CARIBBEAN PRODUCERS JAMAICA LIMITED

YEAR ENDED JUNE 30, 2022

The Board of Directors of CPJ Group presents the consolidated audited results for the period ended June 30, 2022, prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act.

Performance

CPJ Group operating revenues were US$119.96 million (2021: US$58.18 million) for the financial year ended June 30, 2022, which resulted in earnings before tax of US$9.45 million, an increase of US$11.99 million, or 476% over the prior year. CPJ Group reported profits after Tax of US$7.72 million (2021: loss of US$2.52 million). Results show an overall improved performance for the Company as operating revenues and profit after tax grew by 106% and 407%, respectively, compared to the prior financial year.

The favourable results were driven by strong cost controls, inflationary increases, and incremental growth in volumes as our products continue to maintain a strong and resilient position in the hospitality and retail sectors, as the Company saw the return of the hospitality industry after the impact of COVID-19.

During the year, we continued our focus on improving our IT Infrastructure, opening of CPJ Market stores, and launching our B2B & B2C platforms. This focus was aimed at reaching a broader client base as well as improving the CPJ customer experience, resulting in improvements in operating revenue. The targeted focus of the management of CPJ, along with the impact of rising operational costs, resulted in an increase in selling & administrative expenses for the year. Expenses totaling US$21.10 million (2021: US$13.11 million) increased by 61% compared to the previous financial year. CPJ remains committed to the implementation of effective cost-containment measures to ensure efficiencies, despite the ongoing and increasing macro-economic pressures, both locally and internationally.

CPJ has reported an increase in shareholder value with earnings per share being US$0.68 (2021: loss of US$0.21). On June 30, 2022, the Company's share price was J$14.11 (2021: J$4.35) per share, a 224% appreciation when compared to the prior financial year.

Total assets grew by US$22.13 million, or 33%, compared to the last financial year, driven primarily by inventory held by the Company and increases in accounts receivables. There was also an increase in total liabilities over the prior year of U$11.33 million, or 22%, driven mainly by the increase in the Company's accounts payables. Total equity increased by US$10.71 million, or 71%, over the prior financial year.

CPJ Group continues to maintain a solid financial position and reflects positive management oversight over the working capital health of the Group. Whilst there was an increase in the growth of the accounts receivables portfolio, the accounts receivable days have improved over last year, revealing the strength of the Company's credit management policies and procedures. These policies ensure that the Company delivers operating revenue while limiting our credit risk.

There was a reduction in the current ratio, due largely to the restructuring of related party debts. However, the Company remains strong and is more than capable of adequately honouring its short-term obligations.

The increase in inventories was a proactive measure enacted due to the ongoing challenges in the global supply chain, where stock holdings were adjusted to ensure sufficient stock was on hand to service the market and keep pace with customer demands.

The 2021/22 financial year was a challenging year, as the CPJ Group worked its way out of COVID, taking advantage of the opportunities that presented themselves. It was a year in which staff, suppliers, and customers pushed against old norms and focused on continuous improvements. This determination and drive towards efficiencies spurred CPJ Group's revenue growth of 106% and delivered year-on-year profit growth of 407%. We continue to maintain our stance as a high-performing Company on the path to delivering "Excellence" to our consumers, shareholders, and stakeholders.

Outlook

CPJ continues to strive to provide the highest levels of service and quality products available, ensuring the success of our customers and shareholders. We look forward to the opening of the new CPJ Market Drax Hall and will continue the work of enhancing the food-service product line in our CPJ Markets. The Company continues to upgrade infrastructure, including our trucking fleet, in anticipation of the growth in tourism and to consistently improve our level of service. The management of CPJ wishes to express our heartiest thanks to our customers, board of directors, dedicated team members, business partners, and shareholders for their commitment and unwavering support, contributing significantly to our success and keeping us on the path of excellence.

Tom Tyler, Co-Chairman

Theresa Chin, Director

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Producers (Jamaica) Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 8 to 60 which comprise the Group's and Company's statement of financial position as at June 30, 2022, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2022, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

1. Expected Credit Losses on Trade Receivables

Key Audit Matter	*How the matter was addressed in our audit*
The Group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information. As significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations that increase the risk of material misstatement	Our audit procedures in response to this matter, included: • Obtaining an understanding of the model used by management for the calculation of expected credit losses on trade receivables. • Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis. • Reviewing the ECL model, assess the appropriateness of the Group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, *Financial Instruments*. • Evaluating the appropriateness of economic parameters including the use of forward looking information and management overlay.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter (Continued)

1. Expected Credit Losses on Trade Receivables (continued)

Key Audit Matter (continued)	*How the matter was addressed in our audit (continued)*
	Our audit procedures in response to this matter, included: • Testing the accuracy of the ECL calculation. • Testing the Group's recording and ageing of trade receivables. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

Other information

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 and 7, forms part of our auditors' report.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on Additional Matters as Required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditors' report is Wilbert Spence.

KPMG

Chartered Accountants
Montego Bay, Jamaica

October 12, 2022

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Financial Position
June 30, 2022
(*Presented in United States dollar)*

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
CURRENT ASSETS					
Cash and cash equivalents	4	3,920,459	4,201,542	3,809,160	3,963,004
Accounts receivable	5	18,486,320	15,394,670	16,734,630	13,289,508
Due from subsidiaries	19(a)	-	-	383,514	-
Inventories	6	40,155,943	21,429,309	34,282,234	17,307,978
		62,562,722	41,025,521	55,209,538	34,560,490
CURRENT LIABILITIES					
Bank overdraft	4	1,862,314	1,536,067	-	-
Short-term loans	7	6,500,000	1,700,000	6,500,000	1,700,000
Accounts payable	8	18,818,965	11,580,606	16,618,011	9,299,324
Short-term promissory notes	9	3,817,793	3,817,793	3,817,793	3,817,793
Current portion of lease liabilities	13(b)	687,128	649,839	467,255	553,213
Current portion of long-term borrowings	18	4,433,082	1,012,223	4,433,082	1,012,223
Current portion of long-term promissory notes	17	9,276,153	-	9,276,153	-
Taxation payable		1,358,113	25,351	1,466,578	133,816
		46,753,548	20,321,879	42,578,872	16,516,369
NET CURRENT ASSETS		15,809,174	20,703,642	12,630,666	18,044,121
NON-CURRENT ASSETS					
Other asset		67,644	62,619	67,644	62,619
Interest in subsidiaries	10	-	-	3,341,396	3,359,771
Deferred tax asset	11	2,019,505	2,296,001	2,019,505	2,296,001
Property, plant and equipment	12	11,302,481	11,387,403	8,222,510	8,157,422
Right-of-use assets	13(a)	12,465,911	11,533,745	10,768,270	10,557,883
Intangible asset	14	37,113	24,252	2,447	17,512
		25,892,654	25,304,020	24,421,772	24,451,208
		41,701,828	46,007,662	37,052,438	42,495,329
EQUITY					
Share capital	15	4,898,430	4,898,430	4,898,430	4,898,430
Accumulated surplus		18,251,690	10,743,413	18,575,505	11,190,485
Equity attributable to shareholders		23,150,120	15,641,843	23,473,935	16,088,915
Non-controlling interest	16	2,889,809	(392,379)	-	-
		26,039,929	15,249,464	23,473,935	16,088,915
NON-CURRENT LIABILITIES					
Lease liabilities	13(b)	13,127,694	11,717,470	11,427,544	10,717,460
Long-term promissory notes	17	-	9,274,180	-	9,274,180
Long-term borrowings	18	2,220,833	6,532,914	2,150,959	6,414,774
Due to related company	19(a)	313,372	3,233,634	-	-
		15,661,899	30,758,198	13,578,503	26,406,414
		41,701,828	46,007,662	37,052,438	42,495,329

The financial statements on pages 8 to 60 were approved for issue by the Board of Directors on October 12, 2022 and signed on its behalf by:

Director
Tom Tyler

Director
Theresa Chin

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended June 30, 2022
(*Presented in United States dollar)*

	Notes	Group		Company	
		2022	2021	2022	2021
Gross operating revenue	20	119,960,344	58,178,410	97,528,760	46,943,211
Cost of operating revenue	21(a)	(85,116,093)	(43,427,987)*	(68,948,509)	(34,849,376)*
Gross profit		34,844,251	14,750,423*	28,580,251	12,093,835*
Selling and administrative expenses	21(b)	(18,238,102)	(12,142,044)*	(13,532,723)	(9,495,666)*
Depreciation and amortisation	12,13,14	(4,211,003)	(4,185,142)	(3,368,006)	(3,605,456)
Expected credit losses		(387,107)	(74,820)	(283,000)	(58,354)
Other operating income, net	22(a)	403,695	1,316,133	426,434	778,913
Operating profit/(loss)		12,411,734	(335,450)	11,822,956	(286,728)
Finance income	22(b)	5,154	33,099	5,154	33,099
Finance costs	22(c)	(2,950,367)	(2,216,643)	(2,699,060)	(1,742,911)
Profit/(loss) before taxation		9,466,521	(2,518,994)	9,129,050	(1,996,540)
Taxation	23	(1,744,030)	-	(1,744,030)	-
Profit/(loss), being total comprehensive Income/(loss) for the year		7,722,491	(2,518,994)	7,385,020	(1,996,540)
Attibutable to:					
Owners of the company		7,508,277	(2,263,776)	7,385,020	(1,996,540)
Non-controlling interest		214,214	(255,218)	-	-
		7,722,491	(2,518,994)	7,385,020	(1,996,540)
Earnings per share (cents)	24	0.68	(0.21)	0.67	(0.18)

* Restated, see note 21.

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Changes in Equity
Year ended June 30, 2022
(Presented in United States dollar)

	Group			
	Share capital	Accumulated surplus	Non-controlling interest	Total
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Total Comprehensive Loss for the year:				
Loss, being total comprehensive loss for the year	-	(2,263,776)	(255,218)	(2,518,994)
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464
Total Comprehensive Income for the year:				
Profit, being total comprehensive Income for the year	-	7,508,277	214,214	7,722,491
Issue of shares to non-controlling Interest [note 19(ii)]	-	-	3,067,974	3,067,974
Balances at June 30, 2022	4,898,430	18,251,690	2,889,809	26,039,929

	Company		
	Share capital	Accumulated surplus	Total
Balances at June 30, 2020	4,898,430	13,187,025	18,085,455
Total Comprehensive Loss for the year:			
Loss, being total comprehensive loss for the year	-	(1,996,540)	(1,996,540)
Balances at June 30, 2021	4,898,430	11,190,485	16,088,915
Total Comprehensive income for the year:			
Profit, being total comprehensive income for the year	-	7,385,020	7,385,020
Balances at June 30, 2022	4,898,430	18,575,505	23,473,935

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Cash Flows
Year ended June 30, 2022
(Presented in United States dollar)

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) for the year		7,722,491	(2,518,994)	7,385,020	(1,996,540)
Adjustments for:					
Depreciation and amortisation	12, 13, 14	4,211,003	4,185,142	3,368,006	3,605,456
Gain on disposal of property, plant and equipment	22(a)	(7,101)	(68,257)	(7,101)	(68,257)
Loss on revaluation of investment		-	5,266	-	5,266
Gains on modification of leases	13(c),22(a)	(12,731)	(1,183)	(12,731)	(1,183)
Transfer and adjustments to property, plant and equipment and intangible assets	12,14	843	19,966	843	15,876
Unrealised foreign exchange gain on loans		(36,884)	-	(36,884)	-
Unrealised foreign exchange loss on cash and cash equivalents		28,734	106,808	28,734	106,808
Amortised debt cost	18	35,332	35,699	35,332	35,699
Derecognition of tax liability		(133,816)	-	(133,816)	-
Interest income	22(b)	(5,154)	(33,099)	(5,154)	(33,099)
Finance cost	22(c)	2,950,367	2,216,643	2,699,060	1,742,911
Taxation	23	1,744,030	-	1,744,030	-
		16,497,114	3,947,991	15,065,339	3,412,937
Decrease/(increase) in current assets:					
Accounts receivable		(3,091,650)	(7,005,790)	(3,445,122)	(5,553,520)
Due from subsidiaries		-	-	(383,514)	-
Inventories		(18,726,634)	2,684,441	(16,974,256)	2,116,926
Decrease in current liability:					
Accounts payable		7,201,511	3,166,541	7,281,839	2,783,114
Cash generated from operations		1,880,341	2,793,183	1,544,286	2,759,457
Interest paid		(2,913,519)	(2,220,272)	(2,662,212)	(1,793,591)
Tax paid		(956)	(49,611)	(956)	(8,698)
Net cash (used in)/provided by operating activities		(1,034,134)	523,300	(1,118,882)	957,168
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest in subsidiaries		-	-	18,375	(328,463)
Other assets		(5,025)	-	(5,025)	-
Additions to property, plant and equipment and intangible asset	12, 14	(3,026,253)	(2,344,238)	(2,528,372)	(1,089,148)
Proceeds from disposal of property, plant and equipment		68,846	259,901	68,846	259,901
Interest received		5,154	33,099	5,154	33,099
Net cash used in investing activities		(2,957,278)	(2,051,238)	(2,441,022)	(1,124,611)
CASH FLOWS FROM FINANCING ACTIVITIES					
Promissory notes received		1,973	1,824	1,973	1,824
Promissory notes repaid		-	(500,001)	-	(500,001)
Payment of lease liabilities	13(d)	(552,671)	(406,048)	(431,247)	(348,129)
Other income due to rent concessions	13(d)	(94,528)	(457,791)	(94,528)	(457,791)
Long-term/short-term borrowings repaid		(9,584,023)	(4,106,853)	(9,535,757)	(4,029,377)
Due to related company		147,712	89,843	-	-
Long-term/short-term borrowings received		13,494,353	3,751,163	13,494,353	3,751,163
Net cash provided by/(used in) financing activities		3,412,816	(1,627,863)	3,434,794	(1,582,311)
Net decrease/increase in cash and cash equivalents		(578,596)	(3,155,801)	(125,110)	(1,749,754)
Cash and cash equivalents at beginning of the year		2,665,475	5,928,084	3,963,004	5,819,566
Effect of fluctuations in exchange rates on cash held		(28,734)	(106,808)	(28,734)	(106,808)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		2,058,145	2,665,475	3,809,160	3,963,004
Comprised of:					
Cash and cash equivalents	4	3,920,459	4,201,542	3,809,160	3,963,004
Bank overdraft	4	(1,862,314)	(1,536,067)	-	-
		2,058,145	2,665,475	3,809,160	3,963,004

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

(Presented in United States dollar)

1. Identification

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

During the year, the company's shares graduated to the Main Market of the Jamaica Stock Exchange.

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

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

The details of the company's subsidiaries as at June 30, 2022 are as follows:

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

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

Certain new and amended standards that were in issue came into effect during the year. The adoption of those standards and amendments did not have a significant impact on the amounts recognised or disclosed in the financial statements, except for the amendment to IFRS-16 "COVID-19-Related Rent Concessions beyond 30 June 2021". The impact of the amendment is shown in [note 13(c)].

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

(a) Statement of compliance (continued):

New and amended standards issued but not yet effective:

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

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

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

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

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

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

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

(a) Statement of compliance (continued):

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

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

  Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Instead of the requirement for a right of deferral to be "unconditional", the standard requires that a right to defer settlement must have "substance" and exist at the end of the reporting date. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting date. It has also been clarified that a right to defer exists only if the entity is in compliance with conditions specified in the loan agreement at the reporting date, even if the lender does not test compliance until a later date.

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

  The key amendments to IAS 1 include:

  - requiring entities to disclose their *material* accounting policies rather than their *significant* accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

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

  The amendments are consistent with the refined definition of material:

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

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

(a) Statement of compliance (continued):

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

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how entities should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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

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

(b) Basis of preparation and measurement:

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

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

(c) Use of estimates and judgements:

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

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

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

(i) Judgements:

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

Classification of financial assets:

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

Impairment of financial assets:

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

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

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

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

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

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

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

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

(iii) Net realisable value of inventories:

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

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

(iv) Judgement in evaluation of contingencies:

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

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

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

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

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

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

(d) Basis of consolidation:

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

The consolidated financial statements include the financial statements of the company and its subsidiaries (note 1), made up to June 30, 2022.

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

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

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

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

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

(d) Basis of consolidation (continued):

(iii) (Continued)

The group measures goodwill at the acquisition date as:

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

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

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

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

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

3. Significant accounting policies

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

(a) Cash and cash equivalents:

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

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

3. Significant accounting policies

(b) Accounts receivable:

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

(c) Inventories:

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

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

(d) Other asset:

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

(e) Property, plant and equipment:

(i) Recognition and measurement:

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

The depreciation rates are as follows:

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

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

3. Significant accounting policies (continued)

(f) Leases:

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

As a lessee

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

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

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

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

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

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

3. Significant accounting policies (continued)

(f) Leases (continued):

As a lessee (continued):

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

Short-term leases and leases of low-value assets

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

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

As a lessor:

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the group applies IFRS 15 to allocate the consideration in the contract. The group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(g) Intangible asset:

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

(h) Accounts payable:

Trade and other payables are measured at amortised cost.

3. Significant accounting policies (continued)

(i) Provisions:

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

(j) Related parties:

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

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

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

(ii) has significant influence over the group; or

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

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

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

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

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

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

3. Significant accounting policies (continued)

(j) Related parties (continued):

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

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

(k) Interest in subsidiaries:

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

(l) Share capital and dividends:

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

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

(m) Interest-bearing borrowings:

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

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

(n) Revenue:

Performance obligations and revenue recognition policies:

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

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

3. Significant accounting policies (continued)

(n) Revenue (continued):

Type of product	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*
Wholesale and distribution of food and beverage, the distribution of non-food supplies and the manufacturing and distribution of fresh juices and meats.	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time. Invoices are usually payable within 30 days. Certain major customers receive volume rebates based on purchases made. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

(o) Expenses/income:

(i) Expenses:

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

(ii) Finance costs:

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

(iii) Finance income:

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

(iv) Employee benefits:

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

3. Significant accounting policies (continued)

(p) Taxation:

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

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

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

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

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

(q) Financial instruments:

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

(i) Recognition and initial measurement

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

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

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

- Cash and cash equivalents
- Accounts receivable
- Due from subsidiaries

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

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

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities

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

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

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(iv) Offsetting

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

(r) Impairment:

Financial assets

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

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

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

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

3. Significant accounting policies (continued)

(r) Impairment (continued):

Financial assets (continued)

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

3. Significant accounting policies (continued)

(r) Impairment (continued):

Non-financial assets

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

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

(s) Operating segments:

An operating segment is a component of the group:

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

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

(iii) for which discrete financial information is available.

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

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

(t) Foreign currencies:

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

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

(Presented in United States dollar)

3. Significant accounting policies (continued)

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value.

4. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
Cash	18,606	15,836	3,872	3,777
Bank balances	3,901,853	4,185,706	3,805,288	3,959,227
	3,920,459	4,201,542	3,809,160	3,963,004
Bank overdraft (a)	(1,862,314)	(1,536,067)	-	-
	2,058,145	2,665,475	3,809,160	3,963,004

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

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

5. Accounts receivable

	Group		Company	
	2022	2021	2022	2021
Trade receivables (a)	13,191,341	11,478,200	11,569,470	9,592,290
Other receivables (b)	6,285,870	4,644,836	6,026,404	4,275,462
	19,477,211	16,123,036	17,595,874	13,867,752
Less: Allowance for impairment losses	(990,891)	(728,366)	(861,244)	(578,244)
	18,486,320	15,394,670	16,734,630	13,289,508

(a) Trade receivables include amounts due from directors amounting to $306 (2021: $292) for the group and the company; and $489,462 (2021: $322,551) due from related companies, which are controlled by directors, for the group and the company.

(b) Other receivables include amounts due from directors amounting to $3,258 (2021: $254) for the group and the company; and $18,605 (2021: $18,605) due from related companies, which are controlled by directors, for the group and the company.

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

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

(Presented in United States dollar)

6. Inventories

	Group		Company	
	2022	2021	2022	2021
Goods held for resale – duty paid	28,475,702	15,858,240	22,642,526	12,394,912
Goods held in bonded warehouse	92,232	586,174	92,232	53,496
Goods in transit	9,805,847	3,676,973	9,805,847	3,675,522
Raw materials	1,198,846	674,273	1,186,782	656,821
Others	583,316	633,649	554,847	527,227
	40,155,943	21,429,309	34,282,234	17,307,978

During the year, expenses relating to inventory write-offs amounted to $1,123,801 (2021: $1,374,589) for the group and $462,839 (2021: $943,906) for the company.

During the year inventories of $82,355,400 (2021: $41,468,021) for the group and $65,121,038 (2021: $32,809,870) for the company were recognised in cost of operating revenue.

7. Short-term loans

	Group and Company	
	2022	2021
The Bank of Nova Scotia Jamaica Limited	6,500,000	1,700,000

These are US$ revolving loans that bear interest at 4.25% and are secured as disclosed in note 18. Total draw-down during the year was $13,200,000 (2021: $3,100,000) and total repayments $8,400,000 (2021: $3,300,000).

8. Accounts payable

	Group		Company	
	2022	2021	2022	2021
Trade payables (a)	15,180,922	9,381,387	13,373,073	7,682,692
Other payables (b)	3,638,043	2,199,219	3,244,938	1,616,632
	18,818,965	11,580,606	16,618,011	9,299,324

(a) Trade payables include amounts due to related companies, which are controlled by directors, amounting to $272,188 (2021: $327,071) for the group and $272,188 (2021: $165,174) for the company.

(b) Other payables include $14,037 (2021: $7,262) due to related companies which are controlled by directors, for the group and the company.

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

(Presented in United States dollar)

9. Short-term promissory notes

	Group and Company	
	2022	2021
8% related company promissory note (a)	750,000	750,000
8% related party promissory notes	1,858,333	1,858,333
7% related party promissory note	1,063,332	1,063,332
6% related party promissory note	146,128	146,128
	3,817,793	3,817,793

(a) The related company is controlled by directors.

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

10. Interest in subsidiaries

Interest in subsidiaries comprises:

	Company	
	2022	2021
Shares, at cost	10,065	10,065
Capital contribution (see note below)	3,331,331	-
Advances (see note below)	-	3,524,791
	3,341,396	3,534,856
Less: impairment allowance	-	(175,085)
	3,341,396	3,359,771

In the prior year, the advances represented amounts loaned to a subsidiary company and bore interest at 5.25% and were unsecured. These amounts were due and repayable on June 30, 2026.

During the year, the company converted $3,331,331 of the advances to capital contribution which is not repayable by the subsidiary. The remaining balance of the advances is payable on demand, unsecured and does not bear interest [see note 19(a)(i)].

(Presented in United States dollar)

11. Deferred tax asset

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

	Group				
	2020	Recognised in income [note 23(a)]	2021	Recognised in income [note 23(a)]	2022
Accounts payable	48,458	51,139	99,597	(6,520)	93,077
Accounts receivable	37,498	97,581	135,079	(116,721)	18,358
Lease liabilities	1,953,727	1,192,932	3,146,659	(172,959)	2,973,700
Provision for obsolete inventory	74,392	126,343	200,735	(98,504)	102,231
Unrealised foreign exchange gains	-	9,030	9,030	1,248	10,278
Tax effect of losses carried forward	756,694	(568,097)	188,597	(188,597)	-
Property, plant and equipment	1,273,732	174,802	1,448,534	65,395	1,513,929
Right-of-use asset	(1,848,500)	(1,083,730)	(2,932,230)	240,162	(2,692,068)
	2,296,001	-	2,296,001	(276,496)	2,019,505

	Company				
	2020	Recognised in income [note 23(a)]	2021	Recognised in income [note 23(a)]	2022
Accounts payable	48,458	29,747	78,205	14,872	93,077
Accounts receivable	37,498	96,137	133,635	(115,277)	18,358
Lease liabilities	1,681,227	1,136,441	2,817,668	156,032	2,973,700
Provision for obsolete inventory	74,392	71,999	146,391	(44,160)	102,231
Unrealised foreign exchange gains	-	9,030	9,030	1,248	10,278
Tax effect of losses carried forward	756,694	(568,097)	188,597	(188,597)	-
Property, plant and equipment	1,273,732	288,214	1,561,946	(48,017)	1,513,929
Right-of-use asset	(1,576,000)	(1,063,471)	(2,639,471)	(52,597)	(2,692,068)
	2,296,001	-	2,296,001	(276,496)	2,019,505

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2022
(Presented in United States dollar)

12. Property, plant and equipment

	Group					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2020	13,230,807	15,512,663	1,999,261	1,890,295	144,065	32,777,091
Additions	1,018,019	427,088	85,104	677,871	136,156	2,344,238
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfers	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	14,041,558	15,649,449	2,091,861	2,291,191	247,673	34,321,732
Additions	985,060	702,923	176,129	846,624	276,662	2,987,398
Disposals	-	(366,177)	(35,380)	(148,569)	-	(550,126)
Transfers	120,360	24,673	-	-	(145,033)	-
Adjustments	-	-	6,000	-	-	6,000
June 30, 2022	15,146,978	16,010,868	2,238,610	2,989,246	379,302	36,765,004
Depreciation:						
June 30, 2020	7,824,380	9,572,716	1,778,827	1,401,156	-	20,577,079
Charge for the year	1,252,332	1,330,228	151,894	210,783	-	2,945,237
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	14,959	(4,550)	-	-	16,499
June 30, 2021	8,878,396	10,655,093	1,925,262	1,475,578	-	22,934,329
Charge for the year	1,329,711	1,256,378	114,378	310,995	-	3,011,462
Disposals	-	(329,106)	(31,440)	(127,835)	-	(488,381)
Adjustments	-	25	5,056	32	-	5,113
June 30, 2022	10,208,107	11,582,390	2,013,256	1,658,770	-	25,462,523
Net book values:						
June 30, 2022	4,938,871	4,428,478	225,354	1,330,476	379,302	11,302,481
June 30, 2021	5,163,162	4,994,356	166,599	815,613	247,673	11,387,403
June 30, 2020	5,406,427	5,959,002	220,434	545,945	68,204	12,200,012

	Company					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2020	11,923,608	13,313,563	1,816,650	1,274,271	39,273	28,367,365
Additions	2,398	427,088	82,794	552,149	24,719	1,089,148
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfers	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	11,718,738	13,450,349	1,906,940	1,549,445	31,444	28,656,916
Additions	766,143	576,173	118,508	790,886	276,662	2,528,372
Disposals	-	(366,177)	(35,380)	(148,569)	-	(550,126)
Transfers	6,346	24,673			(31,019)	-
Adjustments	-	-	6,000	-	-	6,000
June 30, 2022	12,491,227	13,685,018	1,996,068	2,191,762	277,087	30,641,162
Depreciation:						
June 30, 2020	7,397,838	8,573,713	1,661,344	966,874	-	18,599,769
Charge for the year	1,118,676	1,096,250	129,527	147,349	-	2,491,802
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	10,869	(4,550)	-	-	12,409
June 30, 2021	8,318,198	9,418,022	1,785,412	977,862	-	20,499,494
Charge for the year	1,073,170	1,013,695	88,158	227,403	-	2,402,426
Disposals	-	(329,106)	(31,440)	(127,835)	-	(488,381)
Adjustments	-	25	5,056	32	-	5,113
June 30, 2022	9,391,368	10,102,636	1,847,186	1,077,462	-	22,418,652
Net book values:						
June 30, 2022	3,099,859	3,582,382	148,882	1,114,300	277,087	8,222,510
June 30, 2021	3,400,540	4,032,327	121,528	571,583	31,444	8,157,422
June 30, 2020	4,525,770	4,739,850	155,306	307,397	39,273	9,767,596

(Presented in United States dollar)

13. Leases

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

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

(a) Right-of-use assets:

	Group	Company
Balance at June 30, 2020	7,394,234	6,304,000
Additions	5,386,292	5,386,292
Depreciation charge for the year	(1,213,359)	(1,098,987)
Derecognition of right-of-use asset	(33,422)	(33,422)
Balance at June 30, 2021	11,533,745	10,557,883
Additions	2,196,981	1,252,170
Derecognition of right-of-use asset	(89,538)	(89,538)
Depreciation charge for the year	(1,175,277)	(952,245)
Balance at June 30, 2022	12,465,911	10,768,270

(b) Lease liabilities:

	2022	
	Group	Company
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,768,353	1,407,942
One to five years	7,241,070	5,799,427
More than 5 years	15,395,635	14,614,745
Total undiscounted lease liabilities at June 30, 2022	24,405,058	21,822,114
Less: discount	(10,590,236)	(9,927,315)
Lease liabilities at June 30, 2022	13,814,822	11,894,799
Presented in the statement of financial position as follows:		
Current	687,128	467,255
Non-current	13,127,694	11,427,544
	13,814,822	11,894,799

(Presented in United States dollar)

13. Leases (continued)

(b) Lease liabilities (continued):

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

(c) Amounts recognised in profit or loss:

	2022 Group	2022 Company
Depreciation	1,175,277	952,245
Gain on modification of leases [note 22(a)]	12,731	12,731
Interest on lease liabilities [note 22(c)]	1,065,745	900,283
Other income – rent concession recognized in accordance with amendment to IFRS 16 “COVID-19 Related Rent Concessions”	94,528	94,528
Expenses relating to short-term leases	268,390	246,306

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

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

	2022 Group	2022 Company
Total cash outflow for leases excluding interest	(552,671)	(431,247)
Other income – rent concession	(94,528)	(94,528)

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

(Presented in United States dollar)

14. Intangible asset

	Computer software	
	Group	Company
Cost:		
June 30, 2020	190,445	127,121
Disposal	(106)	-
June 30, 2021	190,339	127,121
Additions	38,855	-
Adjustment	(6,000)	(6,000)
June 30, 2022	223,194	121,121
Amortisation:		
June 30, 2020	139,647	94,942
Charge for the year	26,440	14,667
June 30, 2021	166,087	109,609
Charge for the year	24,264	13,335
Adjustment	(4,270)	(4,270)
June 30, 2022	186,081	118,674
Carrying amount:		
June 30, 2022	37,113	2,447
June 30, 2021	24,252	17,512
June 30, 2020	50,798	32,179

15. Share capital

	Group and Company	
	2022	2021
Authorised:		
176,000,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
1,100,000,000 ordinary shares of no par value	5,117,611	5,117,611
Less: Transaction costs of share issue	(219,181)	(219,181)
	4,898,430	4,898,430

16. Non-controlling interest

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

(Presented in United States dollar)

16. Non-controlling interest (continued)

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

	Group	
	2022	2021
	$	$
Percentage ownership interest	**49%**	**49%**
Non-current assets	4,812,278	4,212,583
Current assets	8,218,287	6,786,478
Non-current liabilities	(2,419,942)	(7,827,899)
Current liabilities	(4,713,054)	(3,971,935)
Net assets (100%)	5,897,569	(800,773)
Non-controlling interest share of net assets	2,889,809	(392,379)
Revenue	23,446,857	11,562,126
Net profit/(loss) from continuing operations	437,171	(520,854)
Profit/(loss) allocated to Non-controlling interest (NCI)	214,214	(255,218)
Cash flows from operating activities	(298,766)	(433,869)
Cash flows from investing activities	(132,742)	(926,627)
Cash flows from financing activities	(21,978)	(45,552)
Net decrease in cash and cash equivalents	(453,486)	(1,406,048)

17. Long-term promissory notes

	Group and Company	
	2022	2021
Due to related companies:		
6% promissory note	100,000	100,000
8% promissory note	500,000	500,000
9% promissory note	6,000,000	6,000,000
4.5% promissory note	2,000,000	2,000,000
Due to related company:		
Non-interest bearing promissory notes	650,000	650,000
Due to third party:		
8% promissory note	26,153	24,180
	9,276,153	9,274,180
Current portion	9,276,153	-
	-	9,274,180

The promissory notes are unsecured and are repayable within twelve months of the reporting date.

(Presented in United States dollar)

18. Long-term borrowings

		Group		Company	
		2022	2021	2022	2021
8% Bonds	(a)	3,343,806	3,366,550	3,343,806	3,366,550
6.95% Bank of Nova Scotia Jamaica Limited [J$31,534,433 (2021: J$56,761,980)]	(b)	210,890	382,184	210,890	382,184
4.75% Bank of Nova Scotia Jamaica Limited	(c)	371,429	771,429	371,429	771,429
9.5% Bank of Nova Scotia Jamaica Limited [J$3,076,928 (2021: J$7,692,320)]	(d)	20,577	51,793	20,577	51,793
10% Bank of Nova Scotia Jamaica Limited [J$2,666,616 (2021: J$6,666,628)]	(e)	17,833	44,887	17,833	44,887
9.5% Bank of Nova Scotia Jamaica Limited [J$Nil (2021: J$513,331)]	(f)	-	3,950	-	3,950
9% Bank of Nova Scotia Jamaica Limited [J$Nil (2021: J$1,044,000)]	(g)	-	7,810	-	7,810
8.75% Bank of Nova Scotia Jamaica Limited [J$Nil (2021: J$750,000)]	(h)	-	3,367	-	3,367
7% Bank of Nova Scotia Jamaica Limited [J$2,376,667 (2021: J$3,296,667)]	(i)	15,894	22,713	15,894	22,713
7% Bank of Nova Scotia Jamaica Limited [J$2,667,500 (2021: [J$3,637,500)]	(j)	17,839	25,036	17,839	25,036
7% Bank of Nova Scotia Jamaica Limited [J$4,101,954 (2021: J$5,145,833)]	(k)	27,432	33,558	27,432	33,558
4.35% Bank of Nova Scotia Jamaica Limited	(l)	2,044,885	2,467,952	2,044,885	2,467,952
6.95% Bank of Nova Scotia Jamaica Limited [J$10,430,357 (2021: J$12,551,786)]	(m)	69,754	85,703	69,754	85,703
6.95% Bank of Nova Scotia Jamaica Limited [J$7,233,333 (2021: J$9,816,786)]	(n)	48,374	64,531	48,374	64,531
6.95% Bank of Nova Scotia Jamaica Limited [J$10,110,000 (2021: J$11,795,000)]	(o)	67,612	79,417	67,612	79,417
6.95% Bank of Nova Scotia Jamaica Limited [J$2,503,929 (2021: J$2,921,250)]	(p)	16,745	19,669	16,745	19,669
6.95% Bank of Nova Scotia Jamaica Limited [J$7,303,125 (2021: J$8,763,750)]	(q)	48,840	59,007	48,840	59,007
7% Bank of Nova Scotia Jamaica Limited [J$6,061,905 (2021: J$Nil)]	(r)	40,540	-	40,540	-
7% Bank of Nova Scotia Jamaica Limited [J$2,940,475 (2021: J$Nil)]	(s)	19,665	-	19,665	-
7% Bank of Nova Scotia Jamaica Limited [J$8,730,952 (2021: J$Nil)]	(t)	58,389	-	58,389	-
7% Bank of Nova Scotia Jamaica Limited [J$10,590,000 (2021: J$Nil)]	(u)	70,822	-	70,822	-
7% Bank of Nova Scotia Jamaica Limited [J$14,945,000 (2021: J$Nil)]	(v)	99,942	-	99,942	-
4.5% First Caribbean International Bank Limited	(w)	69,874	118,140	-	-
		6,681,142	7,607,696	6,611,268	7,489,556
Less: Current portion		(4,433,082)	(1,012,223)	(4,433,082)	(1,012,223)
		2,248,060	6,595,473	2,178,186	6,477,333

18. Long-term borrowings (continued)

		Group		Company	
		2022	2021	2022	2021
Balance brought forward		2,248,060	6,595,473	2,178,186	6,477,333
Debt issuance costs:	(x)				
At beginning of the year		(62,559)	(86,868)	(62,559)	(86,868)
Additional costs incurred in the year		-	(11,390)	-	(11,390)
Debt costs amortised during the year		35,332	35,699	35,332	35,699
At the end of the year		(27,227)	(62,559)	(27,227)	(62,559)
		2,220,833	6,532,914	2,150,959	6,414,774

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

(b) This represents the balance due on an initial loan of J$147,160,689. The loan was refinanced in March 2021 to be repayable in 30 equal monthly installments. The final instalment being due in September 2023. The refinanced interest rate of 6.95% per annum is fixed for the remaining term.

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

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

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

(f) This represented the balance due on an initial loan of J$4,400,000. The loan was repayable in fifty-nine monthly payments of J$73,333 and was fully repaid during the year.

18. Long-term borrowings (continued)

(g) This represented the balance due on an initial loan of J$6,960,000 for the purchase of two motor vehicles. The interest rate of 9% per annum was fixed for the term. The loan was repayable in sixty monthly instalments of J$116,000 and was fully repaid during the year.

(h) This represented the balance due on an initial loan of J$7,500,000 for the purchase of two motor vehicles. The interest rate of 8.75% per annum was fixed for the term. The loan was repayable in sixty monthly instalments of J$125,000 and was fully repaid during the year.

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

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

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

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

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

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

(o) This represents the balance due on an initial loan of J$11,795,00 for the purchase of 2 motor vehicles. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$140,717; the final instalment being due in June 2025.

18. Long-term borrowings (continued)

(p) This represents the balance due on an initial loan of J$2,921,250 for the purchase of a motor vehicle. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$34,777; the final instalment being due in June 2025.

(q) This represents the balance due on an initial loan of J$8,763,750 for the purchase of two motor vehicles. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$121,719; the final instalment being due in June 2025.

(r) This represents the balance due on a loan for J$6,700,000 received in October 2021. The interest rate of 7% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of of J$79,761; the final instalment being due in August 2028.

(s) This represents the balance due on a loan for J$3,250,000 received in October 2021. The interest rate of 7% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of of J$38,690; the final instalment being due in September 2028.

(t) This represents the balance due on a loan for J$9,650,000 received in October 2021. The interest rate of 7% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of of J$114,881; the final instalment being due in September 2028.

(u) This represents the balance due on a loan for J$10,590,000 received in June 2022. The interest rate of 7% per annum is fixed for the term. The loan is repayable in eighty-four (84) instalments of of J$126,071; the final instalment being due in March 2029.

(v) This represents the balance due on a loan for J$14,945,000 received in June 2022. The interest rate of 7% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of of J$177,916; the final instalment being due in March 2029.

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

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

The borrowing at (m) is secured as follows:

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

(Presented in United States dollar)

18. Long-term borrowings (continued)

The borrowings at (b) to (l), (n) to (v) and short-term loans (note 7) with the Bank of Nova Scotia Jamaica Limited are primarily secured as follows (continued):

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

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

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

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

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

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

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

- Unsupported guarantee of CPJ Investments Limited.

The borrowings at (w) with First Caribbean International Bank (Barbados) Limited is primarily secured supported by a first legal mortgage of $6,375,000 over certain immovable property.

The company has 8% bonds totaling US$3,343,806 and loans totaling US$3,267,462 which are subject to financial covenants. The covenants are to be tested annually/semi-annually. If the covenants are not met, the loans and/or bonds can become repayable on demand. According to the bond agreement, the current ratio cannot be less than 1.5:1. As at June 30, 2022 the current ratio was 1.3:1. The company is therefore in breach of this ratio. As at the date of authorization of the financial statements, no demand was made on the company for the repayment of the bonds, which are due April 2023.

19. Related party balances and transactions

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

	Company	
	2022	2021
(i) Due from subsidiaries:		
CPJ Investments Limited	339,670	-
CPJ Homeporting Limited	43,844	-
	383,514	-

(Presented in United States dollar)

19. Related party balances and transactions (continued)

(a) (Continued)

(i) Due from subsidiaries (Continued):

The amounts due from subsidiaries represent balances which are receivable from the company's subsidiaires and are interest-free, unsecured and are repayable on demand.

(ii) Due to related company:

The amounts due to related company are payable to non-controlling interests and are interest-free, unsecured and not repayable before June 30, 2023. These amounts represent advances made to the group to support its operations.

During the year, a portion of the advances to the group amounting to $3,067,974 was exchanged for shares in a subsidiary. This represented a non-cash transaction through the conversion of the advances.

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

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

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Sales to related companies/parties	(840,465)	(221,252)	(806,656)	(213,846)
Sales to subsidiary	-	-	(1,015,273)	(326,927)
Interest expense paid to related companies/parties	678,375	420,750	678,375	420,750
Rent paid to related companies- included in right-of-use-assets and lease liabilities	945,026	561,179	832,252	446,791
Agency fee paid to a related company	1,230,000	735,000	1,230,000	735,000
Directors' emoluments:				
Fees	15,500	14,500	15,500	14,500
Management remumeration	363,428	196,686	363,428	196,686
Compensation for key management:				
Short-term benefits	1,424,637	633,660	820,703	302,052

Related companies are controlled by directors.

20. Gross operating revenue

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

21. Nature of expenses

(a) Cost of operating revenue:

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2022
(Presented in United States dollar)

21. Nature of expenses (continued)

(a) Cost of operating revenue (continued):

	Group		Company	
	2022	2021	2022	2021
Hospitality	59,650,430	23,285,065	50,470,319	20,566,068
Retail	23,644,783	18,276,566	16,691,507	12,871,725
Export	-	11,320	913,529	338,247
Inventory write-offs	1,123,801	1,374,589	462,839	943,906
Other	697,079	480,447	410,315	129,430
	85,116,093	43,427,987*	68,948,509	34,849,376*

(b) Selling and administrative expenses:

	Group		Company	
	2022	2021	2022	2021
Advertising	502,340	322,993	464,155	288,880
Audit fees	54,000	70,500	54,000	57,000
Bank charges	209,507	94,696	163,812	59,909
Buyer's commission	767,261	322,938	-	-
Cleaning and sanitation	84,232	53,336	76,204	49,609
Data processing	914,320	789,789	874,829	747,442
Garbage disposal	37,943	33,068	26,469	16,576
GCT irrecoverable	131,715	102,474	131,715	102,474
Insurance	552,635	376,369	474,799	314,430
Miscellaneous	670,314	72,568	399,014	20,654
Motor vehicle expenses	1,508,176	1,022,281	1,357,970	883,584
Penalties and interest	37,593	38,137	37,593	38,137
Pest control	19,417	16,970	12,470	10,124
Printing, postage and stationery	118,524	108,396	90,641	92,458
Professional fees	1,943,345	1,040,333	1,763,913	955,053
Rates and taxes	18,601	155,349	11,295	136,337
Rental of premises	22,084	957	-	957
Repairs and maintenance	750,259	505,407	533,045	365,972
Security	332,523	313,250	254,176	254,278
Staff costs:				
Salaries, wages, and other payroll costs	8,716,997	5,340,800	6,617,799	4,169,127
Payroll taxes	774,452	491,660	704,279	449,456
Staff welfare	408,636	253,041	370,295	235,900
Subscriptions	38,884	23,763	37,303	21,959
Travel and entertainment	325,227	79,465	302,171	71,566
Utilities	2,160,484	1,477,284	1,636,143	1,117,564
	21,099,469	13,105,824	16,394,090	10,459,446
Amounts allocated to cost of sales	(2,861,367)	(963,780)	(2,861,367)	(963,780)
	18,238,102	12,142,044*	13,532,723	9,495,666*

* Restated on account of correction of an error, see below.

(Presented in United States dollar)

21. Nature of expenses (continued)

(b) Selling and administrative expenses (continued):

The group's accounting policy requires the allocation of certain overhead costs to the cost of finished goods. During the year, the group discovered that the amounts for overheads were not taken out of administrative and selling expenses. As a result, administrative and selling expenses have been overstated and cost of operating revenue understated. The error has been corrected by restating the comparative figures affected. The following tables summarise the impact on the line items affected in the group's and company's financial statements:

	Group		
	As previously reported	Restated	As restated
Cost of operating revenue	42,464,207	963,780	43,427,987
Gross profit	15,714,203	(963,780)	14,750,423
Selling and administrative expenses	13,105,824	(963,780)	12,142,044

	Company		
	As previously reported	Restated	As restated
Cost of operating revenue	33,885,596	963,780	34,849,376
Gross profit	13,057,615	(963,780)	12,093,835
Selling and administrative expenses	10,459,446	(963,780)	9,495,666

22. Disclosure of income/(expenses)

	Group		Company	
	2022	2021	2022	2021
(a) Other operating income, net:				
Gain on disposal of property plant and equipment	7,101	68,257	7,101	68,257
Covid-19 rent Concessions [note 13(c)]	94,528	457,791	94,528	457,791
Gain on lease modification [note 13(c)]	12,731	1,183	12,73	1,183
Others	289,335	788,902	312,074	251,682
	403,695	1,316,133	426,434	778,913
(b) Finance income:				
Interest income - third party	5,154	33,099	5,154	33,099
(c) Finance costs:				
Foreign exchange loss, net	(153,123)	(73,019)	(173,106)	(73,019)
Interest on promissory notes	(921,244)	(569,741)	(921,244)	(569,741)
Interest on long-term and short term borrowings	(725,239)	(906,195)	(699,952)	(560,148)
Interest on lease liabilities	(1,065,745)	(634,817)	(900,283)	(540,003)
Overdraft interest	(85,016)	(32,871)	(4,475)	-
	(2,950,367)	(2,216,643)	(2,699,060)	(1,742,911)

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2022
(Presented in United States dollar)

23. Taxation

(a) Taxation is based on the following:

	Group		Company	
	2022	2021	2022	2021
Current tax	1,467,534	-	1,467,534	-
Deferred tax (note 11):				
Tax losses	188,597	-	188,597	-
Origination and reversal of temporary differences	87,899	-	87,899	-
	276,496	-	276,496	-
Tax expense recognised during the year	1,744,030	-	1,744,030	-

(b) Reconciliation of actual taxation charge:

	Group		Company	
	2022	2021	2022	2021
Profit/(loss) before taxation	9,466,521	(2,518,994)	9,129,050	(1,996,540)
Computed "expected" tax credit at 25% and 30%	2,412,934	(655,871)	2,282,263	(499,135)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	520,318	516,487	520,318	516,487
Tax losses utilised	(894,664)	-	(793,633)	-
Employee tax credit	(254,418)	-	(254,418)	-
Other items, net	(40,140)	139,384	(10,500)	(17,352)
	1,744,030	-	1,744,030	-

As at June 30, 2022, the effective tax rate amounted to 18% (2021: nil) for the group and 19% (2021: nil) for the company.

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

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

(d) As at June 30, 2022, subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses available for set-off against future profits amounted to approximately $nil (2021: $3,518,000) for the group and company. If unutilised, these losses can be carried forward indefinitely. However, the maximum amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year.

(Presented in United States dollar)

24. Earnings per share

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

	Group		Company	
	2022	2021	2022	2021
Profit/(loss) for the year attributable to the shareholders of the company	7,508,277	(2,263,776)	7,385,020	(1,996,540)
Number of ordinary shares held during the year	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per share (expressed in ¢ per share)	0.68	(0.21)	0.67	(0.18)

25. Contingent liabilities

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

(b) The company has given guarantees in the ordinary course of business, under banking arrangements, in favour of the Collector of Customs in the amount of $339,259 (J$47,500,000). Additionally a letter of credit was issued amounting to $250,000 on behalf of the company in favour of a third party.

(c) In 2018, Jamaica Customs Agency Post Clearance Audit (JCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. The management has had discussions with JCA and has disputed the assessment. During the year, the company finalized a liability of J$21,501,893 with the JCA which is included in other payables (note 8) . However, a portion of the assessment amounting to J$10,303,902 is under continued appeal. As at the date of authorisation of these financial statements, the resolution process is still ongoing.

26. Dividends

There was no dividend declaration in the current and prior year.

27. Financial instruments

(a) Financial risk management:

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

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

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

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

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

(i) Credit risk:

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

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

Cash and cash equivalents

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

Accounts receivable

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

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

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment

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

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

The following table provides information about the exposure to credit risk and ECL for trade receivables as at June 30, 2022 (see also note 5).

	Group 2022			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.3%	8,674,453	18,094	no
31-60 days past due	0.5%	2,761,124	8,049	no
61-90 days past due	3.2%	692,935	11,039	no
91-180 days past due	12.1%	354,028	244,908	no
More than 180 days past due	100%	708,801	708,801	yes
		13,191,341	990,891	

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

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

	Company 2022			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	7,389,759	9,874	no
31-60 days past due	0.3%	2,436,034	5,190	no
61-90 days past due	0.6%	633,619	7,217	no
91-180 days past due	8.6%	502,085	230,990	no
More than 180 days past due	100%	607,973	607,973	yes
		11,569,470	861,244	

	Company 2021			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	7,278,421	17,533	No
31-60 days past due	0.3%	1,038,302	3,768	No
61-90 days past due	1.5%	334,929	6,262	No
91-180 days past due	6.1%	406,098	16,141	No
More than 180 days past due	100%	534,540	534,540	Yes
		9,592,290	578,244	

The impairment of trade receivables at the reporting date was:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Balance at beginning of year	728,366	611,222	578,244	465,914
Amount charged, net	432,419	135,494	283,000	119,028
Recoveries	(169,894)	(18,350)	-	(6,698)
Balance at end of year	990,891	728,366	861,244	578,244

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

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk:

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

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

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

	Group			
	2022			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Bank overdraft	1,862,314	1,862,314	1,862,314	-
Short-term loans	6,500,000	6,776,250	6,776,250	-
Accounts payable	18,549,846	18,549,846	18,549,846	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	13,814,822	24,405,058	1,768,353	22,636,705
Long-term promissory notes	9,276,153	10,456,337	-	10,456,337
Long-term borrowings	6,653,915	7,402,907	4,801,429	2,601,478
Due to related company	313,372	313,372	-	313,372
Total financial liabilities	60,788,215	73,884,513	37,876,621	36,007,892

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

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

	Company 2022			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	6,500,000	6,776,250	6,776,250	-
Accounts payable	16,348,892	16,348,892	16,348,892	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	11,894,799	21,822,114	1,407,942	20,414,172
Long-term promissory notes	9,276,153	10,456,337	-	10,456,337
Long-term borrowings	6,584,041	7,285,981	4,750,914	2,535,067
Total financial liabilities	54,421,678	66,808,003	33,402,427	33,405,576

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

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk:

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

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

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

Interest rate risk

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

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

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

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2022	2021	2022	2021
Fixed rate instruments:				
Financial assets	1,572,268	4,916,237	1,572,268	4,916,237
Financial liabilities	(37,632,172)	(32,216,073)	(34,106,208)	(29,465,229)
	(36,059,904)	(27,299,836)	(32,533,940)	(24,548,992)
Variable rate instruments:				
Financial assets	31,510	46,238	31,510	46,238
Financial liabilities	(3,343,806)	(3,366,550)	(3,343,806)	(3,366,550)
	(3,312,296)	(3,320,312)	(3,312,296)	(3,320,312)

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Interest rate risk (continued):

Cash flow sensitivity analysis for variable rate instruments

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

	The Group and Company			
	2022		2021	
	Increase 200bp	Decrease 50bp	Increase 100bp	Decrease 100bp
Effect on profit or loss increase/(decrease)	66,246	(16,561)	(33,203)	33,203

Fair value sensitivity analysis for financial instruments

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

Foreign currency risk

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

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

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Foreign currency risk (continued)

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

		Group and Company	
		2022	2021
Cash and cash equivalents		149,548,387	181,326,106
Accounts receivable		1,215,934,117	813,339,205
Accounts payable		(722,976,749)	(208,367,999)
Long-term borrowings		(627,273,186)	(630,333,140)
Net foreign currency assets	J$	15,232,569	155,964,172
Equivalent to	US$	101,870	1,050,148

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

June 30, 2022: J$149.53 to US$1

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

Sensitivity analysis

Changes in exchanges rates would have the effects described below:

	Group and Company	
	Decrease/(increase) in profit for the year	Decrease/(increase) in loss for the year
	2022	2021
4% (2021: 6%) weakening against the US$	(4,075)	(63,009)
1% (2021: 2%) strengthening against the US$	1,019	21,003

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

(Presented in United States dollar)

27. Financial instruments (continued)

(b) Capital risk management:

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The group defines capital as total shareholders' equity.

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

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

(c) Fair value disclosures:

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

28. Segment reporting

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

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

Geographical information:

	2022			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	97,528,760	23,446,857	(1,015,273)	119,960,344
Profit for the year	7,352,416	435,846	(65,771)	7,722,491
Segment non-current assets	24,421,772	4,812,278	(3,341,396)	25,892,654
Segment current assets	55,209,605	8,109,822	(756,705)	62,562,722
Segment total assets	79,631,377	12,922,100	(4,098,101)	88,455,376
Additions to property, plant and equipment	2,528,372	459,026	-	2,987,398

(Presented in United States dollar)

28. Segment reporting (continued)

Geographical information (continued):

	2021			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	46,943,211	11,562,126	(326,927)	58,178,410
Loss for the year	(1,996,540)	(522,454)	-	(2,518,994)
Segment non-current assets	24,451,208	4,212,583	(3,359,771)	25,304,020
Segment current assets	34,560,490	6,678,013	(212,982)	41,025,521
Segment total assets	59,011,698	10,890,596	(3,572,753)	66,329,541
Additions to property, plant and equipment	1,089,148	1,255,090	-	2,344,238

29. Subsequent events

On July 29, 2022, the company issued $13,000,000 of Unsecured Fixed Rate US$ Notes. The notes are for a tenor of five (5) years and during the continuance of an Event of Default bear interest at a rate of 10% per annum and at all other times 7% per annum. The monies received were used to repay existing related party loans, which were at varying interest rates.

TOP TEN (10) STOCKHOLDERS
AS AT 30th JUNE 2022

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	220,324,641	20.0295
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	117,797,515	10.7089
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
TJBK Investment Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	11,455,738	1.0414
QWI Investments Ltd	10,535,291	0.9578

SENIOR MANAGERS

NAME	UNITS	%
Hugh Logan	144,343	0.0131
Christopher Myles		
Xavier Perez		
Alejandro Sanchez		

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			253,084,299	23.0077
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			220,324,641	20.0295
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Wave Trading Limited</u>			124,132,858	11.2848
Mark Hart	Chairman	Connected party holding		
<u>Oniks Investments Limited</u>			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
<u>PWL Bamboo Holdings Limited</u>			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
<u>Alpine Endeavours Limited</u>			1,881,100	0.1037
Ronald Schrager	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			950,000	0.0864
Christopher Berry	Director	Connected party holding		
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104