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## Chairman's Report for the Year Ended April 30, 2022

Blue Power Group Limited earned net profit of \$194 million for the year ended April 30, 2022. This represented an increase of 81% over the prior year profit of \$107 million. Our shareholders' equity increased by 14% during the year.

Despite the strong overall financial performance of the Group in 2022, the year was challenging. Our revenues were down by 1.5% and our core soap operations incurred a loss. Importantly, we were forced to implement a bold new plan to restore growth and operating profitability to the business. There will be continued challenges, but we expect our plan to show improved revenues in the first half of 2023 and improved operating results by the end of the 2023 financial year.

Blue Power faced two main challenges to operating performance in 2022. Firstly, we were adversely affected by the decision – within our CARICOM export markets – to apply a 40% duty to soap manufactured in Jamaica using imported raw material. The CARICOM trade rules are now interpreted to protect primary production, rather than to support value added manufacturing using intermediate goods. As a result, in 2022, we lost market opportunities in CARICOM that we had built up steadily over the last decade. Our response will be to rebuild revenues in the local Jamaican market in the first instance, and ultimately to seek export opportunities outside of CARICOM. In line with this initiative, we were able to generate substantial sales growth during the second half of 2022 from leading local brand owners and distributors who expressly wanted to procure competitively manufactured local products. We expect this strong revenue growth to continue into 2023.

The second challenge that we faced was a dramatic and unprecedented spike in raw material costs. Cost increases were initially related to high ocean freight charges for raw material originating in Asia. More recently, the war in Ukraine has led to actual shortages of products based on vegetable oils, including those used in the production of soap. This in turn led to further cost increases and ultimately to export restrictions being placed on our traditional raw material suppliers in Asia who were forced to divert volumes to the supply of their home markets. During the year, we adjusted selling prices to recover some of the margin lost due to cost price increases. However, after some consideration, we concluded that it was not in the best interest of the company to seek to pass along the full impact of these significant price hikes to our most significant customers – particularly those that had supported our growth in the local market. We believe that this decision is justified, because we are beginning to see an improved outlook for raw material prices and shipping costs that will take effect in the second half of our financial year. Importantly, we have also been able to maintain the long-term support of our core customer base.

An important part of our medium-term plan for business development, is our commitment to efficiency and innovation. During the year we initiated capital projects to

expand our capacity and productivity and to give our manufacturing plant more flexibility in the sources of raw material. We expect to see the results of this investment in 2023. We also secured the long-term expansion prospects for the business with the acquisition of a two-acre plot of land that is adjacent to our existing facility. The site includes a building that is suitable for renovation as well as land space with excellent development potential for a purpose-built facility for light manufacturing, warehousing, and distribution.

The Blue Power balance sheet, investment portfolio and liquidity remain strong. Our investment in Lumber Depot Limited, which is a significant part of our holdings, performed well in 2022. We elected to sell to Lumber Depot Limited the real estate that it occupies in Papine and from which it operates its flagship hardware store. This real estate is strategic to their operation and the sale -- at market value -- gave us more financial flexibility to develop our core Victoria Avenue sites in line with our strategic plan. In light of our decision to continue to hold Lumber Depot Limited shares, and to have representation on their board and management, we were advised by our auditors that it was appropriate to equity account for our 16.45% interest in that company with effect from November 1, 2021. This also contributed to our earnings growth in 2022.

We continue to be optimistic about the competitive position and growth prospects for our business in Jamaica, as well as the opportunity to develop new export markets and ultimately to challenge the constraints on our business in CARICOM. We are also well prepared to diversify the business through opportunistic investments in related businesses and in our real estate.

At the end of 2022 our founder, Dr. Dhiru Tanna, elected to step down from the position of Executive Chairman, a position that he has held since the inception of the company. Dr. Tanna's leadership of Blue Power stands as an exemplar for all of us, of the success that can be achieved – in even the toughest moments of Jamaica's business history – through hard work, integrity, humility, and sound business judgment. On behalf of the company, and the many who have benefited from his good work, we thank him sincerely.

Dr. Dhiru Tanna is succeeded in his executive capacity by Mrs. Lisa Kong-Lee who was appointed Executive Director with effect from June 1, 2022. Prior to the appointment, Mrs. Kong-Lee served as General Manager of the business and prior to that as Financial Controller. She has served in the management of the company for over 20 years. Mrs. Kong-Lee is succeeded in her capacity as General Manager, by Mr. Vishwanauth Tolan. Mr. Tolan has been with Blue Power Group for two years and has served as Commercial and Operations Manager. Mrs. Kong-Lee and Mr. Tolan have demonstrated a clear and positive understanding of the opportunities available to the Group as well as the dedication and drive to improve our performance. They have the full confidence of the board.

I thank our customers, staff, management team and board for their commitment to the business.

Jeffrey Hall  
Chairman  
July 15, 2022

BLUE POWER GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
BLUE POWER GROUP LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Blue Power Group 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 8 to 54, which comprise the group's and company's statement of financial position as at April 30, 2022, 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 April 30, 2022, 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  
BLUE POWER GROUP LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters*

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

*Measurement of Expected Credit Losses*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>IFRS 9, <i>Financial Instruments</i> is complex and requires the group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgements and estimates, particularly regarding significant increase in credit risk and forward-looking information.</p> <p>The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12 month or lifetime allowance is recorded in respect of a financial asset.</p> <p>Forward-looking information, reflects a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios, the probability weightings and management overlay.</p>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivable and other financial assets.</li><li>• Test the design and implementation of relevant controls over the valuation of financial assets.</li><li>• Testing the completeness and accuracy of the data used in the expected credit losses (ECL) models to the underlying accounting records on a sample basis.</li><li>• Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, <i>Financial Instruments</i>.</li><li>• Involving our financial risk modelling specialists to evaluate the appropriateness of the group's methodology for determining forward-looking information and management overlay.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
BLUE POWER GROUP LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matter (continued)*

*Measurement of Expected Credit Losses (continued)*

<i>Key Audit Matter</i>	<i>How the matter was addressed in</i>
<p>We therefore determined that the estimates of impairment in respect of trade receivables and investments have a high degree of estimation uncertainty.</p> <p><i>See notes 3(g), 9 and 26(b) of the financial statements.</i></p>	<p>Our audit procedures in response to this matter, included (continued):</p> <ul style="list-style-type: none"><li>• Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.</li></ul>

*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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
BLUE POWER GROUP LIMITED

**Report on the Audit of the Financial Statements (continued)**

*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.

*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 6 to 7, forms part of our auditors' report.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
BLUE POWER GROUP LIMITED

**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 R. Tarun Handa.

*KPMG*

Chartered Accountants  
Kingston, Jamaica

July 18, 2022





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
BLUE POWER GROUP 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
BLUE POWER GROUP LIMITED

**Appendix to the Independent Auditors' Report (continued)**

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

BLUE POWER GROUP LIMITEDGroup Statement of Financial Position  
April 30, 2022

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4(a)	267,817,851	149,083,336
Investment property	5	-	13,924,282
Right of use assets	6(a)	10,272,496	11,300,796
Interest in associated company	13	354,614,467	-
Investments	7	<u>271,124,114</u>	<u>658,938,459</u>
		<u>903,828,928</u>	<u>833,246,873</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	125,085,493	121,953,940
Accounts receivable and prepayments	9	129,774,738	63,437,778
Due from related company	12(c)	13,491,606	29,094,145
Inventories	10	346,950,555	298,588,140
Taxation recoverable		<u>15,296,538</u>	<u>-</u>
		<u>630,598,930</u>	<u>513,074,003</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	58,165,380	63,604,178
Current portion of lease liability	6(b)	713,802	650,550
Revolving loan facility	16	20,000,000	-
Taxation payable		<u>-</u>	<u>10,872,093</u>
		<u>78,879,182</u>	<u>75,126,821</u>
<b>NET CURRENT ASSETS</b>		<u>551,719,748</u>	<u>437,947,182</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,455,548,676</u>	<u>1,271,194,055</u>
<b>EQUITY</b>			
Share capital	14	86,900,147	86,900,147
Investment revaluation reserve	15(a)	179,501,080	191,501,940
Retained earnings	15(b)	<u>1,162,632,337</u>	<u>978,134,571</u>
		<u>1,429,033,564</u>	<u>1,256,536,658</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	6(b)	10,667,520	11,381,323
Deferred tax liability	17	<u>15,847,592</u>	<u>3,276,074</u>
		<u>26,515,112</u>	<u>14,657,397</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>1,455,548,676</u>	<u>1,271,194,055</u>

The financial statements on pages 8 to 54 were approved for issue by the Board of Directors on July 18, 2022, and signed on its behalf by:

  
\_\_\_\_\_  
Dr. Dhuru Tanna Director

  
\_\_\_\_\_  
Lisa Kong-Lee Director

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

BLUE POWER GROUP LIMITEDGroup Statement of Profit or Loss and Other Comprehensive Income  
Year ended April 30, 2022

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
Revenue	18	526,447,832	533,996,234
Cost of revenue	19	<u>(373,424,307)</u>	<u>(332,239,831)</u>
Gross profit		153,023,525	201,756,403
Impairment gain on trade receivables	9	1,343,953	7,518,377
Impairment gain on investment	7	1,706,591	747,900
Administrative and other expenses	19	<u>(191,191,267)</u>	<u>(152,194,861)</u>
		( 35,117,198)	57,827,819
Other income	20 (a)	62,392,382	35,212,606
Gain on sale of investment property	20 (b)	145,640,235	-
Share of profit of associated company	13	<u>12,640,717</u>	<u>-</u>
Profit before net finance income and taxation		<u>185,556,136</u>	<u>93,040,425</u>
Finance income	21	26,605,210	43,412,785
Finance cost	21	<u>( 3,067,313)</u>	<u>( 2,113,696)</u>
Net finance income	21	<u>23,537,897</u>	<u>41,299,089</u>
Profit before taxation		209,094,033	134,339,514
Taxation	22	<u>( 15,556,427)</u>	<u>( 27,765,141)</u>
Profit for the year	23	<u>193,537,606</u>	<u>106,574,373</u>
Other comprehensive income:			
Items that may not be reclassified to profit or loss:			
Revaluation (loss)/gain on equity investments		<u>( 12,000,860)</u>	<u>201,760,973</u>
Total comprehensive income		<u>181,536,746</u>	<u>308,335,346</u>
Earnings per stock unit	24	<u>0.34</u>	<u>0.19</u>

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

BLUE POWER GROUP LIMITEDGroup Statement of Changes in Equity  
Year ended April 30, 2022

	<u>Share capital</u> \$ (note 14)	<u>Investment revaluation reserve</u> \$ [note 15(a)]	<u>Retained earnings</u> \$ [note 15(b)]	<u>Total</u> \$
Balances at April 30, 2020	86,900,147	( 10,259,033)	879,470,058	956,111,172
Total comprehensive income:				
Profit for the year	-	-	106,574,373	106,574,373
Fair value gain on investment	<u>-</u>	<u>201,760,973</u>	<u>-</u>	<u>201,760,973</u>
	-	201,760,973	106,574,373	308,335,346
Transactions with owners:				
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>( 7,909,860)</u>	<u>( 7,909,860)</u>
Balances at April 30, 2021	86,900,147	191,501,940	978,134,571	1,256,536,658
Total comprehensive income:				
Profit for the year	-	-	193,537,606	193,537,606
Fair value loss on investment	<u>-</u>	<u>( 12,000,860)</u>	<u>-</u>	<u>( 12,000,860)</u>
	-	( 12,000,860)	193,537,606	181,536,746
Transactions with owners:				
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>( 9,039,840)</u>	<u>( 9,039,840)</u>
Balances at April 30, 2022	<u>86,900,147</u>	<u>179,501,080</u>	<u>1,162,632,337</u>	<u>1,429,033,564</u>

BLUE POWER GROUP LIMITEDGroup Statement of Cash Flows  
Year ended April 30, 2022

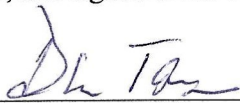
	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		193,537,606	106,574,373
Adjustments for:			
Exchange gain on foreign currency balances		( 6,102,957)	( 21,552,155)
Depreciation and amortisation	4(a),5,6	23,268,184	17,523,972
Interest income	21	( 20,502,253)	( 21,860,631)
Dividend income	20	( 4,079,570)	( 2,279,784)
Gain on sale of investment	20	( 25,720,000)	-
Share of profit in associated company	13	( 12,640,717)	-
Interest expense	21	2,769,327	1,118,159
Gain on sale of investment property		(145,640,235)	-
Write-off on property, plant and equipment		12,802	448,832
Taxation	22	<u>15,556,427</u>	<u>27,765,141</u>
Cash generated before changes in working capital		20,458,614	107,737,907
Decrease/(increase) in current assets:			
Accounts receivable and prepayments		( 65,801,201)	45,164,461
Inventories		( 48,362,415)	(135,017,209)
Due from related company		15,602,539	( 28,743,589)
Increase/(decrease) in current liability:			
Accounts payable		<u>( 1,516,914)</u>	<u>23,991,028</u>
Cash (used)/generated from operations		( 79,619,377)	13,132,598
Interest paid		( 2,769,327)	( 1,118,159)
Taxation paid		<u>(29,153,540)</u>	<u>(18,830,788)</u>
Net cash used by operating activities		<u>(111,542,244)</u>	<u>( 6,816,349)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4(a)	(140,823,934)	( 55,877,103)
Investments, net		( 2,041,782)	( 13,411,511)
Proceeds from sale of investment property		159,401,250	3,246,156
Proceeds from sale of investment		64,720,000	-
Proceeds from long-term receivable		-	25,000,000
Interest received		19,966,494	21,279,853
Dividend received		<u>4,079,570</u>	<u>2,279,784</u>
Net cash provided/(used) by investing activities		<u>105,301,598</u>	<u>( 17,482,821)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Revolving loan received	16	40,000,000	-
Revolving loan repaid		( 20,000,000)	-
Dividends paid	25	( 9,039,840)	( 7,909,860)
Lease, net	6(d)	<u>( 650,551)</u>	<u>( 540,173)</u>
Net cash provided/(used) by financing activities		<u>10,309,609</u>	<u>( 8,450,033)</u>
Net increase/(decrease) in cash and cash equivalents		4,068,963	( 32,749,203)
Effects of exchange rate fluctuations on cash and cash equivalents		( 937,410)	5,368,502
Cash and cash equivalents at beginning of year		<u>121,953,940</u>	<u>149,334,641</u>
Cash and cash equivalents at end of year	8	<u>125,085,493</u>	<u>121,953,940</u>

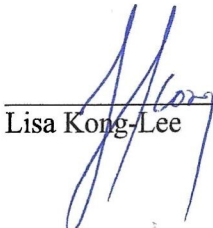
The accompanying notes form an integral part of the financial statements.

BLUE POWER GROUP LIMITEDCompany Statement of Financial Position  
April 30, 2022

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4(b)	211,047,127	104,083,336
Right of use of assets	6(a)	10,272,496	11,300,796
Interest in subsidiaries	12(a)	67,189,612	67,189,612
Interest in associated company	13	341,973,750	-
Investments	7	<u>271,124,114</u>	<u>658,938,459</u>
		<u>901,607,099</u>	<u>841,512,203</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	125,085,493	121,953,940
Accounts receivable and prepayments	9	123,022,988	63,437,778
Due from related company	12(c)	13,491,606	29,094,145
Inventories	10	346,950,555	298,588,140
Taxation recoverable		<u>15,296,538</u>	<u>-</u>
		<u>623,847,180</u>	<u>513,074,003</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	58,165,380	63,604,178
Due to subsidiary	12(b)	139,212,772	-
Current portion of lease liability	6(b)	713,802	650,550
Revolving loan facility	16	20,000,000	-
Taxation payable		<u>-</u>	<u>10,872,093</u>
		<u>218,091,954</u>	<u>75,126,821</u>
<b>NET CURRENT ASSETS</b>		<u>405,755,226</u>	<u>437,947,182</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,307,362,325</u>	<u>1,279,459,385</u>
<b>EQUITY</b>			
Share capital	14	86,900,147	86,900,147
Investment revaluation reserve	15(a)	179,501,080	191,501,940
Retained earnings	15(b)	<u>1,014,445,986</u>	<u>986,399,901</u>
		<u>1,280,847,213</u>	<u>1,264,801,988</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	6(b)	10,667,520	11,381,323
Deferred tax liability	17	<u>15,847,592</u>	<u>3,276,074</u>
		<u>26,515,112</u>	<u>14,657,397</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>1,307,362,325</u>	<u>1,279,459,385</u>

The financial statements on pages 8 to 54 were approved for issue by the Board of Directors July 18, 2022, and signed on its behalf by:

  
\_\_\_\_\_  
Dr. Dhiru Tanna Director

  
\_\_\_\_\_  
Lisa Kong-Lee Director

BLUE POWER GROUP LIMITED
Company Statement of Profit or Loss and Other Comprehensive Income  
Year ended April 30, 2022

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
Revenue	18	526,447,832	533,996,234
Cost of revenue	19	<u>(373,424,307)</u>	<u>(332,239,831)</u>
Gross profit		153,023,525	201,756,403
Impairment gain on trade receivables	9	1,343,953	7,518,377
Impairment gain on investments	7	1,706,591	747,900
Administrative and other expenses	19	<u>(189,361,996)</u>	<u>(150,618,328)</u>
Other income	20(a)	<u>( 33,287,927)</u> <u>62,392,382</u>	<u>59,404,352)</u> <u>35,212,606</u>
Profit before net finance income and taxation		29,104,455	94,616,958
Finance income	21	26,605,210	43,412,785
Finance cost	21	<u>( 3,067,313)</u>	<u>( 2,113,696)</u>
Net finance income	21	<u>23,537,897</u>	<u>41,299,089</u>
Profit before taxation		52,642,352	135,916,047
Taxation	22	<u>(15,556,427)</u>	<u>( 27,765,141)</u>
Profit for the year	23	<u>37,085,925</u>	<u>108,150,906</u>
Other comprehensive loss:			
Items that may not be reclassified to profit or loss:			
Revaluation (loss)/gain on equity investment		<u>( 12,000,860)</u>	<u>201,760,973</u>
Total comprehensive income		<u>25,085,065</u>	<u>309,911,879</u>



BLUE POWER GROUP LIMITEDCompany Statement of Changes in Equity  
Year ended April 30, 2022

	<u>Share capital</u> \$ (note 14)	<u>Investment revaluation reserve</u> \$ [note 15(a)]	<u>Retained earnings</u> \$ [note 15(b)]	<u>Total</u> \$
Balances at April 30, 2020	86,900,147	( 10,259,033)	886,158,855	962,799,969
Total comprehensive income:				
Profit for the year	-	-	108,150,906	108,150,906
Fair value gain on investment	<u>-</u>	<u>201,760,973</u>	<u>-</u>	<u>201,760,973</u>
	<u>-</u>	<u>201,760,973</u>	<u>108,150,906</u>	<u>309,911,879</u>
Transactions with owners:				
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>( 7,909,860)</u>	<u>( 7,909,860)</u>
Balances at April 30, 2021	86,900,147	191,501,940	986,399,901	1,264,801,988
Total comprehensive income:				
Profit for the year	-	-	37,085,925	37,085,925
Fair value loss on investment	<u>-</u>	<u>( 12,000,860)</u>	<u>-</u>	<u>( 12,000,860)</u>
	-	( 12,000,860)	37,085,925	25,085,065
Transactions with owners:				
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>( 9,039,840)</u>	<u>( 9,039,840)</u>
Balances at April 30, 2022	<u>86,900,147</u>	<u>179,501,080</u>	<u>1,014,445,986</u>	<u>1,280,847,213</u>

BLUE POWER GROUP LIMITEDCompany Statement of Cash Flows  
Year ended April 30, 2022

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		37,085,925	108,150,906
Adjustments for:			
Exchange gain on foreign currency balances		( 6,102,957)	( 21,552,155)
Depreciation and amortisation	4(b),6	21,438,913	15,947,439
Interest income	21	( 20,502,253)	( 21,860,631)
Dividend income	20	( 4,079,570)	( 2,279,784)
Gain on sale of investment	20	( 25,720,000)	-
Interest expense	21	2,769,327	1,118,159
Write-off on property, plant and equipment		12,802	448,832
Taxation	20	<u>15,556,427</u>	<u>27,765,141</u>
Cash generated before changes in working capital		20,458,614	107,737,907
(Increase)/decrease in current assets:			
Accounts receivable and prepayments		( 59,049,451)	45,164,461
Inventories		( 48,362,415)	(135,017,209)
Due from related company		15,602,539	( 28,743,589)
Increase/(decrease) in current liabilities:			
Accounts payable		( 1,516,914)	23,991,028
Due to subsidiary		<u>139,212,772</u>	<u>-</u>
Cash generated from operations		66,345,145	13,132,598
Interest paid		( 2,769,327)	( 1,118,159)
Taxation paid		<u>( 29,153,540)</u>	<u>( 18,830,788)</u>
Net cash provided by/(used) by operating activities		<u>34,422,278</u>	<u>( 6,816,349)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4(b)	(127,387,206)	( 55,877,103)
Investments, net		( 2,041,782)	( 13,411,511)
Proceeds from sale of property, plant and equipment		-	3,246,156
Proceeds from sale of investment		64,720,000	-
Proceeds from long-term receivable		-	25,000,000
Interest received		19,966,494	21,279,853
Dividend received		<u>4,079,570</u>	<u>2,279,784</u>
Net cash used by investing activities		<u>( 40,662,924)</u>	<u>( 17,482,821)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Revolving loan received	16	40,000,000	-
Revolving loan repaid		( 20,000,000)	-
Dividends paid	25	( 9,039,840)	( 7,909,860)
Lease, net	6(d)	<u>( 650,551)</u>	<u>( 540,173)</u>
Net cash provided/(used) by financing activities		<u>10,309,609</u>	<u>( 8,450,033)</u>
Net increase/(decrease) in cash and cash equivalents		4,068,963	( 32,749,203)
Effects of exchange rate fluctuations on cash and cash equivalents		( 937,410)	5,368,502
Cash and cash equivalents at beginning of year		<u>121,953,940</u>	<u>149,334,641</u>
Cash and cash equivalents at end of year	8	<u>125,085,493</u>	<u>121,953,940</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements  
April 30, 2022

1. Incorporation and identity

Blue Power Group Limited (the company) is incorporated and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO. The company is listed on the Junior Market of the Jamaica Stock Exchange and also has two wholly owned subsidiaries [see note 2(d)]. The company is a subsidiary of Antibes Holding Limited, a company incorporated and domiciled in St. Lucia. Antibes Holding Limited, in turn, is a subsidiary of McGowan Properties Limited, a company incorporated and domiciled in Jamaica.

The main activities of the company comprise the manufacture and sale of soap.

During the year, the company acquired additional shares in Lumber Depot Limited, a related company (see note 13).

2. Basis of preparation

(a) Statement of compliance:

The financial statements as at and for the year ended April 30, 2022 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

Certain new and amended standards and interpretations came into effect during the current year. The group has assessed them and has adopted those which are relevant to its financial statements, but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

(b) Basis of measurement and functional currency:

The financial statements are prepared using the historical cost basis (modified by certain items that are measured at fair value) and are presented in Jamaica dollars (\$), which is the functional currency of the company.

(c) Critical accounting judgements and key sources of estimation uncertainty:

The preparation of the financial statements to conform to 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 expense 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 period in which the estimate is revised and future periods if the revision affects both current and future periods.

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

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

2. Basis of preparation (continued)

## (c) Critical accounting judgements and key sources of estimation uncertainty (continued):

## (i) Critical accounting 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:

## (1) 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.

## (2) 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.

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

*Allowance for impairment losses:*

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

*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 period to the extent that such events confirm conditions existing at the end of the period.

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

*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 financial year-end. If expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the group.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

2. Basis of preparation (continued)

## (c) Critical accounting judgements and key sources of estimation uncertainty (continued):

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

## (d) Basis of consolidation:

## (i) Subsidiaries:

A “subsidiary” is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries 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 wholly-owned subsidiaries, Papine Properties Limited and Cotrade Limited made up to April 30, 2022. Cotrade Limited is a wholly owned subsidiary of Papine Properties Limited, which is owned by Blue Power Group Limited. The company and its subsidiaries are collectively referred to as “the group”. These subsidiaries are currently dormant, and the shareholdings are the same for 2022 and 2021. Cotrade Limited is the group’s nominee for holding properties from which the group manages its operations. The parent company administers the affairs of the subsidiaries and bears the related expenses. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

## (ii) Associates:

Associates are all entities over which the group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

The group’s investment is carried at the group’s share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group’s significant accounting policies. Should the group’s share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

2. Basis of preparation (continued)

(d) Basis of consolidation (continued):

(iii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the company and its subsidiaries are eliminated to the extent of the company's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3. Significant accounting policies

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

(a) Property, plant and equipment:

(i) Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

(ii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write down the cost of the assets to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land or capital work-in-progress. Annual depreciation rates are as follows:

Buildings	2.5%
Leasehold improvements	10%
Plant and machinery	10%
Furniture, fixtures and office equipment	10 - 15%
Computers	22.50%
Motor vehicle	20%
Right of use asset	8.3%

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(b) Investment property:

Investment property, which comprises freehold land on which no depreciation is calculated, and building is carried at cost, less depreciation. Depreciation is calculated on building at the rate of 2½%. The investment property was disposed of during the year.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (c) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and resale agreements.

Resale agreements are short-term transactions whereby the group buys securities and simultaneously agrees to resell them on a specified date and at a specified price. The difference between the purchase and resale considerations is recognised as interest income on the accrual basis over the period of the agreements, using the effective interest method.

For purposes of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of bank overdraft.

## (d) Inventories:

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. In the case of manufactured inventories, net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## (e) Accounts receivable:

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

## (f) Accounts payable:

Trade and other payables are measured at amortised cost.

## (g) 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.

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 90 days past due.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (g) Impairment (continued):

*Financial assets (continued)*

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than trade receivables) on which credit risk has not increased significantly since their initial recognition.

The group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The group does not apply the low credit risk exemption to any other financial instruments.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

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 90 days past due.

Lifetime 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.



BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (g) 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 the statement 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 are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (h) 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 investments, cash and cash equivalents, accounts receivable and due from related company. Financial liabilities comprise accounts payable, bank loan, leases and due to related party.

## (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 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).

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.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (h) Financial instruments (continued):

## (ii) Classification and subsequent measurement (continued)

*Financial assets (continued)*

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:

- Investments
- Cash and cash equivalents
- Trade and other receivables
- Due from related company

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. The group’s financial liabilities, which include trade and other payables and lease liability are recognised initially at fair value.

*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 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.

## (iii) 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.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (h) Financial instruments (continued):

## (iii) Derecognition (continued)

*Financial assets (continued)*

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.

## (iv) 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.

## (i) Employee benefits:

Employees' entitlement to annual leave and other benefits are recognised when they accrue to employees.

## (j) Revenue recognition:

A contract with a customer that results in a recognised financial instrument in the company's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the company first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

*Sale of soap*

Revenue is recognised when the goods, i.e. soap, is delivered and has been accepted by the customers, which is at a point in time. Invoices are generated and are usually paid for within 30 days. Customers obtain control of goods when the goods are delivered to and accepted by them.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (j) Revenue recognition (continued):

*Other income*

Other income comprises mainly investment income, rental income, management fees and dividend income. Revenues are recognised at a point in time as the rental and management services are provided and when a dividend is declared.

*Interest income*

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

## (k) Net finance cost:

(i) Interest income arises mainly on bank deposits and is recognised in profit or loss as it accrues, taking into account the yield on the asset.

(ii) Finance cost comprises material bank charges, foreign exchange losses and lease interest, and is recognised in profit or loss.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (l) Taxation:

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

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 all taxable temporary differences associated with investments in subsidiaries, 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 difference will not reverse in the foreseeable future.

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.

## (m) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

## (n) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

During the year, the group maintained an integrated operating structure and its operations are reviewed by management and directors as a whole and not in segments. Consequently, no segment disclosures are included in the financial statements.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (o) 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”).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - (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 services to the reporting entity or to the parent of the reporting entity.
- (c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (p) 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.

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.

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.



BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (p) Leases (continued):

As a lessee (continued)

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.

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.

*Short-term leases and leases of low-value assets*

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.

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

Assets held under other leases are classified as operating leases and were not recognised in the group's balance sheet. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

As a lessor

At inception 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 their relative stand-alone prices.

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

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

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

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

## (p) Leases (continued):

As a lessor (continued)

The group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the group as a lessor in the comparative period were not different from IFRS 16.

## (q) Fair value measurement:

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. In the prior year the group has quoted equities that is carried at fair value. Financial instruments carried at cost and where fair value of financial instruments approximates carrying value, no fair value computation is done.

The carrying values reflected in the financial statements for cash and cash equivalent, trade and other receivables, due from related party and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

The fair value of amounts due from subsidiary and due from/to related party are assumed to approximate carrying value as both entities retain value least available to settle their liabilities to the company.

## (r) New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards are in issue but were not yet effective and have not been adopted early by the group. Those which may have an impact on the group's financial statements are as follows:

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual 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.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

3. Significant accounting policies (continued)

(r) New and amended standards and interpretations issued but not yet effective (continued):

- 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 periods beginning on or after January 1, 2022.
  - (i) IFRS 9 Financial Instruments amendment clarifies that - for the purpose of performing the '10 percent 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.
- 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 these improvements and amendments will have on its financial statements when they become effective.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

4. Property, plant and equipment

(a) The Group:

	<u>Land and building</u>	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Computer</u>	<u>Motor vehicle</u>	<u>Work-in-progress</u>	<u>Total</u>
Cost:								
April 30, 2020	50,000,000	28,184,160	103,980,151	10,249,708	4,426,801	10,820,242	-	207,661,062
Additions	-	15,971,256	3,582,910	1,138,476	1,226,332	4,173,913	29,784,216	55,877,103
Transfer	-	-	( 3,339,395)	3,041,418	297,977	-	-	-
Disposals	-	-	( 4,721,450)	-	-	-	-	( 4,721,450)
April 30, 2021	50,000,000	44,155,416	99,502,216	14,429,602	5,951,110	14,994,155	29,784,216	258,816,715
Additions	13,436,728	-	124,516,619	2,582,836	287,751	-	-	140,823,934
Transfer	-	-	29,784,216	-	-	-	(29,784,216)	-
Write-off	-	-	( 911,748)	-	( 515,766)	-	-	( 1,427,514)
April 30, 2022	<u>63,436,728</u>	<u>44,155,416</u>	<u>252,891,303</u>	<u>17,012,438</u>	<u>5,723,095</u>	<u>14,994,155</u>	<u>-</u>	<u>398,213,135</u>
Accumulated depreciation:								
April 30, 2020	3,750,000	13,264,289	57,055,505	9,253,634	3,940,690	7,213,495	-	94,477,613
Charge for the year	1,250,000	3,026,240	7,213,912	1,370,901	422,344	2,998,831	-	16,282,228
Transfer	-	-	( 839,248)	725,182	114,066	-	-	-
Disposals	-	-	( 1,026,462)	-	-	-	-	( 1,026,462)
April 30, 2021	5,000,000	16,290,529	62,403,707	11,349,717	4,477,100	10,212,326	-	109,733,379
Charge for the year	1,666,004	3,911,468	12,121,048	1,596,951	503,664	2,277,482	-	22,076,617
Write-off	-	-	( 911,748)	-	( 502,964)	-	-	( 1,414,712)
April 30, 2022	<u>6,666,004</u>	<u>20,201,997</u>	<u>73,613,007</u>	<u>12,946,668</u>	<u>4,477,800</u>	<u>12,489,808</u>	<u>-</u>	<u>130,395,284</u>
Net book values:								
April 30, 2022	<u>\$56,770,724</u>	<u>23,953,419</u>	<u>179,278,296</u>	<u>4,065,770</u>	<u>1,245,295</u>	<u>2,504,347</u>	<u>-</u>	<u>267,817,851</u>
April 30, 2021	<u>\$45,000,000</u>	<u>27,864,887</u>	<u>37,098,509</u>	<u>3,079,885</u>	<u>1,474,010</u>	<u>4,781,829</u>	<u>29,784,216</u>	<u>149,083,336</u>

As at the reporting date, land and building include land value at \$17,058,824 (2021: \$17,058,824).

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

4. Property, plant and equipment (continued)

(b) The Company:

	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Computer</u>	<u>Motor vehicle</u>	<u>Work-in- progress</u>	<u>Total</u>
Cost:							
April 30, 2020	28,184,160	103,980,151	10,249,708	4,426,801	10,820,242	-	157,661,062
Additions	15,971,256	1,138,476	1,226,332	4,173,913	29,784,216	55,877,103	-
Disposals	-	( 3,339,395)	3,041,418	297,977	-	-	-
Transfer	-	( 4,721,450)	-	-	-	-	( 4,721,450)
April 30, 2021	44,155,416	99,502,216	14,429,602	5,951,110	14,994,155	29,784,216	208,816,715
Additions	-	124,516,619	2,582,836	287,751	-	-	127,387,206
Transfer	-	29,784,216	-	-	-	(29,784,216)	-
Write-off	-	( 911,748)	-	( 515,766)	-	-	( 1,427,514)
April 30, 2022	<u>44,155,416</u>	<u>252,891,303</u>	<u>17,012,438</u>	<u>5,723,095</u>	<u>14,994,155</u>	<u>-</u>	<u>334,776,407</u>
Accumulated depreciation:							
April 30, 2020	13,264,289	57,055,505	9,253,634	3,940,690	7,213,495	-	90,727,613
Charge for the year	3,026,240	7,213,911	1,370,901	422,344	2,998,831	-	15,032,228
Transfers	-	( 839,248)	725,182	114,066	-	-	-
Disposals	-	( 1,026,461)	-	-	-	-	( 1,026,462)
April 30, 2021	16,290,529	62,403,707	11,349,717	4,477,100	10,212,326	-	104,733,379
Charge for the year	3,911,468	12,121,048	1,596,951	503,664	2,277,482	-	20,410,613
Write-off	-	( 911,748)	-	( 502,964)	-	-	( 1,414,712)
April 30, 2022	<u>20,201,997</u>	<u>73,613,007</u>	<u>12,946,668</u>	<u>4,477,800</u>	<u>12,489,808</u>	<u>-</u>	<u>123,729,280</u>
Net book values:							
April 30, 2022	<u>\$23,953,419</u>	<u>179,278,296</u>	<u>4,065,770</u>	<u>1,245,295</u>	<u>2,504,347</u>	<u>-</u>	<u>211,047,127</u>
April 30, 2021	<u>\$27,864,887</u>	<u>37,098,509</u>	<u>3,079,885</u>	<u>1,474,010</u>	<u>4,781,829</u>	<u>29,784,216</u>	<u>104,083,336</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

5. Investment property

The Group:

	<u>Freehold land</u>	<u>Building</u>	<u>Total</u>
At cost:			
April 30, 2020, and 2021	4,128,275	13,061,337	17,189,612
Disposal	<u>(4,128,275)</u>	<u>(13,061,337)</u>	<u>(17,189,612)</u>
April 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation:			
April 30, 2020	-	2,938,797	2,938,797
Charge for the year	<u>-</u>	<u>326,533</u>	<u>326,533</u>
April 30, 2021	-	3,265,330	3,265,330
Charge for the year	-	163,267	163,267
Disposal	<u>-</u>	<u>( 3,428,597)</u>	<u>( 3,428,597)</u>
April 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Net book values:			
April 30, 2022	\$ <u>-</u>	<u>-</u>	<u>-</u>
April 30, 2021	<u>\$4,128,275</u>	<u>9,796,007</u>	<u>13,924,282</u>

In the prior year this represented the cost of a property owned by the group held for investment purposes and therefore classified as investment property.

In the prior year, the Directors estimated the fair value of the property to be approximately \$155 million and categorised it as level 2 in the fair value hierarchy based on a March 7, 2019, valuation report of Valerie Levy & Associates Limited, Realtors and Appraisers of Kingston, Jamaica, which applied a market approach. There were no transfers between levels during that period.

During the year, the property was sold to the associated company and rental income earned on the property was \$8,500,000 (2021: \$10,000,000) from related companies [see note 12(e)]. Expenses incurred on the property are borne by the lessees.

6. Lease

*The Group and the Company:*

The group and the company lease properties. The leases typically run 10 years, with an option to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

6. Lease (continued)

Information about leases for which the group is a lessee is presented below.

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
(a) Right-of-use assets – Properties		
Cost:		
Balance at May 1	13,018,129	9,625,471
Additions to right-of-use assets	<u>-</u>	<u>3,392,658</u>
Balance at April 30	<u>13,018,129</u>	<u>13,018,129</u>
Amortisation:		
Balance at May 1	1,717,333	802,122
Charge for the year	<u>1,028,300</u>	<u>915,211</u>
Balance at April 30	<u>2,745,633</u>	<u>1,717,333</u>
	<u>\$10,272,496</u>	<u>11,300,796</u>
(b) Lease liability		
Maturity analysis – contractual undiscounted cash flows:		
	<u>2022</u>	<u>2021</u>
Less than one year	1,760,000	1,755,000
One to five years	8,872,917	8,778,631
More than five years	<u>7,459,394</u>	<u>9,520,000</u>
	18,092,311	20,053,631
Less: Future interest	<u>( 6,710,989)</u>	<u>( 8,021,758)</u>
Total discounted lease liability at April 30	11,381,322	12,031,873
Less: Current portion	<u>( 713,802)</u>	<u>( 650,550)</u>
Non-current	<u>\$10,667,520</u>	<u>11,381,323</u>
(c) Amounts recognised in profit or loss:		
	<u>2022</u>	<u>2021</u>
	\$	\$
Interest on lease liability	1,104,450	1,118,159
Amortisation – right-of-use assets	<u>1,028,300</u>	<u>915,211</u>
(d) Amounts recognised in the statement of cash flows:		
	<u>2022</u>	<u>2021</u>
Net cash outflow for lease, excluding interest	\$( <u>650,551</u> )	\$( <u>540,173</u> )

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

6. Lease (continued)

## (e) Extension options

The property lease contains extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where deemed appropriate, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group and the company assess at lease commencement date whether it is reasonably certain to exercise the extension options. The group and the company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

7. Investments

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Amortised cost:		
Corporate bonds:		
United States dollars [US\$1,591,000 (2021: US\$1,591,000)] [notes 7(a) and 26(f)]	244,663,980	242,229,750
Resale agreements [US\$186,319 (2021: US\$606,360)] [notes 7(b) and 26(f)]	28,652,131	92,318,257
FVOCI: Quoted equities in Lumber Depot Limited [note 12(f)]	<u>-</u>	<u>328,289,040</u>
	273,316,111	662,837,047
Allowance for impairment losses	<u>( 2,191,997)</u>	<u>( 3,898,588)</u>
	<u>\$271,124,114</u>	<u>658,938,459</u>

- (a) As at the reporting date the fair value of corporate bonds approximates their carrying value and are shown, net of allowance for impairment losses of \$1,961,803 (2021: \$3,500,845).
- (b) The fair value of underlying securities obtained by the group under resale agreements approximates the carrying value of the agreements. As at the reporting date the carrying value on the investment is shown net of allowance for impairment losses of \$230,194 (2021: \$397,743).

The resale agreements are held with JN Fund Managers Limited which earns interest at an average rate of 2% (2021: 3.20%). During the year, the company's Chairman also served as a Director of JN Fund Managers Limited.

- (c) Movement in the allowance for impairment in respect of investments is as follows:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	3,898,588	4,646,488
Bad debt recovered	<u>( 1,706,591)</u>	<u>( 747,900)</u>
Balance at end of year	<u>\$ 2,191,997</u>	<u>3,898,588</u>



BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

8. Cash and cash equivalents

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Cash in hand	3,146,900	3,877,847
Call deposits (a)	69,195,779	66,497,162
Certificates of deposits (b)	<u>52,742,814</u>	<u>51,578,931</u>
	<u>\$125,085,493</u>	<u>121,953,940</u>

(a) Call deposits include US\$28 (2021: US\$89,176), which earns interest at an average rate of 0.01% (2021: 0.15%).

(b) The certificates of deposits are held with JN Bank Limited, and these earn interest at an average rate of 2.75% (2021: 1.73%). During the year, the company's Chairman also served as a Director of JN Bank Limited.

9. Accounts receivable and prepayments

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade receivables	100,379,084	45,186,377	100,379,084	45,186,377
Deposits and prepayments	20,589,003	13,084,626	20,589,003	13,084,626
Other	<u>11,481,385</u>	<u>9,185,462</u>	<u>4,729,635</u>	<u>9,185,462</u>
	132,449,472	67,456,465	125,697,722	67,456,465
Less: Allowance for impairment losses (i)	( <u>2,674,734</u> )	( <u>4,018,687</u> )	( <u>2,674,734</u> )	( <u>4,018,687</u> )
	<u>\$129,774,738</u>	<u>63,437,778</u>	<u>123,022,988</u>	<u>63,437,778</u>

Under the ECL model, the group uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at April 30, 2022, to apply against the accounts receivable balance [note 26(b)].

(i) Movement in the allowance for impairment in respect of trade receivables is as follows:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	4,018,687	11,537,064
Bad debt recovered	(1,343,953)	(7,518,377)
Balance at end of year	<u>\$2,674,734</u>	<u>4,018,687</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

10. Inventories

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Raw materials	163,515,493	214,173,310
Packaging materials	46,938,101	32,654,404
Manufactured finished goods	16,219,322	9,972,157
Work in progress	<u>10,332,522</u>	<u>5,645,244</u>
	237,005,438	262,445,115
Goods in transit	<u>109,945,117</u>	<u>36,143,025</u>
	<u>\$346,950,555</u>	<u>298,588,140</u>

No provision has been made in these financial statements for duties and other expenses to be incurred in clearing goods-in-transit. During the year, raw materials, merchandise and changes in finished goods included in cost of revenue amounted to \$332,207,617 (2021: \$292,440,326) (see note 19).

11. Accounts payable

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Trade payables	11,022,465	40,283,672
Other payables, accruals and provisions	34,789,308	17,532,234
Statutory payables	1,451,294	1,846,403
General Consumption Tax payable (GCT)	10,106,756	3,941,869
Customer deposit	<u>795,557</u>	<u>-</u>
	<u>\$58,165,380</u>	<u>63,604,178</u>

12. Due from/(to) related parties and related party transactions

## (a) Interest in subsidiaries

	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
(i) Capital contribution: Cotrade Limited	67,189,512	67,189,512
(ii) Shares at cost in Papine Properties Limited	<u>100</u>	<u>100</u>
	<u>\$67,189,612</u>	<u>67,189,612</u>

## (b) Due to subsidiary

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Cotrade Limited	<u>\$139,212,772</u>	<u>-</u>

This balance is to be repaid within 12 months of the reporting date and bears no interest.

## (c) Due from related company

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Lumber Depot Limited	<u>\$13,491,606</u>	<u>29,094,145</u>

This balance is to be repaid within 12 months of the reporting date and bears no interest. Page 42

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

12. Due from/(to) related parties and related party transactions (continued)

## (d) Revolving loan facility

<u>The Group and the Company</u>	
<u>2022</u>	<u>2021</u>

JN Fund Managers Limited (note 16)	<u>\$20,000,000</u>	<u>-</u>
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## (e) Related party transactions:

Charged/(credited) to income:

<u>The Group and the Company</u>	
<u>2022</u>	<u>2021</u>
\$	\$

Rental to a related party - Lumber Depot Limited [note 20(a)]	( 8,500,000)	( 10,000,000)
Transfer price margin retained on importation on behalf of related company [note 20(a)]	( 6,961,262)	( 4,939,499)
Management fees (i) [note 20(a)]	(16,745,420)	( 17,109,940)
Dividend income [note 20(a)]	( 4,079,570)	( 2,279,784)
Key management personnel expense	<u>30,441,625</u>	<u>29,143,246</u>

(i) Management fees charged to related company is mainly for accounting and human resource functions provided on behalf of the entity.

<u>The Group</u>	
<u>2022</u>	<u>2021</u>

Gain on sale of investment property [note 20(a)]	<u>\$145,640,235</u>	<u>-</u>
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## (f) Quoted equities:

<u>The Group and the Company</u>	
<u>2022</u>	<u>2021</u>

Balance at beginning of year	328,289,040	126,528,067
Revaluation (loss)/gain	( 12,000,860)	201,760,973
Disposal	( 39,000,000)	-
Acquisition	64,685,570	-
Transferred to interest in associate (note 13)	(341,973,750)	-
Balance at end of year	<u>\$ -</u>	<u>328,289,040</u>

The company holds 16.45% (2021: 16.14%) of the issued stock units of Lumber Depot Limited (LDL) and perform certain specified services for LDL pursuant to a management services agreement. The companies also share two common directors.

During November 2021, the company acquired additional shares in LDL and has determined that it now has significant influence in LDL. Consequently, the group now accounts for its interest in LDL as an associate (see note 13).

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

13. Interest in associated company

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Shareholding, transfer from quoted equities (note 12(f))	341,973,750	-	341,973,750	-
Group's share of profit	<u>12,640,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$354,614,467</u>	<u>-</u>	<u>\$341,973,750</u>	<u>-</u>

Represented by:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest in associate (a)	<u>\$354,614,467</u>	<u>-</u>	<u>\$341,973,750</u>	<u>-</u>

(a) Associate:

During November 2021, the company's equity interest increased to 16.45% with management representation in Lumber Depot Limited (LDL). Additionally, directors of the company own, in aggregate, 10.924% of shares in LDL. Consequently, as at that date LDL became an associate [see also notes 12(f)].

LDL sells lumber, hardware supplies and related products.

(b) The following table summarises the financial information of the group's associated company as included in its financial statements and also reconciles the summarised financial information to the carrying amount of the group's interest in its associate:

	<u>The Group</u> <u>2022</u>
<b>Percentage ownership interest</b>	<b><u>16.45%</u></b>
Non-current assets	290,970,454
Current assets	286,594,502
Current liabilities	<u>( 98,820,196)</u>
Net assets (100%)	<u>478,744,760</u>
Group's share of net assets	<u>78,762,130</u>
Fair value adjustment on investment	<u>275,852,337</u>
Carrying amount of interest in associate	<u>354,614,467</u>
Revenue	<u>813,886,558</u>
Total net profit being total comprehensive income (100%)	<u>76,834,854</u>
Group's share of total comprehensive income	<u>12,640,717</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

14. Share capital

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Authorised:		
990,000,000 ordinary shares of no par value		
Stated capital:		
Issued and fully paid:		
564,990,000 ordinary stock units of no par value	<u>\$86,900,147</u>	<u>86,900,147</u>

15. Reserves

	<u>The Group and the Company</u>			
	<u>2022</u>		<u>2021</u>	
(a) Investment revaluation reserve (i):				
Balance at beginning of year			191,501,940	( 10,259,033)
Fair value (loss)/gain during the year			( 12,000,860)	201,760,973
Balance at end of year			<u>\$179,501,080</u>	<u>191,501,940</u>
(b) Retained earnings (ii)				
	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at end of year	<u>\$1,162,632,337</u>	<u>978,134,571</u>	<u>\$1,014,445,986</u>	<u>986,399,901</u>

(i) This represents unrealised gains/(loss) on revaluation of equity investments.

(ii) This represents undistributed earnings as at the end of the reporting period.

16. Revolving loan facility

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
JN Fund Managers Limited	<u>\$20,000,000</u>	<u>-</u>

This represents a revolving line of credit (“credit facility”) with a credit limit of J\$120 million. The credit facility is secured by cash and cash equivalents including resale agreements and other cash equivalents included in investments (see notes 7 and 8), with the proviso that the entire facility must be paid off one annually. On September 3, 2021, the company drew down an amount of \$40 million on the credit facility and repaid \$20,000,000 before the reporting date. The interest rate is 6.5% per annum.

During the year, the company’s Chairman also served as a Director of JN Fund Managers Limited [see note 12(d)].

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

17. Deferred tax liability

Deferred tax asset/(liability) is attributable to the following:

	<u>The Group and the Company</u>				
	<u>2020</u>	<u>Recognised in profit or loss (note 22)</u>	<u>2021</u>	<u>Recognised in profit or loss (note 22)</u>	<u>2022</u>
Unrealised exchange (loss)/gain	( 462,871)	(1,170,934)	(1,633,805)	1,665,511	31,706
Property, plant and equipment	(1,204,664)	1,194,813	( 9,851)	(13,256,440)	(13,266,291)
Lease	89,010	93,759	182,769	( 84,013)	98,756
Interest receivable	(1,669,992)	( 145,195)	(1,815,187)	( 896,576)	( 2,711,763)
	<u>\$ (3,248,517)</u>	<u>( 27,557)</u>	<u>(3,276,074)</u>	<u>(12,571,518)</u>	<u>(15,847,592)</u>

18. Revenue

Revenue from continuing operations represents the sale of soaps and is stated net of General Consumption Tax and after deducting discounts and rebates.

19. Expenses by nature

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Cost of sales:</b>				
Wharfage, freight and customs	2,972,125	4,816,216	2,972,125	4,816,216
Raw material	332,207,617	292,440,326	332,207,617	292,440,326
Utilities	8,531,608	4,594,139	8,531,608	4,594,139
Salaries and wages	<u>29,712,955</u>	<u>30,389,150</u>	<u>29,712,955</u>	<u>30,389,150</u>
	<u>\$373,424,307</u>	<u>332,239,831</u>	<u>373,424,307</u>	<u>332,239,831</u>
<b>Administrative expenses:</b>				
Salaries and wages	69,585,442	71,226,169	69,585,442	71,226,169
Repairs and maintenance	18,875,736	9,061,490	18,875,736	9,061,490
Utilities	2,306,147	1,967,886	2,306,147	1,967,886
Depreciation and amortisation	23,268,184	17,523,972	21,438,913	15,947,439
Audit fees	4,750,000	2,900,000	4,750,000	2,900,000
Professional fees	12,792,617	8,879,658	12,792,617	8,879,658
Advertising and promotion	8,732,711	1,356,503	8,732,711	1,356,503
Travel and motor vehicles	21,551,860	6,506,282	21,551,860	6,506,282
Statutory contributions	7,602,580	7,002,791	7,602,580	7,002,791
Insurance	8,858,909	10,060,948	8,858,909	10,060,948
Taxes, penalties and levy	2,527,362	2,689,427	2,527,362	2,689,427
Security	6,043,082	4,554,257	6,043,082	4,554,257
Bad debt write-off	-	3,621,691	-	3,621,691
Office expenses	<u>4,296,636</u>	<u>4,843,787</u>	<u>4,296,636</u>	<u>4,843,787</u>
	<u>\$191,191,267</u>	<u>152,194,861</u>	<u>189,361,996</u>	<u>150,618,328</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

20. (a) Other income

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Management fee - related company [note 12(e)]	16,745,420	17,109,940
Rental income - related companies[note 12(e)]	8,500,000	10,000,000
Transfer price margin retained on importation on behalf of related company [note 12(e)]	6,961,262	4,939,499
Dividend income [note 12(e)]	4,079,570	2,279,784
Gain on sale on equity	25,720,000	-
Miscellaneous	<u>386,130</u>	<u>883,383</u>
	<u>\$ 62,392,382</u>	<u>35,212,606</u>
	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
(b) Gain on sale of investment property [note 12(e)]	<u>\$145,640,235</u>	<u>-</u>

21. Net finance income

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Finance income:		
Interest income	20,502,253	21,860,631
Foreign exchange gain	<u>6,102,957</u>	<u>21,552,154</u>
	<u>26,605,210</u>	<u>43,412,785</u>
Finance costs:		
Lease interest expense	( 1,104,450)	( 1,118,159)
Loan interest	( 1,664,877)	-
Bank charges and fees	<u>( 297,986)</u>	<u>( 995,537)</u>
	<u>( 3,067,313)</u>	<u>( 2,113,696)</u>
	<u>\$23,537,897</u>	<u>41,299,089</u>

22. Taxation

(a) The expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
Current tax expenses:		
Income tax	2,984,909	32,745,906
Employment tax credit	-	( 8,433,459)
Prior year under accrual	-	<u>3,425,137</u>
	<u>2,984,909</u>	<u>27,737,584</u>
Deferred tax expenses:		
Origination and reversal of other temporary difference (note 17)	<u>12,571,518</u>	<u>27,557</u>
Total taxation expense	<u>\$15,556,427</u>	<u>27,765,141</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

22. Taxation (continued)

(b) Reconciliation of actual tax charge/(credit):

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit before tax	\$209,094,033	134,339,514	52,642,352	135,916,047
Computed "expected" tax at 25% (2021: 25%)	52,273,508	33,584,878	13,160,588	33,979,011
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances, net	( 1,514,735)	( 248,187)	1,188,127	( 642,320)
Prior year under accrual	-	3,425,137	-	3,425,137
Capital gains	( 36,410,058)	-	-	-
Expenses not allowable for tax purposes	<u>1,207,712</u>	<u>( 563,228)</u>	<u>1,207,712</u>	<u>( 563,228)</u>
	15,556,427	36,198,600	15,556,427	36,198,600
Employment tax credit	<u>-</u>	<u>( 8,433,459)</u>	<u>-</u>	<u>( 8,433,459)</u>
	<u>\$ 15,556,427</u>	<u>27,765,141</u>	<u>15,556,427</u>	<u>27,765,141</u>

23. Disclosure of expenses

Profit for the year is stated after charging:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Directors' emoluments:				
Fees	2,700,000	2,700,000	2,700,000	2,700,000
Management remuneration	<u>30,441,625</u>	<u>29,143,246</u>	<u>30,441,625</u>	<u>29,143,246</u>

24. Earnings per stock unit

Earnings per ordinary stock unit is calculated by dividing the profit attributable to shareholders by the weighted average number of stock units in issue during the year.

	<u>2022</u>	<u>2021</u>
Profit attributable to shareholders	\$193,537,606	106,574,373
Weighted average number ordinary stock units in issue	<u>564,990,000</u>	<u>564,990,000</u>
Earnings per stock unit	\$ <u>0.34</u>	<u>0.19</u>



BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

25. Dividends

	<u>2022</u>	<u>2021</u>
1.6 cents (2021: 1.4 cents) per qualifying ordinary stock unit	<u>\$9,039,840</u>	<u>7,909,860</u>

A dividend of 1.6 cents (2021: 1.4 cents) per stock unit was declared on July 26, 2021 (2021: July 22, 2020) and paid on September 8, 2021 (2021: August 28, 2020).

26. Financial instruments

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

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

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

The group's 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 group's activities.

## (a) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates interest rates and equity price 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 risk.

## (i) Currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar. The main currency giving rise to this risk is the United States dollars (US\$).

The group manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (a) Market risk (continued):

## (i) Currency risk (continued):

The table below shows the group's main foreign currency exposure at the reporting date:

	<u>The Group and the Company</u>			
	<u>Net foreign currency monetary assets/(liabilities)</u>			
	<u>2022</u>		<u>2021</u>	
	US\$	J\$	US\$	J\$
Cash and cash equivalents	28	4,318	89,176	13,577,046
Investments	1,777,319	273,316,111	2,197,360	334,548,060
Interest receivable	50,479	7,796,507	47,690	7,260,803
Accounts payable	( 41,992)	( 6,952,534)	( 208,335)	( 31,719,004)
Net position	<u>1,785,834</u>	<u>274,164,402</u>	<u>2,125,891</u>	<u>323,666,905</u>

Exchange rates for the US dollar, in terms of Jamaica dollars (\$), were as follows:

April 30, 2022	\$153.78
April 30, 2021	\$152.25

*Sensitivity analysis*

A 8% (2021: 6%) strengthening of the US\$ against the Jamaica dollar would have decreased profit for the year by \$26,153,561 (2021: \$19,420,014), respectively.

A 2% (2021: 2%) weakening of the US\$ against the Jamaica dollar would have strengthened profit for the year by \$6,538,390 (2021: \$6,473,338), respectively.

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis for 2021.

## (ii) Interest rate risk:

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

Interest-bearing financial assets mainly comprise bank deposits and resale agreements, which have been contracted at variable interest rates for the duration of their terms.

The group's cash and cash equivalents and resale agreements are subject to interest rate risk; however, it manages this risk by maintaining deposits and negotiating the most advantageous interest rates. Interest rates on certain loan are fixed and are not affected by fluctuations in market interest rates.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (a) Market risk (continued):

## (ii) Interest rate risk (continued):

At the reporting date the interest profile of the group's interest-bearing financial instruments was:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	\$	\$
Fixed rate:		
Assets	<u>244,663,980</u>	<u>242,229,750</u>
Variable rate:		
Assets	<u>28,652,131</u>	<u>92,318,257</u>

*Fair value sensitivity analysis for fixed rate instruments*

The group does not hold any financial instruments that are carried at fair value. Therefore, a change in interest rates, at the reporting dates, would not affect profit or loss or the value of the group's financial instruments.

An increase of 300 basis points (2021: 100 basis points) in interest rates at the reporting date would have increased profit by \$859,564 (2021: \$923,183) while a 50 basis points (2021: 100 basis points) decline in interest rates at the reporting date would have decreased profit by \$143,261 (2021: \$923,183).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

## (iii) Equity price risk:

Equity price risk arises from equity securities held by the group as part of its investment portfolio. The equity securities were transferred to investment in associate in November 2021 (note 13).

A 5% (2021: 5%) increase in the market price at the reporting date would have increased the group's profit or loss and other comprehensive income by Nil (2021: \$16,414,452) while a 5% (2021: 5%) decrease in market price would have decreased profit or loss and other comprehensive income by Nil (2021: \$16,414,452).

## (b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the group's receivables from customers and deposits held with financial institutions.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (b) Credit risk:

At reporting date, 96% (2021: 96%) of the group's cash resources were held with one financial institution which is believed to be a substantial counterparty with a minimal risk of default. Otherwise, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets on the statement of financial position.

The COVID-19 pandemic has caused significant market volatility with increase in inflation rate, interest rates, unemployment rate and decrease in gross domestic product. However, there was no significant impact on the group's credit risk of cash and cash equivalents, investments and trade receivables and the ECL on these financial assets decreased as at the reporting date. The maximum exposure to credit risk is the carrying amounts for these financials assets as at the reporting date.

*Cash and cash equivalents and investments*

Cash and cash equivalents and investments are maintained with financial institutions that are appropriately licensed and regulated, therefore management believes that the risk of default is low.

Impairment on cash and cash equivalents has been measured at 12-months expected loss basis and reflects the short maturities of the exposures. The group considered that cash and cash equivalents have low credit risk. No impairment allowance was recognised on cash and cash equivalents as at the reporting period.

Impairment on long-term repurchase agreement and other investments has been measured on the 12-months expected loss basis. Information about the credit risk and quality of these financial assets are as follows:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	Stage 1	Stage 1
	12-month ECL	12-month ECL
Gross carrying amount	273,316,111	334,548,007
Less: Impairment allowance	( 2,191,997)	( 3,898,588)
	<u>\$271,124,114</u>	<u>330,649,419</u>

*Trade receivables*

Management has established a credit policy under which its customers are analysed for creditworthiness prior to being offered with a credit facility. This includes credit evaluations on new customers and procedures for the recovery of amounts owed by defaulting customers. Management has procedures in place to restrict credit sales if the customers have not cleared outstanding debts within the credit period. In monitoring customer credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or company, or aging profile and existence of previous financial difficulties.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (b) Credit risk (continued):

*Trade receivables (continued)*

The group's average credit period on the sale of its products is 30-60 days. Some trade receivables are provided for based on the estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries. Management also considers the factors that may influence the credit risk of the customer base, including the default risk associated with the industry and country in which the customers operate. The customer is allowed up to 90 days after each invoice date to submit payment of amounts owing to the company.

*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 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.

The following table provides information about the exposure to credit risk and ECL for trade receivables:

<u>The Group and the Company</u>				
<u>Age categories</u>	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
April 30, 2022:				
Current (not past due)	1.1%	97,106,148	1,509,149	No
Past due 31 - 60 days	22.8%	2,310,221	742,436	No
More than 90 days	24.8%	829,474	289,908	Yes
More than 270 days	100.0%	<u>133,241</u>	<u>133,241</u>	Yes
		<u>\$100,379,084</u>	<u>2,674,734</u>	

<u>The Group and the Company</u>				
<u>Age categories</u>	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
April 30, 2021:				
Current (not past due)	1.1%	35,205,119	698,577	No
Past due 31 - 60 days	12.9%	7,819,112	1,421,764	No
More than 90 days	62.0%	2,045,495	1,781,695	Yes
More than 270 days	100.0%	<u>116,651</u>	<u>116,651</u>	Yes
		<u>\$45,186,377</u>	<u>4,018,687</u>	Page53

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (c) Liquidity risk:

Liquidity risk is the risk that the group will not meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments, and has a revolving line of credit in place on which the company can draw amounts when needed and repay without penalty.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

	<u>The Group</u>					
	<u>Carrying amount</u>	<u>Total cash outflow</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
April 30, 2022:						
Revolving loan facility	20,000,000	21,664,877	21,664,877	-	-	-
Lease liability	11,381,322	18,092,311	1,760,000	3,520,000	5,352,917	7,459,394
Accounts payable excluding GCT	<u>48,058,624</u>	<u>48,058,624</u>	<u>48,058,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 79,439,946</u>	<u>87,815,812</u>	<u>71,483,501</u>	<u>3,520,000</u>	<u>5,352,917</u>	<u>7,459,394</u>
April 30, 2021:						
Lease liability	12,031,873	20,053,631	1,755,000	3,520,000	5,327,917	9,450,714
Accounts payable excluding GCT	<u>59,662,309</u>	<u>59,662,309</u>	<u>59,662,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 71,694,182</u>	<u>79,715,940</u>	<u>61,417,309</u>	<u>3,520,000</u>	<u>5,327,917</u>	<u>9,450,714</u>

	<u>The Company</u>					
	<u>Carrying amount</u>	<u>Total cash outflow</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
April 30, 2022:						
Revolving loan facility	20,000,000	21,664,877	21,664,877	-	-	-
Lease liability	11,381,322	18,092,311	1,760,000	3,520,000	5,352,917	7,459,394
Due to subsidiary	139,212,772	139,212,772	139,212,772	-	-	-
Accounts payable excluding GCT	<u>48,058,624</u>	<u>48,058,624</u>	<u>48,058,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$218,652,718</u>	<u>227,028,584</u>	<u>210,696,273</u>	<u>3,520,000</u>	<u>5,352,917</u>	<u>7,459,394</u>
April 30, 2021:						
Lease liability	12,031,873	20,053,631	1,755,000	3,520,000	5,327,917	9,450,714
Accounts payable excluding GCT	<u>59,662,309</u>	<u>59,662,309</u>	<u>59,662,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 71,694,182</u>	<u>79,715,940</u>	<u>61,417,309</u>	<u>3,520,000</u>	<u>5,327,917</u>	<u>9,450,714</u>

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal, regulatory requirements and other natural disasters.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management.

## (e) Capital management:

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements.

The Board of Directors monitors the return on capital, which is defined as profit for the year divided by total stockholders' equity.

The group is not subject to any externally imposed capital requirements.

## (f) Fair value disclosure:

Financial instruments not measured at fair value includes cash and cash equivalents, accounts receivable and prepayments, due from related company, accounts payable, due to subsidiary and revolving loan facility,

The carrying value of cash and cash equivalents, accounts receivable and prepayments, amount due from related company and accounts payable, due to subsidiary and revolving loan facility are assumed to approximate their fair values due to their short-term nature.

The fair value of long-term investments, i.e., corporate bonds and resale agreements, classified as amortised cost, are assumed to approximate their carrying value (see note 7). The fair value of quoted equities is determined in the manner described in note 2(b) and fair values are disclosed in notes 7.

BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

26. Financial instruments (continued)

## (f) Fair value disclosure (continued):

*Determination of fair value and fair values hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Mutual funds are valued using the pricing information received from the relevant fund manager.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The group considers relevant and observable market prices in its valuations where possible.

The fair values of quoted equities are classified as level 1. The group has no level 2 or 3 financial assets carried at fair value.

The fair value of long-term investments i.e., corporate bonds and resale agreements which approximates their carrying values, respectively, are classified as level 2.

There were no transfers between levels during the period.

27. Contingent liability

DCP Successors Limited, a company incorporated in Dominica, has filed a claim against certain Government of Jamaica (GOJ) entities, and Blue Power Group Limited (the company) in the Supreme Court of Jamaica. The claim principally relates to the issue of certificates of origin by agencies of the Government of Jamaica to Jamaican producers of soap in respect of soap exports to other Caribbean Community (CARICOM) member states, and the tariff applicable to imports of certain raw materials for soap, from outside of CARICOM.

On the advice of independent legal counsel, management has assessed no immediate adverse effect on the business of Blue Power Group Limited as a going concern or on its financial position.



BLUE POWER GROUP LIMITED

Notes to the Financial Statements (Continued)  
April 30, 2022

28. Impact of Ukraine Conflict

Management continues to monitor the ongoing situation in relation to the Ukraine conflict which is ongoing and has escalated since the year-end. Ingredients, direct costs, and overheads drive our pricing decisions, and in times especially of supply uncertainties and constraints, that translates to higher product prices and may negatively impact the company's cashflows and profits. Also, although Eastern Europe is not a key market for the group's direct products. Nonetheless, related increases in energy and food prices may negatively impact disposable income and hence demand for the company's products. Whilst there is still uncertainty regarding the implications of these events and conditions over the global economy's recovery from COVID-19, management believes that the group is in a position to withstand such economic shocks for the foreseeable future.



April 30, 2022

TOTAL SHARES OUTSTANDING: 564,990,000

DIRECTORS AND CONNECTED PARTIES REPORT

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>RELATIONSHIP</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
KENNETH BENJAMIN**	SELF	31,302,000	5.540
FELICE CAMPBELL	SELF	0	0.000
NOEL DAWES***	SELF	14,127,150	2.500
CATHERINE GOODALL	SELF	0	0.000
JEFFREY HALL* (SWEE TEEN CHUA)	SELF	2,151,363	0.381
PETER MILLINGEN	SELF	8,211,000	1.453
DHIRU TANNA* (LAURA TANNA)	SELF	100,000	0.017
LAURA TANNA*	SELF	0	0.000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	283,008,000	50.090
**SHEILA BENJAMIN MCNEIL	CONNECTED PARTY	1,552,650	0.274
**GUARDSMAN GROUP	CONNECTED PARTY	6,872,850	1.216
***KAREL DAWES	CONNECTED PARTY	38,070	0.006

SENIOR MANAGERS REPORT

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>RELATIONSHIP</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
LISA KONG-LEE	SELF	0	0.0000

TOP 10 SHAREHOLDERS

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
ANTIBES HOLDINGS LIMITED	283,008,000	50.09
MAYBERRY JAMAICAN EQUITIES LTD	112,159,443	19.85
KENNETH BENJAMIN & SHEILA MCNEIL	32,854,650	5.82
JANE FRAY	30,954,000	5.48
NOEL DAWES	14,127,150	2.50
SILVER INVESTMENTS LIMITED	10,778,160	1.91
JPS EMPLOYEE SUPERANNUATION	9,214,510	1.63
PAM-INDIVIDUAL RETIREMENT	8,914,510	1.58
PETER MILLINGEN	8,211,000	1.45
GUARDSMAN GROUP LTD	6,872,850	1.22
<b>TOTAL UNITS OWNED BY TOP 10</b>	<b>517,094,273</b>	<b>91.52</b>