IT'S A New Day

CPJ

2021 ANNUAL REPORT

Mission

To provide the highest levels of service and quality products available, in striving to ensure the success of our customers.

Vision

To expand in new markets while maintaining a leadership position in established markets, and to provide an energised and harmonious workplace for our employees.

Strategy

To drive profitability through strong supplier relationships by delivering great products with exceptional service.

WHAT'S Inside

Customer Service Motto

We measure our effectiveness as a company by our ability to meet the expectations of our customers. We strive to ensure our professional team of representatives reflect this commitment. By building strong customer relationships we promote our continued growth.

Core Strengths

- Integrity
- Commitment
- Going the Extra Mile

Motto

Notice

OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Caribbean Producers (Jamaica) Limited Group will be held on Tuesday February 8, 2022 at 3:00 p.m. at the the Grand A View Restaurant & Event Place, 7 Queens Drive, Montego Bay for shareholders to consider, and if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To receive the Reports of the Directors and Auditors and the audited accounts of the Company for the financial year ended 30 June 2021.

To consider and (if thought fit) pass the following resolution:

"THAT the Reports of the Directors and Auditors and the Audited Accounts of the Company for the financial year ended 30 June 2021 be adopted".

2. In accordance with Article 102 of the Company's Articles Incorporation, Mr. Ronald Schrager, Mr. Richard M. Hall and Mr. Frank O'Dowd, retire from office by rotation and, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:

(a) "THAT Mr. Ronald Schrager who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company".

(b) "THAT Mr. Richard M. Hall who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company".

(c) "THAT Mr. Frank O'Dowd who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company".

3. To appoint the Auditors and authorize the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass the following resolution:

"THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company".

4. To fix the remuneration of the Directors.

To consider and (if thought fit) pass the following resolution:

"THAT the amount included in the Audited Accounts of the Group for the year ended 30 June 2021, as remuneration for their services as Directors be and is hereby approved".

Dated this 28 day of October 2021

By Order of the Board

Theresa Chin

Company Secretary

The following document accompanies the Notice of Annual General Meeting:

A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the company. All completed original proxy forms must be deposited together with the power of attorney or other document accompanying the proxy at the registered office of the company at least 48 hours before the Annual General Meeting.

Message

TO SHAREHOLDERS

Mark Hart

Tom Tyler

Reinvention and innovation

CPJ has had an incredibly productive year, especially when considering the unprecedented disruptions during the last 12 months associated with the COVID-19 pandemic. The truth of this statement comes alive upon a deeper review of the financial performance of the Company, both last year and the first quarter of the current year and is accredited to the tremendous effort given by the CPJ team towards a major restructuring exercise. We are extremely grateful to all the team members at CPJ who are integral in this ongoing process.

At the onset of COVID, we made bold decisions centered around the containment of our existing business, focusing on the protection of the Company's primary assets, our inventory and trade receivables, in an environment where most of our customers were also experiencing a dramatic reduction of their business. On this first challenge, the management team was completely successful in limiting any losses which would have been severe given the operating environment of the pandemic.

The second mission undertaken by senior management and supporting members at CPJ, was to implement new IT projects and process improvements designed to derive efficiencies when the business returned. From the financial side, with the closure of the travel industry the Group reported a positive EBITDA of US$3.92M with losses at our fiscal year ending June 2021 of US$2.52M.

The relatively low level of losses for an organization the size of CPJ in the prevailing economic climate was commendable. The balance sheet has notably been weakened by losses caused by the pandemic, however the Company's ability to generate future profits has been greatly strengthened. At the time of writing, we are already seeing six consecutive months where the Group has made profits. At this rate, we expect the balance sheet to surpass retained earnings of the pre-COVID levels within a reasonably short period of time.

Like so many people in Jamaica and indeed around the globe, the pandemic has created a need for reinvention and innovation. At CPJ we have certainly done both. Our social media has become a voice to reach our customers directly. We see a future where we will leverage our brand to become more relevant to a growing local customer base, while continuing as the leading food service Company supporting Jamaica's tourism industry.

All the while our priority at CPJ remains the same – providing the highest levels of service to our customers and creating a Company that supports the growth of our communities. As you can imagine, during the year we received tremendous support from our employees, customers, creditors and shareholders, without which we would have been unable to achieve the positive outcome we are currently experiencing.

This challenging time has remained with us longer than any of us would have predicted, however we see the light ahead for a full recovery and at CPJ we have never been more ready to meet the challenges of growth.

A. Mark Hart
Interim CEO & Executive Chairman

Thomas Tyler
Co-Chairman

THE Board OF DIRECTORS

A. Mark Hart

Executive Chairman (appointed April 1994)

A. Mark Hart has served as Chief Executive Officer from 2004 until early in 2011, when he was promoted to his current position of Executive Chairman. He is also a co-founder and controlling shareholder of the Company. Mr. Hart began his career as the Managing Director of the Hart family's group of companies in 1982, eventually becoming Chairman and Chief Executive Officer in 1997. Mr. Hart is also Chairman of Cargo Handlers Ltd, a JSE Junior Market listed company, and is currently the Chairman of the Montego Bay Freezone Company Limited. as well as a member of the boards of the NMIA Airports Limited, Bank of Nova Scotia Jamaica Limited and Scotia Group Jamaica Limited. In January 2020 Mr. Hart assumed the role of Interim CEO at CPJ.

Thomas N. Tyler

Co-Chairman

Thomas (Tom) Tyler is a founding member of Caribbean Producers Jamaica Limited. He served as the company's CEO from 2011 to 2016. He is currently the company's Co-Chairman, where he maintains strong vendor and customer relations that fuels the rapid growth of the company and has established Caribbean Producers Jamaica as the leading food service company in Jamaica.

Following his education at the University of South Florida, Thomas Tyler joined his family based company, Caribbean Producers, specialized in supplying furniture and equipment to the Hospitality sector across the Caribbean.

The Tyler family played a fundamental role in the development of the Hospitality Industry across the Caribbean and especially in Jamaica for over 40 years.

Thomas Tyler later on had the vision to create an integrated Distribution company that led to Caribbean Producers Jamaica, which he co-founded with Mark Hart in 1994.

Thomas Tyler is a Director of CPJ Investments Limited and Chairman of CPJ St. Lucia Limited; subsidiary companies of CPJ, also serves as President of Hospitality Services Unlimited, a company registered in the U.S. that engages in business with CPJ.

Konrad 'Mark' Berry

Non-Executive Director
(appointed February 2016)

Konrad Berry joined Mayberry Investments Limited at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, Finance Director between 1992 and 1995 and in 1999 assumed the position of Vice Chairman. He has over thirty (30) years of experience in the securities industry. Having joined Mayberry Investments Limited in 1985 where he was primarily responsible for the company's day to day operations including the development and supervision of its management and operating system.

Mr. Berry obtained a B.Sc (Hons) degree in Management and Economics from the University of the West Indies in 1992. In that year, he also successfully completed the Canadian Securities Course.

Christopher Berry

Non-Executive Director
(appointed February 2016)

Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he also sits on several boards, including the Lasco Financial Services, Apex Health Care Associates Limited and Apex Pharmacy Limited. He has over thirty years of experience in the securities industry. Having joined Mayberry Investments Limited in 1987 where he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock Exchange in 2005.

Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

Theresa Chin

Non-Executive Director and Company Secretary (appointed September 2004)

Theresa Chin is a graduate of York University, Toronto Canada where she gained a Bachelor of Science degree in Mathematics. She has worked with the Hart family Group of companies since 1993. She is currently a Director of Cargo Handlers Limited, as well as acting as Financial Manager for Hart group of companies. Prior to joining the Hart group of companies, she worked as a financial analyst for the Four Seasons Hotel, a tax consultant for the Borough of East York, Toronto, Canada and as an auditor at Deloitte & Touche in Toronto Canada.

As an independent Non – Executive member of the Board, Mrs. Chin also serves on the Audit and Compensation Committees of the Board. Mrs. Chin is also the Company Secretary.

THE BOARD OF DIRECTORS

Richard 'Mark' Hall

Non-Executive Independent Director (appointed September 2011)

For the past 40 years Mark Hall has been the CEO of Hall's Investment Limited, operating the IGL filling plant franchise and Boomerang Tyre Sales in Western Jamaica. Over the years Mr. Hall has served on numerous private and public corporate boards, civic and social trusts and management committees.

As an independent Non – Executive member of the Board, Mr. Hall also serves as the Chairman of the Compensation Committee and a member of the Audit and Corporate Governance committees of the Board.

Dr. Candace Hart

Executive Director (appointed February 2020)

Candace Hart joined CPJ in September 2018 in Special Projects and Change Management. She has been focused on data management, information technology and process implementation in the company. She holds a Ph.D. in Psychology from the University of Miami and brings her experience working with large data sets from her published research work on several grants funded by the National Institute of Mental Health. Candace initially moved to Montego Bay in 1997. She initially worked with the Committee for the Upliftment of the Mentally Ill (CUMI), a non-profit focusing on the care of the homeless mentally ill. Candace served as a Trustee and Co-Chair on the Development Committee of the Indian Mountain School in Lakeville, CT, which all 3 of her children attended. Candace has served on the Board of Directors of Hanover Charities since 2011, specifically focusing on tertiary education in Jamaica and the mentoring of academic scholarship recipients.

Frank O'Dowd

Non-Executive Director
(appointed February 2019)

Mr. O'Dowd has held multiple senior management positions and is currently Managing Director of BFC Advisors, a foodservice consulting firm. Most recently he was CIO and CAO of Chefs Warehouse from 2007-2017. During that time period the Company grew from $200M to over a billion in annual revenues and had an IPO and is listed on the Nasdaq. Prior to Chefs Warehouse, Frank was the CIO at GAF Materials Corporation the largest roofing manufacturer in North America. Frank also worked in the pharmaceutical and publishing industries. He has an undergraduate degree from University of Dayton and a graduate degree from the State University of New York at Stony Brook.

Ronald Schrager

Non-Executive Director (appointed June 2011)

Mr. Schrager is a principal and co-founder of Eightfold Real Estate Capital, LP a real estate investment and advisory firm. Prior to forming Eightfold, Mr. Schrager was the Chief Operating Officer of LNR Property LLC of the USA, from May 2003 until December 2010. In 1992, Mr. Schrager came to Lennar (former parent of LNR) from Chemical Bank (now JP Morgan Chase) in New York, where he served as Vice President. Mr. Schrager received a master's degree in business administration from Harvard Business School in 1988. As an independent Non – Executive member of the Board, Mr. Schrager is Chairman of the Audit Committee and a member of the Compensation Committee.

L. Camille Shields

Non-Executive Independent Director
(appointed February 2014)

L. Camille Shields is a Barrister and Attorney-at-Law, Notary Public & Chartered Director. She has expansive experience in Law, Business and Governance and has been practicing Law in Jamaica for more than 18 years. Her Law Practice's client base spans multiple industries and represents companies and individuals from Jamaica and overseas. As a Chartered Director she is trained in the technical and structural components of Corporate Governance.

She is an independent Non–Executive member of the Board and serves as Chairman of the Corporate Governance Committee as well as a member of the Compensation and Audit Committees of the Board.

SENIOR MANAGEMENT TEAM

Charles D'Agostino

General Manager

Mr. Charles D'Agostino was appointed to the position of General Manager, effective July 1, 2021. Mr. D'Agostino brings over twenty years of industry knowledge and experience to the role and will be responsible for the overall operations of the Company. He is an Operations Executive bringing to CPJ cross-functional experience in all facets of supply chain and broadline distribution operations.

Other members:

Mark Hart, Executive Chairman
Thomas Tyler, Co-Chairman

Christopher Myles

Director of Finance

Christopher Myles joined the CPJ team in June 2021 and was appointed to the role of Director of Finance. Christopher is an experienced Accountant, Manager, and mentor. As a Leader, his goals include prudent financial management, guidance and providing bold leadership in a changing landscape.

Chris's passion for Finance, Accounting and Management can be traced back to the 1990's, where he spent time working on various aspects and levels of accounting with a Big 4 accounting firm. As a Chartered Accountant, he specializes in Financial Accounting, Anti-fraud and Taxation.

Chris has worked in the Hospitality and Importation industry for over 20 years, gaining experience in all aspects of managing and operating in the sector. As a seasoned Executive, he is passionate about advancing the needs of the clients, supporting staff, and the interest of the business. In addition to being a Chartered Accountant, he is also involved in community service and volunteering for social and professional associations. Outside of the office, Chris enjoys running, golfing, soccer and reading.

Alejandro Sánchez

Chief Information Officer

Systems Engineer Alejandro Sánchez started as CIO on July 2019. Mr. Sánchez brings over thirty years of hands-on experience in different information technology operational and managerial positions, starting with software development and support in industrial, health information and variety of environments, especially in the warehouse management and product distribution in the food industry. Since the late 80's and early 90's, Sánchez has worked with important Puerto Rican and multinational organizations like Packer's Provision, V. Suarez, Oracle, SAP, Agua La Montana, PFS, and Trafon Group, contributing to their growth and success in their lines of business.

Sánchez is a Computer Systems Engineer graduate with additional studies in Civil Engineering, plus extensive IBM, Microsoft, Oracle, SAP, Project Management, Business Processes Re-engineering and Business Intelligence trainings, certificates and practical experience. As a results-driven Business Executive, Alejandro Sánchez contributes with his experiences in Full Scale Operations, Project Management, Re-engineering and Process Implementation and will be in charge of the overall operations of CPJ's IT Team and Service Strategy, ultimately aligning the Information Technology Office with CPJ's strategic Vision and Mission.

Hugh Logan

Director of Hospitality Sales and Export

Hugh Logan joined the Company in February 1997 as the Beverage Systems Manager before being promoted to National Sales Manager, Vice President of Hospitality Sales, and then to his current role as Director of Hospitality Sales. In his current role Mr. Logan is responsible for driving sales in the institutional market while maintaining oversight and direction of the regional sales expansion.

Prior to joining the Company Mr. Logan worked in various management roles in the hotel sector. He graduated from Seneca College and Queen's University (both of Ontario Canada) where he received a Bachelor of Science degree in Psychology.

Javier Martinez Perez

Director of Supply Chain

Mr. Javier Martinez Perez was appointed Director Procurement, Logistics and Supply Chain on April 1, 2019. Javier has previously worked in the tourism industry for 25 years, accumulating 18 years of experience in managerial positions in the hotel industry focusing on daily operations in both F&B and rooms division, and also at procurement in the capacity of Director of Procurement for English speaking Caribbean islands. He is highly oriented to provide outstanding service to both internal and external costumers, targeting the balance in quality and profitability, also believe and work towards teams motivation.

Debbie Clarke

Director of Human Resources

Ms. Clarke joined Caribbean Producers Jamaica Limited in February 2016 as Director of Human Resources with over 20 years of experience in the Human Resources and Administration field. Prior to CPJ, she worked with Island Entertainment Brands. Her key responsibilities will be the day to day human resources needs as well as developing strategic initiatives jointly with the Executive team to integrate HR policies into the organization's overall mission and operational strategy.

She holds a MSc in Hospitality & Tourism Management from Revans University and is now completing her Executive master's in public administration (UCC).

Terry-Ann Johnson

Financial Controller (appointed January 2020)

Ms. Johnson was appointed Financial Controller in January 2020. She originally joined CPJ as the Accounting Manager before being promoted to Financial Controller. She brings over 12 years of finance and auditing experience to CPJ, where she is responsible for the day-to-day operations of the finance department.

Ms. Johnson served as a Director of the Hospitality Financial and Technology Professionals (Jamaica Chapter) for two consecutive years.

Ms. Johnson is a member of the Association of Chartered Certified Accountants (ACCA) and holds a Diploma in Business Administration (Finance) from the University of Technology.

CORPORATE *Data*

JAMAICA

HEADQUARTERS

Montego Bay
Caribbean Producers
(Jamaica) Limited
1 Guinep Way
Montego Freeport
St. James, Jamaica

Mailing Address:
P.O. Box 302, Montego Bay
St. James, Jamaica W.I.
Tel: (876) 979-8134 / 8136
Fax: (876) 953-6898

Email: info@cpj.com
Websites: www.cpj.com
www.cpjmarketonline.com

Kingston
CPJ Market & CRU bar
71 Lady Musgrave Road
Kingston 10, Jamaica
Tel: (876) 633-5973 /
633-5976
Tel: (876) 618-0852 (CRU)

REGISTERED OFFICE

Shop#14,
Montego Freeport
Shopping Center
Montego Freeport,
St. James, Jamaica

AUDITORS

KPMG
6 Duke Street,
Kingston, Jamaica

INTERNAL AUDITORS

PriceWaterhouseCoopers LLP
Scotiabank Centre
Duke Street
Kingston, Jamaica

BANKERS

The Bank of Nova Scotia
Jamaica Limited
Scotiabank Centre
Duke Street
Kingston, Jamaica

National Commercial Bank
Baywest Center
Harbour Street
Montego Bay, Jamaica

Sagicor Bank
Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica

Citibank N.A. Jamaica
19 Hillcrest Avenue
Kingston 6, Jamaica

SAINT LUCIA

HEADQUARTERS

CPJ St. Lucia
Cul De Sac
Castries, St. Lucia

AUDITORS

KPMG
Morgan Buiding
P.O. Box 1101
Castries, St. Lucia

REGISTERED OFFICE

6 Brazil Street
Castries, St. Lucia

BANKERS

Bank of Nova Scotia
Castries, St. Lucia

RBC St. Lucia Limited
Castries, St. Lucia

Top Ten Shareholders *As at 30 June 2021*

NAME	SHARES	%
Sportswear Producers Limited	253,084,299	22.0077
Mayberry Jamaican Equities Limited	219,026,784	19.9115
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	117,797,515	10.7089
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
Beech Realty Company Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	12,355,738	1.1232
Sagicor Select Fund Limited (Class C Shares)	10,917,106	0.9925

Directors' & Senior Management's Interests *As at 30 June 2021*

The interests of the Directors and Senior Officers, holding office at the end of the quarter, along with their connected persons, in the ordinary stock units of the Company were as follows:

DIRECTORS	POSITION	RELATIONSHIP	SHARES	%
Sportswear Producers Limited			253,084,299	22.0077
Mark Hart	Chairman	Connected party holding		
Mayberry Jamaican Equities Limited			219,026,784	19.9115
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
Wave Trading Limited			124,132,858	11.2848
Mark Hart	Chairman	Connected party holding		
Oniks Investments Limited			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
PWL Bamboo Holdings Limited			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
Alpine Endeavours Limited			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
Apex Pharmacy Limited			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
A+Medical Centre Limited			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104
SENIOR MANAGEMENT				
Hugh Logan			144,343	0.0131


CPJ
DISTRIBUTION CENTER
12
11
10
CPJ CARIBBEAN PRODUCERS
CPJMARKET.COM

Corporate GOVERNANCE

CORPORATE GOVERNANCE

This statement contains the corporate governance arrangements set by the Board of Directors of Caribbean Producers (Jamaica) Limited having regard to its Corporate Governance Charter, industry best practices and guidelines that it considers to be the most appropriate for the Company. The Board's primary role of strategic oversight is with the ultimate goal of profitability and increasing shareholder value. Further, the company's corporate governance guidelines allow the Board to make decisions that are independent of Management. The Board periodically reviews these guidelines and they can be accessed from our website ***www.cpj.com***.

This statement describes the main Corporate Governance practices in place during the year ending June 30, 2021.

Roles and Responsibilities of the Board

The Directors are accountable to shareholders, and for the overall operation and stewardship of the Company in particular for long-term growth and profitability of the Company and for monitoring the implementation of policies strategies and financial objectives.

The responsibilities of the Board include:

- Contributing to the development of and approving the Company's strategy and setting financial targets;
- Monitoring the implementation and execution of strategy and performance against financial targets;
- Appointing and overseeing the performance of senior executive management;
- Monitoring the Company's culture and values.

The Board has reserved to itself, in addition to those matters reserved to it by law, the following functions and all power and authority in relation to:

- Composition of the Board itself(including appointment and retirement or removal of Directors);
- Periodic evaluation of the Board, its committees and individual Directors;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the Chief Executive Officer;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- Reviewingandoverseeingtheoperationofsystemsofriskmanagementandinternalcomplianceandcontrol,codes of ethics and conduct, and legal and regulatory compliance;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive management's performance and implementation of strategy, and ensuring appropriate resources are available;
- Approving and monitoring the progress of major capital expenditure, capital management, and divestitures;
- Approving and monitoring financial and other reporting;
- Approving the payment of dividends to shareholders;
- Approving the Company's remuneration framework;
- Monitoring industry developments relevant to the Company and its business;
- Developing suitable key indicators of financial performance for the Company and its business;
- The overall corporate governance of the Company, including strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- The oversight of Committees.

To assist in performing its duties in the most efficient manner the Board has delegated specific responsibilities to three Board Committees which act, subject to the terms of their respective charters, in an advisory capacity, subject to the oversight of the Board. Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior executive management of the Company. These delegations are reviewed periodically as appropriate. The Board generally meets on a quarterly basis, or more regularly as may be required. Details of each Director's relevant qualifications and experience, the number of times the Board and each committee has met as well as Director attendance at each meeting is included here for the Company's annual report.

Additionally special committees are established from time to time to oversee particular operational matters and new opportunities. The Company Secretary, Theresa Chin, is accountable to the Board, through the Chair, on all matters relevant to the proper functioning of the Board. All Directors have direct access to the Company Secretary.

New

Wholesome and tasty, Arla Cheese is produced from natural ingredients and is characterized by its distinct fresh taste. It's perfect as a snack or a cheesy addition to your favourite dishes.

Appointment of New Directors, Nominations and Re-Election of Directors

The Corporate Governance and Nomination Committee is responsible for recommending the appointment of new Directors to the Board. During the Director selection process, potential candidates are subject to appropriate and prudent background and screening checks prior to appointment. These include checks in relation to the person's character's experience and qualifications, criminal history, bankruptcy as well as ensuring that the person is available to provide the appropriate time commitment to serve as a Director on the Board.

In the event a Director is appointed to fill a casual vacancy he/she must stand for election at the next Annual General Meeting (AGM) of the Company which is generally held in February each year. Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's AGM. In each case, the Company provides to shareholders all material information in its possession, concerning the Director standing for appointment or re-election.

Board Diversity

The Board considers gender diversification to be important and has maintained a mixed Board. This diversity extends and permeates to the management team which helps to improve business results, enhance its reputation and attract, engage and retain talented people. People value an organisation where differences are respected.

Board Composition

The Company is committed to ensuring that the Board is comprised of Directors with a mix of skills and expertise to enable the Board to effectively oversee all aspects of the Company's operations and enhance its performance. These include but are not limited to the following skills and experience:

- Industry
- Strategy
- Finance/ Audit/ Risk
- Legal
- International Business
- Corporate Governance
- Brand and Marketing
- Mergers and Acquisitions
- Distributions and Logistics

The Corporate Governance and Nomination Committee has the responsibility to periodically review the size and composition of the Board, define the desired profile of any new candidates for election, assess candidates against the required skills and on their qualifications, backgrounds and personal qualities, undertake the appropriate background and other checks and recommend the most appropriate candidate(s) for consideration by the Board.

The Board considers that it has a good mix of skills which provide good corporate governance and oversight and are aligned with the Company's strategy "To drive our profitability through strong supplier relationships by delivering great products with exceptional service". The areas of expertise possessed by directors are shown in the Table below.

Board Member Qualifications, Skills & Experience

Name of Director	**Area of expertise**							
	Industry	Strategy & Leadership	Finance & Audit	Legal	Int'l Business	Governance	Brand & Marketing	Mergers & Acquisitions
A. Mark Hart	✓	✓	✓		✓	✓	✓	✓
Thomas Tyler	✓	✓				✓	✓	✓
Theresa Chin	✓	✓	✓			✓		✓
Richard M. Hall	✓	✓			✓	✓	✓	✓
L. Camille Shields				✓		✓		✓
Frank O'Dowd	✓	✓			✓			
Ronald Schrager		✓	✓		✓	✓	✓	✓
Christopher Berry		✓	✓			✓	✓	✓
Konrad Mark Berry		✓	✓		✓	✓	✓	✓
Candace Hart		✓	✓		✓	✓	✓	

The Board is also structured so that it has an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate the functions of governance and management.

The composition of the Board adheres to the following principles:

- The Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Company and its business;
- The number of Directors maybe increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;
- At least half of the Board must be non-executive Directors, at least two of whom must also be independent.

As at June 30, 2021, the Board consisted of nine Directors: two Executive Directors, including the Executive Chairman/ Chief Executive Officer & the Co-Chairman and seven Non-Executive Directors, among them two Independent Directors.

Directors' Independence

The Board regularly assesses the independence of each Non-Executive Director. An independent Director is one who (to the satisfaction of the Board) meets the following criteria:

- Is not and has not been employed by the Company or any of its related parties at any time during the past five years.
- Is not and has not been affiliated with a Company that acts as an advisor or consultant to the Company or its related parties and has not acted in such capacity at any time during the past five years.
- Is not and has not been affiliated with any significant customer or supplier of the Company or its related parties at any time during the past five years.
- Does not currently have, nor has had any personal service contracts with the Company, its related parties or its senior management at any time during the past five years.
- Is not affiliated with any non-profit organisation that receives significant funding from the Company or its related parties.
- Does not receive and has not received any additional remuneration from the Company apart from a director's remuneration, nor participates in the Company's share option or performance-related payment plans, nor is a participant of the Company's pension plan;
- The Director's remuneration does not constitute a significant portion of the person's annual income.
- Is not employed as an executive officer of another Company where any of the Company's executives serve on that Company's Board.
- Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the Company or its related parties as an executive officer.
- Is not, nor has been at any time during the past five years, affiliated with or employed by a present or former auditor of the Company or auditor of any related party; and
- Is not a controlling person of the Company (or member of a group of individuals and/or entities that collectively exercise effective control over the Company) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew or niece, or a spouse, widow, in-law, heir, legatee and successor of any of the foregoing, (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any person described in this paragraph who is deceased or legally incompetent and based on these principles, the Directors deemed to be independent as at June 30, 2021 are:
    - Richard M. Hall,
    - L. Camille Shields.

Meetings of the Board *July 2020 to June 2021*

The Board meets quarterly and the agenda for board meetings is prepared in conjunction with the Chairman/Chief Executive Officer, the Chief Financial Officer and the Company Secretary. Standing items include the CEO's report, division operating reports, committee minutes and reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance of the meetings to allow the Board time to review and give due consideration to each report. Every Board member can suggest the inclusion of additional items on the agenda.

Director's Name	Position	Number of meetings eligible to attend	Number of meetings attended	% of eligible meetings attended
A. Mark Hart	Executive Chairman	11	11	100%
Thomas Tyler	Co-Chairman	11	11	100%
Candace Hart	Non-Executive Director	11	11	100%
Ronald Schrager	Non-Executive Director	9	9	100%
Frank O'Dowd	Non-Executive Director	5	4	80%
Richard Mark Hall	Non-Executive Director	11	11	100%
L. Camille Shields	Non-Executive Director	11	11	100%
Theresa Chin	Non-Executive Director & Company Secretary	9	9	100%
Christopher Berry	Non-Executive Director	5	3	60%
Konrad Berry	Non-Executive Director	11	11	100%

Meetings were held on the August 27, 2020, November 11, 2020, February 09, 2021 & May 11, 2021.

Board Committees

The Board has established standing Committees to assist in the execution of its duties and to allow detailed consideration of complex issues. There are three current standing Committees of the Board, viz:

- Corporate Governance and Nomination Committee
- Audit Committee
- Compensation Committee

Each of these Committees has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by the Committees are submitted to the Board as recommendations for Board consideration. Each Director has unrestricted access to all committee meetings and records. Details of the committees may be found on the Company's website at ***www.cpj.com/investor-relations/corporate-governance***

Corporate Governance and Nomination Committee

The Board has a Corporate Governance and Nominations Committee to assist the Board and make recommendations to it in relation to the search for and appointment of new Directors (both executive and non-executive) and senior executive management. The Nominations Committee consists of the following Directors:

- L. Camille Shields, Chairman and Independent Non-Executive Director
- Richard Mark Hall, Independent Non-Executive Director
- Konrad Mark Berry, Non-Executive Director

During the reporting period, the Committee met two times, on November 11, 2020 & May 11, 2021.

Number of meetings held = 2

Name	# of meetings attended	% of eligible meetings attended
Committee Chairman:		
L. Camille Shields	2	100%
Committee Members:		
Richard M. Hall	2	100%
Konrad Mark Berry	2	100%

Audit Committee

The Company understands and recognises that rigorous risk management is essential for the stability of the business and for sustaining its competitive market position and long-term performance. The following objectives drive the Company's approach to risk management:

- supporting the achievement of the Company's strategic and operating plan through an effective balance of risk and reward.
- having a culture that is risk aware and supported by high standards of accountability at all levels.
- working to achieve an integrated risk management approach in which risk management forms part of all key organisational processes.
- improving stakeholder confidence and trust
- safeguarding the Company's assets – human, property, reputation, knowledge; and
- enabling the Board to fulfil its governance and compliance requirements.

The Audit Committee of Board has responsibility for overseeing risk to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. Senior management has responsibility for driving and supporting risk management in each division across the Company. The Committee has responsibility for reviewing the risk management framework annually to ensure that it remains sound.

The Audit Committee consists of the following Directors:

- Ronald Schrager, Chair & Independent Non-Executive Director
- Theresa Chin, Company Secretary & Independent Non-Executive Director
- Richard M. Hall, Independent Non-Executive Director
- L. Camille Shields, Independent Non-Executive Director
- Konrad Berry, Non-Executive Director

Number of Audit Committee meetings held = 4

Name	# of meetings attended	% of eligible meetings attended
Committee Chairman:		
Ronald Schrager	4	100%
Committee Members:		
Richard M. Hall	4	100%
Theresa Chin	4	100%
L. Camille Shields	4	100%
Konrad Mark Berry *	4	100%

EXTERNAL AUDITOR

KPMG is the Company's external auditor, and, on the invitation of the Audit Committee, the Lead Audit Partner attends meeting of the Committee to present the firm's audit findings and discuss the draft audited financial statements. The external auditor also attended the Annual General Meeting to present the audited financial statements to shareholders and was available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

INTERNAL AUDITOR

The Company's internal audit function is outsourced to PricewaterhouseCoopers, which carries out targeted internal audits. An annual internal audit plan is presented to and approved by the Audit Committee, generally, four times a year, the Committee receives an internal audit report.

MANAGING RISK

The Company has several risk management policies for the oversight and management of financial and non-financial material business risks, as well as related internal compliance systems that are designed to:

- protect the interests of stakeholders;
- safeguard the Company's assets and maintain its reputation;
- improve the Company's operating performance; and
- Fulfil the Company's strategic objectives.

During the reporting period, the Audit Committee met four times, on the August 27, 2020, November 11, 2020, February 9, 2021 & May 11, 2021.

Compensation Committee

The Compensation Committee assists the Board in fulfilling its fiduciary responsibilities relating to the fair and competitive compensation of non-executive Directors, executives and other key employees of the Company, and in connection with the administration of the general employee welfare plans of the company. The Compensation Committee has a solid understanding of the role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee is primarily responsible for providing recommendations to the Board regarding the remuneration strategy, policies and practices applicable to non-executive Directors, the CEO, and senior management.

During the reporting period, there was no Compensation committee meeting.

Number of Compensation Committee meetings held = 1

Name	# of meetings attended	% of eligible meetings attended
Committee Chairman:		
Richard M. Hall	0	0%
Committee Members:		
Ronald Schrager	0	0%
L. Camille Shields	0	0%
Theresa Chin	0	0%
Christopher Berry	0	0%

Director Remuneration

The maximum aggregate amount of fees paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The total remuneration paid to the members of the Board for the year ending June 30, 2021 is detailed below.

Director's Name	Meetings Eligible to attend	Total Meetings Attended	Gross Director Fees	% of eligible meetings attended
Theresa Chin	9	9	2,250.00	100%
Mark Hall	11	11	2,750.00	100%
Ronald Schrager	9	9	2,250.00	100%
Camille Shields	11	11	2,750.00	100%
Konrad Berry	11	11	2,750.00	100%
Chris Berry	5	3	750.00	60%
Frank O'Dowd	5	4	1,000.00	80%

Disclosure and Transparency

The Company is committed to timely disclosure of material information to shareholders and the market and has a Disclosure Policy that identifies matters that may have a material effect on the price of the Company's securities including ensuring that any required market announcements are reported to the Jamaica Stock Exchange (JSE) in a timely manner.

The Company aims to keep shareholders informed of the Company's performance and all major developments related to its operations and information is communicated to shareholders through:

- The Annual Report and Financial Statements, including the Annual Report, and quarterly Financial Statements which are uploaded to the Jamaica Stock Exchange's platform and the Company's website. A copy of the Annual Report, either in printed or electronic form, is distributed to all shareholders on record;
- The Annual General Meeting, and any other formally convened Company meetings; and
- All other information released to the JSE and subsequently posted on the Company's website ***www.cpj.com.***

Shareholder Communications

The Company is committed to effective, accurate and timely communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance. The Board has adopted a Communications Policy, which is available on the Company's website, which sets out the Group's approach and commitment to communication. Information is communicated in a number of ways including:

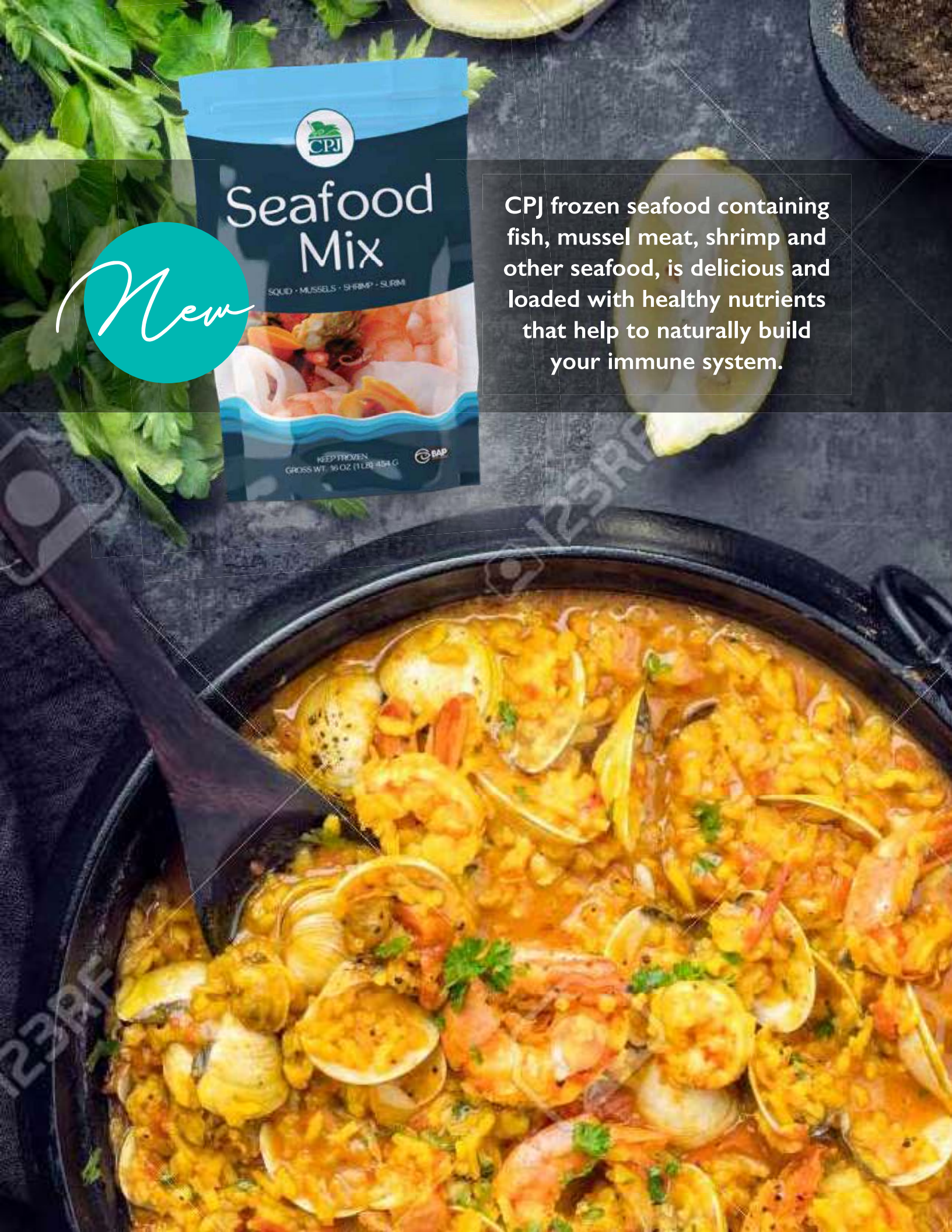
- Group website;
- annual and interim reports;
- market disclosures;
- presentations at General Meetings;
- Market releases and AGM presentations.

The annual reports, market releases and AGM presentations are all available on the Company's website.

The Board places importance on these interactions as it allows the Company to articulate its objectives and also receive feedback from investors on all areas of its performance including its strategy, financial results and governance. During the 2021 financial year, the following key information was released to shareholders.

CPJ has developed new sales strategies to improve market share in the retail channel, including expanded product lines and a new and improved online store.

New



New

CPJ frozen seafood containing fish, mussel meat, shrimp and other seafood, is delicious and loaded with healthy nutrients that help to naturally build your immune system.

Committed to cost-saving & efficiency

The Board of Directors of CPJ Group is pleased to present the consolidated audited financial results for the year ended June 30, 2021.

Performance

COVID-19 disrupted the global tourism industry, with travel restrictions and global-wide lockdowns having a significant impact on the Company's revenues for the majority of the fiscal year. The closure of hotels in March 2020 resulted in a decrease in Group revenues of US$32.9M, or 39% when compared to the prior year. Group sales for the fiscal year were US$58.39M. For reference, the Group had projected US$120M in sales for FY 2020 prior to the pandemic.

The reduced revenues continued through Fiscal Year 2021, with gradual improvements seen as the year progressed. CPJ Group saw some normalcy return to its business, both onshore and offshore, in Q4 of the fiscal year. June 2021 recorded the highest monthly Group revenue for the quarter of US$9.2M, with CPJ generating sales of US$7.4M. The improvement in revenue for Q4 was the direct result of an easing in travel restrictions and increase in tourist arrivals, as the vaccination drive in many countries boosted traveler confidence. CPJ Group is reporting revenues of US$21.22M for the quarter, which is a 267% increase over Q4 of previous fiscal year 2020.

EBITDA

EBIDTA for Q4 of the current fiscal year for the Group is US$2.84M. The Group ended the quarter with an overall profit of US$1.36M, after accounting for finance costs of US$462K, with depreciation and amortization costs of US$1.03M. Notably, the Q4 results include a provision of US$516K to account for potential impairment of inventory in the coming year caused by any ongoing effects of the pandemic. The Company has also maintained an elevated provision for bad debt, hedging against any potential risks. The total provision at the end of the quarter was US$578K.

The Group recorded an EBITDA of US$3.54M for the current fiscal year but ended the year with a loss of US$2.56M, with CPJ recording an EBITDA of US$3.27M and ending the year with a loss of US$1.997M. The Group loss includes finance costs of US$1.8M and depreciation and amortization costs of US$4.2M.

BALANCE SHEET AND CURRENT ASSETS TO CURRENT LIABILITIES RATIO

Current assets decreased by US$0.96M (2.2%) from US$42.76M to US$41.80M, while current liabilities increased by US$1.65M (17%) from US$9.73M to US$11.38M over the same period last year. Total assets decreased by US$4.69M (7.4%) from US$63.47M to US$58.78M, while total liabilities increased by US$0.89M (2.2%) from US$32.77M to US$33.66M over the same period last year.

The Group continues to demonstrate sound treasury management in turbulent times with a current asset to current liabilities ratio of 2.38:1 when compared to 2.47:1 in the same period of the last fiscal year. This improvement is largely due to focused receivables collections strategies and deliberate management intervention to ensure that inventory values are closely monitored and controlled.

Outlook

It has been a year and a half since COVID-19 began its unprecedented impact on the global economy. COVID-19 continues to disrupt and dictate global economic activities, especially the travel sector and the global supply chain industry. Management expects that challenges will continue in supply chain for the short to medium term. Based on improvements in the dissemination of the vaccine in Europe, the U.S. and Canada, our main travel partners, Management is confident that this points to a strong rebound in tourism.

The upward trend has continued into the new fiscal year with unaudited July Group revenues of US$9.4M and CPJ revenues of US$7.6M. The Company is projecting that this upswing is the result of a pivotal turn in tourism and will be a continuing trend. The Company is closely monitoring and assessing the impact of the new Delta variant of the virus. The Management of CPJ is cautiously optimistic that changes in restrictions will not lead to any further travel bans or closures of hotels, nor in any way impact or slow the recovery of the sector.

The Group is prepared to align its business model to the changing macro-economic environment. The Company has also ensured that supplier relationships have been secured by fulfilling all of our payable obligations. Management remains committed to its strategic goal of achieving long-term shareholder value by creating scale and implementing strategic business transformation initiatives.

The Management of CPJ has implemented and embraced strategies to mitigate the against the risk of COVID-19. One such example is the development of new sales strategies to improve market share in the retail channel, including expanded product lines, a new and improved online store and the expansion of the CPJ Market in Montego Bay. Construction of the 6000 sq. foot store started in July and is estimated to open early next year.

The Management is committed to continue its pursuit of cost saving initiatives and operational efficiencies through improvements in IT systems relating to supply chain processes, distribution and warehouse management. As part of that commitment and despite the pandemic, the CPJ Group invested more than US$1.8M

in capital expenditure during FY ending June 2021. Processes and initiatives implemented during the course of the last eighteen months have resulted in a material reduction in the costs of operation at CPJ.

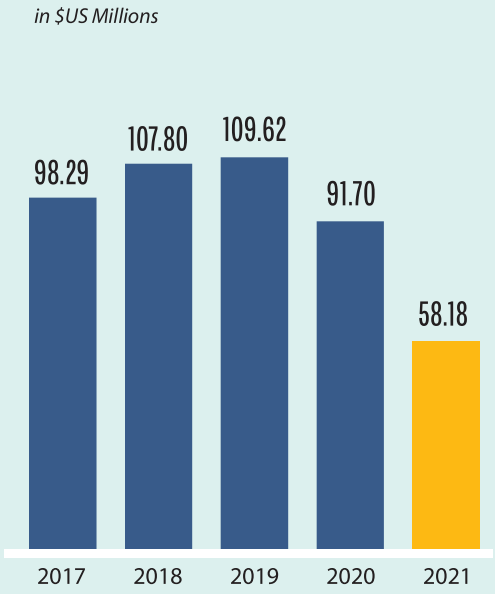
Management expects to maintain this significantly improved, post-pandemic revenue to fulfillment cost structure, leading to higher levels of profitability. The Company is currently saving approximately US$600K per month compared to its pre-pandemic cost structure. We anticipate improved Group performance as we expand process and technology initiatives across all business segments.

Finally, Management extends its gratitude to our Vendors, Suppliers, Customers, Employees and Shareholders for their continued support. Despite all the challenges of COVID-19, CPJ has used the time to restructure and build a stronger more efficient Company, ensuring that we are positioned to fully take advantage of the recovery and growth in tourism. Most importantly, these efficiencies will allow us to meet our Customers' needs with increasingly greater levels of service.

Five-Year Financial Review

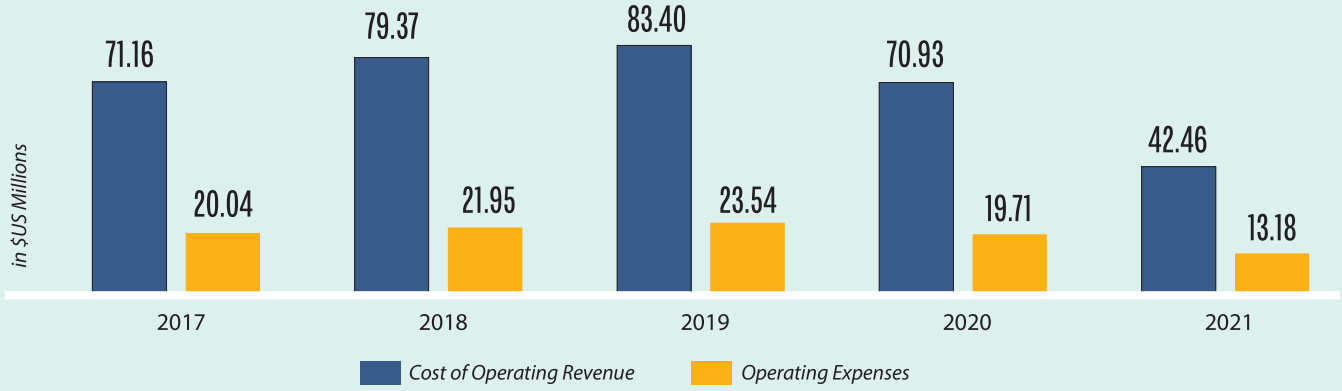
Gross Operating Revenue

Gross operating revenue decreased by 40.81% from US$98.29M in 2017 to US$58.18M in fiscal year 2021. The gross operating revenue reflects a 36.56% decrease for the year which was less favourable than the previous year's decrease of 16.34%. The compound annual growth rate (CAGR) over the last five years shows a decline of 9.96%. The impact of the Pandemic on the 5-year figures, as shown in the decline in revenue over the last 18 months. However, there has been gradual improvements as FY2021 progressed, with remarkable improvements in Q4 of FY2021. This improvement was the direct results of increased confidence and positive activities in the Hospitality Industry. CPJ continues to maintain and increase market share through organic and inorganic growth, driven by expansions in its subsidiary in St. Lucia, as well as increased customer base and the addition of new products and product lines..



Eating better and healthier is so much easier with Clearly by Best Choice. Clearly offers organic and gluten-free options, with over 100+" designation. The Clearly line of products are free from over 100+ artificial ingredients and preservatives.

Operating Expenses

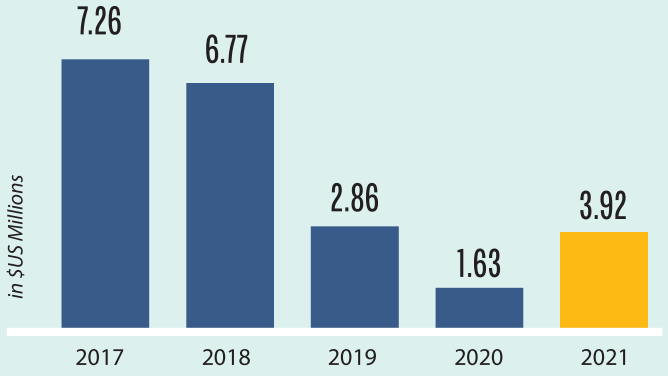


Selling and Administration Expenses decreased from US$19.71M to US$13.18M or 33.13% primarily related to Salaries & Wages, Repairs & Maintenance, Motor Vehicle Expenses, and Advertising in comparison to prior year. These costs were also down by 34.22% or US$6.86M when compared over the 5-year period. Cost of Operating Revenue decreased from US$71.16M to US$42.46M or a reduction of 40.32% over the 5-year period. There was a 40.13% decrease in cost of operating revenue from the previous year. The change in the direction of the revenue of CPJ is directly related to the COVID 19 pandemic that continues to have major impact on global economic activities, especially on the travel and tourism sector resulting in official travel bans and restrictions. There have been deliberate actions taken, that is now starting to show signs of revitalization, and a return in the appetite for business and leisure travel. Operating Expenses decreased by a CAGR of 8.03%.

EBITDA

Earnings before Interest, Taxes and Depreciation

Earnings before Interest, Taxes and Depreciation decreased from US$7.26M in FY2017 to US$3.92M in FY2021 or a decrease of 45.95%. The results for FY2021, represented a 140% increase over prior year, highlighting cost saving measures implemented by CPJ. The company reported a net loss of US$2.52M, which was an improvement on prior year losses of US$4.35M.



Important Ratios

	2021	2020	2019	2018	2017
Debt to Equity	3.3	2.4	2.1	1.5	1.5
Return on Equity	-16.5%	-24.5%	-5.3%	9.8%	11.8%
Profit before Taxation/Sales	-4.3%	-6.0%	-1.2%	2.4%	2.9%
Return on Asset	-3.8%	-7.2%	-1.7%	4.0%	4.7%
Current Ratio	2.02	2.30	1.91	2.49	2.69
Earnings per Stock Unit (US Cents)	-0.21	-0.37	-0.11	0.19	0.23
Weighted Avg. Exchange Rate J$:U$	148.52	139.11	129.96	130.33	128.62

A place to flourish and grow

Here at CPJ, we consider our dedicated employees as the company's most valuable asset, their commitment to providing service beyond expectation to our valued customers, the immeasurable years of experience and knowledge built up over time has been that differentiating factor cementing CPJ'S position as a market leader in its class.

Today, a company's most valuable asset is considered to be the knowledge of its employees and their productivity. Intangible assets such as intellectual property, brands, trademarks and Research & Development are created by people. They are the most essential and important contributors toward profits and shareholder value and are of maximum importance in today's continuously changing business model.

Our main goal as an employer of choice, is to provide an environment in which our employees are able to flourish and grow, attaining personal and professional goals while advancing the company's mission of providing the highest levels of service to ensure the success of our customers. It is therefore our responsibility to invest in our people by providing them the best training and development opportunities available.

Recruitment & Staffing

The contracting effect of the Covid-19 pandemic on the hospitality sector forced the Company to embark on a workforce restructuring which resulted in a decreased workforce, and the suspension of all training sessions and social events. It was at this time that the true strength and resilience of the team was most evident, as everyone recognized the need to go above and beyond to continue to uphold our mantra of "Best People—Best Fit—Best Practices". We continued to streamline our manning to ensure the right talent was engaged where

necessary, and to benchmark best practices to ensure that CPJ's compensation and benefits policy remain competitive and in line with industry standards.

A GREAT PLACE TO WORK

CPJ cares about the mental, physical, and financial wellbeing of its employees and their families. Every year, CPJ collaborates with a number of Institutions to provide various health, financial and educational benefits to our valued team members:

- Fraser, Fontaine & Kong
- Sangsters' Bookstore
  - Back to school promotion
- St James Health Department
  - Free health screening
- Ministry of Health & Wellness
- Jamaica Chamber of Commerce

Corporate Social Responsibility (Giving Back)

Although most of our related activities were cancelled for this period due to the government's Covid 19 restrictions, CPJ continued to uphold its reputation as a responsible corporate citizen by giving back to the communities in which we work. We proudly supported the following ventures:

EDUCATION:

CPJ Scholarship and Book List Programme is geared exclusively to the children of company employees who have excelled academically with an average of 80% or higher. Over the fiscal year, we awarded $1,352,000 combined to 46 recipients for our Scholarship and Book List programmes.

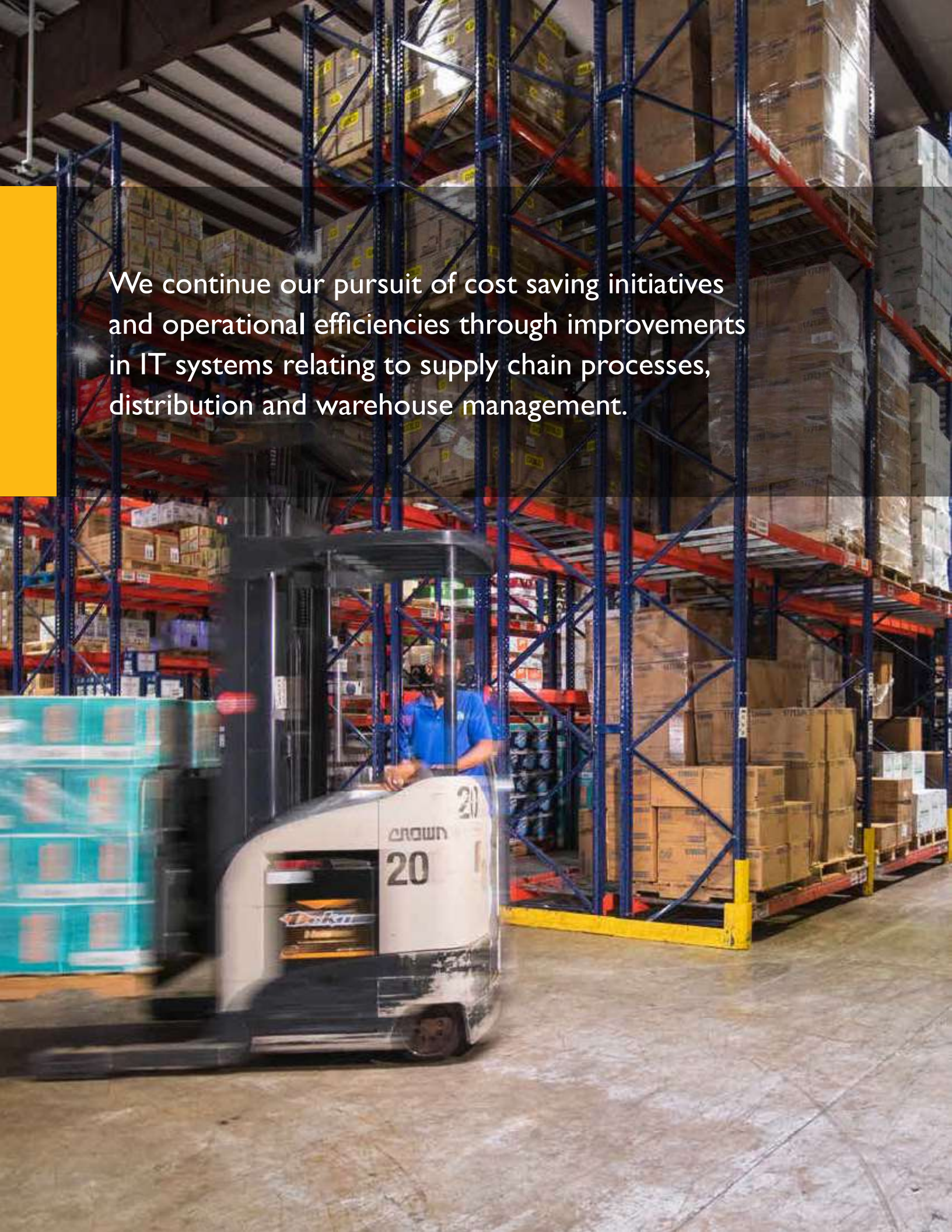
Also, TEAM CPJ continued with their corporate social responsibility by spreading their wings to other communities in Montego Bay.

Donations were made to the following schools:

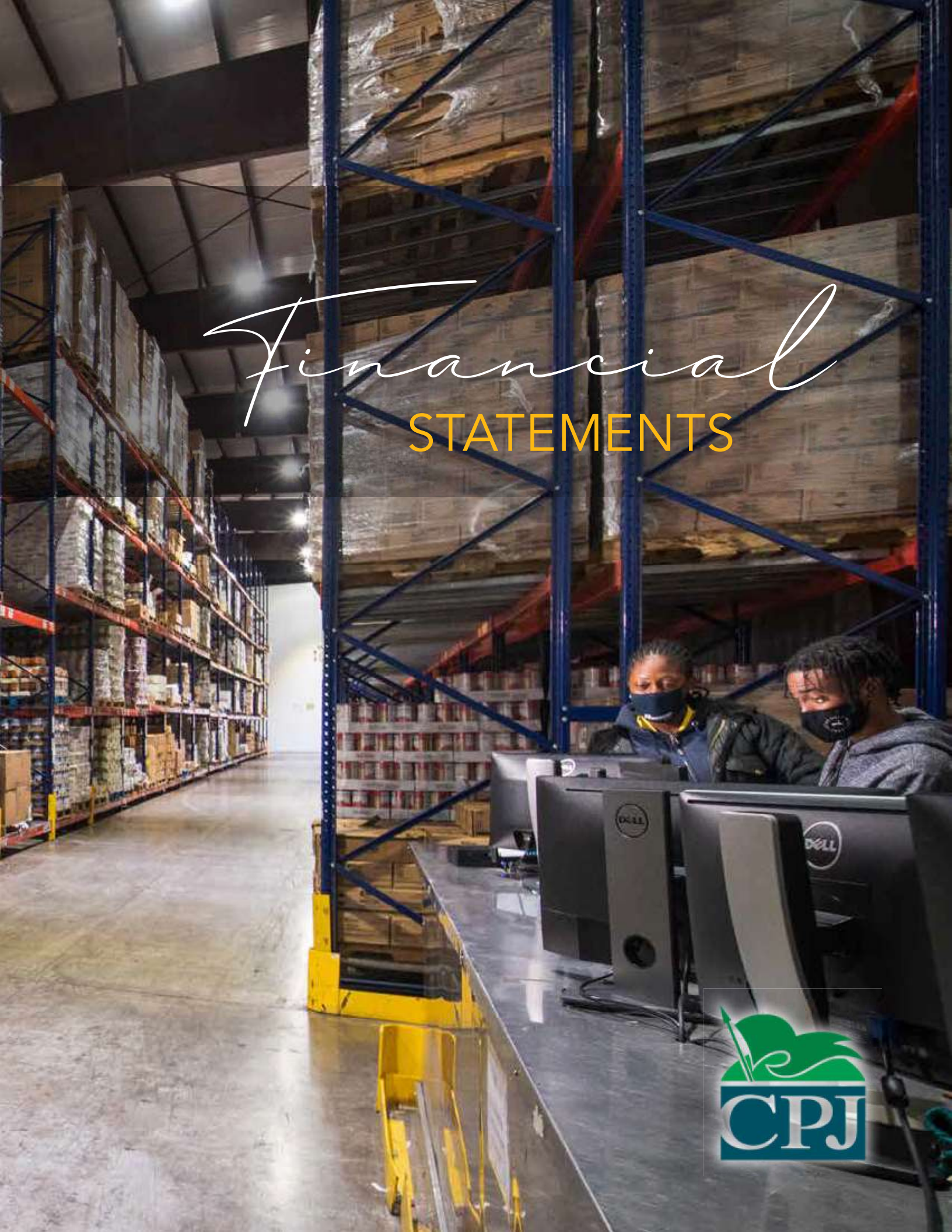
- Rusea's High School
- Janet Richard's Foundation
- Judith Mowatt Outreach Ministries

Moving Forward

At CPJ, we want the corporate social responsibility initiatives we support to align with our business mission, vision and values and have to the greatest possible impact in our communities. As a company that cares, CPJ will continue to seek out areas in which to serve, to do our part as a socially responsible corporate citizen.



We continue our pursuit of cost saving initiatives and operational efficiencies through improvements in IT systems relating to supply chain processes, distribution and warehouse management.



Financial STATEMENTS

CPJ

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INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Producers (Jamaica) Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 9 to 61 which comprise the Group's and Company's statement of financial position as at June 30, 2021, the Group's and Company's 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 Group and the Company as at June 30, 2021, and of the Group's and Company's 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 *Auditors' 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 International Code of Ethics for Professional Accountants including International Independence Standards (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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty Related to Going Concern

We draw your attention to note 2(c) to the financial statements, which discloses that the Group's operation has been significantly affected by the outbreak of the Coronavirus (COVID-19). As stated in note 2(c), the uncertainty regarding the control of the virus and restrictions on inbound tourism markets have created conditions that indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

1. Valuation of inventories

Key Audit Matter	*How the matter was addressed in our audit*
Due to the highly perishable nature of the stock items held and a need for an adequate storage environment from the receipt to the delivery of inventory items, there is an inherent risk that material misstatement could arise due to inventories being impaired. There is increased judgement involved in assessing estimates of impaired inventories as a result of the economic impact of COVID-19 on the tourism sector resulting in slower movement of stock items and continued low demand for the products. We therefore determined that the impairment estimates in respect of inventories have a high degree of estimation uncertainity.	Our audit procedures in response to this matter, included: • Checking management's process of identifying obsolete inventory during the count and observing the year end count to ascertain if the process is employed and if the process, by design, is adequate to identify stock items which may be impaired. • Reviewing aged expiration reports for each inventory category and sales strategy and campaigns to determine management's plan to sell items nearing expiration and whether these were being sold below costs.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. Expected Credit Losses on Trade Receivables

Key Audit Matter	*How the matter was addressed in our audit*
The Group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information. These estimates involve increased judgment as a result of the economic impact of COVID-19 on the Group's trade receivables. Management considered the following: - qualitative factors that create COVID-19 related changes in the business and economic environment in which specific customers operate. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our audit procedures in response to this matter, included: • Obtaining an understanding of the model used by management for the calculation of expected credit losses on trade receivables. • Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis. • Reviewing the ECL model, assess the appropriateness of the Group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, *Financial Instruments*. • Evaluating the appropriateness of economic parameters including the use of forward looking information and management overlay. • Testing the accuracy of the ECL calculation. • Testing the Group's recording and ageing of trade receivables. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (continued)

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 auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' 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 auditors' 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 to this auditors' report. This description, which is located at pages 7 and 8, forms part of our auditors' 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 auditors' report is Wilbert Spence.

KPMG

Chartered Accountants
Montego Bay, Jamaica

September 30, 2021

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report (Continued)

- 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Statement of Financial Position

As at June 30, 2021 (Presented in United States dollars)

	Notes	Group		Company	
		2021	2020	2021	2020
CURRENT ASSETS					
Cash and cash equivalents	4	4,201,542	6,050,144	3,963,004	5,819,566
Accounts receivable	5	15,394,670	8,388,879	13,289,508	7,735,988
Inventories	6	21,429,309	24,113,750	17,307,978	19,424,904
		41,025,521	38,552,773	34,560,490	32,980,458
CURRENT LIABILITIES					
Bank overdraft	4	1,536,067	122,060	-	-
Short-term loans	7	1,700,000	1,900,000	1,700,000	1,900,000
Accounts payable	8	11,580,606	8,417,693	9,299,324	6,566,890
Short-term promissory notes	9	3,817,793	4,317,794	3,817,793	4,317,794
Current portion of lease liabilities	13(b)	649,839	861,405	553,213	803,488
Current portion of long-term borrowings	18	1,012,223	1,068,964	1,012,223	1,022,794
Taxation payable		25,351	74,962	133,816	142,514
		20,321,879	16,762,878	16,516,369	14,753,480
NET CURRENT ASSETS		20,703,642	21,789,895	18,044,121	18,226,978
NON-CURRENT ASSETS					
Other asset		62,619	67,885	62,619	67,885
Interest in subsidiaries	10	-	-	3,359,771	3,031,308
Deferred tax asset	11	2,296,001	2,296,001	2,296,001	2,296,001
Property, plant and equipment	12	11,387,403	12,200,012	8,157,422	9,767,596
Right-of-use assets	13(a)	11,533,745	7,394,234	10,557,883	6,304,000
Intangible asset	14	24,252	50,798	17,512	32,179
		25,304,020	22,008,930	24,451,208	21,498,969
		46,007,662	43,798,825	42,495,329	39,725,947
EQUITY					
Share capital	15	4,898,430	4,898,430	4,898,430	4,898,430
Accumulated surplus		10,743,413	13,007,189	11,190,485	13,187,025
Equity attributable to shareholders		15,641,843	17,905,619	16,088,915	18,085,455
Non-controlling interest	16	(392,379)	(137,161)	-	-
		15,249,464	17,768,458	16,088,915	18,085,455
NON-CURRENT LIABILITIES					
Lease liabilities	13(b)	11,717,470	7,018,056	10,717,460	5,921,418
Long-term promissory notes	17	9,274,180	9,272,356	9,274,180	9,272,356
Long-term borrowings	18	6,532,914	6,596,164	6,414,774	6,446,718
Due to related company	19(a)	3,233,634	3,143,791	-	-
		30,758,198	26,030,367	26,406,414	21,640,492
		46,007,662	43,798,825	42,495,329	39,725,947

The financial statements on pages 9 to 61 were approved for issue by the Board of Directors on September 30, 2021 and signed on its behalf by:

Mark Hart — Director

Thomas Tyler — Director

The accompanying notes form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2021 (Presented in United States dollars)

	Notes	Group		Company	
		2021	2020	2021	2020
Gross operating revenue	20	58,178,410	91,703,310	46,943,211	78,525,705
Cost of operating revenue	21(a)	(42,464,207)	(70,931,125)	(33,885,596)	(60,709,530)
Gross profit		15,714,203	20,772,185	13,057,615	17,816,175
Selling and administrative expenses	21(b)	(13,105,824)	(19,265,895)	(10,459,446)	(16,520,417)
Depreciation and amortisation	12,13,14	(4,185,142)	(4,336,133)	(3,605,456)	(3,737,909)
Expected credit losses		(74,820)	(443,496)	(58,354)	(393,893)
Other operating income, net	22(a)	1,316,133	128,448	778,913	102,480
Operating loss		(335,450)	(3,144,891)	(286,728)	(2,733,564)
Finance income	22(b)	33,099	3,724	33,099	3,724
Finance costs	22(c)	(2,216,643)	(2,404,929)	(1,742,911)	(2,246,713)
Loss before taxation		(2,518,994)	(5,546,096)	(1,996,540)	(4,976,553)
Taxation	23	-	1,200,000	-	1,200,000
Loss, being total comprehensive loss for the year		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Attibutable to:					
Owners of the company		(2,263,776)	(4,067,681)	(1,996,540)	(3,776,553)
Non-controlling interest		(255,218)	(278,415)	-	-
		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Earnings per share (cents)	24	(0.21)	(0.37)	(0.18)	(0.34)

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

Year ended June 30, 2021 (Presented in United States dollars)

	Group			
	Share capital	Accumulated surplus	Non-controlling interest	Total
Balances at June 30, 2019	4,898,430	17,074,870	141,254	22,114,554
Total Comprehensive Loss for the year:				
Loss, being total comprehensive loss for the year	-	(4,067,681)	(278,415)	(4,346,096)
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Total Comprehensive Loss for the year:				
Loss, being total comprehensive loss for the year	-	(2,263,776)	(255,218)	(2,518,994)
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464

	Company		
	Share capital	Accumulated surplus	Total
Balances at June 30, 2019	4,898,430	16,963,578	21,862,008
Total Comprehensive Loss for the year:			
Loss, being total comprehensive loss for the year	-	(3,776,553)	(3,776,553)
Balances at June 30, 2020	4,898,430	13,187,025	18,085,455
Total Comprehensive Loss for the year:			
Loss, being total comprehensive loss for the year	-	(1,996,540)	(1,996,540)
Balances at June 30, 2021	4,898,430	11,190,485	16,088,915

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

Year ended June 30, 2021 (Presented in United States dollars)

	Notes	Group		Company	
		2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Adjustments for:					
Depreciation and amortisation	12, 13, 14	4,185,142	4,336,133	3,605,456	3,737,909
Gain on disposal of property, plant and equipment	22(a)	(68,257)	(6,487)	(68,257)	(6,487)
Loss on revaluation of investment		5,266	3,696	5,266	3,696
Gains on modification of leases	13(c)	(1,183)	-	(1,183)	-
Transfer and adjustments to property, plant and equipment	12	19,966	1,167	15,876	1,167
Interest income	22(b)	(33,099)	(3,724)	(33,099)	(3,724)
Interest expense	22(c)	2,216,643	2,269,380	1,742,911	2,116,852
Taxation	23	-	(1,200,000)	-	(1,200,000)
		3,805,484	1,054,069	3,270,430	872,860
Decrease/(increase) in current assets:					
Accounts receivable		(7,005,791)	7,500,277	(5,553,520)	6,783,293
Inventories		2,684,441	7,751,891	2,116,926	6,791,754
Decrease/(increase) in current liability:					
Accounts payable		3,166,541	(7,127,448)	2,783,114	(6,793,827)
Cash generated from operations		2,650,675	9,178,789	2,616,950	7,654,080
Interest paid		(2,220,272)	(2,244,526)	(1,793,591)	(2,091,999)
Tax (paid)/recovered		(49,611)	4,314	(8,698)	(243)
Net cash provided by operating activities		380,792	6,938,577	814,661	5,561,838
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest in subsidiaries		-	-	(328,463)	19,098
Additions to property, plant and equipment and intangible asset	12, 14	(2,344,238)	(1,041,936)	(1,089,148)	(834,499)
Proceeds from disposal of property, plant and equipment		259,901	35,053	259,901	35,053
Interest received		33,099	3,724	33,099	3,724
Net cash used by investing activities		(2,051,238)	(1,003,159)	(1,124,611)	(776,624)
CASH FLOWS FROM FINANCING ACTIVITIES					
Promissory notes received		1,824	2,001,687	1,824	2,001,687
Promissory notes repaid		(500,001)	-	(500,001)	-
Payment of lease liabilities	13(d)	(406,048)	(753,396)	(348,129)	(694,545)
Other income due to rent concessions	13(d)	(457,791)	-	(457,791)	-
Long-term/short-term borrowings repaid		(4,071,154)	(13,617,809)	(3,993,678)	(13,584,889)
Due to related company		89,843	87,188	-	-
Long-term/short-term borrowings received		3,751,163	9,130,074	(3,751,163)	9,130,074
Net cash (used)/provided by financing activities		(1,592,164)	(3,152,256)	(1,546,612)	(3,147,673)
Net increase in cash and cash equivalents		(3,262,610)	2,783,162	1,856,562	1,637,541
Cash and cash equivalents at beginning of the year		5,928,084	3,144,922	5,819,566	4,182,025
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		2,665,475	5,928,084	3,963,004	5,819,566
Comprised of:					
Cash and cash equivalents	4	4,201,542	6,050,144	3,963,004	5,819,566
Bank overdraft	4	(1,536,067)	(122,060)	-	-
		2,665,475	5,928,084	3,963,004	5,819,566

The accompanying notes form an integral part of the financial statements.

1. Identification

Caribbean Producers (Jamaica) Limited ("company" or "parent company") is domiciled in Jamaica and was incorporated under the laws of Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's shares are listed on the Junior Market of the Jamaica Stock Exchange.

The company and its subsidiaries are collectively referred to as "the group".

The Group's principal activities are the wholesale and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

The details of the company's subsidiaries as at June 30, 2021 are as follows:

Company	Principal activity	Percentage of ordinary shares held by company	Place of incorporation
CPJ Investments Limited	Holds investment in CPJ (St. Lucia) Limited	100	St. Lucia
CPJ (St. Lucia) Limited	Wholesale and distribution of food and beverages and distribution of non-food supplies	51	St. Lucia
CPJ Homeporting Limited	Logistics services	100	Jamaica

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and comply with the provisions of the Jamaican Companies Act.

New and amended standards that came into effect during the year:

Certain new and amended standards that were in issue came into effect during the year. The adoption of those standards and amendments did not have a significant impact on the amounts recognised or disclosed in financial statements, except for the amendment to IFRS-16 "COVID-19-Related Rent Concessions". The impact of the amendment is shown in note 13(c).

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards have been issued which are not yet effective for the current year and which the company has not early-adopted. The group has assessed them with respect to its operations and has determined that the following may be relevant.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases, is* effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates **(**IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards that are not yet effective (continued):

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The group is assessing the impact that the amendments will have on its financial statements when they become effective.

2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation and measurement:

The financial statements are prepared under the historical cost convention, and are presented in United States dollars ($), which is the Group's functional currency.

The significant accounting policies stated in note 3(a) to (u) have been applied to all periods presented in these financial statements and conform in all material aspects with IFRS.

(c) Going concern:

The preparation of the financial statements in conformity with IFRS assumes that the group will continue in operational existence for the foreseeable future. This means, in part, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations.

As detailed in note 29, the group was affected by the outbreak of the Coronavirus (COVID-19) pandemic which resulted in the groups revenue from sales to hotels falling for the period.

On July 2, 2020, following the Government of Jamaica's national plan put in place to facilitate tourist arrivals to the country, the group's revenue from sales to hotels increased.

Continuation as a going concern is dependent on the control of the pandemic and reduction on restrictions on inbound tourism as well as continued support from the group's related parties and external lenders should the pandemic continue to affect its results adversely. Detailed of financial support are included in note 29. Management has concluded that the going concern basis of accounting remains appropriate in the preparation of the financial statements.

Given that the ultimate impact of the pandemic on the group remains unknown and it is uncertain how long it will take to for the tourism industry to return to normalcy a material uncertainty exists in respect of going concern.

If, for any reason the group is unable to continue as a going concern, then this could have an impact on the group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(r), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the reporting date.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iv) Judgement in evaluation of contingencies:

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the group, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(v) Residual value and expected useful life of property plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for prospectively. The useful life of an asset is defined in terms of the asset's expected utility to the group.

(e) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its subsidiaries (note 1), made up to June 30, 2021.

(ii) Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issued debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

2. Statement of compliance and basis of preparation (continued)

(e) Basis of consolidation (continued):

(iii) (Continued)

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

(iv) The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(v) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(vi) When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant accounting policies

The group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(a) Cash and cash equivalents:

This comprises cash and bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of changes in value. Cash and cash equivalents are measured at cost.

Bank overdrafts that form an integral part of the group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant accounting policies (continued)

(b) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 3(r)].

(c) Inventories:

Inventories are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of raw materials, labour and appropriate allocations for overhead expenses are included in manufactured finished goods.

(d) Other asset:

Other asset represents an amount paid as part of an arrangement for the use of a certain asset and is measured at cost.

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an asset is written down immediately to its recoverable amount if the amount is greater than its estimated recoverable amount.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress.

The depreciation rates are as follows:

Leasehold improvements	6.67%,10% and 20%
Furniture, fixtures and equipment	10%, 20% and 33.33%
Computer equipment	33.33%
Motor vehicles	20%

3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued):

(iii) Depreciation (continued):

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leases:

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

i. As a lessee

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

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

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

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

3. Significant accounting policies (continued)

(f) Leases (continued):

i. As a lessee (continued):

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

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

Short-term leases and leases of low-value assets

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

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

(g) Intangible asset:

Intangible asset, which represents computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and impairment losses, if any.

(h) Accounts payable:

Trade and other payables are measured at amortised cost.

3. Significant accounting policies (continued)

(i) Provisions:

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the obligation.

(j) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures,* as the "reporting entity", in this case, the group).

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

(i) has control or joint control over the group;

(ii) has significant influence over the group; or

(iii) is a member of the key management personnel of the group or of a parent of the group.

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

(i) The entity and the group 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 group or an entity related to the group.

(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 sevices to the group or to the parent of the group.

3. Significant accounting policies (continued)

(j) Related parties (continued):

(c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(d) The group has related party relationship with directors, subsidiaries and associates and with its executive officers and those of its subsidiaries.

(k) Interest in subsidiaries:

Interest in subsidiaries and advances to subsidiaries are measured at cost, less provision for impairment, if any.

(l) Share capital and dividends:

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(m) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost, with any difference between cost and redemption value recognised in profit or loss over the period of the borrowing on an effective interest basis.

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(n) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

3. Significant accounting policies (continued)

(n) Revenue (continued):

Type of product	Wholesale and distribution of food and beverage, the distribution of non-food supplies and the manufacturing and distribution of fresh juices and meats.
Nature and timing of satisfaction of performance obligations, including significant payment terms.	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time. Invoices are usually payable within 30 days. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. The group gives rebates to select customers based on the volume of purchase made. Certain major customers receive volume rebates based on purchases made. Rebates are included in other payables and payments are made to the customers.

3. Significant accounting policies (continued)

(o) Expenses/income:

(i) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(ii) Finance costs:

Finance costs comprise interest payable on borrowings calculated using the effective interest method and material bank overdraft interest.

(iii) Finance income:

Finance income comprises interest earned on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(iv) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses as incurred. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

(p) Taxation:

Income tax on the profit for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Significant accounting policies (continued)

(p) Taxation (continued):

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable, short-term loans, bank overdraft, short-term promissory notes, long-term promissory notes, long-term borrowings and due to related company.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Accounts receivable

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs.

Financial assets and liabilities – Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment on financial assets are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(r) Impairment:

Financial assets

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through OCI.

The group measures loss allowances at an amount equal to lifetime ECLs.

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

3. Significant accounting policies (continued)

(r) Impairment (continued):

Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group 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 group's historical experience and informed credit assessment and including forward looking information.

The group assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

The group recognises 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 group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the group 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 group in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs 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.

3. Significant accounting policies (continued)

(r) Impairment (continued):

Credit-impaired financial assets (continued)

Evidence that a 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written-off are included in 'impairment losses on financial instruments' in of profit or loss.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the group's non-financial assets is reviewed at each reporting date to determine whether there is any indication of the impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

3. Significant accounting policies (continued)

(s) Operating segments:

An operating segment is a component of the group:

(i) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

(ii) whose operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group has primarily geographical segments determined by the countries in which the group operates. Transactions between business segments have been eliminated.

(t) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are translated to United States dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

(u) Determination of fair value:

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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value.

4. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
Cash	15,836	10,387	3,777	4,866
Bank balances	4,185,706	6,039,757	3,959,227	5,814,700
	4,201,542	6,050,144	3,963,004	5,819,566
Bank overdraft (a)	(1,536,067)	(122,060)	-	-
	2,665,475	5,928,084	3,963,004	5,819,566

4. Cash and cash equivalents (continued)

(a) The overdraft facility is secured by way of a guarantee and postponement of claims from a related party.

(b) The company has a multi-purpose operating line of credit in the amount of $8,500,000 which facilitates an overdraft limit of J$120 million. The overdraft is subject to interest at the bank's base lending rate less 5% and is secured as disclosed in note 18.

5. Accounts receivable

	Group		Company	
	2021	2020	2021	2020
Trade receivables (a)	11,478,200	4,865,054	9,592,290	4,296,934
Other receivables (b)	4,644,836	4,135,047	4,275,462	3,904,968
	16,123,036	9,000,101	13,867,752	8,201,902
Less: Allowance for impairment losses	(728,366)	(611,222)	(578,244)	(465,914)
	15,394,670	8,388,879	13,289,508	7,735,988

(a) Trade receivables include amounts due from directors amounting to $292 (2020: $1,135) for the group and the company; and $322,551 (2020: $317,668) due from related companies, which are controlled by directors for the group and the company.

(b) Other receivables include amounts due from directors amounting to $254 (2020: $200) for the group and the company; and $18,605 (2020: $18,605) due from related companies, which are controlled by directors for the group and the company.

All related party balances are unsecured, interest free and repayable on demand.

(c) Information about the group's and the company's exposure to credit risk and impairment losses for trade receivables is included at note 27(a).

6. Inventories

	Group		Company	
	2021	2020	2021	2020
Goods held for resale – duty paid	15,858,240	17,443,147	12,394,912	13,571,816
Goods held in bonded warehouse	586,174	4,341,457	53,496	3,841,843
Goods in transit	3,676,973	890,731	3,675,522	747,301
Raw materials	674,273	649,921	656,821	629,881
Others	633,649	788,494	527,227	634,063
	21,429,309	24,113,750	17,307,978	19,424,904

During the year, expenses relating to inventory write-offs amounted to $1,374,805 (2020: $2,756,009) for the group and $944,121 (2020: $2,336,104) for the company.

6. Inventories

During the year inventories of $44,514,412 (2020: $68,681,648) for the group and $35,856,261 (2020: $58,367,103) for the company were recognised as an expense in cost of operating revenue.

7. Short-term loans

	Group and Company	
	2021	2020
The Bank of Nova Scotia Jamaica Limited	1,700,000	1,900,000

These are US$ revolving loans that bear interest at 4.25% and are secured as disclosed in note 18. Total draw-down during the year was $3,100,000 (2020: $9,050,000) and total repayments $3,300,000 (2020: $12,300,000).

8. Accounts payable

	Group		Company	
	2021	2020	2021	2020
Trade payables (a)	9,381,387	5,436,104	7,682,692	4,438,046
Other payables (b)	2,199,219	2,981,589	1,616,632	2,128,844
	11,580,606	8,417,693	9,299,324	6,566,890

(a) Trade payables include amounts due to related companies, which are controlled by directors, amounting to $327,071 (2020: $64,728) for the group and $165,174 (2020: $30,065) for the company.

(b) Other payables include $7,262 (2020: $30,283) due to related companies which are controlled by directors for the group and the company.

The amounts with related parties are unsecured, interest free and payable on demand.

9. Short-term promissory notes

	Group and Company	
	2021	2020
8% related company loan (a)	750,000	750,000
8% related party loans	1,858,333	1,858,333
7% related party loan	1,063,332	1,563,333
6% related party loan	146,128	146,128
	3,817,793	4,317,794

(a) The related company is controlled by directors.

These US$ promissory notes are unsecured and repayable with three months notice to the company.

10. Interest in subsidiaries

Interest in subsidiaries comprises:

	Company	
	2021	2020
Shares, at cost	21,303	10,000
Advances (see note below)	3,513,553	3,257,067
	3,532,856	3,267,067
Less: impairment allowance	(175,085)	(235,759)
	3,359,771	3,031,308

These advances represent amounts loaned to a subsidiary company and bears interest at 5.25% and are unsecured. These amounts are due and repayable on June 30, 2026.

11. Deferred tax asset

The deferred tax asset is attributable to differences in tax and financial statement reporting in respect of the following:

	Group				
	2019	Recognised in income [note 23(a)]	2020	Recognised in income [note 23(a)]	2021
Accounts payable	47,289	1,169	48,458	51,139	99,597
Accounts receivable	16,015	21,483	37,498	97,581	135,079
Lease liabilities	-	1,953,727	1,953,727	1,192,932	3,146,659
Provision for obsolete inventory	-	74,392	74,392	126,343	200,735
Unrealised foreign exchange gains	(8,750)	8,750	-	9,030	9,030
Tax effect of losses carried forward	8,797	747,897	756,694	(568,097)	188,597
Property, plant and equipment	1,032,650	241,082	1,273,732	174,802	1,448,534
Right-of-use asset	-	(1,848,500)	(1,848,500)	(1,083,730)	(2,932,230)
	1,096,001	1,200,000	2,296,001	-	2,296,001

	Company				
	2019	Recognised in income [note 23(a)]	2020	Recognised in income [note 23(a)]	2021
Accounts payable	47,289	1,169	48,458	29,747	78,205
Accounts receivable	16,015	21,483	37,498	96,137	133,635
Lease liabilities	-	1,681,227	1,681,227	1,136,441	2,817,668
Provision for obsolete inventory	-	74,392	74,392	71,999	146,391
Unrealised foreign exchange gains	(8,750)	8,750	-	9,030	9,030
Tax effect of losses carried forward	8,797	747,897	756,694	(568,097)	188,597
Property, plant and equipment	1,032,650	241,082	1,273,732	288,214	1,561,946
Right-of-use asset	-	(1,576,000)	(1,576,000)	(1,063,471)	(2,639,471)
	1,096,001	1,200,000	2,296,001	-	2,296,001

While the entity has a recent history of losses, these are due to extraordinary circumstances that are not expected to repeat in future years. An analysis of expected future taxable profit shows that the entity will generate sufficient taxable profits to utilize the deferred tax asset noted above.

12. Property, plant and equipment

	Group					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2019	10,163,670	14,710,489	2,285,499	1,864,005	3,406,250	32,429,913
Additions	36,951	705,503	65,684	162,864	27,231	998,233
Disposals	-	(162,559)	(351,922)	(136,574)	-	(651,055)
Transfer	3,030,186	259,230	-	-	(3,289,416)	-
June 30, 2020	13,230,807	15,512,663	1,999,261	1,890,295	144,065	32,777,091
Additions	1,018,019	427,088	85,104	677,871	136,156	2,344,238
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfer	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	14,041,558	15,649,449	2,091,861	2,291,191	247,673	34,321,732
Depreciation:						
June 30, 2019	6,507,079	8,378,456	1,941,277	1,299,569	-	18,126,381
Charge for the year	1,317,258	1,335,443	189,169	230,150	-	3,072,020
Disposals	-	(142,004)	(351,922)	(128,563)	-	(622,489)
Adjustments	43	821	303	-	-	1,167
June 30, 2020	7,824,380	9,572,716	1,778,827	1,401,156	-	20,577,079
Charge for the year	1,252,332	1,330,228	151,894	210,783	-	2,945,237
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	14,959	(4,550)	-	-	16,499
June 30, 2021	8,878,396	10,655,093	1,925,262	1,475,578	-	22,934,329
Net book values:						
June 30, 2021	5,163,162	4,994,356	166,599	815,613	247,673	11,387,403
June 30, 2020	5,406,427	5,959,002	220,434	545,945	68,204	12,200,012
June 30, 2019	3,656,591	6,351,088	344,222	621,242	3,330,389	14,303,532

	Company					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2019	8,856,471	12,649,817	2,103,823	1,312,356	3,301,458	28,223,925
Additions	36,951	567,075	64,749	98,489	27,231	794,495
Disposals	-	(162,559)	(351,922)	(136,574)	-	(651,055)
Transfers	3,030,186	259,230	-	-	(3,289,416)	-
June 30, 2020	11,923,608	13,313,563	1,816,650	1,274,271	39,273	28,367,365
Additions	2,398	427,088	82,794	552,149	24,719	1,089,148
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfers	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	11,718,738	13,450,349	1,906,940	1,549,445	31,444	28,656,916
Depreciation:						
June 30, 2019	6,211,775	7,606,332	1,850,012	944,339	-	16,612,458
Charge for the year	1,186,020	1,108,564	162,951	151,098	-	2,608,633
Disposals	-	(142,004)	(351,922)	(128,563)	-	(622,489)
Adjustments	43	821	303	-	-	1,167
June 30, 2020	7,397,838	8,573,713	1,661,344	966,874	-	18,599,769
Charge for the year	1,118,676	1,096,250	129,527	147,349	-	2,491,802
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	10,869	(4,550)	-	-	12,409
June 30, 2021	8,318,198	9,418,022	1,785,412	977,862	-	20,499,494
Net book values:						
June 30, 2021	3,400,540	4,032,327	121,528	571,583	31,444	8,157,422
June 30, 2020	4,525,770	4,739,850	155,306	307,397	39,273	9,767,596
June 30, 2019	2,644,696	5,043,485	253,811	368,017	3,301,458	11,611,467

13. Leases

The group and the company leases property and vehicles. The leases typically run for 3 to 10 years, with options to renew. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items.

Information about leases for which the group and the company owe a lessee is presented below:

	2021	
	Group	Company
(a) Right-of-use assets:		
Balance at July 1, 2019	8,632,857	7,419,451
Depreciation charge for the year	(1,238,623)	(1,115,451)
Balance at June 30, 2020	7,394,234	6,304,000
Additions	5,386,292	5,386,292
Depreciation charge for the year	(1,213,359)	(1,098,987)
Derecognition of right-of-use asset	(33,422)	(33,422)
Balance at June 30, 2021	11,533,745	10,557,883

(b) Lease liabilities:

	2021	
	Group	Company
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,616,538	1,428,824
One to five years	5,611,560	4,860,704
More than 5 years	15,837,841	15,243,414
Total undiscounted lease liabilities at June 30, 2021	23,065,939	21,532,942
Less: discount	(10,698,630)	(10,262,269)
Lease liabilities at June 30, 2021	12,367,309	11,270,673
Presented in the statement of financial position as follows:		
Current	649,839	553,213
Non-current	11,717,470	10,717,460
	12,367,309	11,270,673

13. Leases (continued)

(b) Lease liabilities (continued):

	2020	
	Group	Company
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,461,317	1,304,889
One to five years	3,848,182	3,097,326
More than 5 years	7,909,635	7,127,493
Total undiscounted lease liabilities at June 30, 2020	13,219,134	11,529,708
Less: discount	(5,339,673)	(4,804,802)
Lease liabilities at June 30, 2020	7,879,461	6,724,906
Presented in the statement of financial position as follows:		
Current	861,405	803,488
Non-current	7,018,056	5,921,418
	7,879,461	6,724,906

(c) Amounts recognised in profit or loss:

	2021	
	Group	Company
Depreciation	1,213,359	1,098,987
Gain on modification of leases	1,183	1,183
Interest on lease liabilities [note 22(c)]	634,817	540,003
Other income – rent concession recognized in accordance with amendment to IFRS 16 "COVID-19 Related Rent Concessions"	457,791	457,791
Expenses relating to short-term leases [note 21(b)]	957	957

	2020	
	Group	Company
Depreciation	1,238,623	1,115,451
Interest on lease liabilities [note 22(c)]	648,612	543,214
Expenses relating to short-term leases [note 21(b)]	63,000	63,000
	1,950,235	1,721,665

(d) Amounts recognised in the statement of cash flows:

	2021	
	Group	Company
Total cash outflow for leases excluding interest	(406,048)	(348,129)
Other income – rent concession	457,791	457,791

	2020	
	Group	Company
Total cash outflow for leases excluding interest	(753,396)	(694,545)

14. Intangible asset

	Computer software	
	Group	Company
Cost:		
June 30, 2019	146,742	87,117
Addition	43,703	40,004
June 30, 2020	190,445	127,121
Disposal	(106)	-
June 30, 2021	190,339	127,121
Amortisation:		
June 30, 2019	114,157	81,117
Charge for the year	25,490	13,825
June 30, 2020	139,647	94,942
Charge for the year	26,440	14,667
June 30, 2021	166,087	109,609
Carrying amount:		
June 30, 2021	24,252	17,512
June 30, 2020	50,798	32,179
June 30, 2020	32,585	6,000

15. Share capital

	Group and Company	
	2021	2020
Authorised:		
176,000,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
1,100,000,000 ordinary shares of no par value	5,117,611	5,117,611
Less: Transaction costs of share issue	(219,181)	(219,181)
	4,898,430	4,898,430

16. Non-controlling interest

This represents non-controlling interest of 49% in the company's subsidiary CPJ (St. Lucia) Ltd.

16. Non-controlling interest (continued)

The following table summarises the financial information of CPJ (St. Lucia) Ltd., the group's subsidiary that has non-controlling interest, before any intra-group eliminations:

	Group	
	2021	2020
	$	$
Percentage ownership interest	**49%**	**49%**
Non-current assets	4,212,583	3,541,269
Current assets	6,786,478	5,808,580
Non-current liabilities	(7,827,899)	(7,539,135)
Current liabilities	(3,971,935)	(1,530,794)
Net assets (100%)	(800,773)	(279,920)
Non-controlling interest share of net assets	(392,379)	(137,161)
Revenue	11,562,126	13,724,081
Net loss from continuing operations	(520,854)	(568,193)
Loss allocated to Non-controlling interest (NCI)	(255,218)	(278,415)
Cash flows from operating activities	(433,869)	1,376,739
Cash flows from investing activities	(926,627)	(226,535)
Cash flows from financing activities	(45,552)	(4,583)
Net (decrease)/ increase in cash and cash equivalents	(1,406,048)	1,145,621

17. Long-term promissory notes

	Group and Company	
	2021	2020
Due to related companies (a):		
6% loan	100,000	100,000
8% loan	500,000	500,000
9% loan	6,000,000	6,000,000
4.5% loan	2,000,000	2,000,000
Due to related company (a):		
Non-interest bearing loans	650,000	650,000
Due to third party:		
8% loan	24,180	22,356
	$9,274,180	9,272,356

These US$ loans are unsecured and not repayable before June 30, 2022.

(a) Related companies are controlled by directors.

18. Long-term borrowings

		Group		Company	
		2021	2020	2021	2020
8% Bonds	(a)	3,366,550	3,571,145	3,366,550	3,571,145
10.5% Sagicor Bank Jamaica Limited [J$ Nil (2020: J$2,121,341)]	(b)	-	15,151	-	15,151
10.9% Sagicor Bank Jamaica Limited [J$Nil (2020: J$261,284)]	(c)	-	1,866	-	1,866
10.5% Sagicor Bank Jamaica Limited [J$Nil (2020: J$515,693)]	(d)	-	3,683	-	3,683
6.95% Bank of Nova Scotia Jamaica Limited [J$56,761,980 (2020: J$53,345,750)]	(e)	382,184	381,011	382,184	381,011
4.75% Bank of Nova Scotia Jamaica Limited	(f)	771,429	725,000	771,429	725,000
9.5% Bank of Nova Scotia Jamaica Limited [J$7,692,320 (2020: J$10,000,016)]	(g)	51,793	70,793	51,793	70,793
10% Bank of Nova Scotia Jamaica Limited [J$6,666,628 (2020: J$8,666,632)]	(h)	44,887	61,890	44,887	61,890
9.5% Bank of Nova Scotia Jamaica Limited [J$513,331 (2020: J$513,331)]	(i)	3,950	3,666	3,950	3,666
9% Bank of Nova Scotia Jamaica Limited [J$1,044,000 (2020: J$1,044,000)]	(j)	7,810	7,457	7,810	7,457
8.75% Bank of Nova Scotia Jamaica Limited [J$750,000 (2020: J$750,000)]	(k)	3,367	5,357	3,367	5,357
7% Bank of Nova Scotia Jamaica Limited [J$3,296,667 (2020: J$3,296,667)]	(l)	22,713	23,546	22,713	23,546
7% Bank of Nova Scotia Jamaica Limited [J$3,637,500 (2020: J$3,637,500)]	(m)	25,036	25,980	25,036	25,980
7% Bank of Nova Scotia Jamaica Limited [J$5,145,833 (2020: J$5,145,833)]	(n)	33,558	35,073	33,558	35,073
4.35% Bank of Nova Scotia Jamaica Limited	(o)	2,467,952	2,467,952	2,467,952	2,467,952
6.95% Bank of Nova Scotia Jamaica Limited [J$12,551,786 (2020: J$12,551,786)]	(p)	85,703	89,649	85,703	89,649
6.95% Bank of Nova Scotia Jamaica Limited [J$9,816,786 (2020: J$9,816,786)]	(q)	64,531	67,161	64,531	67,161
6.95% Bank of Nova Scotia Jamaica Limited [J$11,795,000 (2020: J$Nil)]	(r)	79,417	-	79,417	-
6.95% Bank of Nova Scotia Jamaica Limited [J$2,921,250 (2020: J$Nil)]	(s)	19,669	-	19,669	-
6.95% Bank of Nova Scotia Jamaica Limited [J$8,763,750 (2020: J$Nil)]	(t)	59,007	-	59,007	-
4.5% First Caribbean International Bank Limited	(u)	118,140	195,616	-	-
		7,607,696	7,751,996	7,489,556	7,556,380
Less: Current portion		(1,012,223)	(1,068,964)	(1,012,223)	(1,022,794)
		6,595,473	6,683,032	6,477,333	6,533,586
Debt issuance costs:	(v)				
At beginning of the year		(86,868)	(104,597)	(86,868)	(104,597)
Additional costs incurred in the year		(11,390)	(9,484)	(11,390)	(9,484)
Debt costs amortised during the year		35,699	27,213	35,699	27,213
At the end of the year		(62,559)	(86,868)	(62,559)	(86,868)
		6,532,914	6,596,164	6,414,774	6,446,718

18. Long-term borrowings (continued)

(a) On April 27, 2018, the company authorised the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 5-year unsecured promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") for an aggregate principal amount of J$500,000,000. These bonds mature in May 2023.

(b) This represented the balance due on an initial loan of J$13,195,000. The loan was repayable in eighty-four monthly instalments of principal and interest of J$222,477; the loan was fully repaid during the year.

(c) This represented the balance due on an initial loan of J$6,976,000. The loan was repayable in seventy-two monthly instalments of principal and interest of J$132,425; the loan was fully repaid during the year.

(d) This represented the balance due on an initial loan of J$2,880,006. The loan was repayable in seventy-two monthly instalments of principal and interest of J$54,084; the loan was fully repaid during the year.

(e) This represents the balance due on an initial loan of J$147,160,689. The applicable rate of interest was 9.25% per annum up to July 16, 2018 and thereafter the 6 months Weighted Average Treasury Bill Yield (WATBY) rate plus 4.82% per annum (with a floor of 9% per annum), reset quarterly. The loan was refinanced and is payable in 30 equal monthly installments.

(f) This represents the balance due on an initial loan of $2,000,000. The applicable rate of interest was 4.75% per annum up to July 16, 2018 and thereafter the 6 months LIBOR rate plus 4.35% per annum, reset quarterly. The loan was refinanced and is payable in 30 equal monthly installments.

(g) This represents the balance due on an initial loan of J$30,000,000, funded by the Development Bank of Jamaica Limited (DBJ). The DBJ's authorised lending rate for its energy funding line is currently at 6.5% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 9.5% per annum. The loan is for seven years with a six months moratorium. The principal is repayable in seventy-seven equal monthly payments of J$384,616 and one final payment of J$384,568. The loan matures on August 8, 2022.

(h) This represents the balance due on an initial loan of J$26,000,000, funded by the DBJ. The DBJ's authorised lending rate for its regular J$ funding line is currently at 7% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 10% per annum. The principal is repayable in seventy-seven equal monthly payments of J$333,334 and one final payment of J$333,282. The loan matures on August 12, 2022.

(i) This represents the balance due on the initial loan of J$4,400,000. This initial loan is repayable in fifty-nine monthly payments of J$73,333 and matures December 31, 2021. The interest rate on this initial disbursement is fixed at 9.5% per annum.

18. Long-term borrowings (continued)

(j) This represents the balance due on an initial loan of J$6,960,000 for the purchase of two motor vehicles. The interest rate of 9% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$116,000; the final instalment being due in March 2022.

(k) This represent the balance due on an initial loan of J$7,500,000 for the purchase of two motor vehicles. The interest rate of 8.75% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$125,000; the final instalment being due in February 2022.

(l) This represents the balance due on an initial loan of J$4,600,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$76,667; the final instalment being due in January 2024.

(m) This represents the balance due on an initial loan of J$4,850,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$80,833; the final instalment being due in April 2024.

(n) This represents the balance due on an initial loan of J$6,175,000 received in April 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$73,512; the final instalment being due in May 2024.

(o) This represents the balance due on an initial loan of US$2,750,000 received in May 2019. The interest rate of 4.35% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of US$35,246; the final instalment being due in May 2024.

(p) This represents the balance due on an initial loan of J$14,850,000 received in May 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$176,785; the final instalment being due in May 2024.

(q) This represents the balance due on an initial loan of J$10,850,000 received in October 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of principal and interest of J$129,167; the final instalment being due in October 2026.

(r) This represents the balance due on an initial loan of J$11,795,00 for the purchase of 2 motor vehicles. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$140,717; the final instalment being due in June 2025.

(s) This represents the balance due on an initial loan of J$2,921,250 for the purchase of a motor vehicle. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$34,777; the final instalment being due in June 2025.

18. Long-term borrowings (continued)

(t) This represents the balance due on an initial loan of J$8,763,750 for the purchase of two motor vehicles. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$121,719; the final instalment being due in June 2025.

(u) This represents the balance outstanding on a revolving loan facility of US$650,000 received in April 2019. Total drawdown for the period was $195,616. The interest rate of 4.5% per annum is fixed for the term.

(v) This represents costs incurred in obtaining certain long-term borrowings. The costs are being written off over the period of the borrowings on the effective interest basis.

The borrowings at (b) to (d) and (q) were secured as follows:

- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.

The borrowings at (e) to (q), (r), (s), (t) and short-term loans (note 7) with the Bank of Nova Scotia Jamaica Limited are primarily secured as follows:

- Demand debenture stamped to cover US$14,112,000 and J$50,000,000, with power to upstamp, constituting a charge over assets of the company and:

  (i) Limited guarantee of a related company, supported by a first legal mortgage for $1,000,000 over certain commercial properties owned by the said related company.

  (ii) Limited guarantee of another related company supported by a first legal mortgage for $2,000,000 over certain commercial properties owned by this related company.

  (iii) Limited guarantee by both related companies mentioned in (i) and (ii) supported by a second legal mortgage for J$64,890,278 over commercial properties owned per (i) and (ii).

- Assignment of peril insurance policy providing adequate replacement coverage over charged assets with loss if any payable to the bank.

- Subordination and postponement agreement for $6,000,000 due to a related company (note 17).

- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.

- Unsupported guarantee of CPJ Investments Limited.

In respect of these credit facilities except (f) and (g), the bank allowed the company a 6 months postponement of the principal payments due from April to September 2020 resulting in new maturity dates being 6 months after the disclosed original maturity dates.

18. Long-term borrowings (continued)

The borrowings at (u) with First Caribbean International Bank (Barbados) Limited is primarily secured as follows:

- Supported by a first legal mortgage of $6,375,000 over certain immovable property.

Breach of loan covenants:

- The group has certain loans totalling $7,489,556 as at June 30, 2021. These loans contain convenants which are to be tested annually/semi-annually. If the covenants are not met, the loans can be repayable on demand.

- According to the agreements, the debt service coverage ratio cannot be less than 1.5:1 and the debt to EBITDA cannot exceed 3:1. The group is in breach of these ratios. However, management obtained a waiver from the respective financial institutions on June 29, 2021. As the waiver was approved by the bank prior to the reporting date, the loans were not classified as current.

19. Related party balances and transactions

(a) The statement of financial position includes balances arising in the ordinary course of business with related parties.

The amounts due to related company are payable to non-controlling interests and are interest-free, unsecured and are not repayble before June 30, 2022.

Other related party balances are disclosed in notes 5, 8, 9, 10 and 17.

(b) The statement of profit or loss and other comprehensive income for the year includes the following (income)/expense and transactions with related parties in the ordinary course of business:

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Sales to related companies/parties	(221,252)	(651,172)	(213,846)	(651,172)
Sales to subsidiary	-	-	(326,927)	(546,476)
Interest expense paid to related companies/parties	420,750	621,688	420,750	621,688
Rent paid to related companies-included in right-of-use-assets and lease liabilities	561,179	911,128	446,791	746,824
Agency fee paid to a related company	735,000	1,199,000	735,000	1,199,000
Directors' emoluments:				
Fees	14,500	15,500	14,500	15,500
Management remumeration	196,686	311,017	196,686	311,017
Compensation for key management:				
Short-term benefits	633,660	980,660	302,052	699,342

Related companies are controlled by directors.

20. Gross operating revenue

Gross operating revenue represents income from the sale of food, beverages and non-food items for the year.

21. Nature of expenses

(a) Cost of operating revenue:

Cost of operating revenue primarily comprises the costs to purchase or process inventory items, such as meats, seafood, dairy products and beverages, which were sold by the group to third parties during the year.

(b) Selling and administrative expenses:

	Group		Company	
	2021	2020	2021	2020
Advertising	322,993	866,221	288,880	816,461
Audit fees	70,500	110,700	57,000	94,500
Bank charges	94,696	178,931	59,909	164,372
Cleaning and sanitation	53,336	65,301	49,609	57,473
Data processing	789,789	758,448	747,442	758,448
Garbage disposal	33,068	130,647	16,576	112,499
GCT irrecoverable	102,474	125,239	102,474	125,239
Insurance	376,369	447,791	314,430	399,644
Miscellaneous	395,506	841,214	20,654	197,812
Motor vehicle expenses	1,022,281	2,026,170	883,584	1,943,689
Penalties and interest	38,137	27,213	38,137	27,213
Pest control	16,970	19,622	10,124	14,249
Printing, postage and stationery	108,396	161,431	92,458	137,798
Professional fees	1,040,333	1,637,062	955,053	1,574,210
Rates and taxes	155,349	132,659	136,337	122,406
Rental of premises [notes 13(c)]	957	63,000	957	63,000
Repairs and maintenance	505,407	967,952	365,972	807,419
Security	313,250	451,542	254,278	388,420
Staff costs:				
Salaries, wages, and other payroll costs	5,340,800	7,107,855	4,169,127	6,044,174
Payroll taxes	491,660	738,003	449,456	698,273
Staff welfare	253,041	444,876	235,900	421,940
Subscriptions	23,763	39,431	21,959	35,789
Travel and entertainment	1,477,284	380,207	1,117,564	319,052
Utilities	79,465	1,544,380	71,566	1,196,337
	13,105,824	19,265,895	10,459,446	16,520,417

22. Disclosure of income/(expenses)

	Group		Company	
	2021	2020	2021	2020
(a) Other operating income:				
Gain on disposal of property plant and equipment	68,257	6,487	68,257	6,487
Covid-19 rent concessions	457,791	-	457,791	-
Gain on lease modification (note 13(c))	1,183	-	1,183	-
Others	788,902	121,961	251,682	95,993
	1,316,133	128,448	778,913	102,480
(b) Finance income:				
Interest income - third party	33,099	3,724	33,099	3,724
(c) Finance costs:				
Foreign exchange loss, net	(73,019)	(135,549)	(73,019)	(129,861)
Interest on promissory notes	(569,741)	(847,757)	(569,741)	(847,757)
Interest on long-term and short term borrowings	(906,195)	(733,103)	(560,148)	(725,881)
Interest on lease liabilities	(634,817)	(648,612)	(540,003)	(543,214)
Overdraft interest	(32,871)	(39,908)	-	-
	(2,216,643)	(2,404,929)	(1,742,911)	(2,246,713)

23. Taxation

(a) Taxation is based on the following:

	Group		Company	
	2021	2020	2021	2020
Current tax	-	-	-	-
Deferred tax (note 11):				
Tax losses	-	(747,897)	-	(747,897)
Origination and reversal of temporary differences	-	(452,103)	-	(452,103)
	-	(1,200,000)	-	(1,200,000)
Tax credit recognised during the year	-	(1,200,000)	-	(1,200,000)

23. Taxation (continued)

(b) Reconciliation of actual taxation credit:

	Group		Company	
	2021	2020	2021	2020
Loss before taxation	(2,518,994)	(5,546,096)	(1,996,540)	(4,976,553)
Computed "expected" tax credit at 25% and 30%	(655,871)	(1,386,524)	(499,135)	(1,244,138)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	516,487	241,082	516,487	241,082
Other items, net	139,384	(54,558)	(17,352)	(196,944)
	-	(1,200,000)	-	(1,200,000)

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

- Years 2012 to 2016 - 100%
- Years 2017 to 2021 - 50%

(d) As at June 30, 2021, subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses available for set-off against future profits amounted to approximately $3,518,000 (2020: $3,027,000) for the group and company. If unutilised, these losses can be carried forward indefinitely. However, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year.

24. Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year as follows:

	Group		Company	
	2021	2020	2021	2020
Loss for the year attributable to the shareholders of the company	(2,263,776)	(4,067,681)	(1,996,540)	(3,776,553)
Weighed average number of ordinary shares held during the year	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per share (expressed in ¢ per share)	(0.21)	(0.37)	(0.18)	(0.34)

25. Contingent liabilities

(a) In 2016, Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No formal assessment has been served in this regard. During the year, the management and directors continued discussions with TAJ and other relevant authorities to review and resolve the proposed adjustments. At the date of authorisation of these financial statements, the resolution process is still ongoing.

(b) The company has given guarantees in the ordinary course of business, under banking arrangements, in favour of the Collector of Customs in the amount of $339,259 (J$47,500,000).

(c) In 2018, Jamaica Customs Agency Post Clearance Audit (JCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. The management has had discussions with JCA and has disputed the assessment. As at the date of authourisation of these financial statements, the resolution process is still ongoing.

26. Dividends

There was no dividend declaration in the current year.

27. Financial instruments

(a) Financial risk management:

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Board of Directors has monitoring oversight of the risk management policies.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at the reporting date was represented by the carrying value of financial assets in the statement of financial position. The group had no significant concentration of credit risk.

Cash and cash equivalents

The group limits its exposure to credit risk by placing cash resources with substantial counterparties who are appropriately licensed and regulated, and are believed to have minimal risk of default.

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Expected credit loss assessment

The group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

The following table provides information about the exposure to credit risk and ECL for trade receivables as at June 30, 2021 (see also note 5).

	Group 2021			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.3%	8,951,419	27,781	no
31-60 days past due	0.4%	1,055,304	3,938	no
61-90 days past due	2.4%	391,346	9,546	no
91-180 days past due	4.1%	409,735	16,705	no
More than 180 days past due	100%	670,396	670,396	yes
		11,478,200	728,366	

	Group 2020			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	1,023,602	3,728	No
31-60 days past due	0.4%	501,903	1,950	No
61-90 days past due	1.8%	153,222	2,735	No
91-180 days past due	10.0%	2,870,617	287,099	No
More than 180 days past due	100%	315,710	315,710	Yes
		4,865,054	611,222	

	Company 2021			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	7,278,420	17,533	no
31-60 days past due	0.3%	1,038,302	3,768	no
61-90 days past due	1.5%	334,929	6,262	no
91-180 days past due	6.1%	406,098	16,141	no
More than 180 days past due	100%	534,540	534,540	yes
		9,592,290	578,244	

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

	Company 2020			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	881,069	1,633	No
31-60 days past due	0.3%	428,609	1,217	No
61-90 days past due	1.9%	141,015	2,613	No
91-180 days past due	7.7%	2,584,017	198,227	No
More than 180 days past due	100%	262,224	262,224	Yes
		4,296,934	465,914	

The impairment of trade receivables at the reporting date was:

	Group		Company	
	2021 $	2020 $	2021 $	2020 $
Balance at beginning of year	611,222	424,081	465,914	224,626
Amount charged, net	135,494	443,496	119,028	398,893
Recoveries	(18,350)	(256,355)	(6,698)	(157,605)
Balance at end of year	728,366	611,222	578,244	465,914

The provision is determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management of the group manages liquidity risk by maintaining adequate liquid financial assets with appropriate terms and currencies, together with committed financing to meet all contractual obligations and operational cash flows, including the servicing of its long-term liabilities.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay.

	Group 2021			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Bank overdraft	1,536,067	1,536,067	1,536,067	-
Short-term loans	1,700,000	1,772,250	1,772,250	-
Accounts payable	11,580,606	11,580,606	11,580,606	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	12,367,309	12,367,309	649,839	11,717,470
Long-term promissory notes	9,274,180	10,454,049	-	10,454,049
Long-term borrowings	7,545,137	9,019,881	1,094,936	7,924,945
Due to related company	3,233,634	3,233,634	-	3,233,634
Total financial liabilities	51,054,726	54,082,225	20,752,127	33,330,098

	Group 2020			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Bank overdraft	122,060	122,060	122,060	-
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	8,417,693	8,417,693	8,417,693	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	7,879,461	7,879,461	861,405	7,018,056
Long-term promissory notes	9,272,356	10,431,933	-	10,431,933
Long-term borrowings	7,665,128	9,699,791	1,133,096	8,566,695
Due to related company	3,143,791	3,143,791	-	3,143,791
Total financial liabilities	42,718,283	46,328,907	17,168,432	29,160,475

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

	Company 2021			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	1,700,000	1,772,250	1,772,250	-
Accounts payable	9,299,324	9,299,324	9,299,324	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	11,270,673	11,270,673	553,213	10,717,460
Long-term promissory notes	9,274,180	10,454,049	-	10,454,049
Long-term borrowings	7,426,997	8,896,425	1,094,936	7,801,489
Total financial liabilities	42,788,967	45,811,150	16,838,152	28,972,998

	Company 2020			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	6,566,890	6,566,890	6,566,890	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	6,724,096	6,724,906	803,488	5,921,418
Long-term promissory notes	9,272,356	10,451,933	-	10,451,933
Long-term borrowings	7,469,512	9,495,372	1,084,848	8,410,524
Total financial liabilities	36,250,648	39,873,279	15,089,404	24,783,875

There were no changes to the group's approach to liquidity risk management during the year.

(iii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the group's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk, the group has policies and procedures in place which detail how the risk is managed and monitored.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

The management of each of these major components of market risk and the exposure of the group at the reporting date to each major risk are addressed below.

Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

Interest rate risk

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

The group materially contracts financial liabilities at fixed interest rates. These primarily relate to borrowings which are subject to interest rates fixed in advance, but which may be varied with appropriate notice by the lenders.

Interest-bearing financial assets are primarily represented by cash and cash equivalents, which are contracted at various interest rates.

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2021	2020	2021	2020
Fixed rate instruments:				
Financial assets	1,970,212	1,813,009	1,970,212	1,813,009
Financial liabilities	(21,909,500)	(21,541,033)	(20,453,926)	(21,223,357)
	(19,939,288)	(19,728,024)	(18,483,714)	(19,410,348)
Variable rate instruments:				
Financial assets	306,545	115,681	306,545	115,681
Financial liabilities	(1,153,613)	(1,106,011)	(1,153,613)	(1,106,011)
	(847,068)	(990,330)	(847,068)	(990,330)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Cash flow sensitivity analysis for variable rate instruments

An increase or decrease in basis points in interest rates at the reporting date would have (increased)/decreased loss for the year by amounts shown below:

	The Group and Company			
	2021		2020	
	Increase 100bp	Decrease 100bp	Increase 100bp	Decrease 100bp
Effect on profit or loss (decrease)/increase	(8,471)	8,471	(9,903)	9,903

Fair value sensitivity analysis for financial instruments

The group does not account for any financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the carrying value of the group's financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The group incurs foreign currency risk primarily on receivables, purchases and borrowings that are denominated in a currency other than the United States dollar. The principal foreign currency risks of the group are denominated in Jamaica dollar (J$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in J$ as a hedge against adverse fluctuations in exchange rates.

At the reporting date, net foreign currency assets/(liabilities) of the group and the company are as follows:

	Group and Company	
	2021	2020
Cash and cash equivalents	181,326,106	215,155,630
Accounts receivable	813,339,205	681,594,847
Accounts payable	(208,367,999)	(129,729,401)
Long-term borrowings	(630,333,140)	(611,017,928)
Net foreign currency assets	J$155,964,172	156,003,148
Equivalent to	US$ 1,050,148	1,129,558

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Foreign currency risk (continued)

Exchange rates for the J$ in comparison to the United States dollar were as follows:

June 30, 2021:	J$148.52 to US$1
June 30, 2020:	J$139.11 to US$1

Sensitivity analysis

Changes in exchanges rates would have the effects described below:

	Group and Company	
	Decrease/(increase) in loss for the year	Decrease/(increase) in loss for the year
	2021	2020
6% (2020: 6%) weakening against the US$	(63,009)	(67,773)
2% (2020: 2%) strengthening against the US$	21,003	22,591

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2020.

(b) Capital risk 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 shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The group defines capital as total shareholders' equity.

Management of the group is responsible for monitoring the group's adherence to loan covenants on a timely basis and also to obtain relevant approvals from the banks before certain decisions are finalised.

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

(c) Fair value disclosures:

The fair values of cash and cash equivalents, accounts receivable, bank overdraft, accounts payable and short-term loans and promissory notes are assumed to approximate their carrying values due to their relatively short-term nature. Long-term borrowings and promissory notes are carried at their contracted settlement value based on commercial terms. Amounts due to related company are considered to approximate their carrying value due to their short-term nature, and/or an ability to effect future set-offs in the amounts disclosed.

28. Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment information below represents segment revenue based on the country receiving the benefit of the products/services and segment assets based on the country in which the owner is registered. Segment information is only applicable to the group as the company only operates in one segment.

Geographical information:

	2021			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	46,943,211	11,562,126	(326,927)	58,178,410
Loss for the year	(1,996,540)	(520,854)	-	(2,517,394)
Segment non-current assets	24,451,208	4,212,583	(3,359,771)	25,304,020
Segment current assets	34,560,490	6,786,478	(212,982)	41,133,986
Segment total assets	59,011,698	10,999,061	(3,572,753)	66,438,006
Additions to property, plant and equipment	1,089,148	1,255,090	-	2,344,238

	2020			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	78,525,705	13,724,081	(546,476)	91,703,310
Loss for the year	(3,776,553)	(568,193)	-	(4,344,746)
Segment non-current assets	21,498,969	3,541,269	(3,031,308)	22,008,930
Segment current assets	32,980,458	5,808,580	(168,713)	38,620,325
Segment total assets	54,479,427	9,349,849	(3,200,021)	60,629,255
Additions to property, plant and equipment	794,495	203,738	-	998,233

29. Impact of COVID-19

The World Health Organization had declared the novel Coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020. After the first wave in early 2020, the world saw a slight rebound in economic activities, but was again hit with a second wave in mid to late 2020, resulting in significantly depressed sales. This reduction consequently impacted the financial performance of the group for the fiscal year ended June 30, 2021.

29. Impact of COVID-19 (continued)

Travel restrictions and global-wide lockdowns resulted in the closure of hotels since April 2020 and this resulted in a significant decrease in the group's revenue.

Effective end of March 2020, the group had to restrict its operations to direct selling and retail market till the partial re-opening of the hotels from June 2020 onwards. Although this was new, the group adjusted to the changing landscape with ease and successfully adapted to the new economic order.

The group performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. Assessments revealed that there was a significant business interruption primarily due to travel restrictions and closure of hotels. This may result in the partial obsolescence of inventory held, delays in collection of trade receivables, managing the expectation of lenders and liquidity to continue the operations at reduced level. The group may also experience significant decline in sales resulting in reduced earnings and operating cash flows.

To address these challenges and risks identified, the group management resorted to implementing the following measures:

- Acted diligently on collection of its account receivables and continued monitoring leading to significant further reduction in receivables;
- Negotiated extended credit terms with its suppliers from 30 to 90 days;
- Focused on selling its inventory at risk through retail and online sales strategies;
- Separation of non-critical staff;
- Deferral of planned non-essential capital expenditure;
- Reduction of non-critical overheads;
- Agreed salary reduction for all staff;
- Financial support from related party and external lenders:
  - Negotiated interest rate reduction on all related party loans to June 2021;
  - Obtained commitment from related parties to not recall loans payment in next 12 months;
  - Negotiated moratorium for its bank loans;
  - Negotiated reduction of rental charge on most properties to June 2021;
  - Obtained waiver letter from lenders regarding the breach in debt covenants at the reporting date.
- Improvements in IT systems to facilitate operational efficiencies, relating to supply chain, demand planning and warehouse management;

29. Impact of COVID-19 (continued)

All the above measures led to an improved cashflow position, a reduction in account receivables and payables and reduction in inventories to a manageable level. The group has been able to meet its obligation to its suppliers, bondholders and to its employees to date.

The group is optimistic that a solution to the virus will be available soon and restore confidence in travel, especially in light of the vaccination drives in several countries. The governments in the countries of operations are committed to restoring the capacity of the tourism industry in the shortest possible time, while ensuring the safety protocols. The Government of Jamaica continues to support the hospitality and tourism industry, through measures like the north coast 'coronavirus-resilient zone', allowing ports of entries to remain open, increase vaccination for hospitality industry workers. Those measures have resulted in increased confidence in the sector, which will positively impact the revenue of the group. Similar measures are in place in St Lucia. The group is prepared for what it is certain, will be a full recovery of the travel industry. It remains committed to its strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives.

The financial support required is dependent on the evolution of the pandemic and its implications on the group's operations. Based on sales projections, reflecting the estimated impact of the stressed conditions currently experienced and other initiatives undertaken, management expects to continue in operations, meeting its obligations as and when they fall due, for at least twelve months from the reporting date. Consequently, management is of the opinion that the going concern basis of accounting, applied in preparation of these financial statements remains appropriate.

As at the date of approval of these financial statements, the ultimate impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy.

30. Capital committments

The group has committed to the expansion of its retail store located at its headquarters in Montego Bay. Construction of a 6,000 sq feet store space began in July 2021 and is budgeted to cost US$450,000. The project is estimated to be completed in January 2022.

FORM OF Proxy

PLACE POSTAGE STAMP

I/We _____(insert name)

of _____(address)

being a shareholder(s) of the above-named Company, hereby appoint:

_____ (proxy name)

of _____(address)

or failing him, _____(alternate proxy)

of _____(address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3:00 p.m. on Tuesday, 08 February 2022 at the Grand A View Restaurant & Event Place, 7 Queens Drive, Montego Bay and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

No.	**Resolution details**	**Vote for or against** *(tick as appropriate)*
1.	To receive the report of the directors and the audited accounts of the Company for the financial year ended June 30, 2021.	For ( ) Against ( )
The following Directors of the Board, having resigned by rotation in accordance with the Articles of Incorporation of the Company, and, being eligible, hereby offer themselves for re-election by the shareholders:		
2(a)	To re-appoint Mr. Ronald Schrager as a Director of the Company.	For ( ) Against ( )
2(b)	To re-appoint Mr. Richard M. Hall as a Director of the Company.	For ( ) Against ( )
2(c)	To re-appoint Mr. Frank O'Dowd as a Director of the Company.	For ( ) Against ( )
3.	To appoint Mrs. Candace Hart as a Director of the Company.	For ( ) Against ( )
4.	To authorise the directors to re-appoint KPMG as the Auditors of the Company and to fix their remuneration.	For ( ) Against ( )
5.	To fix the remuneration of the Directors, other than the Executive Directors, for the financial year of the Company ending June 30, 2021.	For ( ) Against ( )

Signed this_____day of _____ 20___: _____

Signature of Shareholder

Signed: _____ (signature of primary shareholder)

Name: _____ (print name of primary shareholder)

Signed: _____ (signature of joint shareholder, if any)

Name: _____ (print name of joint shareholder, if any)

Notes

Annual Report designed by Heather Kong-Smith.

With every new day comes new possibilities...

CPJ

Caribbean Producers (Jamaica) Limited, 1 Guinep Way, Montego Freeport, St. James, Jamaica