AMG PACKAGING AND PAPER COMPANY LIMITED
FINANCIAL STATEMENTS
AUGUST 31, 2021

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AUGUST 31, 2021

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

Independent Auditor's Report

To the Members of AMG Packaging & Paper Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AMG Packaging & Paper Company Limited ("the Company") set out on pages 6 to 35, which comprise the statements of financial position as at August 31 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at August 31 2021 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

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

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Impact of the Coronavirus

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

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

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

Management has concluded that based on the industry of which they are a part, there will not be a significant negative impact on its ability to continue as a going concern.

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

Provisions for bad debt

There was an increase in the provision of bad debt of approximately five (5) million. This is mostly due to a key customer's recent financial difficulties see note 8 (c).

Our responsibility was to determine based on the evidence received that the additional provision is adequate given the circumstances

Management has concluded that based on the increase in the provision the balance in the provision for bad debt account is adequate.

We have reviewed both the documentary evidence and the ECL calculations and found no significant exceptions to their conclusion

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

Independent Auditor's Report

To the Members of AMG Packaging & Paper Company Limited

Bogle

BOGLE & COMPANY
Chartered Accountants
Kingston, Jamaica
November 22, 2021

Appendix to the Independent Auditor's report

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

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

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

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

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

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

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

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

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

AMG Packaging & Paper Company Limited

Statement of Financial Position

As at August 31 2021

	Note	2021 $	2020 $
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	6	361,803,023	368,594,606
Construction in progress		63,986,930	-
TOTAL NON-CURRENT ASSETS		425,789,953	368,594,606
CURRENT ASSETS			
Inventories	7	221,004,137	107,427,832
Equipment in Transit		33,147,018	-
Trade and other receivables	8	95,599,515	85,967,333
Cash & cash equivalents	9	130,565,192	259,289,773
TOTAL CURRENT ASSETS		480,315,862	452,684,938
TOTAL ASSETS		906,105,815	821,279,544
EQUITY			
Share Capital	10	63,250,029	63,250,029
Revaluation Reserve	11	110,939,543	112,310,636
Retained Earnings		433,752,737	373,163,961
TOTAL EQUITY		607,942,309	548,724,626
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	30,133,815	30,781,326
Long-term loans	13	87,500,000	103,782,445
Lease Liabilities		10,675,454	12,877,646
TOTAL NON-CURRENT LIABILITIES		128,309,269	147,441,417
CURRENT LIABILITIES			
Current portion of long-term loan	13	16,330,832	13,390,988
Lease Liabilities		2,101,056	3,055,965
Trade Payables and accurals	14	142,534,928	105,201,067
Current Tax Liability		8,887,421	3,465,481
TOTAL CURRENT LIABILITIES		169,854,237	125,113,501
TOTAL LIABILITIES		298,163,506	272,554,918
TOTAL LIABILITIES AND EQUITY		906,105,815	821,279,544

Approved by the Board of Directors on **November 22, 2021** and signed on its behalf by:

Peter D. Chin / Peter D. Chin

Michelle Chin / Michelle Chin

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Profit or Loss and Comprehensive Income

For year ended August 31 2021

	Note	2021	2020
		$	$
Revenue		705,912,602	720,453,240
Cost of Sales	15	(493,448,376)	(530,953,576)
Gross Profit		212,464,226	189,499,664
Administration Expenses	16	(95,857,305)	(93,850,987)
Selling and distribution		(8,400,338)	(8,262,113)
Impairment Loss		(5,362,665)	(2,012,815)
Depreciation	6	(24,306,975)	(23,427,669)
		(133,927,283)	(127,553,584)
(Loss)/Profit from operations		78,536,943	61,946,080
Finance Cost	17	(9,905,857)	(10,262,364)
Other Revenue	18	460,671	9,711,904
		(9,445,186)	(550,460)
Profit before income tax		69,091,757	61,395,620
Income tax expense	19(a)	(8,502,981)	(5,182,170)
Profit after income tax		60,588,776	56,213,450
Other Comprehensive Income			
Those that cannot be reclassified into profit or loss			
Revaluation adjustment on disposal of asset		(1,371,093)	-
Total Profit or Loss and Other Comprehensive Income		59,217,683	56,213,450
Earnings per share based on the average number of shares 511,894,285 (2020 - 511,894,285 shares)		$0.12	$0.11

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Changes in Equity

For the Year Ended August 31 2021

	Share Capital	Revaluation Reserve	Retained Earnings	Total
	$	$	$	$
Balance as at 1 September 2019	63,250,029	112,310,636	327,188,398	502,749,063
Profit for the year			56,213,450	56,213,450
Dividends recognised for the year	-	-	(10,237,887)	(10,237,887)
Total other	-	-	(10,237,887)	(10,237,887)
Balance as at August 31 2020	63,250,029	112,310,636	373,163,961	548,724,626
Balance as at 1 September 2021	63,250,029	112,310,636	373,163,961	548,724,626
Profit for the year			60,588,776	60,588,776
Other comprehensive income for the year	-	-	(1,371,093)	(1,371,093)
Total comprehensive income for the year	-	-	59,217,683	59,217,683
Revaluation adjustment	-	(1,371,093)	1,371,093	-
Total other	-	(1,371,093)	1,371,093	-
Balance as at August 31 2021	63,250,029	110,939,543	433,752,737	607,942,309

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Cash Flows

For the Year Ended August 31 2021

	Note	2021	2020
		$	$
Cash flow from operating activities			
Profit for the year		60,588,776	56,213,450
Items not affecting cash resources:			
Finance Cost		9,905,856	10,257,322
Income Tax Expense		8,502,981	5,182,170
Accounting gain on disposal of Fixed Assets		2,142,095	(30,001)
Depreciation		19,847,845	20,056,102
Depreciation -Right of Use Assets		4,459,130	3,371,567
		105,446,683	95,050,610
(Increase)/Decrease in inventories		(113,576,305)	71,584,027
(Increase)/Decrease in trade and other receivables		(9,632,182)	(6,508,921)
Increase/(Decrease) in trade payables and accruals		37,333,864	1,441,620
Interest Paid on Lease Liabilities		(1,701,839)	(1,192,977)
Principal Paid on Lease Liabilities		(3,157,102)	(2,863,966)
Taxes Paid		(3,271,521)	(2,227,149)
Net cash inflow from operating activities		11,441,598	155,283,244
Cash flow from investing activities			
Purchase of property, plant and equipment		(21,485,613)	(9,841,333)
Construction in progress		(63,986,930)	-
Equipment in transit		(33,147,018)	-
Proceeds from sale of fixed assets		-	30,001
Net cash (outflow) from investing activities		(118,619,561)	(9,811,332)
Cash flow from financing activities			
Loans received		-	100,000,000
Loan Repayment		(13,269,232)	(57,051,347)
Interest paid on Loans		(8,277,386)	(9,361,013)
Dividends paid		-	(10,237,887)
Net cash inflow/(outflow) from financing activities		(21,546,618)	23,349,753
Net increase in cash held		(128,724,581)	168,821,665
Cash and cash equivalents at beginning of financial year		259,289,773	90,468,108
Cash and cash equivalents at end of financial year	9	130,565,192	259,289,773

The accompanying notes form part of these financial statements.

1 Reporting Entity

AMG Packaging & Paper Company Limited was incorporated on the 26th of September 2005, under the Jamaica Companies Act and is a wholly-owned Jamaican private company.

Its registered office is located at 9 Retirement Crescent, Kingston 5. The Company was re-registered in July 2011 under the Companies Act 2004 as a public company.

The company is engaged primarily in the manufacturing, distribution and retailing of cartons of various sizes

2 Basis of Preparation

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

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

3 Functional and presentation currency

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

4 Summary of Significant Accounting Policies

(a) New Accounting Standards for Application in Future Periods

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

IFRS 17	Insurance Contracts[1]

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

(b) New and Amended Accounting Policies Adopted

During the current reporting period, there were no new or amended policies adopted.

(c) Property, Plant and Equipment

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

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

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

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

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

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

Computer	20%
Furniture & fixtures	10%
Machinery and equipment	10%
Buildings	2.5%
Motor vehicle	12.5%

Land is not depreciated

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

(d) Inventories

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

4 Summary of Significant Accounting Policies (cont'd)

(e) Trade and Other Receivables

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

(i) Impairment

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

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

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

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

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

(i) Impairment (cont'd)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

(f) Cash and Cash Equivalents

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

(g) Borrowing Costs

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

4 Summary of Significant Accounting Policies (cont'd)

(h) Related party disclosures

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

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

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

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

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

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

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

4 Summary of Significant Accounting Policies (cont'd)

(i) Trade and Other Payables

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

(j) Foreign Currency Transactions and Balances

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

(k) Revenue and Other Income

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

i. Sale of goods

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

ii. Interest Income

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

(l) Leases

The Company has elected to recognize right-of-use assets and lease liabilities for leases of its motor vehicles, using the modified retrospective approach, whereby the comparative periods are not restated. The asset will be depreciated over the term of the lease. This depreciation is charged to depreciation expense, while the payments made to the lease are charged against the lease liability and any interest charges, charged to administrative expense. See note 4 (b).

4 Summary of Significant Accounting Policies (cont'd)

(m) Fair value measurement

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

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

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

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

(n) Taxation

(i) Current tax

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

Current tax assets and liabilities are offset only if certain criteria are met.

4 Summary of Significant Accounting Policies (cont'd)

(n) Taxation (cont'd)

(ii) Deferred tax

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

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

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

(o) Share Capital

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

4 Summary of Significant Accounting Policies (cont'd)

(p) Comparative Figures

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

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

5 Financial Instruments: Disclosures

(a) Interest rate risk

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

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and or a loss of current market values. Interest rate risk is managed by holding primarily fixed-rate financial instruments.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	Within 3 Months	3 to 12 Months	1 to 5 years	No Maturity	Total
Balance as at August 31 2021					
Assets					
Cash	-	-	-	54,991,423	54,991,423
Repurchase agreements	75,573,769	-	-	-	75,573,769
Trade Receivables net	76,044,520	-	-	-	76,044,520
Fixed Assets	-	-	-	425,789,953	425,789,953
Other Assets	50,658,538	222,504,137	-	543,475	273,706,150
Total Assets	202,276,827	222,504,137	-	481,324,851	906,105,815
Liabilities					
Loans	-	16,330,832	87,500,000	-	103,830,832
Trade Payables	116,767,048	-	-	-	116,767,048
Lease Liability	-	2,101,056	10,675,454	-	12,776,510
Other Liabilities	-	34,655,301	-	30,133,815	64,789,116
Total Liabilities	116,767,048	53,087,189	98,175,454	30,133,815	298,163,506
Total Equity				607,942,309	607,942,309
Total Liabilities and Equity	116,767,048	53,087,189	98,175,454	638,076,124	906,105,815
Asset Liability Gap	85,509,779	169,416,948	(98,175,454)	(156,751,273)	-
Cumulative Asset-Liability Gap	85,509,779	254,926,727	156,751,273	-	653,939,052

5 Financial Instruments: Disclosures (cont'd)

(a) Interest rate risk (cont'd)

	Within 3 Months	3 to 12 Months	1 to 5 years	No Maturity	Total
	$	$	$	$	$
Balance as at August 31 2020					
Assets					
Cash	-	-	-	121,002,587	121,002,587
Repurchase agreements	138,287,186	-	-	-	138,287,186
Trade Receivables net	71,308,718	-	-	-	71,308,718
Fixed Assets	-	-	-	368,594,606	368,594,606
Other Assets	12,613,267	108,927,832	-	545,348	122,086,447
Total Assets	222,209,171	108,927,832	-	490,142,541	821,279,544
Liabilities					
Loans	-	13,390,988	103,782,445	-	117,173,433
Trade Payables	85,452,581	-	-	-	85,452,581
Lease Liability	-	3,055,965	12,877,646	-	15,933,611
Other Liabilities	-	23,213,967	-	30,781,326	53,995,293
Total Liabilities	85,452,581	39,660,920	116,660,091	30,781,326	272,554,918
Total Equity				548,724,626	548,724,626
Total Liabilities and Equity	85,452,581	39,660,920	116,660,091	579,505,952	821,279,544
Asset Liability Gap	136,756,590	69,266,912	(116,660,091)	(89,363,411)	-
Cumulative Asset-Liability Gap	136,756,590	206,023,502	89,363,411	-	521,506,914

	Within 3 Months	3 to 12 months	1 to 5 years	No Maturity	Total
SENSITIVITY ANALYSIS					
Impact of 1% increase in interest rate per tenor bucket	855,098	1,694,169	(981,755)	(36,374)	-
Impact of 1% decrease in interest rate per tenor bucket	(855,098)	(1,694,169)	981,755	36,374	-
Impact of 1% increase in interest on cumulative gap	855,098	2,549,267	1,567,513	-	4,971,878
Impact of 1% decrease in interest rate on cumulative gap	(855,098)	(2,549,267)	(1,567,513)	-	(4,971,878)

5 Financial Instruments: Disclosures (cont'd)

(b) Credit risk

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

	2021 $	2020 $
Financial Assets		
Cash & cash equivalents	130,565,192	259,289,773
Trade and other receivables	95,599,515	85,967,333
Financial Liabilities		
Amortized cost (including trade payables balance)	298,163,506	272,554,918

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

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date.

As at 31/08/2021

	Ageing of trade receivables	Weighted Average	Impairment Required
Current	31,882,507	1.9%	594,700
1-30 Days	38,662,153	2.7%	1,040,830
31-60 Days	7,047,619	7.5%	529,492
61-90 Days	772,944	20.1%	155,680
91-120 Days	-	42.2%	-
Over 120 days	7,135,572	100%	7,135,572
Total	85,500,795		9,456,274

5 Financial Instruments: Disclosures (cont'd)

(b) Credit risk (cont'd)

As at 31/08/2020

	Ageing of trade receivables	Weighted Average	Impairment Required
Current	37,894,281	-0.5%	(172,953)
1-30 Days	20,127,916	-0.6%	(126,022)
31-60 Days	12,205,394	-1.7%	(203,284)
61-90 Days	555,234	-4.2%	(23,422)
91-120 Days	212	-9.1%	(19)
Over 120 days	4,619,311	100%	4,619,311
Total	75,402,348		4,093,610

(c) Liquidity risk

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

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

	2021	2020
	$	$
Current Assets	480,315,862	452,684,938
Current Liabilities	169,854,237	125,113,501
	2.83	3.62

The liquid asset ratio at the end of the year was 1: 2.83 (2020: 1: 3.62). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk.

5 Financial Instruments: Disclosures (cont'd)

(c) Liquidity risk (cont'd)

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

	2021				
	Carrying amount	Contractual cash flows	0-12 months	1-2 years	2-5 years
Accounts Payable	142,534,928	142,534,928	142,534,928	-	-
Bank Loan	103,830,832	130,272,045	22,994,045	31,291,000	75,987,000
	246,365,760	272,806,973	165,528,973	31,291,000	75,987,000

	2020				
	Carrying amount	Contractual cash flows	0-12 months	1-2 years	2-5 years
Accounts Payable	105,201,067	105,201,067	105,201,067	-	-
Loans	117,173,433	136,374,964	22,239,571	22,910,393	91,225,000
	222,374,500	241,576,031	127,440,638	22,910,393	91,225,000

6 Property, plant & equipment

	Land, Buildings & Leasehold Improvement	Equipment	Motor Cycle	Computer & Equipment	Furniture, Fixtures & Fittings	Right of Use Asset	Total
	$	$	$	$	$	$	$
Cost/Valuation							
Balance as at 1 September 2018	276,236,424	128,374,233	180,258	6,294,846	12,576,981	-	423,662,742
Additions	2,399,311	5,963,517	-	549,554	928,951	18,797,577	28,638,910
Balance as at August 31 2020	278,635,735	134,337,750	-	6,844,400	13,505,932	18,797,577	452,121,394
Additions	13,821,461	7,111,857	-	279,500	272,795	-	21,485,613
Disposals	-	(7,204,185)	-	(1,643,292)	(1,422,125)	-	(10,269,602)
Balance as at August 31 2021	292,457,196	134,245,422	-	5,480,608	12,356,602	18,797,577	463,337,405
Accumulated Depreciation							
Balance as at 1 September 2019	13,049,637	35,815,944	180,255	3,686,677	7,546,864	-	60,279,377
Charge for the year	4,574,358	13,234,686	3	952,482	1,294,573	3,371,567	23,427,669
Disposals	-	-	(180,258)	-	-	-	(180,258)
Balance as at August 31 2020	17,623,995	49,050,630	-	4,639,159	8,841,437	3,371,567	83,526,788
Charge for the year	4,804,717	12,992,705	-	913,114	1,137,309	4,459,130	24,306,975
Disposals	-	(3,574,619)	-	(1,592,027)	(1,132,735)	-	(6,299,381)
Balance as at August 31 2021	22,428,712	58,468,716	-	3,960,246	8,846,011	7,830,697	101,534,382
Net Book Value August 31 2021	270,028,484	75,776,706	-	1,520,362	3,510,591	10,966,880	361,803,023
Net Book Value August 31 2020	261,011,740	85,287,120	-	2,205,241	4,664,495	15,426,010	368,594,606

i. Included in Land, Building and Leasehold Improvement is Land with a carrying value of $96,685,588 (2020: $96,685,588) which is not depreciated

a. Security

On August 31, 2021, property, plant and equipment, were used as security for bank loans note 13.

7 Inventory

	2021	2020
	$	$
Current		
At net realisable value:		
Raw materials	214,870,819	97,112,956
Goods in Transit	1,059,087	4,745,120
Finished goods	5,074,231	5,569,756
Total current inventories	221,004,137	107,427,832

8 Trade and other receivables

	2021 $	2020 $
Current		
Trade receivables	85,500,794	75,402,328
Less: Provision for Doubtful Accounts	(9,456,274)	(4,093,610)
	76,044,520	71,308,718
Prepayments	13,046,811	2,569,929
Deposits	2,038,476	2,038,476
Staff Loans and Advances	1,832,859	2,079,855
Other receivables	2,636,849	7,970,355
Total trade and other receivables	95,599,515	85,967,333

(a) Movement in Provision for Doubtful accounts

	2021 $	2020 $
Balance as at 1 September	4,093,610	2,080,794
Additional provisions	5,362,664	2,012,816
Balance as at August 31	9,456,274	4,093,610

(b) Credit Risk and market risk, and impairment losses

Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 5(b)

(c) Increased provision for Accounts Receivables

There is an increase in the bad debt provision of approximately Five million dollars ($5,000,000) which results from a key customer who has indicated that they anticipate difficulty in paying their debts.

9 Cash & cash equivalents

	2021	2020
	$	$
Cash on hand	208,040	50,000
Bank accounts denominated in United States currency		
Bank of Nova Scotia Jamaica Limited - Savings Account	25,750,890	107,908,699
Bank accounts denominated in Jamaican Dollar		
Bank of Nova Scotia Jamaica Limited - Current Accounts	23,193,494	8,923,527
National Commercial Bank Jamaica Limited - Current Account	5,132,875	3,419,219
JN Fund Managers Limited - Savings Account	706,124	701,142
Repurchase agreements		
Alliance Investment - denominated in United States Currency	8,929,594	73,828,488
Proven Wealth Limited - Cash Securities (denominated in United States Dollars)	65,520,084	63,351,843
Alliance Investment - denominated in Jamaican Currency	1,124,091	1,106,855
	130,565,192	259,289,773

i. Included in the Bank of Nova Scotia Jamaica Limited current accounts is a balance of $520,855 (2020: $535,187) which represents dividends uncollected.

10 Share capital

A. Share capital

	2021	2020
	$	$
In issue at September 1,	63,250,029	63,250,029
Issue for cash	-	-
In issue at August 31, - Fully paid	63,250,029	63,250,029
Authorised at no par	700,000,000	700,000,000

I. All ordinary shares rank equally with regard to the Company's residual assets.

II. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

11 Revaluation reserve

Revaluation reserve results from the difference between the revaluation of land, building and equipment and their carrying value at August 31, 2017. The valuation was carried out by professional appraisers Valerie Levy & Associates Limited and Stellar Caribbean (Ja.) Limited which are a reputable company in Jamaica.

12 Deferred tax

	2021 $	2020 $
Current		
Current Tax Liability	(8,887,421)	(3,465,481)
	(8,887,421)	(3,465,481)
Non-current		
Deferred tax liability		
Property, plant and equipment - tax allowance	30,133,815	30,781,326
	30,133,815	30,781,326

13 Loans

	2021 $	2020 $
Current		
Secured liabilities:		
Bank of Nova Scotia Jamaica Limited	6,282,445	10,769,232
Proven Wealth	10,000,000	2,500,000
Accrued Interest	48,387	121,756
Total current borrowings	16,330,832	13,390,988
Non-current		
Unsecured liabilities:		
Proven Wealth	87,500,000	97,500,000
Secured liabilities:		
Bank of Nova Scotia Jamaica Limited	-	6,282,445
Total non-current Loans	87,500,000	103,782,445
Total Loans	103,830,832	117,173,433

13 Loans (cont'd)

a) Terms and repayment schedule

	Interest rate	Year of Maturity	Carrying Value 2021	Carrying Value 2020
	%		$	$
Bank of Nova Scotia Jamaica Limited				
-Secured Loan	8.50	2022	6,282,445	17,051,677
Proven Wealth Limited				
-Unsecured Loan	7.20	2026	97,500,000	100,000,000
			103,782,445	117,051,677

- Board approved the issue of unsecured Bonds bearing interest at a fixed rate of 7.20% per annum and maturing 84 months following the issue. Proven Wealth Limited is listed as "the Trustee". The Bonds are valued at 100 million Jamaican Dollars.

13 Loans (cont'd)

Security

i. The Bank of Nova Scotia Jamaica Limited

1. First Demand Debenture, creating a first charge over fixed assets, and a floating charge over the other assets of the company stamped an aggregate of $202,000,000.00 and collateral to:
    a. 1st Legal Mortgage stamped $102,000,000 over commercial premises at 9 Retirement Crescent, Kingston 5, registered at Volume 1469 Folios 446-7 in name of AMG Packaging & Paper Company Limited.
    b. 2nd Legal Mortgage stamped $102,000,000 over commercial premises at 10 Retirement Crescent, Kingston 5, registered at Volume 1094 & 1402 Folio 743 & 431 in the name of AMG Packaging & Paper Company Limited.
    c. 2nd Legal Mortgage stamped $100,000,000 over commercial premises at 9 Retirement Crescent, Kingston 5, registered at Volume 1469 Folios 446-7 in name of AMG Packaging & Paper Company Limited.
    d. 3rd Legal Mortgage stamped $100,000,000 over commercial premises at 10 Retirement Crescent, Kingston 5, registered at Volume 1094 & 1402 Folio 743 & 431 in the name of AMG Packaging & Paper Company Limited.
2. 1st Legal Mortgage stamped $25,600,000 over commercial premises at 10 Retirement Crescent, Kingston 5, registered at Volume 1094 & 1402 Folio 743 & 431.
3. Assignment of Peril Insurance proving full replacement value cover for the asset of the Borrower and the assets pledged to support the credit facilities (i.e. including all owned Real Estate, Fixtures, Equipment and inventory) with loss payable to the bank.

14 Trade Payables

	2021	2020
	$	$
Current		
Unsecured liabilities:		
Trade payables	116,767,048	85,452,581
Other payables & accruals	25,767,880	19,748,486
	142,534,928	105,201,067

a. Ageing of trade payables

On August 31st, 2021, the ageing of trade payables was as follows:

	2021	2020
	$	$
Within 1 Month	115,975,498	67,047,993
31 to 60 Days	22,490	12,130,724
Over 60 days	769,060	6,273,864
	116,767,048	85,452,581

15 Cost of Sales

	2021	2020
	$	$
Salaries and related expenses	78,516,638	88,291,406
Cost of materials used	365,173,304	387,456,635
Repairs and maintenance	12,188,188	15,268,227
Equipment rental	134,500	414,940
Insurance	6,074,861	6,426,428
Fuel	17,717,151	16,199,986
Water	1,651,744	2,873,989
Electricity	11,112,399	13,729,280
Loose tools	409,408	204,218
Uniforms	470,183	88,467
	493,448,376	530,953,576

16 Expense by Nature

	2021 $	2020 $
Administrative and management remuneration	47,805,178	45,189,985
Selling and distribution	8,400,338	8,262,113
Other staff related costs	12,118,677	13,706,364
Motor vehicle expenses	1,081,704	972,799
Incentive	4,221,906	2,887,005
Utilities	3,726,039	3,313,010
Traveling cost	1,640,758	2,462,148
Legal and Professional Expense	3,156,631	2,252,598
Security	3,361,545	4,588,229
Sanitation	3,988,972	3,754,155
Auditor's Remuneration	2,650,000	2,367,900
Other Expenses	12,105,895	12,356,794
	104,257,643	102,113,100

17 Finance Cost

	2021 $	2020 $
Loan Interest	964,018	1,964,345
Bond Interest	7,240,000	7,100,000
Interest on Right of Use Asset	1,701,839	1,192,977
Other Finance Cost	-	5,042
	9,905,857	10,262,364

18 Other Revenue

	2021 $	2020 $
Interest	1,441,444	1,139,183
Realised gain/(loss) on foreign Exchange translation	(3,955,741)	5,615,275
Gain/loss on Disposal of Assets	(2,142,094)	30,001
Other Revenue	5,117,062	2,927,445
	460,671	9,711,904

19 Tax Expense

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

	Note	2021	2020
		$	$
Current tax		(7,855,470)	(5,006,924)
Deferred tax	12	(647,511)	(175,246)
Income tax expense for the year		(8,502,981)	(5,182,170)

(b) Tax reconciliation

	2021	2020
	$	$
Tax on (loss)/profit at 12.5% (2020: 12.5%)	8,636,470	7,674,453
Add tax effect of:		
Non-allowable items	341,027	186,662
Less tax effect of:		
Deferred tax adjustment	474,516	2,678,945
Income tax attributable to the entity	8,502,981	5,182,170
The applicable weighted average effective tax rates are as follows:	12.31%	8.44%

Tax remission

The Company having been listed on the Junior Stock Exchange in 2011 became eligible for remission of Income-tax for 10 years, as below, provided the shares remain listed for at least 15 years.

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

The Company completed its 5-year tax-free period on June 2016 and complete its 6-10 year 50% remission on June 2021.

20 Statutory Disclosure

	2021	2020
	$	$
Directors' remuneration	11,116,429	10,550,358
Directors' fees	11,840,000	10,880,000
Interest on loans	9,905,857	10,262,364
Depreciation	24,306,975	23,427,669
Auditors' remuneration	2,650,000	2,367,900
	59,819,261	57,488,291