

CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
CIBONEY GROUP LIMITED

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Ciboney Group Limited ("the company"), set out on pages 7 to 23, which comprise the statement of financial position as at May 31, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at May 31, 2022, and of its financial performance and its 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CIBONEY GROUP LIMITED

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

*Emphasis of Matter*

We draw attention to note 2(d) of the financial statements, which describes that the going concern basis of preparing the financial statements has not been used because the company is not operating and has no plans to resume operations. The ultimate parent company is actively seeking investors to purchase its interest in the company. Our opinion is not modified in respect of this matter.

*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. No key audit matter was determined.

*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.



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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CIBONEY GROUP LIMITED

### **Report on the Audit of the Financial Statements (Continued)**

#### *Other Information (continued)*

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

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

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

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

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

#### *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 page 5 and 6, forms part of our auditors' report.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CIBONEY 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 Cynthia Lawrence.

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants  
Kingston, Jamaica

August 23, 2022



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CIBONEY 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CIBONEY GROUP LIMITED

**Appendix to the Independent Auditors' report (Continued)**

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.

CIBONEY GROUP LIMITED

## Statement of Financial Position


May 31, 2022

*(Expressed in Jamaican dollars, unless otherwise indicated)*

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,031,151	2,750,301
Income tax recoverable	4	<u>2,625,854</u>	<u>5,712,941</u>
		<u>3,657,005</u>	<u>8,463,242</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued charges	5	700,000	765,479
Capital distribution payable	6	<u>9,859,568</u>	<u>9,977,722</u>
		<u>10,559,568</u>	<u>10,743,201</u>
<b>NET CURRENT LIABILITIES</b>		<u>( 6,902,563)</u>	<u>( 2,279,959)</u>
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	7	<u>1</u>	<u>1</u>
		<u>\$ ( 6,902,562)</u>	<u>( 2,279,958)</u>
<b>EQUITY</b>			
Share capital	8	329,436,230	329,436,230
Accumulated deficit		<u>(336,338,792)</u>	<u>(331,716,188)</u>
		<u>\$ ( 6,902,562)</u>	<u>( 2,279,958)</u>

The financial statements on pages 7 to 23 were approved for issue by the Board of Directors on August 23, 2022, and signed on its behalf by:

  
 Errol Campbell Director

  
 Geoffrey Messado Director

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



CIBONEY GROUP LIMITEDStatement of Profit or Loss and Other Comprehensive Income  
Year ended May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Interest income		1,815	6,153
Administrative expenses	9	<u>(4,624,419)</u>	<u>(5,268,698)</u>
Loss, being total comprehensive loss for the year		<u>\$(4,622,604)</u>	<u>(5,262,545)</u>
Loss per stock unit	11	\$( <u>0.01</u> )	( <u>0.01</u> )

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

CIBONEY GROUP LIMITED

## Statement of Changes in Equity

Year ended May 31, 2022

*(Expressed in Jamaican dollars, unless otherwise indicated)*

	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balances at May 31, 2020	329,436,230	(326,453,643)	2,982,587
Total comprehensive loss for the year	<u>-</u>	<u>( 5,262,545)</u>	<u>(5,262,545)</u>
Balances at May 31, 2021	329,436,230	(331,716,188)	(2,279,958)
Total comprehensive loss for the year	<u>-</u>	<u>( 4,622,604)</u>	<u>(4,622,604)</u>
Balances at May 31, 2022	<u>\$329,436,230</u>	<u>(336,338,792)</u>	<u>(6,902,562)</u>

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

CIBONEY GROUP LIMITEDStatement of Cash Flows  
Year ended May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Loss for the year	(4,622,604)	(5,262,545)
Adjustments for:		
Interest income	( 1,815)	( 6,153)
	(4,624,419)	(5,268,698)
Income tax recoverable	3,087,087	( 1,538)
Capital distribution payable	( 118,154)	( 442,882)
Accounts payable and accrued charges	( 65,479)	( 621,926)
Net cash provided used in operating activities	(1,720,965)	(6,335,044)
Cash flows from investing activity:		
Interest received, being net cash generated from by investing activities	<u>1,815</u>	<u>6,153</u>
Net decrease in cash and cash equivalents	(1,719,150)	(6,328,891)
Cash and cash equivalents at beginning of the year	<u>2,750,301</u>	<u>9,079,192</u>
Cash and cash equivalents at end of the year	<u>\$1,031,151</u>	<u>2,750,301</u>

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

CIBONEY GROUP LIMITED

Notes to the Financial Statements

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*1. Identification

- (a) Ciboney Group Limited ("the company") is a wholly owned subsidiary of Crown Eagle Life Insurance Company Limited ("the parent company") and its ultimate parent company is Finsac Limited. Finsac Limited is beneficially owned by the Accountant General on behalf of the Government of Jamaica. All these companies are incorporated and domiciled in Jamaica. The registered office of the company is located at 30 National Heroes Circle, Kingston, Jamaica.

The primary activities of the company were the orderly disposal of assets owned by its subsidiaries. The company has disposed of all major assets and the subsidiaries have now been deregistered with the Companies Office of Jamaica. The company currently has no operating activities.

2. Basis of preparation

- (a) Statement of compliance:

The financial statements as at and for the year ended May 31, 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, in all material respects with the provisions of the Jamaican Companies Act ("the Act").

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

Certain new and amended standards came into effect during the current financial year, none of those standards and amendments did not have any impact on the amounts recognised and disclosed in the financial statements.

**New and amended standards and interpretations issued but not yet effective:**

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the company has not early adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to the company's operations and has determined that the following are likely to have an effect on the financial statements.

- (i) 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*2. Basis of preparation (continued)

## (a) Statement of compliance (continued):

**New and amended standards and interpretations issued but are not yet effective (continued):**(i) Amendments to IAS 1 *Presentation of Financial Statements* (continued)

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 company does not expect the amendments to have any significant impact on the financial statements when they become effective.

(ii) Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help entities provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*2. Basis of preparation (continued)

## (a) Statement of compliance (continued):

**New and amended standards and interpretations issued but are not yet effective (continued):**(ii) Amendments to IAS 1 *Presentation of Financial Statements* (continued)

The key amendments to IAS 1 include (continued):

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The amendments are consistent with the refined definition of material:

*“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.*

The company is assessing the impact that the amendment will have on its future financial statements.

## (b) Use of estimates and judgements:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry the risk of a material adjustment in the next financial year.

## (c) Basis of measurement and functional currency:

The financial statements are prepared on the historical cost basis and are presented in Jamaican dollars (\$), which is the functional currency of the company.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*2. Basis of preparation (continued):

## (d) Going concern:

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

The company, however, currently has no operating activities and has no plans to resume any. The majority shareholder is actively seeking investors to purchase its interest in the company and therefore continues to maintain its listing on the Jamaica Stock Exchange to facilitate a quick pathway for acquisition.

In this regard, management considers that the going concern assumption for the preparation of these financial statements is not appropriate.

IFRS do not specify a basis of accounting other than going concern. When an entity is not a going concern, there is no general dispensation from the measurement, recognition and disclosure requirements of the IFRS financial reporting framework. Consequently, the financial statements have been prepared on a basis that is consistent with IFRS and reflect the fact that the going concern assumption is not appropriate. This involves writing down assets to their recoverable amounts based on conditions existing at the end of the financial reporting period (where applicable). The carrying amount of assets is considered to be their expected recoverable amounts and the carrying amount of liabilities is their expected settlement amounts. Had accounting policies been applied using the going concern assumption, carrying values disclosed in the statement of financial position would not have been materially different.

3. Significant accounting policies

## (a) Property, plant and equipment:

Property, plant and equipment are measured at cost, less accumulated depreciation.

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets over their expected useful lives to their estimated residual value.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*3. Significant accounting policies (continued)

## (b) Foreign currencies:

The depreciation rate for furniture, fixtures and equipment is 10% and computer equipment is 33 $\frac{1}{3}$ %. The depreciation method, useful lives and residual values are reassessed at each reporting date.

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

## (c) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are measured at amortised cost.

## (d) Accounts receivable:

Accounts receivable are measured at amortised cost.

## (e) Accounts payable and accrued charges:

Accounts payable and accrued charges are measured at amortised cost.

## (f) Impairment:

The carrying amounts of the company's 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 exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses of financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period. This model considers past events and current conditions, as well as reasonable and supportable forecasts affecting collectability even in the absence of a credit event or if a loss has not yet been incurred.



CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*3. Significant accounting policies (continued):

## (g) Taxation:

Taxation on the results 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 in equity, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing 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 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 asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## (h) Related parties:

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

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

- (i) Has control or joint control over the company;
- (ii) Has significant influence over the company; or
- (iii) Is a member of the key management personnel of the company or of a parent of the company.

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

- (i) The entity and the company are members of the same company (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 company 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*3. Significant accounting policies (continued):

## (h) Related parties (continued):

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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

(d) Income and expenses:

Interest income is recognised in profit or loss on the accrual basis using the effective interest method.

Expenses are recognised on the accrual basis.

4. Income tax recoverable

This represents tax withheld at source from interest received and is recoverable from the Government of Jamaica.

5. Accounts payable and accrued charges

	<u>2022</u>	<u>2021</u>
Audit fee	700,000	500,000
Other accruals	<u>-</u>	<u>265,479</u>
	<u>\$700,000</u>	<u>765,479</u>

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*6. Capital distribution payable

This represents capital distribution that was approved for payment in February 2018, which has not been collected by shareholders.

7. Property, plant and equipment

	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>Total</u>
Cost:				
May 31, 2021 and 2022	328,600	198,000	90,000	616,600
Accumulated depreciation:				
May 31, 2021 and 2022	<u>(328,600)</u>	<u>(197,999)</u>	<u>(90,000)</u>	<u>(616,599)</u>
Net book values:				
May 31, 2021 and 2022	\$ <u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

8. Share capital

	<u>2022</u>	<u>2021</u>
Authorised:		
546,000,000 ordinary stock units at no par value		
Stated capital:		
Issued and fully paid:		
546,000,000 ordinary stock units	<u>\$329,436,230</u>	<u>329,436,230</u>

9. Nature of expenses

	<u>2022</u>	<u>2021</u>
Audit fees	700,000	500,000
Bank charges	19,204	46,973
Consultancy fees (note 14)	300,000	1,200,000
Directors' fees	-	13,500
Irrecoverable GCT	380,980	423,459
Legal fees	-	337,040
Office expenses	-	82,726
Other expenses	31,060	-
Utilities	90,000	330,000
Registrar expenses	1,783,944	1,242,121
Accounting fee	-	128,780
Salaries and related cost	<u>1,319,231</u>	<u>964,099</u>
	<u>\$4,624,419</u>	<u>5,268,698</u>

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*10. Taxation

	<u>2022</u>	<u>2021</u>
Tax expense	\$ <u>-</u>	<u>-</u>
Reconciliation of effective tax charge:		
Loss before taxation	\$( <u>4,622,604</u> )	( <u>5,262,545</u> )
Computed “expected” taxation credit @ 25%	(1,155,651)	(1,315,636)
Difference between loss for financial statements and tax reporting purposes on:		
Disallowed expense	980,061	1,191,416
Increase in tax losses	<u>175,590</u>	<u>124,220</u>
	<u>-</u>	<u>-</u>

At the reporting date, taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, available for set-off against future taxable profits, amounted to \$218.5 million (2021: \$217.9 million) for the company. As at the reporting date, tax losses may be carried forward indefinitely; however, the maximum amount that can be utilised in any one year is restricted to 50% of the taxable profit for that year.

A deferred tax asset of \$54.6 million (2021: \$54.4 million), in respect of net unutilised tax losses, has not been recognised because it is not probable that sufficient taxable profits will be available in the foreseeable future against which the tax losses can be utilised.

11. Loss per stock unit

Loss per stock unit is calculated by dividing company’s loss for the year attributable to members of \$4,622,604 (2021: \$5,262,545), by the number of stock units in issue, 546,000,000 (2021: 546,000,000).

12. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*12. Financial instruments (continued)

The company had few transactions during the year and, therefore, have little exposure to credit risk and market risk, including interest rate risk and currency risk, from the use of financial instruments. Information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

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

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

No derivative instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risks.

## (i) Credit risk:

Credit risk is the risk of financial loss to the company if a counter-party to a financial instrument fails to discharge its obligations. The company has no formal policy for managing credit risk but it does seek to follow up debtors in order to reduce the risk of credit losses.

Cash and cash equivalents are placed with financial institutions that are appropriately licensed and regulated, for short-term periods and management believes these institutions have a minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure and there were no past-due and no impaired financial assets. All the company's cash and cash equivalents are concentrated with one financial institution.

There was no change in the way the company manages and measures its credit risk during the year.

## (ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed facilities.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*12. Financial instruments (continued)

## (ii) Liquidity risk:

The following tables show the maturities of financial liabilities based on the earliest date on which the company can be required to pay:

	<u>Within 3 months</u>	<u>Carrying amounts</u>	<u>Contractual cash flows</u>
May 31, 2022			
Capital distribution payable	9,859,568	9,859,568	9,859,568
Accounts payable	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
	<u>\$10,559,568</u>	<u>10,559,568</u>	<u>10,559,568</u>
May 31, 2021			
Capital distribution payable	9,977,722	9,977,722	9,977,722
Accounts payable	<u>765,479</u>	<u>765,479</u>	<u>765,479</u>
	<u>\$10,743,201</u>	<u>10,743,201</u>	<u>10,743,201</u>

There was no change in the company's management of liquidity risk during the year.

## (iii) Market risk:

Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises interest rate risk, currency risk and other price risk.

## (a) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises when there is a mismatch in the maturity profiles of interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period.

The company is exposed to interest rate risk only on its financial assets as it has non interest bearing financial liability. Some rates are subject to change as market rates move.

The company has no formal interest rate risk management policy. However, it monitors interest rates and adjusts its holding of financial assets to the limited extent practicable.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*12. Financial instruments (continued)

## (iii) Market risk (continued):

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

The company's interest-bearing financial asset is at a fixed rate, therefore changes in market interest rates would not affect the cash flows of the financial instruments.

The company does not hold any financial instruments that are carried at fair value. Therefore, a change in interest rates at the reporting date would not affect the carrying value of the company's financial instruments.

## (b) Foreign currency risk:

Foreign currency risk is the risk that the value of, or the cash flows from, a financial instruments will vary because of exchange rate fluctuations. The principal currency giving rise to this risk is the United States dollar (US\$). The company manages the risk by reviewing foreign exchange rate movements and monitoring the extent to which balances are held in foreign currency. There was no foreign currency asset or liability at the reporting date.

## (iv) Capital management:

The company's capital consists of share capital net of accumulated deficit. A capital management policy is not considered necessary, as the Directors expect to dispose of the company in due course, and it is not subject to any externally-imposed capital requirements.

There were no changes to capital management during the year.

13. Fair values

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 instruments. The company does not carry any financial instrument at fair value.

The fair value of cash and cash equivalents and accounts payable and accrued charges is assumed to approximate their carrying values, due to their short-term nature.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)

May 31, 2022*(Expressed in Jamaican dollars, unless otherwise indicated)*14. Related parties

- (a) The company has a related party relationship with its parent and ultimate parent company, as well as with its directors and those of the parent. The Directors of the company are collectively referred to as “key management personnel”.
- (b) During the year, there were related party transactions in the ordinary course of business as follows:

	<u>2022</u>	<u>2021</u>
Transactions with a director:		
Consultancy fees paid to Geoffrey Messado (note 9)	<u>\$300,000</u>	<u>1,200,000</u>