

SSL Venture Capital Jamaica Limited

Consolidated Financial Statements

30 June 2022

SSL Venture Capital Jamaica Limited

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INDEPENDENT AUDITORS' REPORT

To the Members of
SSL Venture Capital Jamaica Limited

Report on the Audit of the Consolidated and Stand-Alone Financial Statements*Qualified Opinion*

We have audited the stand-alone financial statements of SSL Venture Capital Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 1 – 54 which comprise the separate and consolidated statement of financial position as at 30 June 2022, and the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion, the accompanying stand-alone and consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2022 and its consolidated and stand-alone financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

Basis for Qualified Opinion

We draw attention to Note 2(c) in the financial statements which indicates that the Group and the Company as at 30 June 2022 has accumulated deficit of \$147,491,795 (2021: \$160,625,201) and \$118,230,325 (2021: \$123,458,135) respectively. Further, as at 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by \$51,327,019 (2021: \$73,204,580) and \$7,214,500 (2021: \$13,170,551) respectively. Continuation as a going concern, therefore, may be in doubt and is dependent on obtaining continued financial support. No adjustments have been made in the financial statements for any effects this might have on the carrying values of assets and liabilities as at the reporting date.

The Group and the Company remains dependent on their ultimate parent (MFS Acquisition Limited) for continued financial support.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Basis for Qualified Opinion (continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group 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.

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. Key audit matters are selected from the matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. 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. Other than the matter described in the *Basis for Qualified Opinion* section, we encountered no additional key audit matter for disclosure.

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 consolidated and stand-alone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Consolidated and Stand-Alone 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 Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's and the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone Financial Statements

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

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and 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.
- ❖ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

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 those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstance, 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.

Report on other legal and other regulatory requirements

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 purpose of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examinations of those records, and the financial statements, which are in agreement therewith give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' opinion is Emile Lafayette.



Chartered Accountants
Kingston, Jamaica
29 September 2022

SSL Venture Capital Jamaica Limited

Consolidated Statement of Financial Position As at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,672,088	6,351,680
Intangible assets	6	-	28,856
Goodwill	8	-	-
		<u>2,672,088</u>	<u>6,380,536</u>
Current assets			
Inventories	9	26,146	97,153
Receivables	10	2,290,315	4,648,577
Due from related parties	16	-	5,120,500
Directors' accounts	15	-	750,000
Taxation recoverable		4,755,175	4,881,863
Cash and short-term deposits	11	4,481,282	751,227
		<u>11,552,918</u>	<u>16,249,320</u>
TOTAL ASSETS		<u>14,225,006</u>	<u>22,629,856</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	111,880,297	111,880,297
Capital reserves	13	-	294,881
Accumulated deficit		(147,491,795)	(160,625,201)
		<u>(35,611,498)</u>	<u>(48,450,023)</u>
Non-controlling interest	14	<u>(13,043,433)</u>	<u>(18,374,021)</u>
		<u>(48,654,931)</u>	<u>(66,824,044)</u>
Current liabilities			
Payables	18	55,746,571	61,121,429
Short term loans	19	-	21,397,393
Current portion of long-term loans	17	1,557,057	2,341,539
Due to related parties	16	5,000,000	-
Taxation payable		576,309	636,309
Bank overdraft	20	-	3,957,230
		<u>62,879,937</u>	<u>89,453,900</u>
TOTAL EQUITY AND LIABILITIES		<u>14,225,006</u>	<u>22,629,856</u>

Approved for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:


 _____ Director
 Clide Leopold Nesbeth


 _____ Director
 Dino Hinds

SSL Venture Capital Jamaica Limited

Consolidated Statement of Comprehensive Income Year ended 30 June 2022

	Note	<u>2022</u>	<u>2021</u>
		\$	\$
Revenue	21	-	19,697,569
Cost of sales		-	(20,238,126)
Gross loss		-	(540,557)
Other income	22	66,028,130	322,831,164
Operating and administrative expenses	23	(43,229,625)	(81,576,456)
Impairment losses on financial assets	3(a)	(3,498,232)	(18,551,002)
Operating profit	24	19,300,273	222,163,149
Finance costs, net	26	(1,131,160)	(9,876,829)
Profit before taxation		18,169,113	212,286,320
Taxation	27	-	(47,446,692)
Profit after taxation, being total comprehensive income		18,169,113	164,839,628
Net profit attributable to:			
Stockholders of the Company		12,838,525	158,919,264
Non-controlling interests		5,330,588	5,920,364
	28	18,169,113	164,839,628
Earnings per ordinary stock unit attributable to shareholders of the Company	29	0.03	0.39

SSL Venture Capital Jamaica Limited

Consolidated Statement of Changes in Equity Year ended 30 June 2022

	Equity Attributable to Stockholders of the Company					Non- controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserves	Accumulated Deficit	Total		
		\$	\$	\$	\$		
Balance at 1 July 2020	400,000,000	111,880,297	294,881	(319,544,465)	(207,369,287)	(24,294,385)	(231,663,672)
Total comprehensive income	-	-	-	158,919,264	158,919,264	5,920,364	164,839,628
Balance at 30 June 2021	400,000,000	111,880,297	294,881	(160,625,201)	(48,450,023)	(18,374,021)	(66,824,044)
Total comprehensive income	-	-	-	12,838,525	12,838,525	5,330,588	18,169,113
Transfer from capital reserves	-	-	(294,881)	294,881	-	-	-
Balance at 30 June 2022	400,000,000	111,880,297	-	(147,491,795)	(35,611,498)	(13,043,433)	(48,654,931)

SSL Venture Capital Jamaica Limited

Consolidated Statement of Cash Flows Year ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	18,169,113	212,286,320
Adjustments for:		
Amortisation	28,856	33,832
Impairment losses on financial assets	3,498,232	18,551,002
Depreciation	1,823,088	2,086,608
Foreign exchange losses	-	514,703
Losses/(gains) on disposal of property, plant and equipment	2,056,894	(177,756)
Interest expense	1,132,523	9,402,666
Interest income	(1,363)	(40,540)
	<u>26,707,343</u>	<u>242,656,835</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(1,139,970)	22,735,863
(Decrease)/increase in payables	(5,374,858)	6,915,099
Decrease in inventories	71,007	2,079,688
Related party balances, net	10,120,500	-
Directors' accounts, net	750,000	-
Cash provided by operating activities	<u>31,134,022</u>	<u>274,387,485</u>
Taxes recovered/(paid)	66,688	(1,720,323)
Interest paid	(1,132,523)	(8,573,866)
Interest received	1,363	40,540
Net cash provided by operating activities	<u>30,069,550</u>	<u>264,133,836</u>
Investing Activities		
Purchase of property, plant and equipment	(200,390)	(540,837)
Proceeds from disposal of plant and equipment	-	5,094,001
Net cash (used in)/provided by investing activities	<u>(200,390)</u>	<u>4,553,164</u>
Financing Activities		
Related party balances, net	-	(276,030,572)
Directors' accounts, net	-	2,640,301
Long term loans, net	(784,482)	(5,629,547)
Short term loans, net	(21,397,393)	8,088,365
Net cash used in financing activities	<u>(22,181,875)</u>	<u>(270,931,453)</u>

SSL Venture Capital Jamaica Limited

Consolidated Statement of Cash Flows Year ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Net increase/(decrease) in cash and cash equivalents	7,687,285	(2,244,453)
Effect of exchange gains on cash and cash equivalents	-	(514,703)
Cash and cash equivalents at beginning of year	<u>(3,206,003)</u>	<u>(446,847)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>4,481,282</u></u>	<u><u>(3,206,003)</u></u>
Represented by:		
Cash and short-term deposits	4,481,282	751,227
Bank overdraft	-	(3,957,230)
	<u><u>4,481,282</u></u>	<u><u>(3,206,003)</u></u>

SSL Venture Capital Jamaica Limited

Company Statement of Financial Position As at 30 June 2022

	Note	<u>2022</u>	<u>2021</u>
		\$	\$
ASSETS			
Non-current assets			
Property, plant and equipment	5	864,472	1,563,857
Intangible assets	6	-	28,856
Investments in subsidiaries	7	-	-
		<u>864,472</u>	<u>1,592,713</u>
Current assets			
Receivables	10	2,290,314	2,274,616
Due from related parties	16	-	5,120,500
Taxation recoverable		4,755,175	4,755,175
Cash and short-term deposits	11	4,481,282	548,449
		<u>11,526,771</u>	<u>12,698,740</u>
TOTAL ASSETS		<u>12,391,243</u>	<u>14,291,453</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	111,880,297	111,880,297
Accumulated deficit		<u>(118,230,325)</u>	<u>(123,458,135)</u>
		<u>(6,350,028)</u>	<u>(11,577,838)</u>
Current liabilities			
Payables	18	13,741,271	6,610,963
Short-term loans	19	-	19,258,328
Due to related parties	16	5,000,000	-
		<u>18,741,271</u>	<u>25,869,291</u>
TOTAL EQUITY AND LIABILITIES		<u>12,391,243</u>	<u>14,291,453</u>

Approved for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:



Clide Leopold Nesbeth Director



Dino Hinds Director

SSL Venture Capital Jamaica Limited

Company Statement of Comprehensive Income Year ended 30 June 2022

	Note	<u>2022</u>	<u>2021</u>
		\$	\$
Revenue	21	-	-
Other income	22	40,990,218	221,221,377
Operating and administrative expenses	23	(32,265,539)	(53,693,610)
Impairment losses on financial assets	3(a)	(3,498,232)	(18,675,412)
Impairment of investment in subsidiaries	7	-	(32,365,577)
Operating profit	24	5,226,447	116,486,778
Finance income/(costs), net	26	1,363	(8,295,574)
Profit before taxation		5,227,810	108,191,204
Taxation	27	-	(9,096,057)
Profit after taxation, being total comprehensive income		<u>5,227,810</u>	<u>99,095,147</u>

SSL Venture Capital Jamaica Limited

Company Statement of Changes in Equity Year ended 30 June 2022

	Share Capital	Accumulated Deficit	Total
	\$	\$	\$
Balance at 1 July 2020	111,880,297	(222,553,282)	(110,672,985)
Total comprehensive income	-	99,095,147	99,095,147
Balance at 30 June 2021	111,880,297	(123,458,135)	(11,577,838)
Total comprehensive income	-	5,227,810	5,227,810
Balance at 30 June 2022	111,880,297	(118,230,325)	(6,350,028)

SSL Venture Capital Jamaica Limited

Company Statement of Cash Flows Year ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	5,227,810	108,191,204
Adjustments for:		
Amortisation and depreciation	154,922	306,466
Loss on disposal of property, plant and equipment	773,705	-
Foreign exchange losses	-	514,703
Impairment of investment in subsidiaries	-	32,365,577
Impairment losses on financial assets	3,498,232	18,675,412
Interest expense	-	7,783,035
Interest income	(1,363)	(2,164)
	<u>9,653,306</u>	<u>167,834,233</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(3,513,930)	17,148,087
Increase in payables	7,130,308	854,541
Related parties, net	<u>10,120,500</u>	<u>-</u>
Cash provided by operating activities	23,390,184	185,836,861
Taxes paid	-	(1,675,783)
Interest paid	-	(6,954,235)
Interest received	<u>1,363</u>	<u>2,164</u>
Net cash provided by operating activities	<u>23,391,547</u>	<u>177,209,007</u>
Investing Activity		
Purchase of property, plant and equipment	<u>(200,386)</u>	<u>(540,837)</u>
Net cash used in investing activity	<u>(200,386)</u>	<u>(540,837)</u>
Financing Activities		
Related parties, net	-	(182,663,907)
Short-term loans, net	<u>(19,258,328)</u>	<u>5,949,300</u>
Net cash used in financing activities	<u>(19,258,328)</u>	<u>(176,714,607)</u>
Net increase/(decrease) in cash and cash equivalents	3,932,833	(46,437)
Effect of exchange losses on cash and cash equivalents	-	(514,703)
Cash and cash equivalents at beginning of year	<u>548,449</u>	<u>1,109,589</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>4,481,282</u>	<u>548,449</u>
Represented by:		
Cash at bank	<u>4,481,282</u>	<u>548,449</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

1. Identification and principal activities

The Company was incorporated under the Companies Act of Jamaica on 24 November 2011. The registered office of the Company is located at Unit 15, Barbican Business Centre, 88 Barbican Road, Kingston 10.

On 25 May 2022, MFS Acquisition Limited acquired the 79 % stake previously held by Stock and Securities Limited. On 13 June 2022 an Extraordinary General Meeting was held whereby shareholders approved a name change for the Company to MFS Capital Partners Limited this became effective on 3 August 2022.

The business model of the Company has not changed significantly as they will continue specializing in investing in equity of small to medium sized companies that show great potential for growth and profits.

The Company's subsidiaries, together with the Company are referred to as "the Group"; the subsidiaries are as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by Company
July 2, 2018	Bar Central Limited	Distribution and provision of branding services	75% (2020:75%)
July 20, 2018	Muse 360 Integrated Limited	Marketing and commercial solutions	51% (2020:51%)

All of the Company's subsidiaries are incorporated and domiciled in Jamaica.

Bar Central Limited ceased operational activities as of December 31, 2019. Muse 360 Integrated Limited ceased operational activities as of August 31, 2019. Management has yet to decide on the future operation of Muse 360 Integrated Limited and Bar Central Limited.

The consolidated financial statements include the financial statements for the Company and its subsidiaries. These financial statements are presented in Jamaican dollars, which is the functional currency.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the Group's operations

There were no new standards, interpretations and amendments to existing standards that have been published, that became effective during the current financial year that is relevant to the Group's operations.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). In March 2018, the IASB issued the 2018 Conceptual Framework and most references to the Framework included in IFRS were updated to the 2018 Framework at that time. However, paragraph 11 of IFRS 3 Business Combinations, which continued to refer to the 1989 Framework, was not updated as this could have caused conflicts for entities applying IFRS 3. IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The amendments include minor changes to the following applicable standards: -

- IFRS 9 ‘Financial Instruments’ - Fees in the ‘10 per cent’ test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the Group's accounting policy. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(c) Going concern

The Group and the Company as at 30 June 2022 has accumulated deficit of \$147,491,795 (2021: \$160,625,201) and \$118,230,325 (2021: \$123,458,135) respectively. Further, as at 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by \$51,327,019 (2021: \$73,204,580) and \$7,214,500 (2021: \$13,170,551) respectively. This indicates the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

During the year ended 30 June 2022, the ultimate parent Company changed from SSL Growth Equity Limited to MFS Acquisition Limited. The new ultimate parent Company has demonstrated its intent to continue to provide financial support to the Group and the Company for the foreseeable future.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(e) Property, plant and equipment

(i) Owned assets:

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the business and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Camera equipment	10%
Computer equipment	25%
Furniture and fixtures	10%
Leasehold improvements	10%
Motor vehicles	20%
Office equipment	10%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(f) Financial Instruments

Classification

The Group and Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and Company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(f) Financial Instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group and Company assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(g) Intangible assets

Items of intangible assets represent purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of three years.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

(i) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(j) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the Group and Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are Grouped based on similar credit risk and ageing.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated and stand-alone statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

(l) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Interest bearing loans and borrowings

Borrowings are stated initially at cost, being the fair value of the consideration received, net of issue costs associated with the borrowings. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

(n) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(p) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets carried on the statement of financial position include cash and cash equivalents, due from related parties, directors' accounts and receivables. Financial liabilities consist of payables, long term loans, directors' accounts, short term loans and due to related parties.

Generally financial instruments are recognized on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 3(d).

(q) Related party transactions

Related parties:

A party is related to the Group, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate of the Group;
- (iii) the party is a joint venture in which the Group is a venturer;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any Company that is a related party of the Group.

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

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

2. Summary of significant accounting policies (continued)

(r) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable of goods and customer acceptance or performance of service. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognized as follows:

i) **Sales of goods**

Sales of goods are recognized upon the delivery of goods and acceptance or performance of services.

ii) **Interest income**

Interest income is recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

(s) **Taxation**

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current taxation

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

(ii) Deferred income taxes

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

SSL Venture Capital Jamaica Limited**Notes to the Financial Statements
30 June 2022**

2. Summary of significant accounting policies (continued)**(t) Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Risk management (continued)

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are Grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

Security

The Group does not hold any collateral as security.

Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables
- other receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses on a collective basis, trade receivables are Grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 or 30 June 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company have identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables:

Group and Company:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Expected loss rate	0%	0%	0%	100%	100%
Gross carrying amount – trade receivables	-	-	-	3,542,726	3,542,726
Loss allowance	-	-	-	3,542,726	3,542,726
30 June 2021					
Expected loss rate	0%	0%	0%	100%	100%
Gross carrying amount – trade receivables	-	-	-	3,542,726	3,542,726
Loss allowance	-	-	-	3,542,726	3,542,726

The closing loss allowances for trade receivables as at 30 June 2022 and 30 June 2021 reconcile to the opening loss allowances as follows:

	Trade receivables 2022 \$	Trade receivables 2021 \$
Opening loss allowance as at 1 July	3,542,726	3,667,136
Decrease in loss allowance recognised in profit or loss during the year	-	(124,410)
Bad debts recovered during the year	-	-
Closing balance at end of year	3,542,726	3,542,726

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments for a period of greater than 90 days past due.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 30 June 2022 trade receivables had lifetime expected credit losses of \$3,542,726 (2021: \$3,542,726).

Other receivables

The closing loss allowances for other receivables as at 30 June 2022 and 30 June 2021 reconcile to the opening loss allowances as follows:

	Other receivables	Other receivables
	2022	2021
	\$	\$
Opening loss allowance as at 1 July	18,675,412	-
Increase in loss allowance recognised in profit or loss during the year	3,498,232	18,675,412
Closing balance at end of year	<u>22,173,644</u>	<u>18,675,412</u>

As at 30 June 2022 other receivables had lifetime expected credit losses of \$22,173,644 (2021: \$18,675,412).

Net impairment losses on financial assets recognised in profit or loss

During the year, the following reversal/(losses) were recognised in profit or loss in relation to impaired financial assets:

	2022	2021
	\$	\$
Impairment losses		
- movement in loss allowance for trade receivables	-	124,410
- movement in loss allowance for other receivables	(3,498,232)	(18,675,412)
Net impairment losses on financial assets	<u>(3,498,232)</u>	<u>(18,551,002)</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit;
- (iv) Optimising cash returns on investment.

Undiscounted cash flows of financial liabilities

The maturity profile of the Group's financial liabilities at year end on contractual undiscounted payments was as follows:

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years 2022	Contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
Long term loan	197,194	1,574,515	-	1,771,709	1,557,057
Payables	55,746,571	-	-	55,746,571	55,746,571
Due to related parties	-	5,600,000	-	5,600,000	5,000,000
	<u>55,943,765</u>	<u>7,174,515</u>	<u>-</u>	<u>63,118,280</u>	<u>62,303,628</u>
	2021				
Long term loans	668,211	1,954,633	-	2,622,844	2,341,539
Payables	61,121,429	-	-	61,121,429	61,121,429
Short-term loans	-	21,397,393	-	21,397,393	21,397,393
Bank overdraft	3,957,230	-	-	3,957,230	3,957,230
	<u>65,746,870</u>	<u>23,352,026</u>	<u>-</u>	<u>89,098,896</u>	<u>88,817,591</u>

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the ultimate parent Company.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities (continued)

The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years 2022	Contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
Payables	13,741,271	-	-	13,741,271	13,741,271
Due to related parties	-	5,600,000	-	5,600,000	5,000,000
	<u>13,741,271</u>	<u>5,600,000</u>	<u>-</u>	<u>19,341,271</u>	<u>18,741,271</u>
	2021				
	\$	\$	\$	\$	\$
Payables	6,610,963	-	-	6,610,963	6,610,963
Short-term loans	-	20,798,994	-	20,798,994	19,258,328
	<u>6,610,963</u>	<u>20,798,994</u>	<u>-</u>	<u>27,409,957</u>	<u>25,869,291</u>

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the ultimate parent Company.

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (see 3(c)(ii)) and foreign currency exchange rates (see 3(c)(i)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which the Group manages and measures the risk.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group is primarily exposed to such risks arising from foreign currency translation in relation to cash at bank and in hand, payables and short-term loans.

The Group and Company statement of financial position at 30 June 2022 includes aggregate foreign assets of approximately \$691,055 (2021: \$4,490,892) and aggregate foreign liabilities of \$634,822 (2021: asset - \$3,099,156) respectively, in respect of transactions arising in the ordinary course of business.

The following tables indicate the currency to which the Group and the Company had significant exposure on its monetary assets and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in the foreign exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates as indicated in the table below. The sensitivity of the surplus was as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable; variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	\$	\$	\$	\$
	Effect on Profit and loss and equity			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	2%	6%
The Group				
Currency:				
JMD	(6,911)	27,642	(89,817)	269,453
The Company				
Currency:				
JMD	6,348	(25,393)	(61,983)	185,949

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk mainly arises from cash and cash equivalents and long-term loans. This risk is managed by analysing the economic environment and obtaining fixed rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. It also manages the maturities of interest-bearing financial assets and interest-bearing financial liabilities. At 30 June 2022, the Group had no significant exposure to variable rate interest rate risk.

(d) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash at bank and in hand, receivables, payables, short term loans and bank overdraft reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of long-term loans approximates amortised costs.

The fair values of directors' account and due from/(to) related companies could not be reasonably assessed as there are no set repayment terms.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

4. Critical accounting estimates and judgments in applying accounting policies

The Group and Company make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Group and Company recognise liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group and Company apply a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, the Group and Company have utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(v) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group and Company determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

5. Property, plant and equipment

The Group:

	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 July 2020	266,960	4,043,053	2,520,085	1,506,436	11,075,606	19,412,140
Additions	-	427,092	-	113,745	-	540,837
Disposals	-	-	-	(144,315)	(9,051,754)	(9,196,069)
30 June 2021	266,960	4,470,145	2,520,085	1,475,866	2,023,852	10,756,908
Additions	-	168,893	-	31,497	-	200,390
Disposals	-	(1,870,164)	(1,073,505)	(693,268)	(1,000,000)	(4,636,937)
30 June 2022	266,960	2,768,874	1,446,580	814,095	1,023,852	6,320,361
Depreciation -						
1 July 2020	25,951	1,313,125	384,047	382,765	4,492,552	6,598,444
Charge for the year	26,697	978,076	170,842	102,993	808,000	2,086,608
Relieved on disposals	-	-	-	(144,314)	(4,135,510)	(4,279,824)
30 June 2021	52,648	2,291,205	554,889	341,444	1,165,042	4,405,228
Charge for the year	26,696	842,016	160,733	77,980	715,663	1,823,088
Relieved on disposals	-	(1,058,011)	(413,115)	(252,064)	(856,853)	(2,580,043)
30 June 2022	79,344	2,075,210	302,507	167,360	1,023,852	3,648,273
Net book value -						
30 June 2022	187,616	693,664	1,144,073	646,735	-	2,672,088
30 June 2021	214,312	2,178,940	1,965,196	1,134,422	858,810	6,351,680

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

5. Property, plant and equipment (continued)

The Company:

	Computer Equipment	Office Equipment	Camera Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Cost -					
1 July 2020	438,489	943,988	144,315	266,960	1,793,752
Additions	427,092	113,745	-	-	540,837
Disposals	-	-	(144,315)	-	(144,315)
30 June 2021	865,581	1,057,733	-	266,960	2,190,274
Additions	168,889	31,497	-	-	200,386
Disposals	(948,911)	(275,136)	-	-	(1,224,047)
30 June 2022	85,559	814,094	-	266,960	1,166,613
Depreciation -					
1 July 2020	146,701	181,131	144,314	25,951	498,097
Charge for the year	142,943	102,994	-	26,697	272,634
Relieved on disposals	-	-	(144,314)	-	(144,314)
30 June 2021	289,644	284,125	-	52,648	626,417
Charge for the year	21,390	77,980	-	26,696	126,066
Relieved on disposals	(255,597)	(194,745)	-	-	(450,342)
30 June 2022	55,437	167,360	-	79,344	302,141
Net book value -					
30 June 2022	30,122	646,734	-	187,616	864,472
30 June 2021	575,937	773,608	-	214,312	1,563,857

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

6. Intangible assets

The Group:

	Computer Software	Total
	\$	\$
Cost -		
1 July 2020	2,219,403	2,219,403
Additions	-	-
30 June 2021	2,219,403	2,219,403
Additions	-	-
30 June 2022	2,219,403	2,219,403
Amortisation -		
1 July 2020	2,156,715	2,156,715
Charge for year	33,832	33,832
30 June 2021	2,190,547	2,190,547
Charge for year	28,856	28,856
30 June 2022	2,219,403	2,219,403
Net book value		
30 June 2022	-	-
30 June 2021	28,856	28,856

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

6. Intangible assets (continued)

The Company:

	Computer Software	Total
	\$	\$
Cost -		
1 July 2020	2,404,184	2,404,184
Additions	-	-
30 June 2021	2,404,184	2,404,184
Additions	-	-
30 June 2022	2,404,184	2,404,184
Amortisation -		
1 July 2020	2,341,496	2,341,496
Charge for the year	33,832	33,832
30 June 2021	2,375,328	2,375,328
Charge for the year	28,856	28,856
30 June 2022	2,404,184	2,404,184
Net book value -		
30 June 2022	-	-
30 June 2021	28,856	28,856

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

7. Investments in subsidiaries

The Company

		<u>2022</u>	<u>2021</u>
		\$	\$
Investments at cost:			
Muse 360 Integrated Limited	(a)	26,368,577	26,368,577
Bar Central Limited	(b)	<u>5,997,000</u>	<u>5,997,000</u>
		32,365,577	32,365,577
Less: Impairment of investment in subsidiaries		<u>(32,365,577)</u>	<u>(32,365,577)</u>
		<u> -</u>	<u> -</u>

(a) Effective 20 July 2018, the Company acquired 51% of the issued share capital of Muse 360 Integrated Limited (MUSE). The principal activities of MUSE are marketing and commercial solutions.

(b) Effective 2 July 2018, the Company acquired 75% of the issued share capital of Bar Central Limited. The principal activities of Bar Central Limited are distribution and provision of branding services.

During the year 2021, investments in subsidiaries were tested for impairment. It was assessed by management that the investments were impaired and as a result a provision has been made.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

8. Goodwill

	Muse 360 Integrated Limited	Bar Central Limited	Total
	\$	\$	\$
Goodwill:			
Balance as at 1 July 2020	24,106,398	29,706,259	53,812,657
Less: Impairment provision	(24,106,398)	(29,706,259)	(53,812,657)
Closing balance as at 30 June 2020 and 2021	-	-	-
Movement during the year	-	-	-
Closing balance as at 30 June 2022	-	-	-

Provision estimate: Muse 360 Integrated Limited-100%
Bar Central Limited-100%

	Muse 360 Integrated Limited	Bar Central Limited
	\$	\$
Year ended 30 June 2022		
Revenue	-	-
Profit	8,730,259	4,211,044

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

9. Inventories

	The Group	
	2022	2021
	\$	\$
Liquor	-	4,194
Beverages	26,146	92,959
	<u>26,146</u>	<u>97,153</u>

For the years ended 30 June 2022 and 2021 there were no provisions for obsolescence.

10. Receivables

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade	3,542,726	3,542,726	-	-
Other	24,463,959	23,323,989	24,463,958	20,950,028
	28,006,685	26,866,715	24,463,958	20,950,028
Less: Impairment losses on financial assets	<u>(25,716,370)</u>	<u>(22,218,138)</u>	<u>(22,173,644)</u>	<u>(18,675,412)</u>
	<u>2,290,315</u>	<u>4,648,577</u>	<u>2,290,314</u>	<u>2,274,616</u>

11. Cash and short-term deposit

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash at bank	4,461,282	721,227	4,461,282	528,449
Cash in hand	20,000	30,000	20,000	20,000
	<u>4,481,282</u>	<u>751,227</u>	<u>4,481,282</u>	<u>548,449</u>

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the Group's and Company's savings accounts range from 0.05% - 0.07% for accounts that are denominated in United States Dollars, and 0.35% for those denominated in Jamaican Dollars.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

12. Share capital

	<u>2022</u>	<u>2021</u>
	No. of shares	No. of shares
Authorised-		
Ordinary shares of no-par value	1,000,000,000	1,000,000,000
	<u>2022</u>	<u>2021</u>
	\$	\$
Issued and fully paid:		
400,000,000 Ordinary shares of no par value	111,880,297	111,880,297

13. Capital reserves

	The Group	
	<u>2022</u>	<u>2021</u>
	\$	\$
The movements during the year were as follows:		
Balance at beginning of year	294,881	294,881
Realised during the year	(294,881)	-
Balance at end of year	-	294,881

Certain items of motor vehicle were professional valued as at June 2019.

14. Non-controlling interest

	The Group	
	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at beginning of year	(18,374,021)	(24,294,385)
Share of profit for the year	5,330,588	5,920,364
Balance at end of year	(13,043,433)	(18,374,021)

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

15. Directors' accounts

This balance, which relates to amounts owed by the Directors, is unsecured, interest free and has no fixed repayment terms.

16. Due from/(to) related parties

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Due from:-				
Delta Capital Partner Limited	-	5,120,500	-	5,120,500
	-	5,120,500	-	5,120,500
Due to:-				
MFS Group Limited	5,000,000	-	5,000,000	-
	<u>(5,000,000)</u>	<u>5,120,500</u>	<u>(5,000,000)</u>	<u>5,120,500</u>

These companies are related by common shareholders and directors. The balances are unsecured and have no fixed payment/repayment terms.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

17. Long-term loan

	The Group	
	2022	2021
	\$	\$
Simpson Finance Jamaica Limited	1,557,057	2,341,539
Less: Current portion	<u>(1,557,057)</u>	<u>(2,341,539)</u>
	<u>-</u>	<u>-</u>

This loan, received in November 2017, was restructured in May 2020, attracts interest at 8.98% per annum and is repayable over 60 monthly instalments.

The loan is substantially secured by the following by Bill of sale over 2014 Suzuki APV 3764.

18. Payables

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade payables	7,602,573	11,321,370	-	5,597
Accrued charges	15,547,068	10,486,690	4,552,228	2,460,147
Payroll liabilities	21,295,413	19,042,121	8,498,561	3,553,580
General Consumption Tax	-	15,031,516	-	-
Other	<u>11,301,517</u>	<u>5,239,732</u>	<u>690,482</u>	<u>591,639</u>
	<u>55,746,571</u>	<u>61,121,429</u>	<u>13,741,271</u>	<u>6,610,963</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

19. Short-term loans

		The Group		The Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
Alydar Investment Limited	(a)	-	7,844,051	-	7,844,051
Gerald Hadeed	(a)	-	6,293,777	-	6,293,777
Dolla Financial Services Limited	(b)	-	5,120,500	-	5,120,500
Dolla Financial Services Limited	(c)	-	2,139,065	-	-
		-	21,397,393	-	19,258,328

- (a) These amounts were disbursed on July 1, 2013 and evidenced by Promissory Notes. The loans were for a period of 1 year (repayable June 30, 2015 – the “repayment date”) at a rate of 8% per annum on the outstanding balances compounded quarterly. The lenders were not entitled to require repayment of the principal or interest before the repayment date, however the Company at its option could have repaid the principal with interest accrued prorated up to the date of payment without penalty.

These loans were not repaid and to date no notice of demand for repayment by the lenders has been served on the Company. At 30 June 2022, these loans became statute-barred and were therefore written off by the Group (Note 22).

- (b) This loan, which was received in June 2021, attracted interest rate of 1.25% per week and is repayable with monthly equal instalments of \$220,500 on the 30th day of each month until the principal and interest accrued thereon, and other amounts are paid in full. The loan was repaid during the year.
- (c) This loan, which was received in February 2021 and attracted interest rate 1.25% per week and is repayable over 5 equal monthly instalments. The loan was repaid during the year.

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

20. Bank overdraft

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Bank overdraft	-	3,957,230	-	-

Bank overdraft represents cheques drawn at year end, not yet presented to the bank.

21. Revenue

Revenue represents the price of goods sold or services rendered to customers, and management fees and is stated net of discounts and allowances and General Consumption Tax.

During the year ended 30 June 2022, no revenue was generated by the Group.

22. Other income

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Gain on disposal of property, plant and equipment	-	177,756	-	-
Loans write-offs (Note 19)	14,137,828	-	14,137,828	-
Payables write offs	51,890,302	322,653,408	26,852,390	221,221,377
	<u>66,028,130</u>	<u>322,831,164</u>	<u>40,990,218</u>	<u>221,221,377</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

23. Expenses by nature

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Advertising and promotions	-	14,972	-	-
Adjustment write off	-	29,918,269	-	26,725,371
Audit fee	3,049,245	2,314,069	1,707,745	1,149,842
Bad debt expense	-	1,335,027	-	-
Bank charges	484,456	453,936	109,805	90,681
Business permits and licenses	-	10,000	-	10,000
Company secretary	305,000	1,222,960	305,000	1,222,960
Depreciation and amortisation	1,851,944	2,120,440	154,922	306,466
Directors' fees	75,000	1,200,000	75,000	1,200,000
Donations	17,603	-	17,603	-
Dues and subscriptions	502,967	742,824	502,967	537,506
Legal and professional fees	2,419,198	557,325	2,419,198	384,325
Loss on disposal of property, plant and equipment	2,056,894	-	773,705	-
Motor vehicle expenses	762,674	1,620,390	762,674	268,478
Office expenses	436,270	5,054,068	352,720	801,342
Other expense	7,346,827	-	2,800,928	-
Printing and reproduction	105,118	529,585	105,118	529,585
Staff costs (Note 25)	14,984,228	25,988,906	14,925,829	14,418,704
Security	-	7,177	-	-
Rent	3,869,591	4,113,302	2,309,591	2,054,412
Registration fees	1,941,223	1,217,023	1,941,223	1,217,023
Repairs and maintenance	122,742	32,618	122,741	32,618
Travelling and meetings	2,400,000	2,240,940	2,400,000	2,219,500
Utilities	498,645	882,625	478,770	524,797
	43,229,625	81,576,456	32,265,539	53,693,610
Impairment losses on financial assets	3,498,232	18,551,002	3,498,232	18,675,412
Finance costs/(income), net (Note 26)	1,131,160	9,876,829	(1,363)	8,295,574
Cost of sales	-	20,238,126	-	-
	47,859,017	130,242,413	35,762,408	80,664,596

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

24. Operating profit

In arriving at the operating profit, the following have been charged/(credited): -

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Auditors' remuneration	3,499,245	2,314,069	1,707,745	1,149,842
Impairment losses on financial assets	3,498,232	18,551,002	3,498,232	18,675,412
Losses/(gains) on disposal of property, plant and equipment	2,056,894	(177,756)	773,705	-
Impairment of investment in subsidiaries	-	-	-	32,365,577
Depreciation and amortization	1,851,944	2,120,440	154,922	306,466
Directors' emoluments:				
- Fee	75,000	1,200,000	75,000	1,200,000
- Management remuneration (included in staff costs)	-	-	-	-
Staff costs (Note 25)	<u>14,984,228</u>	<u>25,988,906</u>	<u>14,925,829</u>	<u>14,418,704</u>

25. Staff costs

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Wages and salaries	13,583,783	23,936,515	13,525,384	13,068,653
Statutory contributions	1,400,445	2,025,271	1,400,445	1,350,051
Staff welfare	-	27,120	-	-
	<u>14,984,228</u>	<u>25,988,906</u>	<u>14,925,829</u>	<u>14,418,704</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

26. Finance costs/(income), net

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest income	(1,363)	(40,540)	(1,363)	(2,164)
	(1,363)	(40,540)	(1,363)	(2,164)
Interest expense	1,132,523	9,402,666	-	7,783,035
Foreign exchange losses	-	514,703	-	514,703
	1,132,523	9,917,369	-	8,297,738
	1,131,160	9,876,829	(1,363)	8,295,574

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Notes to the Financial Statements 30 June 2022

27. Taxation

Taxation is computed on the profit for the year adjusted for taxation purposes and comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Income tax at 25%	-	54,389	-	-
Deferred tax asset (Note 10)	-	47,392,303	-	9,096,057
	<u>-</u>	<u>47,446,692</u>	<u>-</u>	<u>9,096,057</u>

Entities listed on the Junior Stock Exchange in Jamaica benefit from tax incentives of tax rates of 0% in years 1-5, and 50% of regular tax rates in years 6-10.

Subject to agreement with the Commissioner, General, Tax Administration Jamaica, the Group and the Company have tax losses of approximately \$282,266,701 (2021: \$234,390,032) and \$167,287,250 (2021: 153,742,330) respectively that can be carried forward indefinitely for offset against future taxable profits.

The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Profit before taxation	<u>18,169,113</u>	<u>212,286,320</u>	<u>5,227,810</u>	<u>108,191,204</u>
Tax calculated at the appropriate rate	4,542,278	35,501,983	1,306,953	13,523,901
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	3,308,355	179,140	836,457	103,600
Other charges and allowances	<u>(7,850,633)</u>	<u>11,765,569</u>	<u>(2,143,410)</u>	<u>(4,531,444)</u>
	<u>-</u>	<u>47,446,692</u>	<u>-</u>	<u>9,096,057</u>

Deferred tax asset of approximately \$70,556,675 (2021: \$58,597,508) for the Group and \$41,821,813 (2021: \$38,435,583) for the Company in respect of tax losses has not been recognised in the financial statements, due to the uncertainty that future taxable profits will be generated within the foreseeable future against which the asset can be realized.

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Notes to the Financial Statements 30 June 2022

28. Segment financial information

	2022				
	Management Services	Retail and Distribution	Marketing and Advertising	Eliminations	Group
	\$	\$	\$		\$
Gross Revenue	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Segment results	5,227,810	4,211,044	8,730,259	-	18,169,113
Profit before income tax					18,169,113
Taxation					-
					18,169,113
Total segment assets	12,391,243	1,833,761	-	-	14,225,004
Total segment liabilities	18,741,271	25,542,295	18,596,470	-	62,880,036
Depreciation	126,066	1,697,022	-	-	1,823,088

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Notes to the Financial Statements 30 June 2022

28. Segment financial information (continued)

	2021				
	Management Services	Retail and Distribution	Marketing and Advertising	Eliminations	Group
	\$	\$	\$		\$
Gross Revenue	-	19,697,569	-	-	19,697,569
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	19,697,569	-	-	19,697,569
Segment results	108,191,204	71,219,488	510,051	32,365,577	212,286,320
Profit before income tax					212,286,320
Taxation					47,446,692
					164,839,628
Total segment assets	14,291,453	4,749,192	3,589,211	-	22,629,856
Total segment liabilities	25,869,191	32,668,770	30,915,940	-	89,453,901
Depreciation	272,634	1,813,975	-	-	2,086,609

29. Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing the earnings attributable to stockholders of the parent of \$12,838,525 (2021: (\$158,919,264)) by the weighted average number of ordinary stock units in issue during the year, numbering 400,000,000 (2021: 400,000,000).

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

30. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or
- (b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Group and Company.

The following were (credited)/debited to the statement of comprehensive income:

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management fees	-	-	-	-
Directors' fees	75,000	1,200,000	75,000	1,200,000
Impairment of investment in subsidiaries	-	-	-	32,365,577

Related parties' balances written off by the following companies through the statement of comprehensive income (Note 22):

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stocks and Securities				
SSL Venture Capital Jamaica Limited	(26,852,390)	(129,743,151)	(26,852,390)	(129,743,151)
Bar Central Limited	-	(17,639,925)	-	-
Select Private Services Limited				
Bar Central Limited	-	(10,021,329)	-	-
SSL Growth Equity Limited				
SSL Venture Capital Jamaica Limited	-	(91,478,226)	-	(91,478,226)
SSL Venture Capital Jamaica Limited				
Bar Central Limited	(14,925,830) ¹	(72,235,231)	-	-
Muse Integrated Limited	(10,112,082)	(1,535,546)	-	-
	<u>(51,890,302)</u>	<u>(322,653,408)</u>	<u>(26,852,390)</u>	<u>(221,221,377)</u>

SSL Venture Capital Jamaica Limited

Notes to the Financial Statements 30 June 2022

30. Related party transactions (continued)

As at the statement of financial position date the following balances were outstanding: -

	The Group		The Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Due from:-				-
Delta Capital Partner Limited	-	5,120,500	-	5,120,500
	-	5,120,500	-	5,120,500
Due to:-				
MFS Acquisition Limited	5,000,000	-	5,000,000	-
	(5,000,000)	5,120,500	(5,000,000)	5,120,500

31. Subsequent events

Effective 3 August 2022, the name of the Company was changed from SSL Venture Capital Jamaica Limited to MFS Capital Partners Limited. The name was changed pursuant to Section 17 of the Companies Act and was approved by shareholders at an Extraordinary General Meeting held on 13 June 2022.