

**2022**

**Annual  
Report**





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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Express Catering Limited (ECL) will be held at Margaritaville Ltd's Board Room, # 16, M19 Southern Cross Boulevard, Freeport, Montego Bay on Thursday, March 23, 2023 at 11 am for the following purposes:

## **Ordinary Business**

- 1.** To receive the report of the Directors and Financial Statements for the year ended May 31, 2022, and the report of the Auditors thereon.
- 2.** To authorize the directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs HLB Mair Russell, Chartered Accountants, have signified their willingness to continue in office pursuant to section 154 of the companies act.
- 3.** To fix the remuneration of the Directors for the year that commenced June 1, 2022.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member.

By order of the Board,



.....  
**Roland Clarke**  
Company Secretary

## **REGISTERED OFFICE**

#16, M19 Southern Cross Blvd.  
Freeport, Montego Bay, Jamaica, W.I.

# Chairman's Report

Ladies and Gentlemen,

Recovery from the COVID-19 pandemic is in progress and is sustainable. The Ministry of Tourism has reported that for 2021, Jamaica recorded just over 1,460,000 stop-over visitors, a 65.91% increase over 2020. This great recovery trajectory is testament to the efforts being made by all tourism stakeholders. With a historical share of 80% of the stop over visitors entering Jamaica through the Sangster International Airport, Express Catering Limited benefitted from these improved numbers.

For Fiscal 2021, the company attained revenues of US\$14.24 million, compared to US\$4.41 million in the previous year. Net Profit for the year was just under US\$ 1.1 million resulting in Earnings Per Share (EPS) of 0.07 US Cents per unit. The result for the previous year was a loss of US\$1.73 million, a Loss Per Share of 0.1100 US Cents. Owing to the company being in recovery mode from the devastation of the COVID-19 pandemic, no dividends were declared for the year.

The extensive renovation to the retail space at the airport is still ongoing. In the last quarter of Fiscal 2022, we were able to relocate some of our existing offerings to the new food court. Additionally, Bob Marley One Love, Freshens and Bento are expected to be open by the end of first quarter 2023. The company has invested substantially in this renovation and expects to benefit from the expected increase in redirected passenger traffic.

We continue to be impacted by logistical challenges which have resulted in us not being able to acquire much-needed kitchen and preparation equipment and also affected our Cost of Sales ratio and the Net Profit reported. To try and combat rising costs, the company implemented price increases for several of our offerings during the fiscal year. We also maintained relations with our creditors who have been of tremendous support during the downturn in business and who continue to partner with us as we recover.

Commendations must be given to the team on the ground at the Sangster International Airport who continue to provide the excellent service that Express Catering is known for. During the



year we continued to provide training as required and we encouraged and supported participation in community building exercises such as charitable and cultural events.

Fiscal 2023 is looking very promising. Tourist arrivals have increased, our revised menu prices are being put in place and efforts are being made to lessen the impact of the high input costs. The Covid-19 pandemic is not quite over but travelers and businesses are finding ways to manage the virus. Our business is slowly returning to normal and even surpassing some expectations. We look forward to all our stakeholders being with us as we embrace the recovery journey and all it has to offer.

As usual, we are grateful for your support.

  
**Herrick Dear**  
Chairman

# Directors' Profiles

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## **Herrick Winston Russell Dear CLS, JP, CD.**

### **CHAIRMAN & INDEPENDENT, NON-EXECUTIVE DIRECTOR**

A Commissioned Land Surveyor, City Planner, Entrepreneur and Businessman, Winston Dear has dedicated his life to the development of Montego Bay and Western Jamaica. Since 1966 he has been an integral part of the life of Montego Bay and Jamaica and has played vital roles in Resort Development, Montego Freeport, Rose Hall Development, Montego South Development, Ironshore and The Greater Montego Bay Development Plan. Herrick was also instrumental in forming the Port Authorities, “Montego Bay Freezone” and lobbied for the establishment of the current Montego Freeport Cruise Ship terminal, thereby earning the moniker of “City Father. In the 1980’s he was deeply involved in the 807 garment industry and at the zenith of this industry employed over 3000 workers. Under his watch, the Government established the earth station within the zone which set the course for us to become the leading ICT center of Jamaica.

Herrick Winston Russell Dear currently sits on the Boards of Express Catering Limited and Margaritaville (Turks) Ltd. He is a member of the Montego Bay Chamber of Commerce and Industry and a member of the Tribunal, Ministry of Tourism. Herrick was appointed as a Justice of the Peace for the parish of St. James in 1983 and, in 2010, the Government of Jamaica bestowed the Order of Distinction on him. In 2017 the Government upgraded his honor to the rank of “The Order of Distinction in the rank of Commander Class” CD.

He is married to Denise and together they have three children, eight grandchildren and two great-grandchildren, all living in Jamaica. With over 40 years sail boat racing and cruising experience (one of his most favourite things to do), Herrick holds a Coastal Masters Certificate from the Maritime Authority of Jamaica, and is entitled to use the title “Captain”.

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## **Ian Dear CD, JP**

### **EXECUTIVE DIRECTOR & CEO**

Ian Dear is the founder and current Chairman and CEO of Margaritaville Caribbean Group (MCG).

MCG is an industry-leading hospitality company which has two subsidiaries publicly traded on the Jamaica Stock Exchange. Under Dear's leadership the Company portfolio has expanded to include a diverse range of hospitality concepts in 53 locations throughout the Caribbean.

Ian has been a Justice of the Peace for the parish of St. James since 1996 and maintains active involvement in several community service organizations. He is currently Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.) and a board member of the Tourism Enhancement Fund (TEF) and Trans Jamaican Highway.

In addition to these current appointments, Ian has served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica.

In 2020, Jamaica's Governor-General appointed Ian Dear to the Order of Distinction in the rank of Commander for his contributions to Caribbean Tourism and Real Estate Development.

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## **Roland Clarke**

### **EXECUTIVE DIRECTOR, SECRETARY AND CFO**

Roland is a Chartered Accountant with over twenty years of experience in Accounting and Finance covering Retail, Manufacturing, and Telecom logistics industries.

Roland joined Margaritaville Caribbean Group in August 2010. Previously he was with Facey Commodity Company Ltd. where he had direct responsibility for the finance functions of the Telecoms Division. During this time he led implementation of financial systems for the group subsidiaries in Germany, Trinidad and Tobago, Honduras, Panama and El Salvador. Roland also spent 18 months in Trinidad and Tobago in the capacity of Financial Controller, while performing other corporate duties.

His experience also includes 10 years in various accounting and finance roles with the ICD Group of companies in Jamaica.

Roland is a Fellow of the Association of Certified Chartered Accountants of England and holds a BSc. (Hons.) in Accounting from the University of the West Indies.

## **Tania Waldron-Gooden, MBA, B.Sc.**

**INDEPENDENT,  
NON-EXECUTIVE DIRECTOR**

Tania Waldron-Gooden, Chief Executive Officer at Caribbean Assurance Brokers Limited, has over fourteen years of experience in areas such as Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management. Mrs. Waldron-Gooden also served in the capacity of Deputy CEO of Caribbean Assurance Brokers Limited from October 1, 2020, to December 31, 2021 and has been a member of the Company's Board of Directors since November 2017.

Tania was previously the Director of Investment Banking and Executive Director at Mayberry Investments Limited. She is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited, and the Mentor for Derrimon Trading Company Limited, Spur Tree Spices Jamaica, Caribbean Flavors & Fragrances Limited and Edufocal. She is a member of the Finance & Audit Committee of the National Health Fund. She is also a Director of Chicken Mistress Limited, AJAS Limited, First Rock PE and Island Grill Holdings Limited.

As the Mentor to various companies, she is responsible for providing the Board with support in establishing proper procedures, systems, and controls for its compliance with the Jamaica Stock Exchange Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies and is registered/licensed to sell and give advice on Life Insurance business and Sickness & Health Insurance business..

## **John G. Byles CD**

**INDEPENDENT,  
NON-EXECUTIVE DIRECTOR**

John G. Byles is a graduate of the Florida International University where he attained a degree in Business Administration, with focus in Finance and International Business. Since then, his career has led him through several fields in the Corporate Finance arena. He spent over fifteen years in the banking and finance sector, working with Business Leaders in several growing and successful companies across dynamic industries before joining the tourism field over fifteen (15) years ago.

John currently sits on the Boards of Margaritaville (Turks) Ltd, Chukka Caribbean Adventures Group of Companies, Express Catering Limited, Cargo Handlers Ltd. and Margaritaville Caribbean Group Ltd. He is also a member of the Cruise Council of Jamaica, is the Deputy Chairman of the Jamaica Tourist Board, and Chairman of the Destination Assurance Council – Montego Bay Chapter. In the past, John has also previously served on the Boards of the Jamaica Tourist Board and Jamaica Promotions Corporation.

John brings to the Board his considerable experience in brand delivery in the tourism sector and management experience from the finance industry. He is a committed husband and father of four (4), an avid polo enthusiast in his down time and an active community development stalwart.

# Top 10 ShareHoldings

NAMES		VOLUME	PERCENTAGE
Margaritaville St. Lucia	Castries, St Lucia	1,070,221,961	65.357%
Harriat P Maragh	Kingston	186,293,705	11.377%
National Insurance Fund	Kingston	181,789,338	11.102%
Mayberry Jamaican Equities Limited	Kingston	32,363,652	1.976%
Sagicor Pooled Equity Fund	Kingston	11,718,442	0.716%
MF&G Trust & Finance Ltd - A/C 57	Kingston	10,741,577	0.656%
JCSD Trustee Service Limited - Sigma Equity	Kingston	10,500,000	0.641%
JMMB Securities Limited - House Account #2	Kingston	8,479,065	0.518%
Konrad Berry	Kingston	6,822,776	0.417%
MCG Employees Trust	Montego Bay	6,146,440	0.375%
		<b>1,525,076,956</b>	<b>93.134%</b>

Total Ordinary Stock Issued - **1,637,500,000**

Total Number of Stock Holders - **1974**

## Directors ShareHoldings

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Herrick Winston Dear	-	-	-	0.000%
Tania Waldron-Gooden	164,466	-	164,466	0.010%
Ian B. Dear	-	1,070,221,961	1,070,221,961	65.357%
John G. Byles	-	-	-	0.000%
Roland P Clarke	4,332,453	-	4,332,453	0.265%
	<b>4,496,919</b>	<b>1,070,221,961</b>	<b>1,074,718,880</b>	<b>65.632%</b>

## Senior Managers ShareHoldings

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Roland P Clarke	4,332,453	-	4,332,453	0.265%
Mark Sutherland	2,623,924	-	2,623,924	0.160%
Alton Thelwell	1,283,400	-	1,283,400	0.078%
	<b>8,239,777</b>	<b>-</b>	<b>8,239,777</b>	<b>0.503%</b>

# Corporate Governance

## Report of Management's Responsibility and Internal Controls

The management of Express Catering Limited is responsible for the fairness and accuracy of the financial statements. The financial statements and the accompanying notes were prepared in accordance with the rules of the International Financial Reporting Standards and include such estimates as management deemed necessary to give a true and accurate view of the financial affairs of the group.

Management has established a system of internal controls over financial reporting that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Board of Directors provides oversight guidance to the management of the company in fulfilling their fiduciary duties to the shareholders and is assisted in their oversight responsibilities by the Audit Committee and the Remuneration Committee of the Board. Currently the Board of Directors meets on a quarterly basis and is prepared to revise the frequency should the need arise. The accompanying Management Discussion and Analysis were prepared under the direction and guidance of the Board of Directors.

### **The Remuneration Committee of the Board of Directors**

The purpose of the Remuneration Committee is to assist the Board in the oversight of matters relating to remuneration plans, remuneration of executives, long-term strategic plans and performance regarding management of human resources. The committee will meet at a minimum of once per annum and will comprise of three, of which two will be non-executive Directors. The Head of Human Resources will be the permanent Liaison Officer to the Committee but there may be other invitees. The Committee shall have such powers and perform such duties as the Board may from time to time delegate to it. The Committee for the year just ended was composed as follows:

#### **Ian Dear**

(Executive Member) - Chairman

#### **John Byles**

(Independent and Non-Executive Member)

#### **Tania Waldron-Gooden**

(Independent and Non-Executive Member)

### **The Audit Committee of the Board of Directors**

The Audit Committee of the Board of Directors was established to assist the Board of Directors in completing their oversight responsibility. The committee is currently comprised of two members who are both independent and non-executive directors. The Audit Committee has complete access to the financial records of the group and has direct access to the Chief Financial Officer, Vice President of Internal Controls and Systems, the Financial Controller and our External Auditors. The Audit Committee may be a mix of independent and non-executive, non-executive and executive directors but will always be comprised of at least two independent

and non-executive directors and will be chaired by one of them. The members of the committee for the year just ended were:

**John Byles**

(Independent and Non-Executive Director) - Chairman

**Tania Waldron-Gooden**

(Independent and Non-Executive Director)

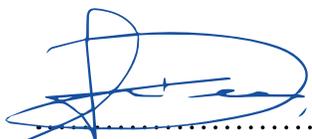
The Audit Committee meets on a quarterly basis to carry out their roles and responsibilities, inclusive of the following;

- Monitor the financial performance of the company against objectives.
- Ensure that the company is compliant with statutory and regulatory reporting requirements.
- Ensure that the company is compliant with covenants relating to banking and other creditor requirements.
- Monitor and review the effectiveness of the internal audit function.
- Consider, approve and recommend to the board the group's annual operating and capital budgets.
- Review internal and external audit reports
- Assess operational risks and make recommendations to the board for decision.

The board is very thankful to the Audit Committee for their guidance and wish for them another successful year.



  
.....  
**Herrick Dear**  
Chairman

  
.....  
**Ian Dear**  
Director

The Boards Corporate Governance Charter can be seen at the following website:  
[www.MargaritavilleCaribbean.com](http://www.MargaritavilleCaribbean.com)

# Management Discussion & Analysis

## of Financial Condition and Results of Operations

The discussion and analysis for Express Catering Limited (ECL) that follows should be read in conjunction with the audited financial statements and related financial statement notes found elsewhere in this report. The company reports on a 12-month basis from June 1 to May 31. Financial data is reported in US\$, the functional currency of the company. The discussions are on the results for the year ended May 31, 2022 and comparative prior years.

### Overview of Operations

ECL is a Jamaican registered company and a subsidiary of Margaritaville St. Lucia, Inc. The ultimate parent company is Margaritaville Caribbean Group Ltd (MCG), a Bahamian registered company. MCG, through its various subsidiaries and partnerships, owns and operates a diverse portfolio of restaurant and nightclub concepts in Jamaica, Turks and Caicos and St Thomas USVI. The Group is the franchise operator of the Jimmy Buffet's Margaritaville Restaurant, Bar and Retail Shops across the Caribbean.

ECL was established in 2001 as a joint venture between Margaritaville Caribbean and Goddard Catering Group. The company was created to fulfill the food and beverage demands of the thousands of visitors and Jamaican travelers that depart Jamaica through the Sangster International Airport. It also provides food and beverage offerings for the approximately 5,000 employees that work in the various support services at the airport.

Since 2011, ECL has been the dominant food and beverage partner of MBJ Airports Limited, operators of the Sangster International Airport in Montego Bay. The Company currently has exclusivity of food and beverage offerings for the post security sections. It also has a significant share of the pre-security food and beverage offerings and recently signed an

additional food and beverage concession agreement to increase the total food and beverage footprint in the Sangster International Airport. The new agreement will see the development and introduction of new food and beverage brands, catering to the public, at the Sangster International Airport (SIA) - Arrivals Area (Meet and Greet).

The company continues to review and assess its offerings and currently has the following international and local food and beverage favourites in operations, distributed throughout the airport:



# US\$14.2million

TOTAL REVENUE ACHIEVED FOR THE YEAR

The following are under construction and will be open during fiscal 2023:



A healthy “fresh casual” concept, serving signature smoothies and frozen yogurts alongside menu items with a focus on fresh and healthy options.



One of the largest sushi companies outside of Japan. The brand’s on-site Bento chefs prepare a selection of sushi, bento boxes, ramen, poke bowls and more. These fresh menu items can be enjoyed by guests onsite, or pre-packaged selections can be purchased at any of Express Catering’s Viva Grab and Go locations throughout the terminal.



A one-of-a-kind, Jamaican restaurant drawing inspiration from Jamaica’s vibrant culture, food, music, and spirit of generosity. Bob Marley’s One Love will feature an authentic pimento wood-grill, fresh juices, sharing plates, Marley inspired photo ops and more.

ECL’s business model was created around leisure travel. The company’s participation in and direct ties to Jamaica’s tourism industry is now enhanced with the addition of an attraction in the form of the Bob Marley One Love Food and Lifestyle experience, replete with photo opportunities into the life and travels of one of the Island’s most iconic personality and brand, Bob Marley. The photo opportunities are being developed in collaboration with VW Group, Brand owners of the iconic VW Bus that was the centerpiece of the mode of transportation for Marley and his band as they travelled around Jamaica, developing their craft, back in the days.

The recovery from the effects of the COVID-19 pandemic commenced in 2021 calendar year and can be seen from the below image.

### Stop Over Visitor Arrivals to Jamaica



Figures from the Jamaica Tourist Board (JTB) website.

# US\$1.1million

## NET PROFIT FOR THE YEAR

2021 recorded a 65.91% increase in stopover visitor arrivals to close the year at just over One Million Four Hundred and Sixty thousand visitors compared to just over Eight Hundred and Eighty thousand visitors in the previous calendar year. This is an outstanding recovery and is testament to the efforts being made by all Tourism stakeholders in ensuring that the industry recovers in the shortest possible time. The recovery efforts will continue to gain strength from the following advantages/efforts:

- Jamaica's proximity to the USA and Canada, the major source markets for stop over visitors to the Island.
- Jamaica's position as one of the best value propositions as a destination. There is a wide range of accommodation types, attractions and activities to create a varied product.
- Continued sales and marketing activities in key regions.
- Strong linkages with Carriers. The ability to get additional destinations to fly into Jamaica increases your source market for stopover visitors.

With a historical share of 80% of the stop over visitors entering Jamaica through the Sangster International Airport, Express Catering Limited stands to benefit significantly from these improved numbers.

In February 2022, MBJ Airports Limited, operators of the Sangster International Airport, signed a contract for the extension and improvement of the runway. The extension of the runway will allow for the establishment of Runway End Safety Areas (RESAs) at each runway end, meeting the requirements of the International Civil Aviation Organization (ICAO) and improving the runway's safety.

This has positive implications for the ability of the airport to attract additional carriers into Jamaica and will improve the confidence of the existing carriers. During the year, several new gateways and carriers announced partnerships with MBJ to fly into Jamaica through the Sangster International Airport.

The extensive renovations to the retail spaces (which started March 2020) continued during the year. 2,700 square meters of new retail space is being added plus renovation of an additional 4,000 square meters to create additional retail space. When completed, this will improve the circulation of passengers and the overall access to the various retail offerings from food and beverage to gift items, duty free alcohol and fragrances.

### Express Catering Departing Passenger Totals

	FISCAL YEAR - JUNE TO MAY			
	2019	2020	2021	2022
Passengers	2,328,022	1,861,610	567,935	1,794,388
Revenue - \$	17,316,372	14,001,360	4,412,511	14,241,229
Spend Rate - \$	7.44	7.52	7.77	7.94

Total departing passengers for the year was 1.79 million compared to 567,935 in the previous year. This was a more than a threefold increase compared to the prior year and is within 23% of fiscal 2019 totals, our best year for passenger flows pre-Covid-19. Revenue performed at an improved rate compared to the passenger growth. Spend rate for 2021 was \$7.77 per passenger and that increased to \$7.94 per passenger for the current year.

Construction work on the revamping of the retail space in the post security sections continued at a brisk pace. We relocated some of our existing offerings to the new food court during the year – Wendy's, Dominos, Quiznos, Dairy Queen and Island Deli. Logistical challenges associated with the pandemic have been hampering the delivery of required kitchen and preparation equipment, but we have made substantial progress during the year. The other offerings to be relocated are expected to be completed in fiscal 2023.

Ingredient prices continues to be impacted by the logistical challenges associated with COVID-19 and the ongoing war in Ukraine. This impacted the Cost of Sales ratio and the Net Profit reported. Adjustments to selling prices commenced in the fiscal year and continued into fiscal 2023.

### Results of Operations for Fiscal 2022

Below is a summary of the operating matrix in relation to revenues for the 4 most recent fiscal years. The information was prepared from the statement of profit or loss and other comprehensive income, found elsewhere in this report, as well as from previous fiscal reports.

ECL Results of Operations Matrix	2022	2021	2020	2019
		%	%	%
<b>Revenue</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Cost of sales	-35.12%	-34.59%	-30.90%	-29.25%
<b>Gross profit</b>	<b>64.88%</b>	<b>65.41%</b>	<b>69.10%</b>	<b>70.75%</b>
Administrative expenses	-28.22%	-45.46%	-31.53%	-44.04%
Promotional expenses	-0.03%	-0.32%	-0.33%	-0.28%
Depreciation and amortisation	-19.52%	-54.63%	-16.99%	-3.20%
<b>Operating profit</b>	<b>17.10%</b>	<b>-35.00%</b>	<b>20.25%</b>	<b>23.23%</b>
Concessions on rent	5.02%	40.60%	0.00%	0.00%
Finance income	0.03%	0.06%	0.00%	0.00%
Finance costs	-14.51%	-43.63%	-9.24%	-1.98%
Gain/(loss) on foreign exchange	0.06%	-1.35%	0.15%	0.29%
<b>Profit before tax</b>	<b>7.70%</b>	<b>-39.31%</b>	<b>11.17%</b>	<b>21.55%</b>
Income tax expense	0.00%	0.00%	0.00%	0.00%
Profit for the year being total comprehensive income for the year	<b>7.70%</b>	<b>-39.31%</b>	<b>11.17%</b>	<b>21.55%</b>



The adoption of the new IFRS 16 on Leases in fiscal 2020 changed the category ratios and the comparatives. Lease payments formerly grouped under administrative expenses are now split with a portion remaining under administrative expenses in the income statement and the balance being a pay-down of Lease Obligation in the Balance Sheet. The implied finance cost associated with the Lease Obligation is now included in the income statement under finance costs. The income statement is further impacted by the increase in Amortisation costs associated with the impairment of the Right-of-Use Asset.

### Revenues

The company recovered satisfactorily from the impact of COVID-19 during the year. Revenue returned \$14.24 million compared to \$4.41 million in the previous year. The highest revenue to date was \$17.32 million and this was recorded for fiscal 2019, prior to COVID-19. The improvement trend continues beyond the fiscal year end, and we expect the revenue for fiscal 2023 to be an improvement on fiscal 2022.

The company relocated several of the existing offerings to the newly built food court during the last Quarter of fiscal 2022. The new food court was designed to ensure maximum circulation of passengers and ease of access to available offerings. The company invested substantially in this expansion venture and expects to benefit from the increase in access to the retail shops. The additional offerings from Bob Marley One Love, Freshens and Bento are projected to be operational by the end of first quarter 2023. We are excited about the prospects of these new brands on overall revenue.

The company implemented price increase for several of our offerings during the fiscal year. This became necessary because of the continued pressure on ingredient prices during the year. Some categories of products took a longer time for their prices to be adjusted due to the need to redo menus. This was mostly so for quick casual dining outlets. By the second Quarter of fiscal 2023, all categories of offerings would have had price adjustments.

### Cost of Sales and Expenses

With stopover visitor numbers trending towards pre-COVID-19 levels across the group structure, there was a return to bulk buying during the year. This did not reduce prices but ensured we had consistent supplies at the required quality. Cost of Ingredient continued to be subjected to price increases during the year. This was due from the ongoing logistics challenges associated with Covid-19 as well as the war in Ukraine. With not many options around this challenge, we pursued many different strategies, including seeking alternative suppliers for regularly purchased supplies but these brought little relief.

Since the introduction of the IFRS 16 on Leases which resulted in changes to the expense categories, the company has not had a fiscal year without disruptions to be able to establish new standard ratios for the various expense categories. Notwithstanding, there were increases in the nominal total administrative cost to support the increased revenue. The business has a high variable cost component that moves in tandem with the revenue changes. The company improves profitability when we slow down the rate of the increase in the variable cost component when the revenue increases.



**80%** OF STOPOVER VISITORS ENTERED THROUGH THE SANGSTER INTERNATIONAL AIRPORT



**2.0** MILLION STOPOVER VISITORS TO DATE FOR 2022



### Earnings, Earnings Per Share (EPS) & Dividends

Net Profit for the year was just under US\$1.1 million resulting in Earnings Per Share (EPS) of 0.07 US Cents per unit. The result for the previous year was a loss of q\$1.73 million, a Loss Per Share of 0.1100 US Cents. The company is in recovery mode from the devastation of COVID-19, and as a result, no dividends were declared for the year.



### Balance Sheet Performance & Cash Flow

EECL continued to invest in the renovation and expansion project during the year. The project was initiated by MBJ, operators of the Sangster International Airport airport to relocate the food court and expand the post security retail space that commenced in Calendar 2020. This project is expected to be substantially completed in fiscal 2023. The bulk of the investments will be incurred in that year. Logistics challenges associated with COVID-19 impacted the delivery of equipment and caused delays in the completion of the project.

The company continues to nurture the relations with creditors. These have been of tremendous support during the downturn in business and they continue to be onboard as we recover.

### Future Outlook

Recovery is in progress and is sustainable. Total passenger count for the fiscal year was within 23% of pre-COVID-19 levels in fiscal 2019, the year with the highest total passenger count to date. The expectation for 2023 is that we will attain pre-COVID-19 monthly passenger counts for some of the months during fiscal 2023. Full recovery would be expected for fiscal 2024.

Relocation to the new food court commenced in the last Quarter of fiscal 2022. Work is on in earnest and substantial relocation will be completed by the close of Calendar 2022. This is of strategic importance to the company as this is also the start of the 2023 winter season. We plan to welcome it with the full roll-out of the rest of Concepts – Bob Marley One Love Café, Freshens and Bento Sushi. The expectation is that this will be the highest winter season since COVID-19 and will likely surpass pre-COVID-19 passenger totals. At the close of October, the country recorded over 2.0 million stopover visitors to date for calendar 2022. The highest recorded stopover visitor total for any calendar year was 2.68 million in 2019.

The company had a successful start to fiscal 2023. Total passenger count was within one thousand of the totals for the same period in 2019. Revenue was comparable too, but higher input costs negatively affected overall performance. Revised prices are now in effect, and this is expected to lessen the impact of the higher input costs in the following Quarters. Covid-19 continues to be present, however, the world is now prepared to consider Covid-19 as a new normal and is prepared to effectively eliminate the approach of locking down businesses and countries as the way to manage the virus.

We look forward to better days ahead!

# The Financials



## Independent auditor's report

To the Members of  
Express Catering Limited

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

#### Opinion

We have audited the financial statements of Express Catering Limited (“the Company”) which comprise the statement of financial position as at May 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at May 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that there are no key audit matters to communicate in our report.

#### Other information

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

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

#### **hlbjm.com**

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HLB Mair Russell is an independent member of HLB the global advisory and accounting network

## Independent auditor's report (cont'd)

To the Members of  
Express Catering Limited

### **Report on the audit of the Financial Statements (cont'd)**

#### Other information (cont'd)

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.

#### 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.

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

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

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.

## Independent auditor's report (cont'd)

To the Members of  
Express Catering Limited

### Report on the Financial Statements (cont'd)

#### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

We also provide 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter 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.

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

Montego Bay, Jamaica

September 12, 2022



HLB Mair Russell  
Chartered Accountants

# Express Catering Limited

## Statement of financial position

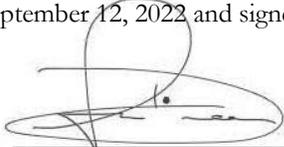
May 31, 2022

	Note	2022 US\$	2021 US\$
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	(3a)	4,123,769	3,933,553
Right-of-use asset	(3b)	24,031,310	26,215,975
Intangible assets	(4)	792,122	940,556
		<b>28,947,201</b>	<b>31,090,084</b>
<b>Current</b>			
Inventories	(5)	302,581	463,782
Trade and other receivables	(6)	308,545	190,194
Due from related companies	(7)	10,659,707	7,638,784
Cash and bank balances	(8)	276,254	424,365
		<b>11,547,087</b>	<b>8,717,125</b>
<b>Total assets</b>		<b>40,494,288</b>	<b>39,807,209</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	(9)	73,861	73,861
Capital reserve	(10)	43,490	43,490
Retained earnings		3,220,776	2,123,973
<b>Total equity</b>		<b>3,338,127</b>	<b>2,241,324</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings	(11)	8,362,630	8,036,324
Lease liabilities	(12)	22,651,761	24,628,804
Deferred tax liability	(13)	89,150	89,150
		<b>31,103,541</b>	<b>32,754,278</b>
<b>Current</b>			
Bank overdraft	(8)	186,148	67,382
Trade and other payables	(14)	3,881,765	2,821,072
Current portion of lease liabilities	(12)	1,984,707	1,923,153
		<b>6,052,620</b>	<b>4,811,607</b>
<b>Total liabilities</b>		<b>37,156,161</b>	<b>37,565,885</b>
<b>Total equity and liabilities</b>		<b>40,494,288</b>	<b>39,807,209</b>

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

Approved for issue by the Board of Directors on September 12, 2022 and signed on its behalf by:

  
 \_\_\_\_\_) Director  
**John Byles**

  
 \_\_\_\_\_) Director  
**Ian Dear**

# Express Catering Limited

## Statement of profit or loss and Other comprehensive income

Year ended May 31, 2022

	Note	2022 US\$	2021 US\$
<b>Revenue</b>		14,241,229	4,412,511
Cost of sales		(5,002,167)	(1,526,305)
<b>Gross profit</b>		<b>9,239,062</b>	<b>2,886,206</b>
Administrative expenses	(15)	(4,018,997)	(2,005,997)
Promotional expenses		(4,858)	(13,996)
Depreciation and amortisation		(2,780,369)	(2,410,656)
<b>Operating profit/(loss)</b>		<b>2,434,838</b>	<b>(1,544,443)</b>
Covid-19 rent concession	(12)	715,199	1,791,536
Finance income	(16)	4,551	2,855
Finance costs	(16)	(2,065,844)	(1,925,082)
Gain/(loss) on foreign exchange		8,059	(59,378)
<b>Profit/(loss) for the year being total comprehensive income/(loss) for the year</b>		<b>1,096,803</b>	<b>(1,734,512)</b>
<b>Earnings/(loss) per share</b>	(17)	<b>0.0007</b>	<b>(0.001)</b>

## Express Catering Limited

### Statement of changes in equity

Year ended May 31, 2022

	Share Capital US\$	Capital Reserve US\$	Retained Earnings US\$	Total US\$
<b>Balance at May 31, 2020</b>	73,861	43,490	3,858,485	3,975,836
Loss for the year being total comprehensive loss for the year	-	-	(1,734,512)	(1,734,512)
<b>Balance at May 31, 2021</b>	73,861	43,490	2,123,973	2,241,324
Profit for the year being total comprehensive loss for the year	-	-	1,096,803	1,096,803
<b>Balance at May 31, 2022</b>	<b>73,861</b>	<b>43,490</b>	<b>3,220,776</b>	<b>3,338,127</b>

# Express Catering Limited

## Statement of cash flows

Year ended May 31, 2022

	2022 US\$	2021 US\$
<b>Cash flows from operating activities:</b>		
Profit/(loss) before tax	1,096,803	(1,734,512)
Adjustments for:		
Depreciation and amortisation	2,780,369	2,410,656
Interest expense	2,065,844	1,925,082
Rent concessions	(715,199)	(1,791,536)
Interest income	(4,551)	(2,855)
	<b>5,223,266</b>	<b>806,835</b>
Decrease/(increase) in inventories	161,202	(131,501)
Increase in receivables	(118,351)	(9,133)
Increase in owing by related companies	(3,020,923)	(4,002,285)
Increase in trade and other payables	365,315	1,364,742
	<b>2,610,509</b>	<b>(1,971,342)</b>
<b>Cash generated from/(used in) operations</b>	<b>2,610,509</b>	<b>(1,971,342)</b>
Interest paid	(1,044,157)	(1,595,315)
<b>Net cash provided by/(used in) operating activities</b>	<b>1,566,352</b>	<b>(3,566,657)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(636,668)	(179,247)
Purchase of intangible assets	(819)	(85,709)
Interest received	4,551	2,855
<b>Net cash used in investing activities</b>	<b>(632,936)</b>	<b>(262,101)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease obligations	(1,200,293)	(159,768)
Proceeds from borrowing	-	8,000,000
Repayment of preference share	-	(3,500,000)
Interest on preference shares paid	-	(329,767)
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,200,293)</b>	<b>4,010,465</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(266,877)</b>	<b>181,707</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>356,983</b>	<b>175,276</b>
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>90,106</b>	<b>356,983</b>

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# Express Catering Limited

## Notes to the financial statements

Year ended May 31, 2022

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### 1. General information and nature of operations

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay. The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Group Ltd., a company registered under the Bahamas IBC Act of 2000.

The company was listed on the Junior Market of the Jamaica Stock Exchange in July 2017.

### 2. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below:

#### a Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in United States Dollars (USD).

#### b New standards, interpretations and amendments to published standards that became effective in the current year

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have a significant impact on the financial statements:

**Amendments to IAS 1 and IAS 8 on the definition of material.** These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

**Amendments to IFRS 9 IAS 39, IFRS 4, IFRS 16 and IFRS 7- Interest rate benchmark reform.** These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

#### c Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company

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

**Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities,** (effective for annual periods beginning on or after January 1, 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### c Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company (cont'd)

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

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

#### d Basis for measurement

These financial statements have been prepared on the historical cost basis, except for land and buildings that are measured at revalued amounts, or fair values, as explained in the accounting policies below.

#### e Property, plant and equipment

##### (i) Carrying amount

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

##### (ii) Depreciation

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, five to ten (5 - 10) years for furniture, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold building and improvements are being amortised over twenty years.

##### (iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

#### f Intangible assets

These represent amounts spent on the development of new products, processes and systems which is being amortised over 7 years.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### g Functional and presentation currency

Functional and presentation currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of the company.

Foreign currency translations and balances

- (i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.
- (ii) Foreign currency transactions are translated into the functional currency at the exchange rate ruling at the dates of those transactions.
- (iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured fair value which are translated using the exchange rates at the date when the fair value was determined.

#### h Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of refunds and discounts. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and
- collection of the consideration in exchange of the goods and services is probable.

The Company derives revenue from sale of goods and rendering of services either at point in time or over time, when (or as) the Company satisfies performance obligations by transferring control of the promised goods or rendering of the promised services to its customers.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### h Revenue recognition (cont'd)

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

##### Sale of goods

Sales to customers are recognised at point in time upon delivery of goods and customer acceptance.

##### Rendering of services

Revenue arising from the provision of island tours, adventure activities and photo shop services is recognised either at point in time or overtime upon the performance of services or the delivery of products and customer acceptance. Revenue arising from the provision of hotel accommodation, restaurant and bar services and activities is recognised upon the performance of services or the delivery of products and customer acceptance. Consideration received in advance to secure hotel room bookings is initially deferred, included in contract liabilities and is recognised as revenue in the period when the service is performed.

##### Other income

Other income is recognised at point in time on the accrual basis.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

#### i Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses, directly attributable to goods sold. Net realisable value is the estimated selling price in the ordinary course of business less any related selling expenses.

#### j Cash and bank

Cash and bank comprise amounts held in current and savings accounts with financial institutions and cash on hand balances net of bank overdraft.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### k Trade and other receivables

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

#### l Due from related company

Amounts due from related company are carried at cost.

#### m Financial instruments

##### Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are measured at amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### m Financial instruments (cont'd)

##### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The company's financial liabilities include bank loans and overdraft, trade and other payables.

#### n Trade and other payables

Trade and other payables are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### o Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax.

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

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

#### p Leased assets

As described in Note 2c, the company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after June 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### p Leased assets (cont'd)

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on straight-line basis over the lease term.

#### Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### q Impairment

The company's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

#### r Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 2. Summary of significant accounting policies (cont'd)

#### s Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation are provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 2(e).

Expected credit loss

In assessing provision for doubtful debts, management estimates the recoverable amount of overdue balances. Estimation uncertainty relates to assumptions about future collectability of these overdue balances.

## Express Catering Limited

### Notes to the financial statements

May 31, 2022

#### 3a. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the years included in the financial statements as at May 31, 2022, can be analysed as follows:

	Work in progress	Building and Leasehold Improvement US\$	Motor Vehicle US\$	Entertainment Equipment US\$	Computer US\$	Furniture and Fixtures US\$	Bar and Restaurant Equipment US\$	Total US\$
<b>Gross carrying amount</b>								
Balance as at June 1, 2021	144,302	2,862,343	56,761	178,235	557,491	2,855,767	2,464,709	9,119,608
Additions	629,029	-	-	-	6,559	-	1,080	636,668
<b>Balance as at May 31, 2022</b>	<b>773,331</b>	<b>2,862,343</b>	<b>56,761</b>	<b>178,235</b>	<b>564,050</b>	<b>2,855,767</b>	<b>2,465,789</b>	<b>9,756,276</b>
<b>Depreciation and impairment</b>								
Balance as at June 1, 2021	-	(1,325,851)	(56,761)	(140,484)	(434,951)	(1,688,577)	(1,539,431)	(5,186,055)
Depreciation	-	(96,362)	-	(4,808)	(22,319)	(165,743)	(157,220)	(446,452)
<b>Balance as at May 31, 2022</b>	<b>-</b>	<b>(1,422,213)</b>	<b>(56,761)</b>	<b>(145,292)</b>	<b>(457,270)</b>	<b>(1,854,320)</b>	<b>(1,696,651)</b>	<b>(5,632,507)</b>
<b>Carrying amount as at May 31, 2022</b>	<b>773,331</b>	<b>1,440,130</b>	<b>-</b>	<b>32,943</b>	<b>106,780</b>	<b>1,001,447</b>	<b>769,138</b>	<b>4,123,769</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 3a. Property, plant and equipment (cont'd):

	Work in progress	Building and Leasehold Improvement US\$	Motor Vehicle US\$	Entertainment Equipment US\$	Computer US\$	Furniture and Fixtures US\$	Bar and Restaurant Equipment US\$	Total US\$
<b>Gross carrying amount</b>								
Balance as at June 1, 2020	-	2,862,343	56,761	178,235	522,546	2,855,767	2,464,709	8,940,361
Additions	144,302	-	-	-	34,945	-	-	179,247
<b>Balance as at May 31, 2021</b>	<b>144,302</b>	<b>2,862,343</b>	<b>56,761</b>	<b>178,235</b>	<b>557,491</b>	<b>2,855,767</b>	<b>2,464,709</b>	<b>9,119,608</b>
<b>Depreciation and impairment</b>								
Balance as at June 1, 2020	-	(1,229,489)	(56,761)	(135,675)	(412,632)	(1,522,835)	(1,382,212)	(4,739,604)
Depreciation	-	(96,362)	-	(4,809)	(22,319)	(165,742)	(157,219)	(446,451)
<b>Balance as at May 31, 2021</b>	<b>-</b>	<b>(1,325,851)</b>	<b>(56,761)</b>	<b>(140,484)</b>	<b>(434,951)</b>	<b>(1,688,577)</b>	<b>(1,539,431)</b>	<b>(5,186,055)</b>
<b>Carrying amount as at May 31, 2021</b>	<b>144,302</b>	<b>1,536,492</b>	<b>-</b>	<b>37,751</b>	<b>122,540</b>	<b>1,167,190</b>	<b>925,278</b>	<b>3,933,553</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 3b. Right-of-use asset

	2022 US\$
<b>Gross carrying amount</b>	
Balance as at June 1, 2021	29,812,989
<b>Carrying amount at May 31, 2022</b>	<b>29,812,989</b>
<b>Amortisation</b>	
Balance as at June 1, 2021	(3,597,014)
Amortised during the year	(2,184,665)
<b>Carrying amount at May 31, 2022</b>	<b>(5,781,679)</b>
<b>Carrying amount as at May 31, 2022</b>	<b>24,031,310</b>

### Right-of-use asset

	2021 US\$
<b>Gross carrying amount</b>	
Balance as at June 1, 2020	24,711,022
Increase in asset	5,101,967
<b>Carrying amount at May 31, 2021</b>	<b>29,812,989</b>
<b>Amortisation</b>	
Balance as at June 1, 2020	(1,782,062)
Amortised during the year	(1,814,952)
<b>Carrying amount at May 31, 2021</b>	<b>(3,597,014)</b>
<b>Carrying amount as at May 31, 2021</b>	<b>26,215,975</b>

Right-of-use asset represents property spaces leased.

### 4. Intangible assets

These represents amounts spent on the development of new products, processes and systems and amounts paid for licenses and franchises are being amortised over 7 years.

	Development Cost US\$	Licenses and Franchises US\$	Total US\$
<b>Gross carrying amount</b>			
Balance as at June 1, 2021	649,374	1,368,231	2,017,605
Additions	819	-	819
<b>Balance as at May 31, 2022</b>	<b>650,193</b>	<b>1,368,231</b>	<b>2,018,424</b>
<b>Amortisation</b>			
Balance as at June 1, 2021	(131,150)	(945,899)	(1,077,049)
Amortisation	(60,288)	(88,965)	(149,253)
<b>Balance as at May 31, 2022</b>	<b>(191,438)</b>	<b>(1,034,864)</b>	<b>(1,226,302)</b>
<b>Carrying amount as at May 31, 2022</b>	<b>458,755</b>	<b>333,367</b>	<b>792,122</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

#### 4. Intangible assets (cont'd)

	Development Cost US\$	Licenses and Franchises US\$	Total US\$
<b>Gross carrying amount</b>			
Balance as at June 1, 2020	598,665	1,333,231	1,931,896
Additions	50,709	35,000	85,709
<b>Balance as at May 31, 2021</b>	<b>649,374</b>	<b>1,368,231</b>	<b>2,017,605</b>
<b>Amortisation</b>			
Balance as at June 1, 2020	(70,862)	(856,934)	(927,796)
Amortisation	(60,288)	(88,965)	(149,253)
<b>Balance as at May 31, 2021</b>	<b>(131,150)</b>	<b>(945,899)</b>	<b>(1,077,049)</b>
<b>Carrying amount as at May 31, 2021</b>	<b>518,224</b>	<b>422,332</b>	<b>940,556</b>

#### 5. Inventories

	2022 US\$	2021 US\$
Food	148,640	135,234
Beverage	34,652	34,831
Gift Shop	24,684	31,983
Other	94,605	261,734
<b>Total</b>	<b>302,581</b>	<b>463,782</b>

#### 6. Trade and other receivables

	2022 US\$	2021 US\$
Receivables	45,917	9,230
Staff loan	5,540	11,166
Deposit	158,799	42,000
Other receivables	6,065	60,737
Prepayments	92,224	67,061
<b>Total</b>	<b>308,545</b>	<b>190,194</b>

#### 7. Related party balances and transactions

The company is related to the various companies in the Caribbean operating under the Margaritaville franchise, by way of common shareholders and directors.

i The statement of financial position includes balances arising in the normal course of business, with related parties as follows:

	2022 US\$	2021 US\$
Margaritaville Limited	10,659,707	7,638,784
	<b>10,659,707</b>	<b>7,638,784</b>

ii Related party balances are unsecured. Related party balances have no fixed repayment terms.

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 8. Cash and cash equivalents

	2022 US\$	2021 US\$
Cash and bank balances	276,254	424,365
Bank overdraft	(186,148)	(67,382)
<b>Total</b>	<b>90,106</b>	<b>356,983</b>

Bank Overdraft represents the excess of unpresented cheques over bank balances at the end of year. The company does not operate an overdraft facility.

### 9. Share capital

	2022 US\$	2021 US\$
Authorised		
Issued and fully paid:		
1,637,500,000 ordinary shares (No par value)	73,861	73,861
	<b>73,861</b>	<b>73,861</b>

On June 26, 2017, the company adopted new public company Articles of Incorporation and passed (amongst others) the following resolutions with the approval of its holding company, Margaritaville St. Lucia:

- The sub-division of each Share into 250 units, for the purposes of pricing the Sale Shares in the Invitation and for the creation of liquidity in the trading market for the Shares following a successful listing on the Junior Market of the Junior Stock Exchange (JSE).
- The conversion of each fully paid Share to stock for the purposes of the application proposed to be made to list the Shares on the Junior Market of the JSE.

### 10. Capital reserve

The above represents net income earned two months prior to the date of incorporation as follows:

	US\$
Gross income	159,538
Less: Expenses	(94,303)
Taxation	(21,745)
	<b>43,490</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 11. Borrowing

	2022 US\$
<b>Balance at June 1, 2021</b>	8,036,324
Deferred interest	326,306
<b>Balance at May 31, 2022</b>	<b>8,362,630</b>

Sygnus Credit Investment Limited (SCI) loan of \$8,000,000 commenced on December 15, 2020. The loan is to assist with the refinance of preference shares and business expansion and is to be repaid at the end of 60 months with an interest rate of 8% cash and 4% deferred quarterly and payable at maturity.

If the EBITA is greater than \$5.5 million after the second anniversary (year 2), the deferred coupon shall fall to 3.5%.

Express Catering Limited is to maintain financial covenants of a minimum Debt Service Coverage ratio of 1.25 times and a maximum Debt to EBITDA ratio of 4 times.

### 12. Lease liabilities

The Company operates under a Concession Licence Agreement granted to it in December 2011 by MBJ Airports Limited which operates Sangster International Airport. This Concession Licence Agreement permits the Company to develop and use 31,570.70 square feet of space for food and beverage concessions at the post- security screening area.

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

#### (a) Lease liabilities

	2022 \$	2021 \$
<b>Current</b>	1,984,707	1,923,153
<b>Non-current</b>	22,651,761	24,628,804
<b>Total</b>	<b>24,636,468</b>	<b>26,551,957</b>

Future minimum lease payments are as follows:

	Within 1 year \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Lease payments	(2,916,989)	(14,546,640)	(12,541,528)	(30,004,157)
Finance charges	932,282	3,414,062	1,022,345	5,361,028
<b>Net present values</b>	<b>(1,984,707)</b>	<b>(11,132,578)</b>	<b>(11,519,183)</b>	<b>(24,636,468)</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 12. Lease liabilities (cont'd)

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

#### (b) Amounts recognised in the profit or loss

	2022	2021
	\$	\$
Amortisation charged on right-of-use assets	2,184,665	1,814,952
Interest expense on lease liabilities	1,008,326	1,081,164
Concessions on rent	(715,199)	(1,791,536)
	<b>2,477,792</b>	<b>1,081,164</b>

#### (c) Amounts recognised in the statement of cash flow

	2022	2021
	\$	\$
Principal payments	1,200,293	159,767
Interest payments	1,008,326	1,057,748
Concessions on rent	715,199	1,791,536
<b>Cash out flows for leases</b>	<b>2,923,818</b>	<b>3,009,051</b>

### 13. Deferred tax liability

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 25%. The movement on the deferred tax account is as follows:

	2022	2021
	US\$	US\$
Balance at beginning of year	89,150	89,150
Balance at end of year	<b>89,150</b>	<b>89,150</b>

### 14. Trade and other payables

	2022	2021
	US\$	US\$
Trade payables	2,656,754	2,235,224
Accrued expenses	103,040	100,904
Loan interest payable	695,378	160,000
Other payables	426,593	324,944
<b>Total</b>	<b>3,881,765</b>	<b>2,821,072</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 15. Expenses by nature

Total direct, administrative and other operating expenses:

	2022 US\$	2021 US\$
<b>Direct expenses</b>		
Cost of inventories recognised as expense	<b>5,002,167</b>	<b>1,526,305</b>
<b>Administrative expenses</b>		
Employee benefits (Note 20)	1,381,411	922,452
Lease expense	916,230	382,626
Franchise fees	439,693	121,221
Audit Fees	14,400	14,400
Other expenses	1,267,263	565,298
<b>Total</b>	<b>4,018,997</b>	<b>2,005,997</b>
<b>Promotional expenses</b>		
Advertising	<b>4,858</b>	<b>13,996</b>
<b>Depreciation and amortisation</b>		
Depreciation	446,451	446,451
Amortisation	2,333,918	1,964,205
<b>Total</b>	<b>2,780,369</b>	<b>2,410,656</b>

### 16. (a) Finance income

Finance income includes all income from financial assets and comprises:

	2022 US\$	2021 US\$
Interest income from financial assets	4,551	2,855
<b>Total</b>	<b>4,551</b>	<b>2,855</b>

### (b) Finance costs

Finance costs includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	2022 US\$	2021 US\$
Preference dividends	-	329,767
Interest expense on lease liabilities (note 12)	1,008,326	1,057,748
Overdraft and loan interest	1,057,518	537,567
<b>Total</b>	<b>2,065,844</b>	<b>1,925,082</b>

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 17. Earnings per share

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

	2022 US\$	2021 US\$
Profit/(loss) attributable to shareholders	1,096,803	(1,734,512)
Weighted average number of shares	1,637,500,000	1,637,500,000
Earnings/(loss) per share	0.0007	(0.001)

### 18. Income taxes

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

Reconciliation of theoretical tax charge to effective tax charge:

	2022 US\$	2021 US\$
<b>Profit/(loss) before tax</b>	1,096,803	(1,734,512)
Tax at applicable tax rate of 25%	274,201	(433,628)
Tax effect of expenses not deductible for tax purpose	695,093	599,868
Tax effect of allowances and remission of tax	(969,294)	(166,240)
<b>Income tax charge for the year</b>	-	-

### 19. Ordinary dividends

The Board did not declare a dividend for the current year and prior year.

### 20. Employee benefits

	2022 US\$	2021 US\$
Wages and taxes	1,200,826	781,767
Medical and other staff benefits	180,585	140,685
<b>Total</b>	<b>1,381,411</b>	<b>922,452</b>

There were one hundred and ninety-seven (197) - (2021 - One hundred and forty-five (145)) permanent employees at year end.

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 21. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

#### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both operating and investing activities.

##### i Currency risk and sensitivity

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

However, the company's financial statements are denominated in United States Dollar and as such there is no exposure to this risk.

##### ii Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-earning assets closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

#### Interest rate sensitivity

Due to the fact that interest earned from the company's interest earning bank accounts is immaterial, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

##### iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

The company is not exposed to other price risk as it has no investment in equity instruments.

#### b Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company faces credit risk in respect of its receivables and cash and cash equivalents held with financial institutions. However, this risk is controlled by close monitoring of these assets by the company. In addition these deposits are maintained with commercial banks that are insured under the Jamaica Deposit Insurance Scheme (JDIS).

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 21. Risk management policies (cont'd)

#### b Credit risk (cont'd)

##### Receivables and other receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company only grants credits to Airlines. The company experienced no credit losses over the past two years and does not expect to incur any credit loss based on its current business model.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the end of the reporting period as summarised below:

	2022 US\$	2021 US\$
Trade and other receivables	308,545	190,194
Cash and bank balances	276,254	424,365
<b>Total</b>	<b>584,799</b>	<b>614,559</b>

#### c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and savings deposits for up to 30-day periods to meet its liquidity requirements.

The company's financial liabilities comprise trade and other payables, bank overdraft, preference shares and lease obligation. The contractual maturities (including interest where applicable) are as follows:

May 31, 2022

	Current Within 12 Months US\$	Non-current 1 to 5 years US\$	Over 5 years US\$
Bank overdraft	186,148	-	-
Trade and other payables	3,881,765	-	-
Lease liabilities	2,916,989	14,546,640	12,541,528
Borrowings	668,000	11,494,901	-
<b>Total</b>	<b>7,652,902</b>	<b>26,041,541</b>	<b>12,541,528</b>

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# Express Catering Limited

## Notes to the financial statements

May 31, 2022

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### 21. Risk management policies (cont'd)

#### c Liquidity risk (cont'd)

May 31, 2021

	Current Within 12 Months US\$	Non-current 1 to 5 years US\$	Over 5 years US\$
Bank overdraft	67,382	-	-
Trade and other payables	2,821,072	-	-
Lease liabilities	2,931,479	14,546,640	15,450,856
Borrowings	668,000	12,045,154	-
<b>Total</b>	<b>6,484,933</b>	<b>26,591,794</b>	<b>15,450,856</b>

### 22. Fair value of financial instruments

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

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The company's assets and liabilities are measured at amortised costs and the carrying amounts for these are disclosed at Note 25.

# Express Catering Limited

## Notes to the financial statements

May 31, 2022

### 23. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities are recognised at the end of the reporting period under review may also be categorised as follows:

	2022 US\$	2021 US\$
<b>Financial assets measured at amortised costs</b>		
Trade and other receivables	308,545	190,194
Due from related companies	10,659,707	7,638,784
Cash and bank balances	276,254	424,365
<b>Total</b>	<b>11,244,506</b>	<b>8,253,343</b>
<b>Financial liabilities measured at amortised costs</b>		
<b>Non-current</b>		
Lease liabilities	22,651,761	24,628,804
Borrowings	8,362,630	8,036,324
	<b>31,014,391</b>	<b>32,665,128</b>
<b>Current</b>		
Bank overdraft	186,148	67,382
Trade and other payables	3,881,765	2,821,072
Current portion of lease liabilities	1,984,707	1,923,153
	<b>6,052,620</b>	<b>4,811,607</b>

### 24. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions.

The two operating segments are food and beverage which are normally priced together as a meal and therefore no segment reporting is disclosed in these financial statements.

### 25. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to provide adequate return to shareholders by pricing products commensurately with the level of risk and current market conditions.

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



# Form of Proxy

## EXPRESS CATERING LIMITED

\$100 stamp  
to be affixed

I/We, \_\_\_\_\_  
[insert name]

of \_\_\_\_\_

\_\_\_\_\_ [address]

being a shareholder(s) of the above-named Company, hereby appoint:

\_\_\_\_\_ [proxy name]

of \_\_\_\_\_

\_\_\_\_\_ [address]

or failing him, \_\_\_\_\_ [alternate proxy]

of \_\_\_\_\_

\_\_\_\_\_ [address]

as my/our proxy to vote for me for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Thursday,

March 23, 2023 at the Margaritaville Ltd. Board Room, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

### ORDINARY BUSINESS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

NOTES: When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting. The Proxy Form should bear stamp duty of \$100.00 which may be adhesive and duly cancelled by the persons signing the proxy form. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.





