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value through profit or loss -				
Unquoted equities	8,567	8,567	8,567	8,567
Corporate bonds	472,398	214,331	-	-
Interest receivable	5,999	2,161	-	-
	<u>486,964</u>	<u>225,059</u>	<u>8,567</u>	<u>8,567</u>

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## 18. Loans Receivable

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Related party (Note 32)				
Non-Current	-	-	3,983,846	3,654,949
Current	-	-	188,715	385,400
	<u>-</u>	<u>-</u>	<u>4,172,561</u>	<u>4,040,349</u>

Included in the current portion for the Company is interest receivable of \$172,000 (2020 - \$6,926,000).

## 19. Non-Controlling Interests

	The Group	
	1 May 2021 \$'000	2 May 2020 \$'000
Beginning of year	68,652	125,604
Share of total comprehensive income:		
Share of net profit/(loss) of subsidiaries	63,239	(39,953)
Revaluation gains/(losses)	22,464	(16,999)
Acquisition of shares by parent company	29,921	-
Capital injection	14,427	-
End of year	<u>198,703</u>	<u>68,652</u>



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## 19. Non-Controlling Interests (Continued)

### Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	The Group	
	1 May 2021 \$'000	2 May 2020 \$'000
<b>Current</b>		
Assets	1,470,871	1,179,417
Liabilities	(1,092,685)	(1,689,811)
Total current net liabilities	378,186	(510,394)
<b>Non-current</b>		
Assets	859,013	748,960
Total non-current net assets	859,013	748,960
Net assets	1,237,199	238,566

Summarised income statement

	The Group	
	1 May 2021 \$'000	2 May 2020 \$'000
Revenue	2,365,541	2,066,366
Profit/(loss) before income tax	196,301	(142,689)
Taxation expense	-	-
Profit/(loss) after tax/Total comprehensive income	196,301	(142,689)
Total comprehensive income allocated to non-controlling interest	85,703	(56,952)

# Jamaica Broilers Group Limited

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## 19. Non-Controlling Interests (Continued)

Summarised cash flows

	<b>The Group</b>	
	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	193,189	142,077
Interest paid	(55,410)	(49,620)
Net cash generated from operating activities	<u>137,779</u>	<u>92,457</u>
Net cash used in investing activities	<u>(22,129)</u>	<u>(75,571)</u>
Net cash (used in)/provided by financing activities	<u>(137,453)</u>	<u>72,603</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,803)</b>	<b>89,489</b>
Cash and cash equivalents at the beginning of year	43,662	(45,827)
Cash and cash equivalents at end of year	<u><u>21,859</u></u>	<u><u>43,662</u></u>

The information above represents amounts before intercompany eliminations.

# Jamaica Broilers Group Limited

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### 20. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the effective tax rates used throughout the Group (Note 10).

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
The balance sheet comprises:				
Deferred tax assets	(68,730)	(41,509)	-	-
Deferred tax liabilities	1,275,689	735,590	931,807	534,233
	<u>1,206,959</u>	<u>694,081</u>	<u>931,807</u>	<u>534,233</u>

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

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Balance at 2 May 2020	694,081	805,149	534,233	693,047
Charged/(credited) to profit or loss (Note 10)	345,795	(40,375)	251,124	(81,889)
Charged/(credited) to other comprehensive income (Note 10)	151,200	(79,275)	146,450	(76,925)
Translation	15,883	8,582	-	-
Balance as at end of year	<u>1,206,959</u>	<u>694,081</u>	<u>931,807</u>	<u>534,233</u>

The deferred tax assets and liabilities at the end of the year are as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Deferred income tax assets -				
Other post-employment benefits	5,050	5,000	4,825	4,550
Accrued vacation	20,273	21,407	19,607	20,937
Tax losses unused	114,066	261,782	-	-
Interest payable	11,773	11,773	11,529	11,495
Intangible assets	109,287	97,335	-	-
Unrealised foreign exchange losses	45	30,928	-	30,928
Other	31,215	47,966	10,445	29,347
	<u>291,709</u>	<u>476,191</u>	<u>46,406</u>	<u>97,257</u>
Deferred income tax liabilities -				
Pension benefits	248,375	94,975	242,050	92,675
Property, plant and equipment	1,144,284	1,070,155	629,755	536,086
Unrealised foreign exchange gains	106,095	165	106,095	-
Intangible assets	(398)	2,248	-	-
Other	312	2,729	313	2,729
	<u>1,498,668</u>	<u>1,170,272</u>	<u>978,213</u>	<u>631,490</u>
Net deferred tax liabilities	<u>1,206,959</u>	<u>694,081</u>	<u>931,807</u>	<u>534,233</u>

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### 20. Deferred Income Taxes (Continued)

The deferred tax credited in profit or loss and other comprehensive income comprises the following temporary differences:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Profit or loss				
Property, plant and equipment	39,897	271,327	93,669	73,009
Accrued vacation and general provisions	1,133	(3,481)	1,330	(3,511)
Post-employment benefits	2,150	(25,925)	2,650	(25,675)
Tax losses	157,365	(169,249)	-	-
Unrealised foreign exchange losses/(gains)	136,813	(96,178)	137,023	(96,026)
Intangible assets	(7,290)	(10,407)	-	-
Interest payable	1	(479)	(34)	(516)
Other temporary differences	15,726	(5,983)	16,486	(29,170)
	<u>345,795</u>	<u>(40,375)</u>	<u>251,124</u>	<u>(81,889)</u>
Other comprehensive income				
Post-employment benefits	151,200	(79,275)	146,450	(76,925)

Deferred income tax liabilities have not been provided for in respect of the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings, included in the consolidated results, totalled \$5,207,168,000 (2020 - \$4,446,149,000). These undistributed earnings are in foreign subsidiaries.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	119,116	102,335	4,825	4,550
Deferred tax assets to be recovered within 12 months	172,593	373,856	41,581	92,707
	<u>291,709</u>	<u>476,191</u>	<u>46,406</u>	<u>97,257</u>
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	1,392,659	1,165,130	871,805	628,761
Deferred tax liabilities to be recovered within 12 months	106,009	5,142	106,408	2,729
	<u>1,498,668</u>	<u>1,170,272</u>	<u>978,213</u>	<u>631,490</u>
Net deferred tax liability	<u>1,206,959</u>	<u>694,081</u>	<u>931,807</u>	<u>534,233</u>

### 21. Post-Employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Pension scheme benefit assets	993,500	379,900	968,200	370,700
Post-employment benefit obligations	<u>(20,200)</u>	<u>(20,000)</u>	<u>(19,300)</u>	<u>(18,200)</u>
Amounts recognised in the profit or loss (Note 8) -				
Pension scheme benefit liabilities	17,000	134,000	14,500	132,400
Post-employment benefit obligations	1,200	1,900	1,100	1,300
	<u>18,200</u>	<u>135,900</u>	<u>15,600</u>	<u>133,700</u>
Amounts recognised in other comprehensive income				
Pension scheme benefit assets	(606,100)	319,100	(587,900)	309,900
Post-employment benefit obligations	1,300	(2,500)	2,100	(2,200)
	<u>(604,800)</u>	<u>316,600</u>	<u>(585,800)</u>	<u>307,700</u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-Employment Benefits (Continued)

(a) Pension plans

Defined contribution plan

The Group participates in a defined contribution plan which is open to Jamaican based employees hired on or after 1 October 2017. Employees contribute 5% of pensionable earning with the option to contribute an additional voluntary contribution of 5%. The employer contributions are currently set at 10%. The Group also had other defined contribution plans open to employees of its foreign subsidiaries which are operated in those countries. The Group's and company's contributions for the year were \$90,850,000 (2020 - \$77,839,000) and \$9,993,000 (2020 - \$7,613,000)

Defined benefit plan

The Group participates in a defined benefit scheme, which is open to all permanent employees based in Jamaica and administered by an external agency. The plan is funded by employee contributions of 5% pensionable earning with the option to contribute an additional voluntary contribution of 5%, and employer contributes 2%, as recommended by independent actuaries. The plan provides benefits to members based on average earnings for the final two years of service or the two years in which the highest salaries of the employee have been earned. The defined benefit scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 1 May 2021. The fund was closed to new members as at 30 September 2017.

The Board of the pension fund is required by law and its articles and association to act in the interest of the fund and all relevant stakeholders. The Board of the fund is responsible for the investment policy with regards to the assets of the fund. The funds are managed by NCB Insurance Company Limited who has responsibilities for the general management of the portfolio of investments and the administration of the fund.

The post-employment benefit asset recognised in the balance sheet was determined as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
Fair value of plan assets	6,548,000	6,213,000	6,381,300	6,062,600
Present value of obligations	(5,554,500)	(5,833,100)	(5,413,100)	(5,691,900)
	<u>993,500</u>	<u>379,900</u>	<u>968,200</u>	<u>370,700</u>

Pension plan assets include investment in ordinary stock units of the company with a fair value of \$349,082,000 (2020 - \$300,813,000).

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-Employment Benefits (Continued)

(b) Pension scheme benefits

The movement in the defined benefit asset during the year was as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	379,900	803,600	370,700	784,000
Amounts recognised in profit or loss (Note 8)	(17,000)	(134,000)	(14,500)	(132,400)
Amounts recognised in other comprehensive income	606,100	(319,100)	587,900	(309,900)
Contributions paid	24,500	29,400	24,100	29,000
At end of year	993,500	379,900	968,200	370,700

The movement in the present value of obligations was as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	5,833,100	5,391,600	5,691,900	5,260,000
Transfer in fund – new employee	-	1,900	-	1,900
Current service cost	175,500	163,100	172,900	160,700
Interest cost	373,500	362,700	364,200	354,000
Curtailement	(151,200)	(2,600)	(151,200)	(2,600)
	6,230,900	5,916,700	6,077,800	5,774,000
Remeasurement gain on obligations:-				
Changes in financial assumptions	(316,800)	-	(309,900)	-
Experience adjustment	(76,000)	(57,400)	(72,700)	(57,400)
Members contribution	125,600	141,800	122,400	138,600
Benefits paid	(409,200)	(168,000)	(404,500)	(163,300)
At end of year	5,554,500	5,833,100	5,413,100	5,691,900

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-Employment Benefits (Continued)

The movement in the fair value of plan assets was as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	6,213,000	6,195,200	6,062,600	6,044,000
Transfer in fund – new employee	-	1,900	-	1,900
Members' contribution	125,600	141,800	122,400	138,600
Employer's contribution	24,500	29,400	24,100	29,000
Interest income on plan assets	394,900	402,400	385,200	392,600
Benefits paid	(409,200)	(168,000)	(404,500)	(163,300)
Administrative expenses	(14,100)	(13,200)	(13,800)	(12,900)
Remeasurement gain/(loss) on plan assets	213,300	(376,500)	205,300	(367,300)
At end of year	<u>6,548,000</u>	<u>6,213,000</u>	<u>6,381,300</u>	<u>6,062,600</u>

The amount recognised in profit or loss is determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Current service cost	175,500	163,100	172,900	160,700
Interest cost	373,500	362,700	364,200	354,000
Interest income on plan assets	(394,900)	(402,400)	(385,200)	(392,600)
Administrative expenses	14,100	13,200	13,800	12,900
Curtailement	(151,200)	(2,600)	(151,200)	(2,600)
Total included in staff costs (Note 8)	<u>17,000</u>	<u>134,000</u>	<u>14,500</u>	<u>132,400</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Remeasurements of the defined benefit obligation	(392,800)	(57,400)	(382,600)	(57,400)
Remeasurements of the plan assets	(213,300)	376,500	(205,300)	367,300
Total	<u>(606,100)</u>	<u>319,100</u>	<u>(587,900)</u>	<u>309,900</u>



# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-Employment Benefits (Continued)

(b) Pension scheme benefits (continued)

At the last valuation date, the present value of the defined benefit obligation was comprised, for the group and the company respectively, of approximately \$4,071,300,000 and \$4,004,700,000 relating to active members, \$357,700,000 and \$356,100,000 relating to deferred members, \$949,000,000 and \$885,600,000 relating to the members in retirement and \$13,600,000 and \$13,600,000 relating to other liabilities.

Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 1 May 2021 amount to \$26,500,000 for the group and \$26,100,000 for the company. Effective 28 April 2018 the employer contributions is 2% as recommended by independent actuaries.

The principal actuarial assumptions used were as follows:

	<b>1 May 2021</b>	<b>2 May 2020</b>
Discount rate	8.5%	6.5%
Future salary increases	6.5%	4.0%
Future pension increases	<u>2.25%</u>	<u>1.25%</u>

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

<b>The Group</b>					
<b>Impact on post-employment obligations</b>					
<b>1 May 2021</b>			<b>2 May 2020</b>		
<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Discount rate	0.5%	(406,100)	463,200	(442,300)	506,800
Future salary increases	0.5%	179,500	(165,900)	1,096,700	(178,500)
Pension increases	0.5%	242,200	(222,200)	266,700	(243,900)
<b>The Company</b>					
<b>Impact on post-employment obligations</b>					
<b>1 May 2021</b>			<b>2 May 2020</b>		
<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Discount rate	0.5%	(398,200)	454,300	(433,800)	497,300
Future salary increases	0.5%	176,800	(163,400)	193,800	(175,800)
Pension increases	0.5%	236,500	(217,000)	260,500	(238,200)

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Post-Employment Benefits (Continued)

### (b) Pension scheme benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	<b>The Group</b>			
	<b>1 May 2021</b>		<b>2 May 2020</b>	
	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life expectancy	68,200	(70,400)	76,200	(78,200)

	<b>The Company</b>			
	<b>1 May 2021</b>		<b>2 May 2020</b>	
	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life expectancy	66,200	(68,400)	74,100	(76,100)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Post-Employment Benefits (Continued)

### (c) Post-employment medical benefits

In addition to pension benefits, the Group offers qualifying retirees medical and life insurance benefits. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 7.5% per year (2020 – 5% per year).

The liability recognised in the balance sheet was determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Present value of funded obligations	20,200	20,000	19,300	18,200

The movement in the liability during the year was as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	20,000	22,900	18,200	21,100
Amounts recognised in profit or loss (Note 8)	1,200	1,900	1,100	1,300
Amounts recognised in other comprehensive income	1,300	(2,500)	2,100	(2,200)
Contributions paid	(2,300)	(2,300)	(2,100)	(2,000)
At end of year	20,200	20,000	19,300	18,200

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-employment Benefits (Continued)

(c) Post-employment medical benefits (continued)

The movement in the present value of obligations was as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	20,000	22,900	18,200	21,100
Interest cost	1,200	1,900	1,100	1,300
Benefits paid	(2,300)	(2,300)	(2,100)	(2,000)
Remeasurement loss/(gain) on obligation:-				
Changes in financial assumptions	200	-	200	-
Experience adjustment	1,100	(2,500)	1,900	(2,200)
At end of year	<u>20,200</u>	<u>20,000</u>	<u>19,300</u>	<u>18,200</u>

The amount recognised in profit or loss is as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Interest cost	1,200	1,900	1,100	1,300
Total included in staff costs (Note 8)	<u>1,200</u>	<u>1,900</u>	<u>1,100</u>	<u>1,300</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Remeasurements of the defined benefit obligation	<u>2,300</u>	<u>(2,500)</u>	<u>2,100</u>	<u>(2,200)</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Post-Employment Benefits (Continued)

(c) Post-employment medical benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

<b>The Group</b>					
<b>Impact on post-employment obligations</b>					
<b>1 May 2021</b>			<b>2 May 2020</b>		
<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Discount rate	0.5%	(600)	600	(700)	700
Medical cost	0.5%	(2,600)	(3,700)	(3,200)	(4,400)

<b>The Company</b>					
<b>Impact on post-employment obligations</b>					
<b>1 May 2021</b>			<b>2 May 2020</b>		
<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Discount rate	0.5%	(600)	600	(600)	700
Medical cost	0.5%	(2,600)	(3,100)	(3,100)	(4,200)

<b>The Group</b>					
		<b>1 May 2021</b>		<b>2 May 2020</b>	
	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life expectancy	1,000	(1,000)	1,000	(900)	

<b>The Company</b>					
		<b>1 May 2021</b>		<b>2 May 2020</b>	
	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	<b>Increase Assumption by One Year</b>	<b>Decrease Assumption by One Year</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life expectancy	1,000	(900)	900	(800)	

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Post-Employment Benefits (Continued)

(d) Distribution of pension plan assets -

	<b>The Group</b>			
	<b>1 May 2021 \$'000</b>	<b>1 May 2021 %</b>	<b>2 May 2020 \$'000</b>	<b>2 May 2020 %</b>
Equities - quoted	3,418,846	52	3,268,500	53
Equities - unquoted	50,654	1	46,600	1
Property	824,800	13	729,700	12
Fixed income investments	1,793,400	27	1,982,000	32
Pooled funds – real estate	321,800	5	-	-
Leased assets	68,900	1	89,600	1
Other	69,600	1	96,600	1
	<u>6,548,000</u>	<u>100</u>	<u>6,213,000</u>	<u>100</u>

	<b>The Company</b>			
	<b>1 May 2021 \$'000</b>	<b>1 May 2021 %</b>	<b>2 May 2020 \$'000</b>	<b>2 May 2020 %</b>
Equities - quoted	3,331,808	52	3,189,378	53
Equities - unquoted	49,364	1	45,472	1
Property	803,802	13	712,036	12
Fixed income investments	1,747,743	27	1,934,021	32
Pooled funds – real estate	313,608	5	-	-
Leased assets	67,146	1	87,431	1
Other	67,829	1	94,262	1
	<u>6,381,300</u>	<u>100</u>	<u>6,062,600</u>	<u>100</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 21. Post-Employment Benefits (Continued)

- (e) Other pension plan disclosures -

### ***Risks associated with pension plans and post-employment plans***

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

#### **Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

#### **Changes in bond yields**

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

#### **Inflation risk**

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

#### **Life expectancy**

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2020 consists of bonds and equities.

Funding levels are monitored on an annual basis and the agreed employer contribution rate was 2% of pensionable salaries. The next triennial valuation is due to be completed as at 30 April 2023.

# Jamaica Broilers Group Limited

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## 22. Inventories

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Grain and feed ingredients	3,695,832	3,118,386	1,606,914	2,112,497
Inventories for resale	4,018,989	3,658,955	1,999,575	2,553,972
Goods in transit	2,185,139	344,405	1,785,563	258,815
General supplies	3,259,017	2,496,052	1,915,580	1,655,333
	13,158,977	9,617,798	7,307,632	6,580,617
Less: Provision for obsolescence	(253,227)	(140,410)	(253,227)	(140,410)
	<u>12,905,750</u>	<u>9,477,388</u>	<u>7,054,405</u>	<u>6,440,207</u>

Inventory write-downs for the current year amounted to \$134,108,000 (2020 – \$134,790,000).

## 23. Biological Assets

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Cattle	59,405	56,303	-	-
Poultry	11,367,660	9,050,831	808,906	482,447
	<u>11,427,065</u>	<u>9,107,134</u>	<u>808,906</u>	<u>482,447</u>

Biological assets comprise of:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Biological assets at fair value	669,610	437,290	610,205	380,987
Biological assets at cost	10,757,455	8,669,844	198,701	101,460
	<u>11,427,065</u>	<u>9,107,134</u>	<u>808,906</u>	<u>482,447</u>



# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 23. Biological Assets (Continued)

The movement in biological assets at fair value was determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	437,290	575,196	380,987	524,237
Fair value gain	6,879	6,837	-	-
Increase due to purchases and transfers	7,831,882	9,250,018	7,831,398	9,249,199
Decrease due to sales	(7,606,441)	(9,394,761)	(7,602,180)	(9,392,449)
At end of year	669,610	437,290	610,205	380,987

The movement in biological assets at cost was determined as follows:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
At start of year	8,669,844	6,248,597	101,460	206,647
Increase due to purchases and acquisition	15,201,345	12,231,062	2,891,615	2,908,337
Decrease due to sales and depreciation	(13,625,721)	(10,208,547)	(2,794,374)	(3,013,524)
Written off	(296,861)	-	-	-
Translation	808,848	398,732	-	-
At end of year	10,757,455	8,669,844	198,701	101,460

Biological assets written off during the year are included in cost of sales.

Fair value of livestock is determined as the best available estimate for livestock with similar attributes. Any gains or losses arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in other income in the period in which it arises.

The physical quantities at the end of the year and output for each group of biological assets are as follows:

(i) Cattle

The number of cattle at the end of the year was 693 (2020 – 694).

The number of cattle harvested during the year was 237 (2020 – 274).

(ii) Poultry

The number of birds in the field, including broilers, breeders, and layer pullets at year end was 7,040,000 (2020 – 6,151,000) and the number of eggs at year end was 6,957,000 (2020 – 5,141,000).

The total number of birds produced during the year was 47,275,000 (2020 – 54,060,000).

The total number of eggs produced during the year was 31,214,000 (2020 – 30,705,000) dozens.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 24. Receivables

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Trade receivables	3,347,215	3,586,616	1,916,863	2,191,488
Less: Provision for impairment	(469,722)	(607,584)	(346,560)	(485,778)
	2,877,493	2,979,032	1,570,303	1,705,710
Contract farmers' receivables	191,817	167,601	182,253	153,276
Deposits	75,441	49,958	41,642	19,896
G.C.T recoverable	32,791	57,557	32,720	57,504
Insurance claims	249,958	3,244	3,417	3,244
Prepayments	656,357	332,942	401,745	153,519
Staff receivables	81,248	42,767	50,359	23,915
Other	356,508	249,785	237,428	62,708
	4,521,613	3,882,886	2,519,867	2,179,772
Less: Provision for impairment	(318)	(2,823)	(318)	(318)
	4,521,295	3,880,063	2,519,549	2,179,454

### 25. Financial Assets at Fair Value through Profit or Loss

This represents amount invested in investment funds that have been designated at fair value on initial recognition.

Changes in fair values of financial assets at fair value through profit or loss are included in other (losses)/gains (Note 6).

### 26. Cash and Short Term Investments

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Cash at bank and in hand	2,912,440	3,838,108	2,449,395	2,856,125
Short term investments	511,098	2,032,339	473,678	2,013,408
	3,423,538	5,870,447	2,923,073	4,869,533
Interest receivable	1,126	3,997	1,077	3,990
	3,424,664	5,874,444	2,924,150	4,873,523

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on Jamaica dollar and US dollar short term deposits was 0.95% (2020 – 2.5%) and 2% (2020 – 0.5%) respectively. These represent call deposits which are repayable on demand.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Cash and short term investments	3,424,664	5,874,444	2,924,150	4,873,523
Bank overdrafts	(203,004)	(253,101)	(696)	(135,391)
	<u>3,221,660</u>	<u>5,621,343</u>	<u>2,923,454</u>	<u>4,738,132</u>

### 27. Payables

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Trade payables	7,727,978	7,490,733	4,774,525	4,544,642
Accrued charges	936,174	1,011,840	805,982	876,503
Contractors retention payable	4,118	7,956	656	22
GCT payable	445	444	-	-
Payroll taxes payable	51,427	59,280	49,119	57,743
Staff related payables	311,869	116,888	-	-
Unclaimed cheques	150,155	150,253	150,155	150,253
Other	489,484	541,869	454,227	534,736
	<u>9,671,650</u>	<u>9,379,263</u>	<u>6,234,664</u>	<u>6,163,899</u>

### 28. Dividends

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Dividends declared				
First interim –13 cents per stock unit (2020 – 19 cents)	155,906	227,862	155,906	227,862
Second interim – 28 cents per stock unit (2020 – 18 cents)	335,797	215,870	335,797	215,870
	491,703	443,732	491,703	443,732
Elimination of dividends attributable to the Trust	(76,665)	(64,947)	-	-
	<u>415,038</u>	<u>378,785</u>	<u>491,703</u>	<u>443,732</u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

### 29. Borrowings

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Non-Current -				
Borrowings	8,953,359	7,572,178	6,938,294	5,450,049
Current -				
Short term borrowings and bank overdraft	9,360,769	8,605,814	2,763,321	4,425,291
Current portion of non-current borrowings	1,550,524	997,829	1,256,564	733,107
Interest payable	47,090	47,093	46,113	45,980
	<u>10,958,383</u>	<u>9,650,736</u>	<u>4,065,998</u>	<u>5,204,378</u>
	<u>19,911,742</u>	<u>17,222,914</u>	<u>11,004,292</u>	<u>10,654,427</u>

The borrowings include certain loans totalling US\$3.7 million which the Group could apply for forgiveness if the funds are used for qualifying expenses. If all or a portion of the loans are ultimately forgiven, the Group will record income from the extinguishment of the obligations when, and if, they are legally released.

Interest rates on these loans range between 5% to 7% on Jamaican currency loans and 4% to 5% on United States currency loans throughout the Group.

Negative pledges have been issued in respect of loans, guarantees and other banking facilities extended by the various financial institutions.

At year end the group has no undrawn financing facilities.

The loans for the company are unsecured, while loans in the overseas subsidiaries are secured by certain fixed assets and business assets.

Reconciliation of movement of liabilities to cash flows arising from financial activities:

Amounts represent bank loans, excluding bank overdrafts

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Opening	16,969,813	12,228,514	10,519,036	8,183,930
Loans received	6,996,201	7,932,405	4,879,097	4,961,116
Loans repaid	(4,858,602)	(3,561,843)	(4,540,285)	(2,718,851)
Foreign exchange adjustments	607,749	376,945	152,225	99,092
Net movement in deferred fees	(6,420)	(8,126)	(6,610)	(8,316)
Net interest movements	(3)	1,918	134	2,065
	<u>19,708,738</u>	<u>16,969,813</u>	<u>11,003,597</u>	<u>10,519,036</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 30. Share Capital

	<b>Group</b>			
	<b>1 May 2021</b>	<b>2 May 2020</b>	<b>1 May 2021</b>	<b>2 May 2020</b>
	<b>Units '000</b>	<b>Units '000</b>	<b>\$'000</b>	<b>\$'000</b>
Authorised-				
Ordinary shares	1,209,324	1,209,324	-	-
Issued and fully paid				
Ordinary units	1,199,277	1,199,277	765,137	765,137
Shares held by Trust	(191,311)	(179,292)	-	-
	<u>1,007,966</u>	<u>1,019,985</u>	<u>765,137</u>	<u>765,137</u>

	<b>Company</b>			
	<b>1 May 2021</b>	<b>2 May 2020</b>	<b>1 May 2021</b>	<b>2 May 2020</b>
	<b>Units '000</b>	<b>Units '000</b>	<b>\$'000</b>	<b>\$'000</b>
Authorised-				
Ordinary shares	1,209,324	1,209,324	-	-
Issued and fully paid				
Ordinary units	1,199,277	1,199,277	765,137	765,137

The stock units in 2021 and 2020 are stated in these financial statements without a nominal or par value.

The cost of the shares held by the Trust is \$3,713,144,000 (2020 - \$3,378,643,000). During the year the Trust purchased 12,019,000 (2020 – 3,761,000) additional shares.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

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### 31. Reserves

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
<b>(a) Capital Reserve</b>				
At start of year -				
Realised capital gains	24,500	24,500	3,227	3,227
Unrealised surplus on revaluations	321,807	321,807	228,944	228,944
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	1,339,438	834,851	-	-
	<u>1,685,745</u>	<u>1,181,158</u>	<u>222,947</u>	<u>222,947</u>
Movements during the year -				
Translation gain	818,014	504,587	-	-
At end of year	<u>2,503,759</u>	<u>1,685,745</u>	<u>222,947</u>	<u>222,947</u>
Consisting of -				
Realised capital gains	24,500	24,500	3,227	3,227
Unrealised surplus on revaluations	321,807	321,807	228,944	228,944
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	2,157,452	1,339,438	-	-
	<u>2,503,759</u>	<u>1,685,745</u>	<u>222,947</u>	<u>222,947</u>
<b>(b) Legal Reserve</b>				
	<u>233</u>	<u>233</u>	<u>-</u>	<u>-</u>
	<u>2,503,992</u>	<u>1,685,978</u>	<u>222,947</u>	<u>222,947</u>

The legal reserve represents required reserve for one of the overseas subsidiaries.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 32. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include fellow subsidiaries, directors and key management.

Subsidiaries buy and sell inventory to other entities within the Group.

Key management includes directors (executives and non-executives) and members of the senior management team.

(i) The following transactions were carried out between the company and its related parties:

	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
Sale of goods	582,521	586,571
Purchases of goods	2,707,058	3,814,068
Purchase of services	232,736	237,822
Interest income earned	37,833	35,400
Management fees earned	9,616	21,773
Insurance premiums expense	748,882	671,983
Dividend received	663,695	694,240
Other expenses	-	308

(ii) Key management compensation

	<b>The Group</b>		<b>The Company</b>	
	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>	<b>1 May 2021 \$'000</b>	<b>2 May 2020 \$'000</b>
With directors and key management -				
Salaries, profit sharing and other short-term employee benefits	515,056	695,359	386,211	544,947
Payroll taxes - Employer's portion	40,503	47,686	36,652	43,137
Pension benefits	6,712	6,707	3,693	3,628
Professional fees paid	12,561	8,680	12,561	8,680
	<u>574,832</u>	<u>758,432</u>	<u>439,117</u>	<u>600,392</u>
Directors' emoluments -				
Fees	46,498	46,333	43,858	44,053
Management remuneration (included above)	<u>395,624</u>	<u>549,530</u>	<u>254,630</u>	<u>386,689</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 32. Related Party Transactions and Balances (Continued)

(iii) Year end balances with related parties:

	The Group		The Company	
	1 May 2021 \$'000	2 May 2020 \$'000	1 May 2021 \$'000	2 May 2020 \$'000
Directors and key management -				
Receivables	59,104	13,876	35,729	13,839
Receivable from subsidiaries -				
Trade and other receivables	-	-	3,822,828	3,791,801
Current portion of loans receivable (Note 18)	-	-	188,715	385,400
	-	-	4,011,543	4,177,201
Payable to subsidiaries	-	-	49,145	417,134
Loans receivable:				
Loan to JBGL Stockholders Nominee Limited (b) (Note 18)	-	-	3,983,846	3,654,949

- (a) Included in current portion of loans receivable is the outstanding amounts on a loan of HTG 104,554,441 (2020 -HTG 275,523,990). The loan is interest free and matures in 2022 included in current portion.
- (b) The balance represents the outstanding amounts on a loan at a rate of 1% per annum and matures in 2024. Principal will be repaid on maturity. Included in receivable from subsidiaries is the interest receivable of \$172,000 (2020 - \$6,926,000). The deferred expenditure of \$36,420,000 (2020 - \$54,630,000) relates to transactions costs incurred by the Trust in obtaining the loan and is being amortised over the life of the loan.



# Jamaica Broilers Group Limited

## Notes to the Financial Statements

1 May 2021

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### 33. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) Financial assets at fair value through profit or loss are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items;
- (ii) Investment securities classified as available-for-sale are measured at cost. Fair value cannot be reliably determined as no active market for these securities exist as they relate to investment in private entities.
- (iii) The fair value of long term receivables, borrowings and other long term liabilities approximates carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments; and
- (iv) The amounts included in the financial statements for receivables, cash and short term investments, payables short term borrowings and bank overdraft reflect their fair values due to the short term maturity of these instruments.

Financial instruments that are measured in the balance sheet at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value are all categorised as level 2 and comprise financial assets at fair value through profit or loss amounting to \$660,541,000 (2020 - \$450,037,000) for the Group. These investments represent units in investment funds which are stated at unit prices determined by the fund manager and corporate bonds. There were no transfers between levels in the year.

Biological assets which are measured at fair value totalling \$669,610,000 (2020 – \$437,290,000) and \$610,205,000 (2020 - \$380,987,000) for the Group and the Company respectively are included in Level 2.

# Jamaica Broilers Group Limited

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## 34. Business Combination

In the prior year, The Best Dressed Chicken Inc. acquired the operations of a poultry operation from a company in the USA. The principal activity of The Best Dressed Chicken Inc. is the production and distribution of poultry meat for the poultry industry. As a result of this acquisition, the Group is expected to extend its reach in the poultry industry of North America.

The acquired assets contributed revenues of \$1,973,037,000 and profits of \$25,175,000 for the year ended 2 May 2020.

Details of the net assets acquired, goodwill and net cash outlay on acquisition, determined on a provisional basis, were as follows:

	<b>Total Fair Values \$'000</b>
Net assets arising on the acquisition –	
Intangible assets	650,978
Property, plant and equipment	321,989
Inventories	119,592
Biological assets	144,982
	<u>1,237,541</u>
Goodwill on acquisition:	
Purchase consideration	1,498,066
Less: Fair value of net assets acquired	<u>1,237,541</u>
	<u>260,525</u>
Net cash outlay on acquisition:	
Purchase consideration paid in cash	1,498,066
Cash and cash equivalents acquired	-
	<u>1,498,066</u>

The purchase price allocation utilised is preliminary and will be finalised in the subsequent financial year.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 35. Impact of the COVID-19 Pandemic

The COVID-19 pandemic developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken several measures to monitor and mitigate the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our production process. One of the measures taken was the formation of a cross-functional team with senior managers from various areas of the business, reporting to the Group Executives, to develop actions to mitigate the impact of the pandemic; including communication of safety and health protocols for employees, securing the supply chain, liquidity risk assessment and monitoring of the Group's receivables. These on-going management meetings fostered a solution driven environment and improved communication between the departments.

We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.