

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

# ANNUAL REPORT **2021**





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# About Us

**Consolidated Bakeries (Jamaica) Limited emerged when three family bakeries, Valentine Bakery, Powell's Bakery and Huntington Bakery, came together in 1957 to form one entity. A family company, built on family values, the company's focus has always been on providing Jamaicans with nutritious baked goods made from only the freshest ingredients, producing foods that they would be happy feeding to their families.**

For more than 60 years, Consolidated Bakeries (Jamaica) Limited has been offering their time honoured baked goods. Family recipes that have proven irreplaceable include their line of Easter Buns - Purity Boxed Bun, Miss Birdie Boxed Bun, Purity Hearty Goodness Whole Wheat Bun and Purity Hearty Goodness 'No Sugar Added' Bun. The popular Miss Birdie branded line of crackers is another family favourite along with a variety of buns and pastry offerings.

Operating under the brands of Purity and Miss Birdie, the company has been supportive of Jamaicans, not just as consumers, but also our valued employees and those within the neighbouring community. Ensuring that our

staff has the opportunities to develop their abilities is a priority for the company.

With 63 years of experience, Consolidated Bakeries (Jamaica) Ltd. has continued the tradition of innovation and growth and is listed on the Jamaica Junior Stock Exchange for over eight years. Innovation, improvement and expansion are among the primary areas of focus going forward. We realize the value of having the best available advice and as such regularly bring in experts to help the company achieve its optimal efficiency. This includes looking at plans for expansion, improving the local distribution network and export.



1960



2020

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**With 63 years  
of experience,  
Consolidated  
Bakeries  
(Jamaica) Ltd.  
has continued  
the tradition  
of innovation  
and growth**

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The recent introduction of the Miss Birdie Cinnamon Raisin Loaf Bread and Miss Birdie Bigga Burger Bread continues to highlight the innovative path that the company continues to take.

In exploring ways to help the surrounding community, Consolidated Bakeries (Jamaica) Ltd. continues to be deeply involved with the local communities and also provides funding for education and children's security.

# Our Mission

We aim to consistently deliver pure wholesome goodness for our family and yours, by maintaining extraordinary product quality and service standards.

# Our Vision

Consolidated Bakeries (Jamaica) Ltd. is a publicly traded company. We are dedicated to producing the best quality products, made with the finest available ingredients, at an affordable price. We want shoppers to be confident in the products they buy. To ensure this, our bakers use only the finest quality ingredients, some of which are ground fresh at our bakery. High quality control standards are a top priority at Consolidated Bakeries (Jamaica) Ltd., so that when you pull our product off the shelf, you can be satisfied in knowing that you are making a wholesome choice.

Consolidated Bakeries (Jamaica) Ltd. cares about its employees' happiness and well being. Through educational programs, we are improving the minds and abilities of our valued employees. We are involved in other programs that will assist in making their lives better and benefiting the community as a whole. Consolidated Bakeries (Jamaica) Ltd. wants to be known, not only for its great products, but also for the greatness it brings to the community.

Consolidated Bakeries (Jamaica) Ltd. aims to keep putting smiles on the faces of everyone who savors our breads and buns. Filling tummies around the world with healthy, tasty products is what we are passionate about and is the basis for our proud heritage – a heritage that provides pure wholesome goodness and love in each bite.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of Consolidated Bakeries (Jamaica) Limited will be held at 2f Valentine Drive, Kingston 19 on September 21, 2022, at 10:00 am – 1:00 pm for the purpose of transacting the following business:

## 1 To receive the Audited Accounts for the year ended December 31, 2021 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

### Resolution No. 1

“That the Audited Accounts for the year ended December 31, 2021, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

## 2 To elect Directors.

The Directors retiring by rotation in accordance with Regulation 105 of the Company's Articles of Incorporation are Lamar Harris and Noel daCosta, who being eligible for re-election, offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

### Resolution No. 2

“That the Directors, retiring by rotation, be re-elected by a Single Resolution.”

### Resolution No. 3

“That Lamar Harris and Noel daCosta, who are retiring by rotation in accordance with Regulation 105 of the Articles of Incorporation be and are hereby re-elected as Directors of the Company.”

In accordance with Regulation 110 of the Company's Articles of Incorporation, the Director appointed since the last Annual General Meeting is Lissant Mitchell and being eligible offers himself for re-election.



The Company is being asked to consider, and if thought fit, pass the following resolution:

**Resolution No. 4**

“THAT Lissant Mitchell be and is hereby re-elected as a Director of the Company.”

**3 To approve the Remuneration of the Directors.**

The Company is asked to consider, and if thought fit, to pass the following resolution:

**Resolution No. 5**

“That the amount shown in the Audited Accounts of the Company for the year ended December 31, 2021 as fees of the Directors for their services as Directors, be and are hereby approved.”

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

**4** The Company is asked to consider, and if thought fit, pass the following resolution:

**Resolution No. 6**

“That the remuneration of the Auditors, Bogle and Company, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors.”

Dated the 2<sup>nd</sup> day of June 2022

By Order of the Board



**Victor Salazar**

Company Secretary

Registered Office

2F Valentine Drive

Kingston 19

**NOTE:**

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not also be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of proxy must be lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.
2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company's Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

# Director's Report

Consolidated Bakeries (Jamaica) Limited (CBL) entered 2021 with a targeted approach to chart the way forward. Following a rough year plagued by a global pandemic, the ripple effects of which continued in 2021, things were not as robust as they could be. More change was needed, which meant many hard decisions had to be made. Things are different and charting a strategic course requires focus, robust changes, and high risk-taking. This is how we truly transform and achieve growth and continuous performance.

The Directors hereby present the Annual Report, which contains the Statements of Financial Position, Profit or Loss, Changes in Equity, and Cash Flows for 2021. The accounts should be read within the context of the discussions on material events in the financial year.

During FY 2021, we introduced more granular changes across our processes, teams, and products. These fresh changes directly resulted from the Company recognising the need to move away from business as usual, to embrace and learn from the hard lessons taught throughout the pandemic, one of which was our inability to move into small accounts. With the Company's new strategic plan, we focused on targeted objectives in production, operations and distribution.

As a result of this more aggressive approach, sales increased in 2021, with J\$1.079 billion generated compared to J\$994 million in 2020. Administrative expenses increased overall by 14%, with insurance and advertising and promotion reflecting the largest percentage changes at 134% and 263% increases, respectively. The Company recorded a loss of J\$17.6 million for FY 2021, an increase from the J\$14.4 million loss in 2020. Our capital decreased to J\$682 million from J\$693 million the previous year. The Company's asset portfolio, however, increased to J\$1.03 billion from J\$996 million in 2020.

As we forge ahead, we must strive to always keep the intended outcomes in our mind's eye - stronger team performance, high-margin products, and an expanded share of the market. A global pandemic showed us that, while we can be responsive and resilient in the short-term, a long-term plan for sustainable performance required us to make deeper changes that will better establish us in an ever-changing global marketplace.

**“Things are different and charting a strategic course requires focus, robust changes, and high risk-taking.”**

Management and the Board extend their heartiest gratitude to all shareholders who remain confident in our stewardship over the years. We remain focused and committed to transforming the Company from one reliant on bread sales, to one that represents a variety of innovative products that customers desire, trust, and endorse. We also wish to thank our loyal customers for their continued support and partnership.



**Anthony V. Chang**  
Chairman

On behalf of the Board

# Board of Directors



**Anthony V. Chang CD.**  
**Executive Chairman & Managing Director**

Anthony V. Chang brings to the table his extensive professional experience particularly in the consumer and packaged food businesses, involving both domestic and international brands. He is a former president of the Jamaica Chamber of Commerce, has served on boards of both public and private sector firms and was recently awarded an Order of Distinction (CD) for his years of service to the business community. He holds a degree in Business Administration from the University of Western Ontario in Canada and has completed several professional courses at reputable North American universities.



**Noel DaCosta CD.**  
**Non-Executive Board Member**

Noel daCosta has served on numerous boards in the private and public sectors and has been at the helm of several local and international organisations including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Master Brewers Association of the Americas, the National Building Code Committee and the Caribbean Council of United Way Worldwide.

A consultant with over 15 years' experience in Corporate Relations, Mr. daCosta also has over three decades of technical and engineering leadership in the petroleum and beverage industries.

He has postgraduate degrees in Engineering, Business Administration and Insurance, and is a Fellow of both the Jamaica Institution of Engineers, and the Institution of Chemical Engineers (UK).

In 2012 he was awarded the Jamaican National honour of Commander of the Order of Distinction for his contribution to engineering and manufacturing, and in 2019 he was conferred with the honorary degree of Doctor of Technology by the University of Technology, for his contributions to Nation Building



**Nicola Chang Murphy**  
**Non-Executive Board Member**

Nicola Chang Murphy became a non-executive board member as of May 10, 2013. Previously, she managed supervisors, sales representatives and merchandisers, as well as brand creativity and cost efficiencies for the company. She launched the “Healthy Eating equals Healthy Living” campaign which heightened awareness of the Purity and Miss Birdie brands. Her degrees include a Masters in Business Administration from Nova South Eastern University. Her services are now contracted on a project basis.



**Lamar Harris**  
**Non-Executive Board Member**

Lamar Harris, Vice President of Wealth Management (Regional) at NCB Capital Markets in Kingston Jamaica, is responsible for leading the syndication and distribution of products. She has been successfully incorporating law and finance for many years as a finance specialist. Also a lawyer by profession, Lamar worked in the financial sector for over 10 years before breaking to pursue her law degree; holding a Bachelors of Art , Masters in Business and a Juris Doctorate. She led Stocks & Securities Limited (SSL), for many years in the capacity of General Manager and later CEO, where she proudly spearheaded a series of advancements and changes including cost control, compliance, policies, and procedures, all with the mandate of creating a company versed in financial technology. The company’s revenue position was also strengthened under her watch. As a growth strategist, Lamar was responsible for pulling together a dynamic team passionate about their work. She oversaw development strategy, product development, business development and monitoring of budgetary expenditure. She was also the Investment Bank Manager who led the listings of Consolidated Bakeries Ltd; the Jamaica Stock Exchange and Caribbean Cream Ltd on the Jamaica Stock Exchange (JSE).

**BOARD OF DIRECTORS**



**Victor Salazar-Chang**  
**Company Secretary & Business**  
**Development Manager**

Victor Salazar-Chang is experienced in international business, having headed the Caribbean and Latin American Unit of Jamaica’s Investment and Trade Promotion Agency (JAMPRO) and procured the largest investment influx in the country’s history. He has also managed an industrial packaging and commodities unit, at Grace Kennedy & Co. Ltd. and led the export foray into Latin America for Grace branded products. He has a Bachelor of Science in International Relations and a Masters in Government from the University of the West Indies.



**Marshall Ogle**  
**Non-Executive Board Member**

Marshall Ogle former Director, Strategy & Operations of Deloitte & Touche, Jamaica. He is a business process reengineering specialist in the financial services sector with over 25 years of experience in Jamaica, Barbados and Trinidad. He led the firm’s Strategy & Operations and IT Consulting service lines. Mr. Ogle has led numerous consulting engagements in the private and public sectors in organizational audits, business process reengineering, change management, organizational structure reviews and design, Strategic Planning, IT selection and implementation, development of procedures manuals and institutional strengthening. He has assisted numerous entities to prepare business plans and financial projections and facilitated strategic planning exercises for government agencies and companies in the financial, manufacturing, health and education sectors. He has served on a number of local and Regional Boards. He holds a Bachelor of Science degree in Aeronautical Engineering, a MBA and a MSc. Information Systems.



### **Lissant L. Mitchell**

#### **Non Executive Board Member & Mentor**

Mr. Lissant L. Mitchell, is an experienced financial services professional with a successful career spanning over twenty-five years at the senior management and executive levels. With tenures at local institutions as well as regional and international financial groups, he has a proven track record in designing and executing long term sustainable strategic priorities, change management, divestitures, mergers, acquisitions and share ownership privatization.

A former Senior Vice President of Wealth Management at Scotiabank Group Jamaica Limited & former Chief Executive Officer at Scotia Investments Jamaica Limited (SIJL), Mr. Mitchell is currently serving as a director of the National Insurance Fund Advisory Board in the capacity of the Chair of its Investment and Real Estate Committees and Indies Pharma Jamaica Limited (INDIES PHARMA) in the capacity of the Chair for its Audit and Finance Committee. He is the Jamaica Stock Exchange Junior Market Mentor for INDIES PHARMA as well as Future Energy Source Company Limited (FESCO). He has also held directorships with the Jamaica Stock Exchange, SIJL and a number of companies within the Scotiabank Group locally and regionally.

Mr. Mitchell has a Master's in Business Administration - Finance from the University of Manchester in the United Kingdom and a Bachelor of Science (Hons.) - Accounting with Economics from the University of the West Indies Mona, Jamaica.



# BIGGA BURGER





# Corporate Data

## **BOARD OF DIRECTORS**

Anthony Chang  
Nicola Chang Murphy  
Noel daCosta  
Lamar Harris  
Marshal Ogle  
Lissant Mitchell

## **CORPORATE SECRETARY**

Victor Salazar-Chang

## **REGISTRAR & TRANSFER AGENTS**

**Jamaica Central Securities  
Depository Ltd.**

P.O Box 1084  
40 Harbour Street  
Kingston

## **AUDITOR**

**BOGLE AND COMPANY**

**Chartered Accountants**

6 South Avenue  
Unit 6, Dragon Center  
Kingston 10

## **BANKERS**

**National Commercial Bank Ltd**

**First Global Bank Ltd**

**Bank of Nova Scotia**

## **ATTORNEYS-AT-LAW**

**Samuda & Johnson**

15 Trinidad Terrace  
Kingston 5

**Foga Daley**

Patent & Trademark Agents  
7 Stanton Terrace, Kingston 6

## **REGISTERED OFFICES**

2F Valentine Drive  
Kingston 19

# Corporate Governance

The Board of Directors of Consolidated Bakeries (Jamaica) Limited is responsible for the Company's system of corporate governance. Corporate Governance is the process that is intended to make sure that the right questions get asked and that checks and balances are in place to make sure that the answers reflect what is best for the creation of longterm sustainable value. The Directors form a strong, independent and knowledgeable team who make judgements about what is best for the company and its stakeholders and exercises its power to ensure the legal and ethical conduct of the company and by its employees.

## Board of Directors Composition

As of January 1, 2021, the Board of Directors is comprised of 3 independent directors, 1 non-executive directors and 1 executive director, who are qualified, objective, committed, possess diverse skill sets and the background to effectively serve on the various committees of the board. As at November 11, 2021, Lissant Mitchell was appointed as an Independent Director of the company. The names of the directors and their qualifications are set out in the Directors' Profile section of this report. The definitions of these directors are:

- **An independent director** is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises. They do not relate nor have any pecuniary relationship with the company, senior management or affiliate companies. The independent director does not own more than 3% of the voting shares of the company
- **A non-executive director** is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises.
- **An executive director** is a member of the board of directors who is heavily involved in the day to day management of the company.

## **The Board and its Committees**

### **Board of Directors**

**Anthony Chang** - Executive Chairman

**Nicola Chang Murphy** - Non-Executive Director

**Noel daCosta** - Independent Director

**Lamar Harris** - Independent Director

**Marshal Ogle** - Independent Director

**Lissant Mitchell** - Independent Director

### **Audit Committee**

The Audit Committee is an operating committee of the company's board of directors. It maintains direct communication with the company's financial controller. Its role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk management policies with management.

The Audit Committee consists of 4 directors:

**Marshall Ogle** – Independent Chairman

**Anthony Chang** – Executive Director

**Noel daCosta** – Independent Director

**Lamar Harris** – Independent Director

### **Compensation Committee**

The Compensation Committee is a sub-committee of the company's board of directors. It is mainly responsible for setting the compensation level of senior management. It also assists in providing oversight for all matters relating to compensation for all other staff and will make recommendations as are necessary to ensure that compensation is fair and equitable at all levels of the organization. In addition, the Committee shall ensure that compensation levels are competitive within the industry and environment, in order to allow the company to attract and retain qualified, experienced and proficient persons.

## CORPORATE GOVERNANCE

The Compensation Committee consists of 4 directors:

**Noel daCosta** – Independent Chairman

**Nicola Chang Murphy** – Non-Executive Director

**Anthony Chang** – Executive Director

**Marshall Ogle** – Independent Director

### Attendance at Meetings for the Year - 2021

The Members of the Committee and their attendance at the respective meetings for the 2021 financial year is reflected in the Table below:

	Annual General Meeting	Board of Directors' Meeting	Audit Committee Meeting	Compensation Committee Meeting
NUMBER OF MEETINGS	1	3	3	3
Anthony Chang	1	3	3	3
Nicola Chang Murphy	1	2	-	3
Noel daCosta	1	2	2	3
Marshall Ogle	1	3	3	3
Lamar Harris	1	2	1	3
Lissant Mitchell	1	0	0	3

### Board and Committee Meeting Fees

Chairman fees for both Audit Committee and Compensation/HR Committee: \$75,000 less withholding tax of 25% = \$56,250

The Director's fees are as per follows: \$70,000 less withholding tax of 25% = \$52,500.

### Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses in connect with attendance at meetings of the Company's Board of Directors and its Committees

### Annual General Meetings

General meetings with shareholders are held annually and the meeting is structured to allow shareholders to give their input and have their queries answered.

### Articles of Incorporation

The Company's Articles of Incorporation was not amended during the period under review.

The Corporate Governance Guidelines are available on the company's website at [www.purity.com.jm](http://www.purity.com.jm)



# Top 10 Shareholders

NAME	VOLUME	%
Chang Brothers Limited	136,496,956	61.29
Anthony Chang	19,200,468	8.62
General Accident Insurance Company Ja. Ltd.	11,863,631	5.33
Everton J. Smith	7,580,580	3.40
David W.y. Chang	3,216,000	1.44
P.A.M. Ltd - Pooled Pension Equity Fund	2,481,241	1.11
Michael Subratie	2,452,590	1.10
National Supply Co. Limited	2,029,805	0.91
Everton A. Smith	1,650,082	0.74
Sagicor Select Fund Limited	1,547,510	0.69

## DIRECTORS SHAREHOLDINGS

NAME	VOLUME	%
Anthony V. Chang CD.	19,200,468	8.62
Noel DaCosta	800,000	0.36
Marshall Ogle	0	0
Lamar Harris	0	0
Nicola Chang Murphy	89,000	0.04
Lissant Mitchell	100,000	0.04

## SENIOR MANAGERS SHAREHOLDINGS

NAME	VOLUME	%
Victor Salazar-Chang	194,392	0.09
Javier Salazar Chang	0	0
Christopher Goodison	17,000	0.01
Delarno Forrest	9,000	0.004





# Management Discussion and Analysis

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**C**onsolidated Bakeries (Jamaica) Limited (CBL) presents this analysis and report on the Company's performance for the fiscal year ending December 31, 2021. We are responsible for the presentation and reliability of the Management Discussion and Analysis (MD&A). It is recommended that the audited financial statements for the period ended December 31, 2021, included in the overall annual report, are reviewed with this analysis for a fulsome understanding of CBL's performance. We present all financial references in Jamaican dollars (JMD), unless otherwise noted.

We defined this reporting period as the year of "charting the course". Still fresh out of a global pandemic, from which we learned many hard lessons, the Company recognised that considering those experiences, there were very specific changes needed to propel the business forward sustainably. Most notably, we identified the management structure as a core element of the Company's operations that needed reconfiguring to set the stage for the larger strategic plan. Focused on a large-scale transformation from the top down, staffing changes throughout the reporting period, along with other key investments and expenditures, resulted in a net loss for FY 2021, despite an increase in overall sales. The Company recorded a net loss of J\$17.6 million, an increase from the J\$14.4 million loss in 2020.

### **Year in Review**

Although the economic landscape was still in recovery mode, with curfews, decreased buying power for consumers due to price increases and unemployment, and other residual effects of COVID-19, the Company achieved an increase in revenue. In FY 2021, revenues earned totaled J\$1.079 billion, compared to J\$994 million in 2020. This remains significant despite the Company not achieving a profit. However, because of the strategic plan of action for charting the course in 2021, the Company bulked up on expenses related to process and team changes, as well as investments. Administrative expenses increased overall by 14%, with insurance and advertising and promotion reflecting the largest percentage changes at 134% and 263% increases, respectively.

To efficiently define the way forward to sustainable growth after experiencing challenges with acquiring and maintaining small accounts at the height of the pandemic when many larger

## MANAGEMENT DISCUSSION & ANALYSIS

accounts were scaling back, the Company invested in a consultant to help frame the approach to the changes needed. This resulted in the Company embarking on a different strategy that included a new focus on targeted objectives in production, operations and distribution.

The Company is realigning its plans for improved growth over the next three (3) years, beginning in FY 2022. In laying the foundation for this plan in 2021, CBL reorganised key departments with existing and new team members, instituted on-the-job training programmes for new plant equipment, and is adjusting the company culture so it will better reflect the long-term vision for change and growth. In line with establishing a stronger company culture, we introduced a new Baker Value System—Better, Accountable, Kindness, Excellence, Respect—that outlines the expectations of how CBL team members will behave and work to accomplish our goals.

**We are 85 years strong and will continue to persevere into a future of prosperity.**

Another key area that the Company invested in for 2021 included branding and brand awareness. We focussed on renovating existing products while innovating and creating new ones for our target markets. In 2021, we released our two-pack sesame seed burger buns and rebranded our raisin and corn breads. We also strengthened our marketing team and redesigned product packaging which will roll out in 2022. Our aim is to achieve at least a 40% growth. As such, these investments are critical.

### Financial Performance

Revenue for the financial year grew by 8%, closing at J\$1.079 billion compared to J\$994 million during the same period in the prior year. We can attribute this to the investments made to achieve the new strategic thrust the Company embarked on.

The Company faced significantly increased costs to our major raw material during this financial year. Considering the Company's new strategic plan, we closely monitored the margins, and ended the financial year with a gross margin of 40% compared to the prior year's 39%.

Overall administration and selling and distribution expenses increased by 10%, compared to the prior year, from J\$356 million to J\$397 million in 2021. This reflects the increased focus on rebranding and promoting products.



## MANAGEMENT DISCUSSION & ANALYSIS

We increased our borrowings to J\$234 million, up from J\$178 million the previous year, most of which are long-term secured loans that will mature between 2026 and 2028. Our capital decreased to J\$682 million from J\$693 million the previous year, but the Company's asset portfolio increased to J\$1.03 billion from J\$996 million in 2020. Inventories increased by 35% reflecting increased purchases of raw materials and packaging. The Company reported a good liquidity ratio of 1.53:1 compared to 1.45:1 in 2020.

Share capital remained the same at J\$91 million and the total average number of shares in issue for the year was 222,709,171, with no change from 2020. We distributed no dividends to shareholders with earnings per share valued at J\$(0.08); the value was J\$(0.06) in 2020.

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## OUR 2022 OUTLOOK



Notwithstanding the losses of the last fiscal year, Consolidated Bakeries (Jamaica) Limited remains poised for future profitability with the implementation of its new strategic plan. The Company is laying the groundwork for long-term sustainable change that will move us from a simple family business structure to an established top-earning company.

In 2022, we look forward to rolling out our newly branded products with fresh packaging as we renovate and enrich current products. We are also excited to see where our innovative measures will land us in the marketplace, as we work to bring unique, healthy, and more economical options to our customers. We are excited to have our freshly minted brand ambassadors join the family and help us build brand awareness. Already we have seen significant responses from our Easter bun campaign in the first quarter for 2022, and expect continued responsiveness to our Miss Birdie wheat crackers, raisin bread and corn bread.

As we continue to chart the course, we remain very aware that outside of the residual effects of the pandemic and the variants that still pose a risk, there are other economic challenges we must monitor and prepare for as best as possible. Rising fuel prices, continued global logistics obstacles, increasing inflation costs, and the ongoing fears of a pending recession are all very real factors we must keep central in our plans and activities. We remain hopeful. We are 85 years strong in the business and will continue to persevere to take the Company into a future of prosperity.









# Corporate Social Responsibility 2021



Aviel Wright



Toni-Ann Hunter

## Miss Birdie/Purity Scholarship

Every year that we extend the Miss Birdie/Purity Scholarship is an opportunity to further the career of a bright spark for the advancement of Jamaica's economy. As such, we were delighted to once again extend our Miss Birdie/Purity Scholarship for the 6th year!

However, for the first time, we were unable to just select one candidate as so many were presented to us that had great need and showed even greater potential. As such, we gifted two amazing students with the scholarship. Aviel Wright and Toni-Ann Hunter were selected as the successful Miss Birdie/Purity Scholarship Recipients 2021/ 2022.

In order to be awarded the Miss Birdie/Purity Scholarship, this student had to be enrolled at the tertiary level pursuing an undergraduate degree (B.Sc) in the Department of Management Studies at the University of the West Indies, Mona.

The Miss Birdie/Purity Scholarship for Business & Management offers students who have a Grade Point Average of 3.0 or higher, with a verifiable financial need, the opportunity to have their tuition paid in full. The successful candidate had to have displayed leadership qualities, volunteerism and social involvement as well as active participation in co-curricular activities.





L-R, Russanette Dennis (Marketing Officer, Consolidated Bakeries Ja Ltd) makes presentation to students at the Youth For Excellence Christmas Giveaway

## 2. Purity/Miss Birdie Christmas Charities

In the spirit of our Miss Birdie brand, we embraced the opportunity to partner with Best Care Children's Home to provide support for intellectually disabled children. At the same time, we rallied the Purity brand to help bring the joy of Christmas to the children at First Born Early Childhood Development Center.

These two ventures saw us partnering with Digicel Foundation and Romeich Entertainment to give a variety of items ranging from personal hygiene supplies, toys, food items and of course, Miss Birdie and Purity products.

Additionally, the Purity brand further partnered with Youths For Excellence to further their philanthropic cause. Youths For Excellence, headed by Jénine Shepherd, is a registered charity and non-profit organization that



L-R , Russanette Dennis (Marketing Officer), Natovia Shand (Marketing Assistant), Leroy Williams (Driver) poses for camera with items for the students at First Born Early Childhood Development Centre

serves inner-city youth sitting their exit examinations in grades four to six. It was an easy collaboration since the brand really identified with the need to try to bridge the gaps in education caused by societal inequities.

The outpour of happiness and gratitude from the recipients of the Purity/Miss Birdie Christmas Charities brought the Christmas magic to the air and knowing that our gifts went a long way to helping them in future endeavors brought light to our hearts and the hearts of all our Purity family.



Aunty Donna

3. Aunty Donna Charities

Throughout the year, we joined forces with popular social media influencer and rising social media sensation, Donna ‘Aunty Donna’ Gowe. Aunty Donna first signed as a brand ambassador to the company in 2021, having won us over by genuinely expressing her love for the Miss Birdie Easter Bun.

She shares a deep passion with the Miss Birdie brand to be our brothers’ keepers and as such, we jumped on opportunities presented to help her philanthropic work in her community of Mountain View in Kingston and other outreach activities.

4. Food For The Poor Partnership

Consolidated Bakeries has been humbled to have a relationship with Food For the Poor Jamaica, and this was continued this year. This relationship saw us consistently donating products weekly to help those in need and leave an imprint of kindness in their lives. We’re fully aware that not all Jamaicans are blessed with good and healthy food options and take comfort in knowing that weekly, we get to lower the number and eliminate hunger a little more.





# AMAAZIN CINNAMON RAISIN LOAF





# **the Financials**







## **Bogle and Company**

Chartered Accountants

Worrick Bogle FCCA, FCA, CPA

### **Independent Auditor's Report**

To the Members of Consolidated Bakeries (Jamaica) Ltd.

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

#### **Opinion**

We have audited the financial statements of Consolidated Bakeries (Jamaica) Ltd. ("the Company") set out on pages 6 to 37, which comprise the statements of financial position as at December 31 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

During the current year audit there was one area which we consider to be a key audit matter.

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## Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

### Going Concern

The Company has reported, losses, negative cashflows and a significant bank overdraft for the past 3 years. This situation calls into question the company's ability to continue as a going concern.

This concern was discussed with management as to what they had or was putting in place to ensure the company's ability to continue as a going on concern over the foreseeable future.

They indicated that:

Soon after the onset of COVID-19 the Company conducted a detailed review of the overall operations and out of this review decided on the following:

1. The Company has started to renovate existing products and develop new products so as to reduce the sales percentage of lower-margin products, thus impacting margins and lessening cost pressures.
2. The Company has started to re-organize operations and management processes so as to align to product, distribution and cost-effectiveness goals.
3. The Company has started to deepen distribution and service, underserved retail areas so as to drive sales and cashflows.

After reviewing the information and explanation provided by the various levels of management, we have assessed and concluded that with the implementation of these measures the company should be in a position to continue as a going concern for the foreseeable future.

## Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

### Other Information

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

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

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

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

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

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

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

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



## Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

### Report on additional matters as required by the Jamaican Companies Act

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

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

  
\_\_\_\_\_  
**BOGLE & COMPANY**  
Chartered Accountants  
Kingston, Jamaica  
April 29, 2022

## **Appendix to the Independent Auditor's 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

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

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

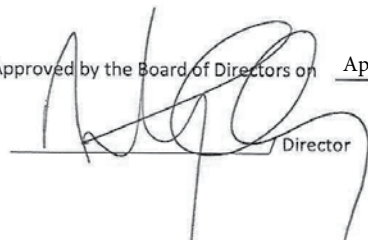
Consolidated Bakeries (Jamaica) Ltd.

# Statement of Financial Position

As at December 21 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	758,807,801	759,357,445
<b>TOTAL NON-CURRENT ASSETS</b>		<u>758,807,801</u>	<u>759,357,445</u>
<b>CURRENT ASSETS</b>			
Inventories	7	67,432,031	49,900,320
Trade and other receivables	8	110,240,701	96,719,237
Financial Investments	9	28,521,622	26,522,548
Cash & cash equivalents	10	61,972,979	63,908,151
<b>TOTAL CURRENT ASSETS</b>		<u>268,167,333</u>	<u>237,050,256</u>
<b>TOTAL ASSETS</b>		<u>1,026,975,134</u>	<u>996,407,701</u>
<b>EQUITY</b>			
Share Capital	11	90,726,664	90,726,664
Capital Reserve		20,825,532	20,825,532
Revaluation Reserve		537,342,437	537,342,437
Other Comprehensive Income		10,853,696	4,520,715
Retained Earnings		22,464,526	40,102,132
<b>TOTAL EQUITY</b>		<u>682,212,855</u>	<u>693,517,480</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	159,683,999	125,579,865
Deferred tax liabilities	13	9,750,435	13,784,017
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>169,434,434</u>	<u>139,363,882</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	12	74,397,510	53,167,901
Trade Payables		97,730,051	97,474,726
Accruals		3,200,284	12,883,712
<b>TOTAL CURRENT LIABILITIES</b>		<u>175,327,845</u>	<u>163,526,339</u>
<b>TOTAL LIABILITIES</b>		<u>344,762,279</u>	<u>302,890,221</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,026,975,134</u>	<u>996,407,701</u>

Approved by the Board of Directors on April 29, 2022 and signed on its behalf by:

  
\_\_\_\_\_  
Director

/Director

The accompanying notes form part of these financial statements

**Consolidated Bakeries (Jamaica) Ltd.**

**Statement of Profit or Loss and Comprehensive Income**

For year ended December 21 2021

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
Revenue		1,079,796,822	993,979,578
Cost of Goods Sold	<b>16</b>	(650,863,697)	(601,937,018)
<b>Gross Profit</b>		<u>428,933,125</u>	<u>392,042,560</u>
Administration Expenses	<b>17</b>	(246,259,795)	(215,578,042)
Selling and distribution	<b>18</b>	(150,749,658)	(139,939,184)
Depreciation & Amortisation	<b>6</b>	(32,938,714)	(33,742,138)
		<u>(429,948,167)</u>	<u>(389,259,364)</u>
<b>(Loss)/Profit from operations</b>		<u>(1,015,042)</u>	<u>2,783,196</u>
Finance Cost	<b>20</b>	(21,951,954)	(19,042,813)
Other Revenue	<b>21</b>	1,295,808	5,813,300
		<u>(20,656,146)</u>	<u>(13,229,513)</u>
<b>Loss before income tax</b>		(21,671,188)	(10,446,317)
Income tax benefit/(expense)	<b>22(a)</b>	4,033,582	(3,975,256)
<b>Loss after income tax</b>		<u>(17,637,606)</u>	<u>(14,421,573)</u>
<b>Other comprehensive income</b>			
Those that might be reclassified to profit or loss in subsequent periods			
Unrealised Gain on Investment		6,332,981	522,987
<b>Total comprehensive expense for the year</b>		<u>(11,304,625)</u>	<u>(13,898,586)</u>
Earnings per Share		(0.08)	(0.06)

The average number of shares in issue for the year is 222,709,171 (2020: 222,709,171)

*The accompanying notes form part of these financial statements*

Consolidated Bakeries (Jamaica) Ltd.

# Statement of Changes in Equity

For the year ended December 31 2021

	Share Capital	Revaluation Reserve	Capital Reserve	Other Comprehensive Income	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2020	90,726,664	537,342,437	20,825,532	3,997,728	53,406,248	706,298,609
<b>Comprehensive Income</b>						
Loss for the year					(14,421,573)	(14,421,573)
Other comprehensive income for the year	-	-	-	-	522,987	522,987
<b>Total comprehensive income for the year</b>	-	-	-	-	(13,898,586)	(13,898,586)
Unrealised gain on investment	-	-	-	522,987	(522,987)	-
Prior year adjustment of Deferred Tax	-	-	-	-	1,117,457	1,117,457
<b>Total other</b>	-	-	-	522,987	594,470	1,117,457
<b>Balance as at December 31 2020</b>	<u>90,726,664</u>	<u>537,342,437</u>	<u>20,825,532</u>	<u>4,520,715</u>	<u>40,102,132</u>	<u>693,517,480</u>
Balance as at 1 January 2021	90,726,664	537,342,437	20,825,532	4,520,715	40,102,132	693,517,480
<b>Comprehensive income</b>						
Loss for the year					(17,637,606)	(17,637,606)
Other comprehensive income for the year	-	-	-	-	6,332,981	6,332,981
<b>Total comprehensive income for the year</b>	-	-	-	-	(11,304,625)	(11,304,625)
Unrealised gain on investment	-	-	-	6,332,981	(6,332,981)	-
<b>Total other</b>	-	-	-	6,332,981	(6,332,981)	-
<b>Balance as at December 31 2021</b>	<u>90,726,664</u>	<u>537,342,437</u>	<u>20,825,532</u>	<u>10,853,696</u>	<u>22,464,526</u>	<u>682,212,855</u>

The accompanying notes form part of these financial statements.

The accompanying notes form part of these financial statements

**Consolidated Bakeries (Jamaica) Ltd.**  
**Statement of Cash Flows**  
For year ended December 21 2021

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>Cash flow from operating activities</b>			
(Loss)/Profit before income tax		(21,671,188)	(10,446,317)
Items not affecting cash resources:			
Deferred Tax		-	1,117,459
Depreciation		32,938,714	33,742,138
		<u>11,267,526</u>	<u>24,413,280</u>
 - (increase)/decrease in inventories		(17,531,711)	(3,917,655)
- (increase)/decrease in trade and other receivables		(13,521,464)	5,418,883
 - decrease in trade payables and accruals		(9,428,103)	(3,576,253)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>(29,213,752)</u>	<u>22,338,255</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(32,389,070)	(50,348,165)
Financial Investments		4,333,907	(2,297,488)
<b>Net cash (outflow) from investing activities</b>		<u>(28,055,163)</u>	<u>(52,645,653)</u>
<b>Cash flow from financing activities</b>			
New Loan		88,640,000	141,100,000
Loan Repayment		(41,316,265)	(130,184,747)
<b>Net cash inflow from financing activities</b>		<u>47,323,735</u>	<u>10,915,253</u>
<b>Net increase/(decrease) in cash held</b>		<u>(9,945,180)</u>	<u>(19,392,145)</u>
Cash and cash equivalents at beginning of financial year		25,073,181	44,465,326
<b>Cash and cash equivalents at end of financial year</b>	<b>10</b>	<u>15,128,001</u>	<u>25,073,181</u>

*The accompanying notes form part of these financial statements.*

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

December 21 2021

## 1 Reporting Entity

Consolidated Bakeries (Jamaica) Ltd. ("the company")

- a) The Company is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited which is a Jamaican Company incorporated under the Jamaican Companies Act.
- b) Stock exchange listing  
The Company had its application to the Junior Stock Exchange approved after its successful public share offer of ordinary shares in December 2012.
- c) Activities  
The main activities of the Company are the manufacture and wholesale and retail sale of edible baked products.

## 2 Basis of Preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

## 3 Functional and presentation currency

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



**4 Summary of Significant Accounting Policies**

**(a) New Accounting Standards for Application in Future Periods**

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

Annual Improvements to IFRS Standards 2018–2020	Various standards <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IFRS 17 Insurance Contracts	Insurance Contracts <sup>2</sup>
Amendments to IAS 1	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2023.

**(b) New and Amended Accounting Policies Adopted**

The company did not adopt any new or amended accounting policies during the current reporting period

**4 Summary of Significant Accounting Policies (cont'd)**

**(c) Property, Plant and Equipment**

This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably

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

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

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

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

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

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

This business recognises depreciation under the expense heading of “depreciation.”

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

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

Computer Equipment	20.0%
Motor Vehicle	12.5%
Fixture & Equipment	10.0%
Plant machinery and equipment	10.0%
Building	2.5%

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

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

Land is not depreciated

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

#### (d) Inventories

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

#### (e) Trade and Other Receivables

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

##### (i) Impairment

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

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

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

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

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

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

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

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

##### (i) Impairment (cont'd)

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

##### (ii) *Measurement of ECLs*

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

##### (iii) *Credit-impaired financial assets*

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

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

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

#### (f) Cash and Cash Equivalents

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

##### a. **Financial Investments**

These assets are classified at fair value through profit or loss and are measured at fair value, and any changes therein, including any interest or dividend income, are recognised in profit or loss.

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (h) Borrowing Costs

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

#### (i) Related party disclosures

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

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

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

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

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

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

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



## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (j) Trade and Other Payables

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

#### (k) Foreign Currency Transactions and Balances

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

#### (l) Revenue and Other Income

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

##### i. Sale of goods

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

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

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (l) Revenue and Other Income (cont'd)

##### ii. Interest Income

The Company recognises interest earned on its cash and cash equivalents held at financial institutions in qualifying accounts.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

##### iii. Rental Income

The Company recognises rental income on a straight-line basis over the period covered under the lease terms. The lease is categorised as a short-term lease.

#### (m) Employee Benefits

##### i. Pension plan

The company contributes towards defined contribution retirement savings plans which were purchased from Sagicor Life Limited. Employees who opt to join the plan, contribute up to 20% of gross basic salaries to their plans and the Company contributes 5%. In 2021, a total of \$3,414,940 (2020: \$3,482,393) company contributions were recognised as an expense in the statement of Profit or Loss

##### ii. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (n) Leases

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

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (o) Fair value measurement

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

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

The principal or most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, for financial reporting purposes, fair value measurement is categorised into levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

#### (p) Taxation

##### (i) Current tax

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

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

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (p) Taxation (cont'd)

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

#### (q) Share Capital

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

## Notes to the Financial Statements

December 21 2021

### 4 Summary of Significant Accounting Policies (cont'd)

#### (r) Comparative Figures

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

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



**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures**

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

**(a) Credit risk**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash & cash equivalents	61,972,979	63,908,151
Trade and other receivables	110,240,701	96,719,237
<b>Financial Liabilities</b>		
Trade Payables	(100,906,997)	(110,335,100)
Borrowings	(74,397,510)	(53,167,901)

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

Trade receivables

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

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

**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(a) Credit risk (cont'd)**

At 31 December 2021, the maximum exposure to credit risk for trade receivables by geographic region was as follows

	2021	2020
	\$	\$
Jamaica	39,953,110	32,826,271
	<u>39,953,110</u>	<u>32,826,271</u>

At 31 December 2021, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	2021	2020
	\$	\$
Wholesale customers	39,884,459	32,744,638
End-user customers	68,651	81,633
	<u>39,953,110</u>	<u>32,826,271</u>

The ageing of trade receivables that were past due but not impaired as at 31 December 2021 is as follows

	2021	2020
	\$	\$
Past due 1- 30 days	21,774,862	7,795,546
Past due 31- 90 days	13,986,159	21,196,393
Over 90 days	4,192,089	3,834,332
	<u>39,953,110</u>	<u>32,826,271</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021.

	Gross carrying amount	weighted average loss rate	Impairment loss allowance
Low risk	32,788,435	4%	1,311,537
Medium risk	3,753,343	15%	564,695
High risk	3,411,333	45%	1,535,100
	<u>39,953,110</u>		<u>3,411,333</u>

**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(a) Credit risk (cont'd)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021.

	Gross carrying amount	Weighted-average loss	Impairment loss allowance
Low Risk	29,353,703	4%	1,207,508
Medium Risk	4,835,694	10%	483,569
High Risk	10,325,798	20%	2,065,160
	<b>44,515,195</b>		<b>3,756,237</b>

**(b) Liquidity risk**

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current Assets	268,167,333	237,050,256
Current Liabilities	175,327,845	163,526,339
	1.53	1.45

The liquid asset ratio at the end of the year as 31 December 2021 was 1.53:1 (2020: 1.45:1). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk.

**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(b) Liquidity risk (cont'd)**

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

**Balance as at December 31 2021**

	<b>Within 1 Month</b>	<b>1 to 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Borrowings	3,080,110	6,160,220	27,720,992	171,975,438	16,423,887	225,360,647
Trade and other payables	107,331,958	-	-	-	-	107,331,958
	<u>110,412,068</u>	<u>6,160,220</u>	<u>27,720,992</u>	<u>171,975,438</u>	<u>16,423,887</u>	<u>332,692,605</u>

**(c) Currency risk**

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

The company incurs risk in a currency other than the Jamaican dollar. The currency giving rise to this risk is the United States dollar.

This risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from the Company's financial assets and liabilities denominated in the relevant foreign currencies.

**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(c) Currency risk (cont'd)****Balance as at December 31 2021**

	<b>JMD</b>	<b>US</b>	<b>CAN</b>	<b>GBP</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>					
Trade and other receivables	110,148,732	-	-	91,969	110,240,701
Financial Investments	-	28,521,622			28,521,622
Cash	18,813,766	43,116,550	42,663	-	61,972,979
<b>Total financial assets</b>	<u>128,962,498</u>	<u>71,638,172</u>	<u>42,663</u>	<u>91,969</u>	<u>200,735,302</u>
<b>Financial Liabilities</b>					
Borrowings	234,081,509	-	-	-	234,081,509
Trade and other payables	100,930,335	-	-	-	100,930,335
<b>Total financial liabilities</b>	<u>335,011,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,011,844</u>
<b>Net financial position</b>	<u>(206,049,346)</u>	<u>71,638,172</u>	<u>42,663</u>	<u>91,969</u>	<u>(134,276,542)</u>

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the 5% devaluation and 3% appreciation of the Jamaican dollar. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on net profit shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	<b>% Change in Currency rate 2021</b>	<b>Effect on Equity 2021 \$</b>	<b>Effect on Net Profit 2021 \$</b>
<b>Currency:</b>			
USD – Positive	3	(716,382)	(2,170,637)
USD – Negative	(5)	3,581,909	3,402,813

**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(d) Capital Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company makes use of its working capital facilities, this has remained unchanged from 2020.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in the Statement of Changes in Equity). Total capital is calculated as 'equity' plus net debt.

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total equity and debt.

	2021	2020
	\$	\$
Interest-bearing borrowings	234,081,509	178,747,766
Less: cash and bank	(61,972,979)	(63,908,151)
<b>Net Debt</b>	<u>172,108,530</u>	<u>114,839,615</u>
<b>Total Equity</b>	<u>681,095,399</u>	<u>692,400,024</u>
<b>Capital and net debt</b>	<u>853,203,929</u>	<u>807,239,639</u>
Gearing ratio	20.17%	14.23%

**(e) Fair value measurements**

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

The carrying values of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents, trade and other receivables and amounts due from related companies. Short-term financial liabilities comprise trade, due to related parties, payables and long-term financial liabilities comprise of loans.

The carrying value of loans with variable interest rates approximates fair value as interest rates approximate market rates. The fair value of loans with fixed rates is estimated to approximate its carrying value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value for the amount due to the parent company approximates its carrying value.



**Notes to the Financial Statements**

December 21 2021

**5 Financial Instruments: Disclosures (cont'd)****(e) Fair value measurements (cont'd)**

	2021 Fair Value	2021 Carrying Value	2020 Fair Value	2020 Carrying Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash & cash equivalents	61,972,979	61,972,979	63,908,151	63,908,151
Trade receivables	36,541,777	36,541,777	30,909,762	30,909,762
<b>Owed by Related Parties</b>	<u>27,556,559</u>	<u>27,556,559</u>	<u>26,581,417</u>	<u>26,581,417</u>
<b>Financial liabilities</b>				
Borrowings excluding bank overdraft	187,236,531	187,236,531	139,912,796	139,912,796
Bank overdraft	46,844,978	46,844,978	38,834,970	38,834,970
<b>Trade payables</b>	<u>107,331,958</u>	<u>107,331,958</u>	<u>97,474,726</u>	<u>97,474,726</u>

**Notes to the Financial Statements**

December 21 2021

**6 Property, plant & equipment**

	Land and Buildings	Plant, machinery & equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Cost/Valuation</b>						
<b>Balance as at 1 January 2020</b>	502,870,960	215,428,352	17,457,107	147,255,902	31,772,791	914,785,112
Additions	2,295,105	28,708,010	2,259,520	15,612,922	1,472,608	50,348,165
<b>Balance as at December 31 2020</b>	505,166,065	244,136,362	19,716,627	162,868,824	33,245,399	965,133,277
Additions	2,690,222	5,096,754	321,893	23,365,016	915,185	32,389,070
Disposals	-	-	-	-	-	-
<b>Balance as at December 31 2021</b>	507,856,287	249,233,116	20,038,520	186,233,840	34,160,584	997,522,347
<b>Accumulated Depreciation</b>						
<b>Balance as at 1 January 2020</b>	6,709,649	73,454,087	7,156,530	56,026,435	28,686,993	172,033,694
Depreciation expense	3,281,967	16,135,558	1,129,780	11,164,925	2,029,908	33,742,138
<b>Balance as at December 31 2020</b>	9,991,616	89,589,645	8,286,310	67,191,360	30,716,901	205,775,832
Depreciation expense	3,044,757	15,207,171	760,128	12,360,000	1,566,658	32,938,714
Disposals	-	-	-	-	-	-
<b>Balance as at December 31 2021</b>	13,036,373	104,796,816	9,046,438	79,551,360	32,283,559	238,714,546
<b>December 31 2021</b>	494,819,914	144,436,300	10,992,082	106,682,480	1,877,025	758,807,801
<b>December 31 2020</b>	495,174,449	154,546,717	11,430,317	95,677,464	2,528,498	759,357,445

**Land**

The total value of land as at December 31 2021 is \$361,021,000 (2020 : \$361,021,000). Land is not depreciated.

**7 Inventory**

	2021 \$	2020 \$
<b>Current</b>		
<b>At net realizable value:</b>		
Raw materials	21,797,670	16,632,039
Packaging materials & spares	27,207,655	20,581,335
Finished goods	10,358,078	5,864,238
Other inventory	8,068,628	6,822,708
<b>Total Inventories</b>	<u>67,432,031</u>	<u>49,900,320</u>

**Notes to the Financial Statements**

December 21 2021

**8 Trade and other receivables**

	2021 \$	2020 \$
<b>Current</b>		
Trade receivables	39,953,110	32,826,271
Less: Provision for Doubtful Accounts	<u>(3,411,333)</u>	<u>(1,916,509)</u>
	<u>36,541,777</u>	<u>30,909,762</u>
Owed by Related Parties	27,556,559	26,581,417
Prepayments	24,507,895	21,209,698
Staff Loans and Advances	8,355,023	8,326,182
Other receivables	<u>13,279,447</u>	<u>9,692,178</u>
<b>Total current trade and other receivables</b>	<u>110,240,701</u>	<u>96,719,237</u>
<b>Total trade and other receivables</b>	<u>110,240,701</u>	<u>96,719,237</u>

**a. Credit Risk and market risk, and impairment losses**

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

**9 Other Financial Assets**

	2021 \$	2020 \$
<b>Current</b>		
Financial assets at fair value through Other Comprehensive Income	<b>9(a)</b> 28,521,622	26,522,548
<b>Total current assets</b>	<u>28,521,622</u>	<u>26,522,548</u>

**(a) Financial assets at fair value through other comprehensive income**

	2021 \$	2020 \$
NCB Capital Markets Cash Value	-	953,969
NCB Cap xB Fund	24,687,616	22,985,322
NCB Cap xM Fund	<u>3,834,006</u>	<u>2,583,257</u>
<b>Financial assets at FVOCI</b>	<u>28,521,622</u>	<u>26,522,548</u>

**Notes to the Financial Statements**

December 21 2021

**10 Cash & cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents</b>		
Cash on hand	9,092,829	8,892,829
Bank accounts (Jamaican Dollars)	9,720,937	17,711,788
Bank accounts (United States Dollars)	6,301,169	1,596,739
Bank accounts (Canadian Dollars)	42,663	42,662
	<u>25,157,598</u>	<u>28,244,018</u>
Short Term Investments	36,815,381	35,664,133
<b>Total cash and cash equivalents</b>	<u><u>61,972,979</u></u>	<u><u>63,908,151</u></u>

**Reconciliation of cash**

Cash and cash equivalents reported in the statement of cash flows are reconciled to items in the statement of financial position as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	61,972,979	63,908,151
Secured - Bank overdrafts	<u>(46,844,978)</u>	<u>(38,834,970)</u>
<b>Balance as per statement of cash flows</b>	<u><u>15,128,001</u></u>	<u><u>25,073,181</u></u>

**11 Share capital**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Authorised	<u>427,260,000</u>	<u>427,260,000</u>
<b>Issued and fully paid</b>		
This consist of 222,709,171 (2020: 222,709,171) ordinary shares valued at no par value	<u>90,726,664</u>	<u>90,726,664</u>

**Notes to the Financial Statements**

December 21 2021

**12 Borrowings**

	2021 \$	2020 \$
<b>Current</b>		
<b>Secured liabilities:</b>		
Bank overdrafts	46,844,978	38,834,970
National Commercial Bank Jamaica Limited	26,661,589	14,094,019
Accrued Interest	890,943	238,912
	<u>74,397,510</u>	<u>53,167,901</u>
<b>Total current borrowings</b>	<u>74,397,510</u>	<u>53,167,901</u>
<b>Non-current</b>		
<b>Secured liabilities:</b>		
National Commercial Bank Jamaica Limited	159,683,999	125,579,865
	<u>159,683,999</u>	<u>125,579,865</u>
<b>Total non-current borrowings</b>	<u>159,683,999</u>	<u>125,579,865</u>
<b>Total Borrowings</b>	<u>234,081,509</u>	<u>178,747,766</u>

**a) Terms and repayment schedule**

	Interest rate	Year of Maturity	Carrying Value 2021 \$	Carrying Value 2020 \$
	%			
Secured - Bank overdrafts	23.75	2021	46,844,978	38,834,970
National Commercial Bank Jamaica Limited				
-Secured Loan	7.00	2026	33,793,448	-
-Secured Loan	7.95	2027	2,157,267	2,446,607
-Secured Loan	7.00	2027	123,617,546	137,227,277
-Secured Loan	7.50	2028	3,557,517	-
-Secured Loan	7.50	2028	12,908,476	-
-Secured Loan	7.50	2028	10,311,334	-
			<u>233,190,566</u>	<u>178,508,854</u>

**Notes to the Financial Statements**

December 21 2021

**12 Borrowings (cont'd)**Security

## a) National Commercial Bank

- a. First mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US\$3.6 Million, forced sale value US\$2.88 Million registered and stamped to cover J\$174.1 Million

Assignment of adequate FEH Insurance.

- b. Legal Mortgage over commercial property at 2F Valentine Drive/111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US\$3.6 Million, forced sale value US\$2.88 Million registered and stamped to cover J\$40 Million.

Assignment of adequate FEH Insurance.

- c. Directors' Guarantee Stamped for J\$75.5 Million and US\$30,000

## b) Bank overdraft

Bank overdraft is at an interest rate of 23.75% and is secured by first legal mortgage over commercial property located at 111 Red Hills Road and by guarantee of Directors Anthony and Vincent Chang.

Bank overdraft consists primarily of transactions processed at the end of the fiscal year, thereby, causing a timing variance (outstanding cheques)

**13 Deferred tax**

	2021 \$	2020 \$
<b>Non-current</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment - tax allowance	19,836,690	20,645,778
Future income tax benefits attributable to tax losses	(10,086,255)	(6,861,761)
	<u>9,750,435</u>	<u>13,784,017</u>



**Notes to the Financial Statements**

December 21 2021

**14 Related Party Transactions**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Poly Cello Packaging	19,461,559	18,486,417
Other Related Parties	8,095,000	8,095,000
	<u>27,556,559</u>	<u>26,581,417</u>

All transactions between Consolidated Bakeries (Jamaica) Ltd. And the related companies have been transacted at arm's length.

**Related Party Net movement**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loans repaid by Directors	-	253,398
Advances made to Poly Cello	975,142	1,210,506
	<u>975,142</u>	<u>1,463,904</u>

**15 Key Management Personnel Compensation**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Director's fees	580,000	1,040,000
Director management remuneration	19,231,640	19,401,935
	<u>19,811,640</u>	<u>20,441,935</u>

**Notes to the Financial Statements**

December 21 2021

**16 Cost of Goods Sold**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries and related expenses	72,046,136	79,101,859
Purchases	545,383,532	498,491,706
Repairs and maintenance	6,109,445	3,081,683
Equipment rental	3,549,648	4,507,439
Transportation	5,197,433	4,368,459
Fuel	16,376,379	11,882,217
Other	2,201,124	503,655
	<u>650,863,697</u>	<u>601,937,018</u>

**17 Administrative Expense**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries and related expenses	103,492,183	96,489,816
Security	11,007,960	10,573,316
Insurance	10,627,990	4,533,094
Utilities	29,269,079	27,088,013
Advertising and Promotion	5,985,635	1,647,867
Traveling and motor vehicle expenses	16,236,612	14,812,061
Director's fees	580,000	1,040,000
Director management remuneration	19,231,640	19,401,935
Repairs and Maintenance	1,823,199	3,551,852
Office supplies	6,525,212	5,690,563
Office and Space Rental	4,268,751	3,181,726
Auditor's Remuneration	1,725,000	2,004,552
Professional Fees	20,557,751	15,288,300
Other Expenses	14,928,783	10,274,947
	<u>246,259,795</u>	<u>215,578,042</u>

**Notes to the Financial Statements**

December 21 2021

**18 Selling and distribution**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Other Expenses	3,611,451	478,292
Salaries and related expense	84,609,498	74,004,283
Sales Contractors	20,458,120	23,396,648
Travelling and motor vehicle expenses	29,300,663	27,942,564
Repairs and Maintenance expense	933,195	33,939
Office and Space rental	78,900	27,589
Advertising and Promotion	11,687,355	13,973,618
Other expenses	70,476	82,251
	<u>150,749,658</u>	<u>139,939,184</u>

**19 Staff Costs**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Staff Salaries	220,028,945	210,893,858
Statutory Expense	26,625,086	24,218,037
Staff Welfare	10,078,846	11,001,670
Pension	3,414,940	3,482,393
<b>Total Staff Related Costs</b>	<u>260,147,817</u>	<u>249,595,958</u>

Staff costs have been allocated between Cost of Goods Sold (COGS), Selling and Distribution expense and Administrative expenses.

**20 Finance Cost**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loan Interest	11,744,412	14,034,522
Bank Charges	10,207,542	5,008,291
	<u>21,951,954</u>	<u>19,042,813</u>

**21 Other Revenue**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Other Revenue</b>		
Interest	1,295,808	1,214,398
Rental	-	1,215,199
Realised gain/(loss) on foreign	12,665,962	4,429,677
	<u>13,961,770</u>	<u>6,859,274</u>

**Notes to the Financial Statements**

December 21 2021

**22 Tax Expense****(a) The components of tax (expense)/income comprises:**

	Note	2021 \$	2020 \$
Deferred tax	13	4,033,582	(3,975,256)
<b>Income tax benefit/(expense) for the year</b>		<u>4,033,582</u>	<u>(3,975,256)</u>

**(b) Tax reconciliation**

	2021 \$	2020 \$
Tax on (loss)/profit at 12.5% (2020: 12.5%)	(2,708,899)	(1,305,790)
<b>Add tax effect of:</b>		
non-allowable items	4,158,464	4,250,610
	<u>4,158,464</u>	<u>4,250,610</u>
<b>Less tax effect of:</b>		
Deferred tax adjustment	5,483,147	(1,030,436)
	<u>5,483,147</u>	<u>(1,030,436)</u>
<b>Income tax attributable to the entity</b>	<u>(4,033,582)</u>	<u>3,975,256</u>
 The applicable weighted average effective tax rates are as follows:	 26.30%	 -40.06%

**Tax remission**

The Company having been listed on the Junior Stock Exchange in 2012 became eligible for remission of Income-tax for 10 years, as below, provided the shares remain listed for at least 15 years. The total loss for the current period is (\$25,795,960), which represents 50% of the current year's losses and a total loss carried forward of (\$58,690,044).

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

**Transfer pricing**

Transactions between Consolidated bakeries and related parties have been valued at the regular market rate.

**Notes to the Financial Statements**

December 21 2021

**23 Auditor's Remuneration**

	2021 \$	2020 \$
<b>Remuneration of the auditor of the entity for:</b>		
auditing or reviewing the financial statements	1,725,000	2,004,552
	<u>1,725,000</u>	<u>2,004,552</u>

**24 Short-term and Low-cost leases**

The Company has rental agreements for properties in Mandeville and Montego Bay for a 12-month period. These are deemed short term rental agreements. The Company also leases equipment as needed on a short-term basis.

## Notes

[illegible]



## Notes

[illegible]

# Form of Proxy

## CONSOLIDATED BAKERIES (JAMAICA) LIMITED

2F Valentine Drive  
Kingston 19, Jamaica (West Indies)



I/We \_\_\_\_\_ of \_\_\_\_\_ in the Parish of \_\_\_\_\_ being Member/members of the above named company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 2f Valentine Drive, Kingston 19 on September 21, 2022, from 10:00 am – 1:00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
<b>Resolution No. 1</b> Adoption of Directors and Auditors Report, Financial Statement for year ended December 31, 2021		
<b>Resolution No. 2</b> That the Directors, retiring by rotation, be re-elected by a Single Resolution		
<b>Resolution No. 3</b> That Lamar Harris and Noel daCosta, be and are hereby re-elected as directors of the Company		
<b>Resolution No. 4</b> THAT Lissant Mitchell be and is hereby re-elected as a Director of the Company		
<b>Resolution No. 5</b> Remuneration of Directors for year ended December 31, 2021		
<b>Resolution No. 6</b> To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors		

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature

### Notes:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.


### REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Limited  
40 Harbour Street, Kingston















 **Consolidated Bakeries (Jamaica) Limited**  
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Kingston 19

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