

JAMAICAN TEAS LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaican Teas Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 9 to 75, which comprise the group's and the company's statements of financial position as at September 30, 2022, the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. Measurement of Expected Credit Losses

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
The group recognises expected credit losses ('ECL') on financial assets measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information.	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of controls and effectiveness, or lack thereof.• Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets.• Testing the completeness and accuracy of the data used in the model to the underlying accounting records.• Assessing the appropriateness of the group's impairment methodology, management's assumptions, and compliance with the requirements of IFRS 9, <i>Financial Instruments</i>.• Evaluating the appropriateness of economic parameters including the use of forward-looking information.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Measurement of Expected Credit Losses (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p><i>See notes 11 and 29(a).</i></p>	<p>Our audit procedures in response to this matter, included (continued):</p> <ul style="list-style-type: none">• Testing the accuracy of the ECL calculation.• Testing the group's recording and ageing of accounts receivable.• Assessing whether disclosures in the financial statements are adequate in respect of the group's exposure to credit risk and measurement of allowances for ECL.

2. Valuation of investments

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>A subsidiary holds significant investments in equity securities listed on multiple stock exchanges. The subsidiary uses quoted mid or closing prices to value these investments.</p> <p>The valuation of these investments, although based on observable market prices; continues to suffer from increased volatility and decline in trading activities for certain shares, arising from the residual impact of the COVID-19 pandemic.</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none">• Assessing and testing the design and implementation of the subsidiary's control over the determination and computation of fair values.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Valuation of investments (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading.</p> <p>Judgement is therefore required to determine whether the quoted prices used by management represents prices from an active market and, where mid prices are used; whether a wide gap between the bid and ask prices is an indicator of an active market or otherwise.</p> <p><i>See notes 8 and note 29(e).</i></p>	<p>Our audit procedures in response to this matter, included (continued):</p> <ul style="list-style-type: none">• Challenging the reasonableness of prices used by the subsidiary by comparing to independent third-party information, including assessing whether prices used fall within the bid-ask spread as required by IFRS 13 <i>Fair Value Measurement</i>.• Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 <i>Fair Value Measurement</i> and reviewing the volume of trade for the securities held by the subsidiary at year end.• Assessing the adequacy of disclosure, including the degree of estimation involved in determining fair values.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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 Group and 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 and 8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement principal on the audit resulting in this independent auditors' report is Al Johnson.

KPMG

Chartered Accountants
Kingston, Jamaica

January 26, 2023



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report (continued)

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

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

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

JAMAICAN TEAS LIMITED


Consolidated Statement of Financial Position
September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	835,891	371,938
Investment properties	5	294,399	318,001
Intangible assets	6	9,414	2,189
Right-of-use assets	7(a)	13,202	-
Investments	8	1,980,637	2,138,662
Deferred tax asset	9	-	2,113
		<u>3,133,543</u>	<u>2,832,903</u>
CURRENT ASSETS			
Inventories	10	1,191,916	666,030
Trade and other receivables	11	530,406	393,981
Taxation recoverable		317	280
Cash and cash equivalents	12	<u>83,173</u>	<u>188,505</u>
		<u>1,805,812</u>	<u>1,248,796</u>
TOTAL ASSETS		<u>4,939,355</u>	<u>4,081,699</u>
EQUITY			
Share capital	13	261,342	241,344
Treasury shares	13	-	(63,297)
Capital reserves	14	138,878	110,939
Revaluation reserves	4	255,247	-
Retained earnings		<u>2,002,466</u>	<u>1,787,918</u>
		2,657,933	2,076,904
NON-CONTROLLING INTERESTS	15	<u>1,105,516</u>	<u>1,213,677</u>
		<u>3,763,449</u>	<u>3,290,581</u>
NON-CURRENT LIABILITIES			
Long-term loans	16	167,534	141,132
Lease liability	7(b)	8,198	-
Margin loans	20	396,889	341,445
Deferred tax liability	9	<u>86,419</u>	-
		<u>659,040</u>	<u>482,577</u>
CURRENT LIABILITIES			
Current portion of long-term loans	16	27,119	23,706
Current portion of lease liability	7(b)	6,600	-
Trade and other payables	17	346,550	184,685
Short-term borrowings	18	115,809	68,446
Bank overdraft	19	-	226
Taxation payable		<u>20,788</u>	<u>31,478</u>
		<u>516,866</u>	<u>308,541</u>
TOTAL EQUITY AND LIABILITIES		<u>4,939,355</u>	<u>4,081,699</u>

The financial statements on pages 9 to 75 were approved for issue by the Board of Directors on January 26, 2023 and signed on its behalf by:



John Jackson - Director



John Mahfood - Director

JAMAICAN TEAS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
 Year ended September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Gross operating revenue	21	2,468,954	2,270,189
Cost of operating revenue	22(a)	<u>(1,925,956)</u>	<u>(1,716,890)</u>
Gross profit		542,998	553,299
Fair value gains from revaluation of investments at FVTPL	3(h)	10,960	338,484
Other income	23	<u>71,935</u>	<u>163,475</u>
		<u>625,893</u>	<u>1,055,258</u>
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(346,862)	(245,410)
Advertising and promotions	22(c)	(37,960)	(36,823)
Impairment gains on trade receivables, net	22(c)	<u>5,831</u>	<u>5,728</u>
		<u>(378,991)</u>	<u>(276,505)</u>
Operating profit		246,902	778,753
Finance costs - Interest on loans and leases		<u>(50,261)</u>	<u>(37,708)</u>
Profit before taxation		196,641	741,045
Taxation	25	<u>(34,057)</u>	<u>(154,861)</u>
Profit for the year		<u>162,584</u>	<u>586,184</u>
Attributable to:			
Owners of the company		193,948	392,935
Non-controlling interests	15	<u>(31,364)</u>	<u>193,249</u>
		<u>162,584</u>	<u>586,184</u>
Other comprehensive Income:			
Items that will never be classified to profit or loss:			
Surplus on revaluation of land and buildings	4	340,329	-
Related tax on revaluation of land and buildings	9	<u>(85,082)</u>	<u>-</u>
		<u>255,247</u>	<u>-</u>
Total comprehensive income		<u>417,831</u>	<u>-</u>
Attributable to:			
Owners of the company		449,195	392,935
Non-controlling interests	15	<u>(31,364)</u>	<u>193,249</u>
		<u>417,831</u>	<u>586,184</u>
Earnings per share:			
Earnings per ordinary stock unit	26(a)	<u>0.09</u>	<u>0.19</u>
Diluted earnings per ordinary stock unit	26(b)	<u>0.08</u>	<u>0.17</u>

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

JAMAICAN TEAS LIMITEDConsolidated Statement of Changes in Equity
Year ended September 30, 2022

	Attributable to stockholders of the company				Treasury shares [note 13(c)] \$'000	Non- controlling interests (note 15) \$'000	Total \$'000
	Share capital (note 13) \$'000	Capital reserves (note 14) \$'000	Revaluation reserves \$'000	Retained earnings \$'000			
	Balance as at September 30, 2020	190,749	152,836	-			
Profit for the year, being total comprehensive income for the year	-	-	-	392,935	-	193,249	586,184
Transaction with owners:							
Treasury shares acquired, at cost	-	-	-	-	(25,335)	-	(25,335)
Capital distribution (note 27)	-	(41,897)	-	-	-	-	(41,897)
Dividend paid (note 27)	-	-	-	(21,463)	-	-	(21,463)
Share option exercised (note 13)	<u>50,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,595</u>
	<u>50,595</u>	<u>(41,897)</u>	<u>-</u>	<u>(21,463)</u>	<u>(25,335)</u>	<u>-</u>	<u>(38,100)</u>
Change in ownership interest:							
Reduction in non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,655)</u>	<u>(71,655)</u>
Balances as at September 30, 2021	241,344	110,939	-	1,787,918	(63,297)	1,213,677	3,290,581
Profit/(loss) for the year, being total comprehensive income/(loss) for the year	-	-	-	193,948	-	(31,364)	162,584
Other comprehensive income being surplus on revaluation of land and buildings, net of tax	-	-	255,247	-	-	-	255,247
Transfer of franked income from retained earnings	<u>-</u>	<u>27,939</u>	<u>-</u>	<u>(27,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transaction with owners:							
Sale of treasury shares	-	-	-	48,539	63,297	-	111,836
Dividend paid (note 27)	-	-	-	-	-	(26,715)	(26,715)
Share option exercised (note 13)	<u>19,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,998</u>
	<u>261,342</u>	<u>138,878</u>	<u>255,247</u>	<u>2,002,466</u>	<u>-</u>	<u>1,155,598</u>	<u>3,813,531</u>
Change in ownership interest:							
Reduction in non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,082)</u>	<u>(50,082)</u>
Balances as at September 30, 2022	<u>261,342</u>	<u>138,878</u>	<u>255,247</u>	<u>2,002,466</u>	<u>-</u>	<u>1,105,516</u>	<u>3,763,449</u>

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

JAMAICAN TEAS LIMITEDConsolidated Statement of Cash Flows
Year ended September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) for the year		162,584	586,184
Adjustments for:			
Increase/(decrease) in fair value of investment properties	23	(30,060)	4,357
Gain on disposal of property, plant and equipment	23	(534)	(3,473)
Loss on disposal of investment property	5,23	1,543	-
Loss on disposal of intangible assets	6	605	-
Unrealised gain on investments		(10,960)	(338,484)
Decrease in allowance for impairment	22(c)	(5,831)	(5,728)
Realised losses/(gains) losses on sale of investments	23	7,305	(96,259)
Depreciation – property, plant and equipment	4	33,825	31,109
Depreciation – right-of-use asset	7(a)	6,601	-
Amortisation	6	1,692	640
Interest expense		48,666	37,708
Interest on lease liability	7(c)	1,595	-
Interest income	23	(1,633)	(4,882)
Dividend income	23	(39,418)	(35,150)
Taxation	25	<u>34,057</u>	<u>154,861</u>
		210,037	330,883
Changes in operating assets and liabilities:			
Inventories		(525,886)	(191,674)
Trade and other receivables		(130,594)	17,130
Trade and other payables		<u>161,865</u>	<u>(34,986)</u>
		(284,578)	121,353
Tax paid		<u>(41,334)</u>	<u>(80,072)</u>
Net cash (utilised)/provided by operating activities		<u>(325,912)</u>	<u>41,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased, net		161,680	(104,795)
Proceeds from disposal of property, plant and equipment		1,822	4,260
Proceeds on disposal of Investment property		63,457	-
Addition of investment properties	5	(11,338)	(40,287)
Additions of property, plant and equipment	4	(158,737)	(73,084)
Addition of intangible assets	6	(9,522)	(1,269)
Interest received		1,633	4,882
Dividend received		<u>39,418</u>	<u>35,150</u>
Net cash provided/(used) by investing activities		<u>88,413</u>	<u>(175,143)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue, net	13	19,998	50,595
Treasury shares sold by subsidiary		111,836	-
Treasury shares purchased by subsidiary	13	-	(25,335)
Loans and short-term borrowings, net		77,178	3,300
Acquisition of non-controlling interest		(50,082)	(71,655)
Margin loan payable		55,444	146,068
Lease payment	7	(6,600)	-
Interest paid		(48,666)	(37,438)
Dividends and distributions	27	<u>(26,715)</u>	<u>(63,360)</u>
Net cash provided by financing activities		<u>132,393</u>	<u>2,175</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(105,106)	(131,687)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>188,279</u>	<u>319,966</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>83,173</u>	<u>188,279</u>
Represented by:			
Cash and cash equivalents		83,173	188,505
Bank overdraft		<u>-</u>	<u>(226)</u>
		<u>83,173</u>	<u>188,279</u>

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

JAMAICAN TEAS LIMITEDCompany Statement of Financial Position
September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	550,548	286,572
Investment properties	5	-	65,000
Intangible assets	6	3,550	1,006
Investment in subsidiaries	3(a)(i)	419,268	374,083
Due from subsidiaries	28(a)	899,055	696,229
Right-of-use asset	7(a)	<u>13,202</u>	<u>-</u>
		<u>1,885,623</u>	<u>1,422,890</u>
CURRENT ASSETS			
Inventories	10	582,830	337,657
Trade and other receivables	11	411,642	337,744
Cash and cash equivalents	12	<u>29,593</u>	<u>166,780</u>
		<u>1,024,065</u>	<u>842,181</u>
TOTAL ASSETS		<u>2,909,688</u>	<u>2,265,071</u>
EQUITY			
Share capital	13	261,342	241,344
Capital reserves	14	19,910	7,425
Revaluation reserves	4	185,649	-
Retained earnings		<u>1,775,179</u>	<u>1,619,189</u>
		<u>2,242,080</u>	<u>1,867,958</u>
NON-CURRENT LIABILITIES			
Long-term loans	16	122,534	141,132
Lease liability	7(b)	8,198	-
Margin loans	20	50,446	-
Deferred tax liability	9	<u>87,170</u>	<u>12,112</u>
		<u>268,348</u>	<u>153,244</u>
CURRENT LIABILITIES			
Current portion of long-term loans	16	27,119	23,706
Current portion of lease liability	7(b)	6,600	-
Trade and other payables	17	234,371	122,221
Short-term borrowings	18	115,488	67,889
Due to subsidiaries	28(b)	-	4,778
Taxation payable		<u>15,682</u>	<u>25,275</u>
		<u>399,260</u>	<u>243,869</u>
TOTAL EQUITY AND LIABILITIES		<u>2,909,688</u>	<u>2,265,071</u>

The financial statements on pages 9 to 75, were approved for issue by the Board of Directors on January 26, 2023 and signed on its behalf by:



John Jackson - Director



John Mahfood - Director

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

JAMAICAN TEAS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
 Year ended September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Gross operating revenue	21	1,855,936	1,610,363
Cost of operating revenue	22(a)	<u>(1,404,814)</u>	<u>(1,150,794)</u>
Gross profit		451,122	459,569
Other income	23	<u>47,538</u>	<u>58,157</u>
		<u>498,660</u>	<u>517,726</u>
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(226,631)	(169,941)
Advertising and promotions	22(c)	(34,262)	(34,078)
Impairment on trade receivables, net	11,22(c)	<u>5,831</u>	<u>5,728</u>
		<u>(255,062)</u>	<u>(198,291)</u>
Operating profit		243,598	319,435
Finance costs – interest on loans		(21,746)	(10,956)
Finance costs – interest on lease	7(c)	<u>(1,595)</u>	<u>-</u>
Profit before taxation		220,257	308,479
Taxation	25	<u>(51,782)</u>	<u>(51,224)</u>
Profit for the year		<u>168,475</u>	<u>257,255</u>
Other comprehensive income:			
Items that will never be classified to profit or loss:			
Surplus on revaluation of land and building		247,532	-
Related tax on revaluation of land and building	9	<u>(61,883)</u>	<u>-</u>
		<u>185,649</u>	<u>-</u>
Total comprehensive income		<u>354,124</u>	<u>257,255</u>

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

JAMAICAN TEAS LIMITEDCompany Statement of Changes in Equity
Year ended September 30, 2022

	<u>Share capital</u> (note 13) \$'000	<u>Capital reserves</u> (note 14) \$'000	<u>Revaluation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance as at September 30, 2020	190,749	49,322	-	1,383,397	1,623,468
Profit for the year, being total comprehensive income for the year	-	-	-	257,255	257,255
Transactions with owners:					
Share option exercised (note 13)	50,595	-	-	-	50,595
Dividends and distributions (note 27)	<u>-</u>	<u>(41,897)</u>	<u>-</u>	<u>(21,463)</u>	<u>(63,360)</u>
	<u>50,595</u>	<u>(41,897)</u>	<u>-</u>	<u>(21,463)</u>	<u>(12,765)</u>
Balances as at September 30, 2021	241,344	7,425	-	1,619,189	1,867,958
Transfer of franked income from retained earnings	-	12,485	-	(12,485)	-
Profit for the year	-	-	-	168,475	168,475
Other comprehensive income:					
Surplus on revaluation of land and buildings, net of tax	<u>-</u>	<u>-</u>	<u>185,649</u>	<u>-</u>	<u>185,649</u>
Total comprehensive income for the year	-	12,485	185,649	155,990	354,124
Transaction with owners:					
Share option exercised (note 13)	<u>19,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,998</u>
Balances as at September 30, 2022	<u>261,342</u>	<u>19,910</u>	<u>185,649</u>	<u>1,775,179</u>	<u>2,242,080</u>

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

JAMAICAN TEAS LIMITEDCompany Statement of Cash Flows
Year ended September 30, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		168,475	257,255
Adjustments for:			
Gain on disposal of property, plant and equipment	23	(534)	(3,473)
Loss on disposal of investment property	5	1,543	-
Decrease in allowance for impairment	22(c)	(5,831)	(5,728)
Revaluation surplus on investment property		-	(5,000)
Depreciation – property, plant and equipment	4	28,207	23,466
Depreciation – right-of-use asset	7(a)	6,601	-
Amortisation	6	475	152
Interest expense – loans and leases		23,341	10,956
Interest income	23	(3,180)	(7,983)
Dividend Income		(12,485)	-
Taxation		<u>51,782</u>	<u>51,224</u>
Operating profit before change in working capital		258,394	320,869
Changes in operating assets and liabilities:			
Inventories		(245,173)	(76,906)
Trade and other receivables		(68,067)	28,444
Subsidiaries		(204,541)	(204,743)
Trade and other payables		<u>112,150</u>	<u>(9,777)</u>
Interest paid		(147,237)	57,887
		<u>(21,746)</u>	<u>(10,956)</u>
Cash generated from operations		(168,983)	46,931
Tax paid		<u>(48,200)</u>	<u>(72,697)</u>
Net cash used by operations		<u>(217,183)</u>	<u>(25,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,800	4,260
Proceeds from disposal of investment properties		63,457	-
Additions of property, plant and equipment	4	(45,917)	(54,939)
Additions of intangible assets	6	(3,019)	(969)
Investment in subsidiary companies, net		(45,185)	(55,535)
Interest received		117	3,465
Dividend received		<u>12,485</u>	<u>-</u>
Net cash used by investing activities		<u>(16,262)</u>	<u>(103,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue, net	13	19,998	50,595
Loans, net		32,414	3,259
Margin loans	20	50,446	-
Dividend paid	27	-	(21,463)
Capital distribution	27	-	(41,897)
Lease payment		<u>(6,600)</u>	<u>-</u>
Net cash provided/(used) by financing activities		<u>96,258</u>	<u>(9,506)</u>
NET DECREASE IN CASH IN CASH AND CASH EQUIVALENTS		(137,187)	(138,990)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>166,780</u>	<u>305,770</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>29,593</u>	<u>166,780</u>

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements Year ended September 30, 2022

1. Identification

Jamaican Teas Limited (“the company”) is incorporated and domiciled in Jamaica, with registered office located at 2 Bell Road, Kingston 11, Jamaica. The company has been listed on the Junior Market of the Jamaica Stock Exchange (JSE) since July 3, 2010. These financial statements comprise the company and its subsidiaries collectively referred to as “the Group” [also see note 3(a)(i)].

The principal activities of the Group are the manufacture and distribution of various teas and other consumer products to local and export markets. The Group also engages in real estate and investment activities.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board, and comply with the provisions of the Jamaican Companies Act (“The Act”).

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

Certain new, revised and amended standards and interpretations came into effect during the current financial year. Management has assessed them and has adopted those which are relevant to the financial statements, as follows:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself.
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

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

(a) Statement of compliance (continued):

New and amended standards that came into effect during the current financial year (continued):

- Amendments to *References to Conceptual Framework in IFRS Standards* (continued)

A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

These amendments had no significant impact on the amounts and disclosures in the financial statements.

New and amended standards and interpretations not yet effective:

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

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

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

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

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

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

(a) Statement of compliance (continued):

New and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.
 - (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - (ii) IFRS 16 *Leases* amendments removes the illustration of payments from the lessor relating to leasehold improvements.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

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

Developing an accounting estimate includes both:

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

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

(a) Statement of compliance (continued):

New and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

Developing an accounting estimate includes both (continued):

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

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

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

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

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

Management is evaluating the impact that the foregoing amendments to standards and interpretations may have on its financial statements when they are adopted.

(b) Basis of preparation and functional currency:

The financial statements are prepared on the historical cost basis, except for quoted investments, investment properties and land and building which are measured at fair value.

The financial statements are presented in Jamaican dollars, which is the functional currency of the Group, rounded to the nearest thousand, unless otherwise indicated.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

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

(c) Use of estimates and judgements:

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

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

(i) Judgements:

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

Classification of financial assets:

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

Impairment of financial assets:

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

Determination of control in equity investees:

Determining whether the Group has de facto control or significant influence over certain investee's relevant activities involves significant judgement whether or not the company holds majority shares in the investee. The basis of consolidation is further detailed in note 3(a).

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

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

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

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

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

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

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

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

(iii) Net realisable value of inventories:

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

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

(iv) Fair value of investment properties and land and buildings:

Investment properties and land and buildings are carried in the statement of financial position at market value. It is the Group's policy to use independent qualified property appraisers to value its realty, generally using the open market value. This approach takes into consideration various assumptions and factors, including the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of properties.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies

(a) Basis of consolidation:

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

The balances in the consolidated financial statements include the financial statements of the company and its subsidiaries:

	<u>Principal activity</u>	<u>Percentage ownership by the group</u>	
		<u>2022</u>	<u>2021</u>
Subsidiaries:			
LTJ Managers Limited (Formerly LTJ Fund Managers Limited)	Registrar and Management services	100	100
H. Mahfood & Sons Limited	Real Estate	100	100
KIW International Limited**	Holding Company	53.91	49.89
QWI Investments Limited*	Investments	36.07	31.61
Bay City Foods Limited	Retail Distribution	100	100
H. Mahfood & Sons 2020 Limited	Real Estate	100	100
Caribbean Dreams Foods Limited (incorporated August 18, 2021)	Not commenced operations	100	100

- * QWI Investments Limited issued 66% of its ordinary shares to the public on September 9, 2019 in an initial public offering and was listed on the Jamaica Stock Exchange on September 30, 2019. QWI Investments Limited’s remaining shares are held by Jamaican Teas Limited and KIW International Limited.

During the year Jamaican Teas Limited purchased additional shares in the subsidiary and increased its shareholding from 236,661,533 shares in the prior year to 309,264,832 shares as at September 30, 2022.

- ** During the year, KIW International Limited bought back 74,576 of its own shares and Jamaican Teas Limited increased its shareholding by 614,933 shares.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition together with a proportionate share of profits and losses from that date. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interests, even if doing so, causes the non-controlling interest to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions within the Group are eliminated to the extent of the Group's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Segment reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the Group has four (4) operating segments: manufacturing, retailing, real estate and investments.

(c) Property, plant and equipment:

(i) Recognition and measurement:

During the year, at the request of the Board of Directors, the Group changed its accounting policy for freehold land and buildings from the cost model to the fair value model. This change in accounting policy did not require a restatement of comparative figures in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 16, *Property, Plant and Equipment*. Management relied on valuation done by independent registered valuers.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued):

(i) Recognition and measurement (continued):

Land and buildings are stated at valuation less subsequent depreciation in these financial statements. All other categories of property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in reserves relating to a previous revaluation of such assets.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

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

(iii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write down the assets to their estimated residual values at the end of their expected useful lives. The depreciation rates are as follows:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Buildings	2½%
Leasehold improvements - shorter of lease and useful lives	

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued):

(iv) De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(e) Intangible assets:

Computer software:

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five (5) years for software on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(f) Related parties:

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

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

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

The Group has related party relationships with the company’s and subsidiaries’ directors, and with its executive officers.

(g) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investment securities, trade and other receivables, cash and cash equivalents and due from subsidiaries. Financial liabilities comprise long-term loans, margin loan payable, trade and other payables, due to subsidiary, short-term borrowings and bank overdraft.

(i) Recognition and initial measurement

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

The financial assets that meet both of the conditions in a) and b) below, and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as “held to collect” and measured at amortised cost.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

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

- Cash and cash equivalents
- Investments
- Trade and other receivables
- Due from subsidiaries

The Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

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

The realised gains from financial instruments at FVTPL represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

Fair value gains and losses from revaluation of equity securities at FVTPL are presented separately in the statement of profit or loss.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities that are funding these assets or realising cash flows through the sale of the assets;

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Business model assessment (continued)

The information considered includes (continued):

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which includes long-term loans, trade and other payable, margin loan payable, due to subsidiary, short-term borrowings and bank overdraft are recognised initially at fair value.

Financial assets and liabilities – subsequent measurement and gains and losses

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

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

(iii) Derecognition

*Financial asset and liabilities**Financial assets*

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

Financial liabilities

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

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(iv) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the Group's trading activities.

(i) Impairment:

Financial assets

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

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

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

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

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

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

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

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

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(i) Impairment (continued):

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(i) Impairment (continued):

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(j) Inventories:

Inventories are measured at the lower of cost, determined principally on a first-in-first-out or weighted average cost, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Housing development under construction, included in inventory, includes the cost of land, construction materials, labour, borrowing cost and an appropriate proportion of overhead costs.

(k) Trade and other receivables:

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

(l) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity of three months or less from the date of placement and are measured at amortised cost.

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(m) Share capital and share-based payment arrangements:

(i) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue to the extent that their costs are directly attributable to the issue of the shares.

(ii) Share-based payment arrangements:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense or asset, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense or asset is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Dividends and distributions:

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are declared.

Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are dealt with in the subsequent period, and disclosed.

(o) Trade and other payables:

Trade and other payables are measured at amortised cost.

(p) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(p) Borrowings (continued):

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

(q) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured at the fair value of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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

<i>Type of product or service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition</i>
Packaged teas for export and domestic sales and retail products.	<p>Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated at that point in time.</p> <p>Invoices are usually payable within 30 days.</p>	<p>Revenue is recognised at the point in time when the goods are delivered and have been accepted by customers.</p> <p>For the sale of retail products, the group issues loyalty points to customers who are members of the company's loyalty card programme. The amount allocated to the loyalty points is expensed on issuance and is recognised as revenue when the loyalty points are redeemed or the likelihood of the customers redeeming the loyalty point is remote.</p>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(q) Revenue (continued):

<i>Type of product or service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition</i>
	<p>Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p> <p>The company gives rebates to select customers based on the volume of purchase made. Rebates are included in other payables and payments are made to the customers.</p>	Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods is recognised.
Sale of real estate	The customer obtains control of housing units when the units have been delivered.	Revenue is recognised at the point in time for units <i>under contract</i> when practical completion of the housing units is independently verified by a quantity surveyor or architect.
Rental income	Invoices are issued according to contract terms and are payable within 30 days.	Revenue is recognised over time as the customer benefits from occupying the property.

(r) Taxation:

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

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

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

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(r) Taxation (continued):

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

(s) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

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

(t) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date.

The Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at the mid and closing price, because these prices provides a reasonable approximation of the exit price.

(v) Employee benefits:

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(v) Employee benefits (continued):

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

(i) Short-term employee benefits:

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

(ii) Defined contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(w) Expenses:

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

(x) Leases:

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

(i) As a lessee

The Group recognises a right of use (ROU) asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

3. Significant accounting policies (continued)

(x) Leases (continued):

(i) As a lessee (continued)

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and the corresponding obligation as lease liabilities in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20223. Significant accounting policies (continued)

(x) Leases (continued):

(ii) As a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(iii) Short-term leases and leases of low-value assets

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

4. Property, plant and equipment

	The Group					
	<u>Land and buildings</u>	<u>Plant, equipment, furniture, fixtures and computers</u>	<u>Motor vehicles</u>	<u>Leasehold improvement</u>	<u>Work-in-progress</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
September 30, 2020	254,302	181,997	27,451	10,504	8,372	482,626
Additions	2,718	25,612	21,036	-	23,718	73,084
Disposals	-	-	(11,897)	-	-	(11,897)
September 30, 2021	<u>257,020</u>	<u>207,609</u>	<u>36,590</u>	<u>10,504</u>	<u>32,090</u>	<u>543,813</u>
Additions	98,325	26,593	7,842	11,582	14,395	158,737
Revaluation, adjustment	334,595	-	-	-	-	334,595
Transfers	-	7,546	-	-	(7,546)	-
Disposals	-	(3,126)	(2,995)	-	-	(6,121)
September 30, 2022	<u>689,940</u>	<u>238,622</u>	<u>41,437</u>	<u>22,086</u>	<u>38,939</u>	<u>1,031,024</u>
Depreciation:						
September 30, 2020	33,878	95,206	18,335	4,457	-	151,876
Charge for the year	5,663	15,461	6,598	3,387	-	31,109
Eliminated on disposal	-	-	(11,110)	-	-	(11,110)
September 30, 2021	<u>39,541</u>	<u>110,667</u>	<u>13,823</u>	<u>7,844</u>	-	<u>171,875</u>
Charge for the year	5,734	18,030	7,112	2,949	-	33,825
Revaluation adjustment	(5,734)	-	-	-	-	(5,734)
Eliminated on disposal	-	(1,838)	(2,995)	-	-	(4,833)
September 30, 2022	<u>39,541</u>	<u>126,859</u>	<u>17,940</u>	<u>10,793</u>	-	<u>195,133</u>
Net book value:						
September 30, 2022	<u>650,399</u>	<u>111,763</u>	<u>23,497</u>	<u>11,293</u>	<u>38,939</u>	<u>835,891</u>
September 30, 2021	<u>217,479</u>	<u>96,942</u>	<u>22,767</u>	<u>2,660</u>	<u>32,090</u>	<u>371,938</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20224. Property, plant and equipment (continued)

	The Company					
	<u>Land and buildings</u> \$'000	<u>Plant, equipment, furniture, fixtures and computers</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Leasehold improvement</u> \$'000	<u>Work-in- progress</u> \$'000	<u>Total</u> \$'000
Cost:						
September 30, 2020	198,128	158,087	27,451	2,064	3,516	389,246
Additions	2,718	24,799	21,036	-	6,386	54,939
Disposal	-	-	(11,897)	-	-	(11,897)
September 30, 2021	200,846	182,886	36,590	2,064	9,902	432,288
Additions	3,116	21,347	7,842	11,242	2,370	45,917
Revaluation, adjustment	243,202	-	-	-	-	243,202
Transfer	-	7,546	-	-	(7,546)	-
Disposal	-	(3,008)	(2,995)	-	-	(6,003)
At September 30, 2022	447,164	208,771	41,437	13,306	4,726	715,404
Depreciation:						
September 30, 2020	24,118	88,843	18,335	2,064	-	133,360
Charge for the year	4,260	12,608	6,598	-	-	23,466
Eliminated on disposal	-	-	(11,110)	-	-	(11,110)
September 30, 2021	28,378	101,451	13,823	2,064	-	145,716
Charge for the year	4,330	14,759	7,112	2,006	-	28,207
Revaluation adjustment	(4,330)	-	-	-	-	(4,330)
Eliminated on disposal	-	(1,741)	(2,995)	-	-	(4,737)
September 30, 2022	28,378	114,469	17,940	4,070	-	164,856
Net book value:						
September 30, 2022	<u>418,786</u>	<u>94,303</u>	<u>23,497</u>	<u>9,236</u>	<u>4,726</u>	<u>550,548</u>
September 30, 2021	<u>172,468</u>	<u>81,435</u>	<u>22,767</u>	<u>-</u>	<u>9,902</u>	<u>286,572</u>

Freehold land and buildings were revalued during the period to \$650,399,000 for the group and \$418,786,000 for the company using the market-based approach, by independent valuers. The valuations were performed as at September 30, 2022 by K.B. Real Estate Company Limited, independent valuers of Kingston, Jamaica. The fair value of the freehold land and buildings is categorised into Level 3 of the fair value hierarchy.

The net book value of freehold land and buildings under the cost model would have been \$310,070,000 for the group and J\$171,254,000 for the company. Land and buildings include land at a cost of \$240,209,000 (2021: cost of \$43,000,000) for the Group and \$115,000,000 (2021: cost of \$30,000,000) for the company.

The company's Bell Road property with net book value of \$171,164,000 (2021: \$172,377,000) is held as collateral against a loan from the Bank of Nova Scotia Jamaica Limited (note 16).

Valuation techniques used in measuring the fair value as well as the significant unobservable inputs used are detailed in note 5 consistent with the approach used to value investment properties.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

4. Property, plant and equipment (continued)

Revaluation gain recognised in OCI was \$340,329,000 (2021: \$Nil) for the group and \$247,532,000 (2021: \$Nil) for the company determined as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Revaluation adjustment recognised	340,329	-	247,532	-
Deferred taxation on revaluation adjustment	(85,082)	-	(61,883)	-
Revaluation gain recognized net of tax	<u>255,247</u>	<u>-</u>	<u>185,649</u>	<u>-</u>

5. Investment properties

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Balance at October 1	318,001	282,071	65,000	60,000
Additions	11,338	40,287	-	-
Disposal	(65,000)	-	(65,000)	-
Change in fair value, net (note 23)	<u>30,060</u>	<u>(4,357)</u>	<u>-</u>	<u>5,000</u>
Balance at September 30	<u>294,399</u>	<u>318,001</u>	<u>-</u>	<u>65,000</u>

Investment properties comprise commercial properties and land held for capital appreciation and rental income. Investment properties are valued annually by an independent professional valuer.

Investment properties were valued in September 2022 by K.B. Real Estate Company Limited.

Certain of the Group's investment properties are held as collateral against a loan from The Bank of Nova Scotia Jamaica Limited [note 16(i)].

Rental income earned on the commercial properties during the year amounted to \$3,671,000 (2021: \$3,659,000) for the Group and \$2,050,000 (2021: \$2,335,000) for the company. The related expenses totalled \$796,972 (2021: \$3,900,000) for the Group and \$Nil (2021: \$87,000) for the company.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

During the year, investment properties valued at \$65,000,000 (2021: \$Nil) were sold to a related party.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

5. Investment properties (continued)

The fair value measurement for investment properties of \$294,399,000 (2021: \$318,001,000) for the Group and \$Nil (2021: \$65,000,000) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation techniques used in measuring fair value as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Market based approach:</i> The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution.</p> <p>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.</p> <p>However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p>	<ul style="list-style-type: none"> • Details of the sales of comparable properties • Conditions influencing the sale of the comparable properties. • Comparability adjustment. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

6. Intangible assets

	Computer software licences	
	The Group \$'000	The Company \$'000
At cost:		
September 30, 2020	3,828	1,824
Additions	<u>1,269</u>	<u>969</u>
September 30, 2021	5,097	2,793
Additions	9,522	3,019
Disposal	<u>(1,501)</u>	<u>-</u>
September 30, 2022	<u>13,118</u>	<u>5,812</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

6. Intangible assets (continued)

	<u>Computer software licences</u>	
	<u>The Group</u> \$'000	<u>The Company</u> \$'000
Amortisation:		
September 30, 2020	2,268	1,635
Charge for the year	<u>640</u>	<u>152</u>
September 30, 2021	2,908	1,787
Charge for the year	1,692	475
Eliminated on disposal	(896)	<u>-</u>
September 30, 2022	<u>3,704</u>	<u>2,262</u>
Carrying value:		
September 30, 2022	<u>9,414</u>	<u>3,550</u>
September 30, 2021	<u>2,189</u>	<u>1,006</u>

7. Leases

The Group and the company lease properties. The leases typically run for periods of three years, with an option to renew the lease after the relevant dates. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

(a) Right of use assets

	<u>Buildings</u> <u>The Group and Company</u> \$'000
At cost:	
Representing balance at September 30, 2022	19,803
Amortisation:	
For the period represents balance at September 30, 2022	<u>6,601</u>
Carrying value:	
September 30, 2022	<u>13,202</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

7. Leases (continued)

(b) Lease liabilities

	<u>The Group and Company</u> \$'000
Lease liabilities included in the statement of financial position	<u>14,798</u>
Lease liabilities are classified as follows:	
Current	6,600
Non Current	<u>8,198</u>
	<u>14,798</u>
Maturity analysis of contracted undiscounted cashflows:	
Less than one year	7,800
One to five years	<u>8,934</u>
	<u>16,734</u>
(c) Amounts recognised in statement of profit or loss:	
Interest expense on lease liability	1,595
Depreciation of Right-of-use asset	<u>6,601</u>
(d) Amounts recognised in statement of cash flows:	
Total cash outflow for leases	<u>6,600</u>
(e) The Group leases investment properties, which are classified as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.	

As at the year end, the group had no lease agreement in place, as all the lease agreements had expired. The group has no undiscounted lease instalments to be received after the reporting date.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20228. Investments

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Investment securities at FVTPL		
– Trinidad and Tobago quoted equities	69,961	62,844
– United States quoted equities	272,759	508,561
– Jamaican quoted equities	<u>1,637,917</u>	<u>1,567,257</u>
	<u>1,980,637</u>	<u>2,138,662</u>

Certain of the quoted equities are held as collateral for a bank overdraft facility and margin loans (notes 19 and 20).

Included in Jamaican quoted equities are United States dollar stocks worth US\$122,000 (2021: US\$153,000)

9. Deferred taxation

Deferred tax (asset)/liability is attributable to the following:

	<u>The Group</u>					
	<u>2020</u>	Recognised in <u>profit or loss</u> [note 25(a)]	<u>2021</u>	Recognised in <u>profit or loss</u> [note 25(a)]	Recognised in <u>OCI</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	1,018	4,219	5,237	(5,237)	-	-
Property, plant and equipment	11,628	81	11,709	(2,407)	85,082	94,384
Trade and other payables	(1,062)	125	(937)	(117)	-	(1,054)
Unrealised loss on investment	2,036	90,366	92,402	14,916	-	107,318
Investment properties	465	(17)	448	16,044	-	16,492
Interest receivable	-	-	-	505	-	505
Leases	-	-	-	(399)	-	(399)
Unrealised gains	-	-	-	10,053	-	10,053
Tax losses	(117,509)	<u>6,537</u>	(110,972)	(29,908)	-	(140,880)
	<u>(103,424)</u>	<u>101,311</u>	<u>(2,113)</u>	<u>3,450</u>	<u>85,082</u>	<u>86,419</u>

	<u>The Company</u>					
	<u>2020</u>	Recognised in <u>profit or loss</u> [note 25(a)]	<u>2021</u>	Recognised in <u>profit or loss</u> [note 25(a)]	Recognised in <u>OCI</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	514	4,219	4,733	(4,733)	-	-
Trade and other payables	146	(411)	(265)	-	-	(265)
Property, plant and equipment	2,807	4,837	7,644	8,254	61,883	77,781
Lease liability	-	-	-	(399)	-	(399)
Unrealised gains	-	-	-	10,053	-	10,053
	<u>3,467</u>	<u>8,645</u>	<u>12,112</u>	<u>13,175</u>	<u>61,883</u>	<u>87,170</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

10. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Manufacturing:				
Finished goods	177,028	87,848	177,028	87,848
Goods in transit	15,998	-	15,998	-
Raw materials	<u>389,804</u>	<u>249,809</u>	<u>389,804</u>	<u>249,809</u>
	582,830	337,657	582,830	337,657
Retail	33,707	28,206	-	-
Development:				
Housing under construction	<u>575,379</u>	<u>300,167</u>	<u>-</u>	<u>-</u>
	<u>1,191,916</u>	<u>666,030</u>	<u>582,830</u>	<u>337,657</u>

Inventory write-offs recognised in profit or loss aggregated \$6,542,000 (2021: \$7,143,000) for the Group and the company [see note 22(a)].

11. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Trade receivables (a)	387,053	302,280	382,639	299,110
Other receivables	<u>10,868</u>	<u>32,317</u>	<u>9,213</u>	<u>16,583</u>
	397,921	334,597	391,852	315,693
Less: Allowance for impairment losses	<u>(18,799)</u>	<u>(24,630)</u>	<u>(18,799)</u>	<u>(24,630)</u>
	379,122	309,967	373,053	291,063
Due from brokers (b)	49,372	23,664	-	-
Prepayments	<u>101,912</u>	<u>60,350</u>	<u>38,589</u>	<u>46,681</u>
	<u>530,406</u>	<u>393,981</u>	<u>411,642</u>	<u>337,744</u>

(a) Included in trade receivables for the Group and company is \$66,859,000 (2021: \$69,743,000) due from a related party, Amalgamated Distributors Limited, in the ordinary course of business [see note 29(a)].

(b) Amount due from broker represents QWI Investments Limited's lodgements to brokerage firms to facilitate investment purchases.

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the Group uses its trade receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analyses of future delinquency, that is applied to the balance of the trade receivable. The weighted average ECL rates used as at the reporting date to apply against the trade receivable balance are detailed at note 29(a).

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202211. Trade and other receivables (continued)

Changes in allowance for impairment losses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables:				
Balance as at October 1	18,800	20,721	18,800	20,721
Impairment movement recognised [note 22(c)]	(3,949)	(1,921)	(3,949)	(1,921)
Balance as at September 30	<u>14,851</u>	<u>18,800</u>	<u>14,851</u>	<u>18,800</u>
Other receivables:				
Balance as at October 1	5,830	9,637	5,830	9,637
Decrease in provision [note 22(c)]	(1,882)	(3,807)	(1,882)	(3,807)
Balance as at September 30	<u>3,948</u>	<u>5,830</u>	<u>3,948</u>	<u>5,830</u>
Total allowance for impairment losses	<u>18,799</u>	<u>24,630</u>	<u>18,799</u>	<u>24,630</u>

12. Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash in hand	1,485	329	100	100
Cash at bank	<u>81,671</u>	<u>86,236</u>	<u>29,476</u>	<u>77,441</u>
	83,156	86,565	29,576	77,541
Short-term deposits and resale agreements	<u>17</u>	<u>101,940</u>	<u>17</u>	<u>89,239</u>
	<u>83,173</u>	<u>188,505</u>	<u>29,593</u>	<u>166,780</u>

13. Share capital and share purchase plan

	<u>The Company</u>			
	<u>2022</u>		<u>2021</u>	
	<u>\$'000</u>	<u>Number of shares</u>	<u>\$'000</u>	<u>Number of shares</u>
(a) Share capital:				
Authorised ordinary shares of no par value		<u>Unlimited</u>		<u>Unlimited</u>
Stated capital:				
In issue at October 1	241,344	2,146,150,377	190,749	698,283,459
Stock split adjustment	-	-	-	1,396,566,918
Exercise of share options [13(b)]	<u>19,998</u>	<u>12,455,000</u>	<u>50,595</u>	<u>51,300,000</u>
In issue at September 30 – fully paid ordinary shares of no par value	<u>261,342</u>	<u>2,158,605,377</u>	<u>241,344</u>	<u>2,146,150,377</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

13. Share capital and share purchase plan (continued)

(b) Share purchase plan (equity-settled):

At the Annual General Meeting (AGM) held on March 2, 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares of the company to be set aside as part of a stock option plan for directors and a stock purchase plan for employees, to be issued in two tranches of 8,000,000 shares to be issued between June 2011 and June 2021. The shares allocated for the staff are to be priced as a 10% discount to the last stock market selling price on the date the offer is taken up. The staff will be given a specific time in each year in which to take up the offer and they can access an interest free loan for a three-year term to acquire the shares.

The exercised price of the directors' shares was originally approved at the AGM in 2011 at \$7 each, now \$1.75 per share, adjusted for the 2-for-1 splits that happened between 2011 and 2016. As at September 30, 2020, all shares allocated under tranche one of this authorised option were fully issued or were expired.

At the Annual General Meeting held on March 16, 2016, the shareholders approved a resolution for the second tranche of 8,000,000 shares before the stock split (16 million – post-split) be issued to the directors at a price of \$9 or \$4.50 after the effect of the stock split and that the expiry date of tranches 1 and 2 shall be five years from the date each yearly allotment becomes effective.

At the Annual General Meeting (AGM) held on April 12, 2017, the shareholders passed a resolution for the company to sub-divide its share capital into two (2) shares for each existing shares, resulting in the total number of authorised shares being increased to 1,000,000,000 ordinary shares at no par value and the total number of issued shares being increased to 674,833,460 of no par value with effect from April 19, 2017.

In 2017, five directors exercised options to acquire shares in the company pursuant to their share option plans to purchase 7,200,000 shares at an exercise price of \$1.75 per share amounting to \$12,600,000.

In 2018, four directors exercised their options to acquire shares in the company pursuant to their share option plan to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting \$5,600,000. Also, 800,000 shares were issued to employees pursuant to their employee stock purchase plan amounting \$1,541,000.

In 2019, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting to \$5,600,000. In addition, 2,100,000 shares were issued to staff pursuant to their employee stock purchase plan amounting to \$3,388,000.

In 2020, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting to \$5,600,000.

On November 17, 2020, by way of resolution, the Board approved a 3-for-1 split for ordinary shares, on record on November 30, 2020. This was approved by shareholders at an extra-ordinary general meeting on November 27, 2020.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

13. Share capital and share purchase plan (continued)

(b) Share purchase plan (equity-settled) (continued):

During the prior year, five (5) directors exercised their options, adjusted for splits, to acquire shares in the company pursuant to their share purchase agreement to purchase 40,800,000 shares at the exercise price of \$0.75 per share, amounting to \$30,600,000, and 1,500,000 shares at the exercise price of \$3.33 per share, amounting to \$4,995,000. In addition, one staff member was issued 9,000,000 shares at the exercise price of \$1.66 per share, amounting to \$15,000,000, pursuant to the employee stock purchase plan.

During the current financial year, three (3) directors exercised their options, to acquire shares in the company pursuant to their share purchase agreement to purchase 4,800,000 shares at the exercise price of \$0.75 per share, amounting to \$3,600,000, and 2,600,000 shares at the exercise price of \$3.33 per share, amounting to \$8,658,000. In addition, eight (8) staff members were issued 5,055,000 shares at the exercise price of \$1.66 and \$1.33 per share, amounting to \$7,740,000 pursuant to the employee stock purchase plan.

(c) Treasury shares:

Treasury shares for the Group comprises the cost of the company's shares held by the Group. As at September 30, 2022, the Group held Nil (2021: 33,888,470) of the company's shares.

14. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Realised surplus:				
Gain on disposal on investment property	90,425	90,425	-	-
Gain on disposal of property, plant and equipment	6,759	6,759	-	-
Waiver of directors' loan	229	229	-	-
Gain on disposal of investments	<u>9,556</u>	<u>9,556</u>	<u>3,455</u>	<u>3,455</u>
	<u>106,969</u>	<u>106,969</u>	<u>3,455</u>	<u>3,455</u>
(b) Franked income*	<u>31,909</u>	<u>3,970</u>	<u>16,455</u>	<u>3,970</u>
	<u>138,878</u>	<u>110,939</u>	<u>19,910</u>	<u>7,425</u>

*This represents dividends and distributions earned from equity investments which was subjected to taxes. Funds are transferred from retained earnings as needed.

15. Non-controlling interests

This represents non-controlling interests in the company's subsidiaries as follows:

	<u>% interest</u>	
	<u>2022</u>	<u>2021</u>
QWI Investments Limited ("QWI")	<u>63.93%</u>	<u>68.39%</u>
KIW International Limited ("KIW")	<u>46.09%</u>	<u>50.11%</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202215. Non-controlling interests (continued)

The following table summarises the information relating to KIW and QWI that have material non-controlling interests (NCI), before any intra-group eliminations.

	<u>2022</u>			
	<u>KIW</u> \$'000	<u>QWI</u> \$'000	<u>Intra group</u> <u>eliminations</u> \$'000	<u>Total</u> \$'000
Non-current assets	187,425	1,980,637		
Current assets	6,216	151,081		
Non-current liabilities	-	(22,910)		
Current liabilities	(7,266)	(378,832)		
Net assets	<u>186,375</u>	<u>1,729,976</u>		
NCI share of subsidiary net assets	<u>85,900</u>	<u>1,105,990</u>	(86,374)	<u>1,105,516</u>
Revenue	<u>2,600</u>	<u>44,378</u>		
Total comprehensive profit/(loss) for the year	<u>483</u>	(49,407)		
Comprehensive profit/(loss) allocated to non-controlling interests	<u>223</u>	(31,586)	(1)	(31,364)
Cash flow from operating activities	6,205	152,379		
Cash flow from investing activities	9,000	-		
Cash flow from financing activities	(15,220)	(115,703)		
Net increase in cash and cash equivalents	(15)	<u>36,676</u>		
	<u>2021</u>			
	<u>KIW</u> \$'000	<u>QWI</u> \$'000	<u>Intra group</u> <u>eliminations</u> \$'000	<u>Total</u> \$'000
Non-current assets	193,550	2,278,661		
Current assets	17,035	34,393		
Non-current liabilities	-	(52,884)		
Current liabilities	(13,632)	(433,013)		
Net assets	<u>196,953</u>	<u>1,827,157</u>		
NCI share of subsidiary net assets	<u>98,693</u>	<u>1,249,567</u>	(134,583)	<u>1,213,677</u>
Revenue	<u>277</u>	<u>545,726</u>		
Total comprehensive (loss)/profit for the year	(2,845)	<u>349,766</u>		
Comprehensive (loss)/profit allocated to non-controlling interests	(1,426)	<u>239,200</u>	(44,525)	<u>193,249</u>
Cash flow from operating activities	914	(215,251)		
Cash flow from investing activities	260	-		
Cash flow from financing activities	(878)	<u>221,068</u>		
Net increase in cash and cash equivalents	<u>296</u>	<u>5,817</u>		

Acquisition of NCI

During the year, the Group acquired an additional 4.46% interest in QWI Investments Limited and an additional 4.02% in KIW International Limited increasing its ownership from 31.61 to 36.07% in QWI Investments Limited and from 49.89% to 53.91% in KIW International Limited.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202215. Non-controlling interests (continued)

Acquisition of NCI (continued)

	<u>2022</u>		
	<u>KIW</u> \$'000	<u>QWI</u> \$'000	<u>Total</u> \$'000
Carrying amount of NCI acquired	100	64,634	64,734
Consideration paid to NCI	<u>100</u>	<u>45,085</u>	<u>45,185</u>
An increase in equity attributable to owners of the company	-	<u>19,549</u>	<u>19,549</u>

The increase in equity attributable to owners of the company comprised an increase in retained earnings of \$19,549,000.

16. Long-term loans

	<u>The Group</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
The Bank of Nova Scotia Jamaica Limited (BNSJ):		
8.25% loan (i)	103,333	123,333
8.00% loan (ii)	24,807	27,755
7.00% loan (iii)	<u>17,136</u>	<u>13,750</u>
	145,276	164,838
Other loans		
Sagicor 6.00% loan	4,377	-
Peter Mullings (v)	<u>45,000</u>	<u>-</u>
	194,653	164,838
Less: current portion	(<u>27,119</u>)	(<u>23,706</u>)
	<u>167,534</u>	<u>141,132</u>
	<u>The Company</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
The Bank of Nova Scotia Jamaica Limited (BNSJ):		
8.25% loan (i)	103,333	123,333
8.00% loan (ii)	24,807	27,755
7.00% loan (iii)	<u>17,136</u>	<u>13,750</u>
	145,276	164,838
Other loans		
Sagicor 6.00% loan (iv)	<u>4,377</u>	<u>-</u>
	149,653	164,838
Less: current portion	(<u>27,119</u>)	(<u>23,706</u>)
	<u>122,534</u>	<u>141,132</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202216. Long-term loans (continued)

The Bank of Nova Scotia Loans:

- (i) This loan is repayable over five years with 59 equal monthly instalments commencing December 3, 2017 and one final payment of \$101,667,000 at an interest rate of 8.25% per annum.

It is secured by a 1st legal mortgage over property located at 2 Bell Road, Kingston 11; along with an unlimited guarantee provided by subsidiary companies and a demand debenture supported by commercial properties held in the name of the subsidiaries.

- (ii) During the prior year, an additional \$29,474,000 was drawn down from BNSJ at a rate of 8% per annum. This loan is repayable over five years in 60 equal monthly instalments of \$650,000, commencing May 2, 2021. The loan is secured by legal mortgages over properties owned by the group.
- (iii) During the prior year, a loan of \$15,000,000 was drawn from BNSJ at 7% per annum. This loan is repayable over five years in 60 equal monthly instalments of \$250,000, commencing April 23, 2021. A further draw down of \$11,395,000 was made in March 2022 on the same terms previously agreed. It is secured by the same property as in (ii) above.

Other loans:

- (iv) The company has three (3) types of credit facilities with Sagikor Bank Jamaica Limited which were negotiated during the current year. These are:

- (a) Demand loan not exceeding J\$5,050,000, granted to assist with the purchase/acquisition of property plant and equipment.

The facility is to be repaid with blended payments of \$97,631 per month over a period of 60 months. Interest will be charged at a rate of 6% per annum, calculated on the daily outstanding balance and payable on the same date as each payment. The balance as at September 30, 2022, is \$4,377,000 (2021: \$Nil).

- (b) Credit card not exceeding \$30,000,000, granted to assist with business expenses and working capital support.

Interest is charged at an effective interest rate of 21.95% per annum ("the Principal Rate"), calculated on the daily outstanding balance, subject to the cardholder agreement. The balance as at September 30, 2022 is Nil (2021: Nil).

- (c) Overdraft not exceeding J\$30,000,000, granted to provide working capital support and for general corporate purposes and/or business-related expenses.

Interest is calculated in respect of the amount for the time being overdrawn under the facility on the basis of the number of days elapsed at a rate equivalent to 9% per annum. Interest so calculated will be payable monthly in arrears. The balance as at September 30, 2022 is Nil (2021: Nil).

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

16. Long-term loans (continued)

Other loans (continued):

- (v) This loan which was received in July 2022, attracts interest of 3.25% per annum. Interest only is repayable within the first twelve months of the loan in equal instalments of \$243,750. The principal is repayable in a bullet payment on July 30, 2024. The loan is secured by a mortgage stamped in the amount of \$45,000,000 over property registered in the name of a subsidiary.

17. Trade and other payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables*	211,894	97,042	163,604	66,200
Due to brokers**	803	426	-	-
Other payables	<u>133,853</u>	<u>87,217</u>	<u>70,767</u>	<u>56,021</u>
	<u>346,550</u>	<u>184,685</u>	<u>234,371</u>	<u>122,221</u>

* Includes \$9,337,000 (2021: \$7,600,000) due to a related party, Amalgamated Distributors Limited (ADL) and \$5,000,000 (2021: \$Nil) due to a close family member of a director [see note 28(c)].

** Due to brokers represents investments purchase transactions through a brokerage firm awaiting settlement.

18. Short-term borrowings

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Demand loans (i)	100,959	56,646	100,959	56,646
Other loans (ii)	<u>14,850</u>	<u>11,800</u>	<u>14,529</u>	<u>11,243</u>
	<u>115,809</u>	<u>68,446</u>	<u>115,488</u>	<u>67,889</u>

(i) These loans are due to related parties at an interest rate of 4% to 6% per annum. These loans are not secured and have no fixed repayment terms and are payable on demand [note 28(d) and (e)].

(ii) Other loans include mainly credit card balances which are unsecured and have no fixed repayment terms. Interest is charged at the rates of 21.95% per annum. Interest is charged on outstanding balances not paid by the due date. The Group normally repays amounts owing on or before the due date.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

19. Bank overdraft

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
The Bank of Nova Scotia Jamaica Limited	<u>-</u>	<u>226</u>	<u>-</u>	<u>-</u>

These overdraft facilities bear interest of 13.25% and 8% per annum and are secured by the same security as outlined at note 16(i) and certain quoted investments held by the Group (note 8).

As at September 30, 2022, the Group's assets were charged in the sum of \$101,559,000 (2021: \$111,064,000) in favour of The Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by a subsidiary and were pledged to secure an overdraft facility of \$50,000,000 (2021: 50,000,000) at an interest rate of 8.5% per annum for that subsidiary.

As at September 30, 2022, the Company's assets were charged in the sum of \$200,000,000 in favour of Sagicor Bank Jamaica Limited. The assets charged, comprised listed shares owned by a subsidiary company and were pledged to secure an overdraft facility of \$100,000,000 at an interest rate of 8.5 percent per annum. No amounts were outstanding under this overdraft facility as at September 30, 2022.

20. Margin loans

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Short-term debt facilities	<u>396,889</u>	<u>341,445</u>	<u>50,446</u>	<u>-</u>

This represents short-term debt facilities provided by Victoria Mutual Investments Limited, Aegis Capital Corp and Mayberry Investment Limited to the company and a subsidiary to acquire securities held on their own account. The facilities bear interest at 7.5%, 6.3% and 9.5% to 10.5% respectively and are collateralised by the securities held with the brokerage firms.

21. Gross operating revenue

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Export sales – manufacturing	1,171,636	1,009,766	1,171,636	1,009,766
Domestic sales – manufacturing	684,300	600,597	684,300	600,597
Retail sales	602,905	517,585	-	-
Sale and rental of properties	<u>10,113</u>	<u>142,241</u>	<u>-</u>	<u>-</u>
	<u>2,468,954</u>	<u>2,270,189</u>	<u>1,855,936</u>	<u>1,610,363</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

22. Nature of expenses

Profit before taxation is stated after charging:

(a) Cost of operating revenue:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of inventories recognised				
as expense	1,692,615	1,516,661	1,213,600	990,341
Inventory write-offs	6,542	7,143	6,542	7,143
Depreciation	12,675	14,007	8,460	7,768
Amortisation	1,217	488	-	-
Machinery repairs and maintenance	26,623	22,727	25,224	20,289
Staff costs (note 24)	125,342	108,933	100,822	86,734
Utilities	19,790	16,725	10,178	8,568
Other costs of operating revenue	<u>41,152</u>	<u>30,206</u>	<u>39,988</u>	<u>29,951</u>
	<u>1,925,956</u>	<u>1,716,890</u>	<u>1,404,814</u>	<u>1,150,794</u>

(b) Administrative expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Audit fees	31,122	13,073	19,299	6,160
Motor vehicle repairs and maintenance	8,027	9,731	8,027	9,731
Depreciation - Admin	21,150	17,102	19,747	15,698
Depreciation - Leases	6,601	-	6,601	-
Amortisation	475	152	475	152
Directors' emoluments:				
- Fees	8,188	10,375	5,463	6,950
- Management remuneration	23,386	18,846	23,386	18,846
Rental and security	11,572	9,632	4,119	3,887
Legal and professional fees	29,609	22,932	15,675	9,006
Utilities	6,842	7,406	6,399	5,966
Staff costs (note 24)	76,639	74,975	65,622	65,400
Insurance	18,399	17,474	12,844	11,232
Local and overseas travel	11,115	3,751	10,610	2,905
Investment committee fees	25,356	-	-	-
Irrecoverable General Consumption Tax	6,340	5,305	-	-
Other administration expense	<u>62,041</u>	<u>34,656</u>	<u>28,364</u>	<u>14,008</u>
	<u>346,862</u>	<u>245,410</u>	<u>226,631</u>	<u>169,941</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202222. Nature of expenses (continued)

(c) Selling and distribution expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advertising and promotions	<u>37,960</u>	<u>36,823</u>	<u>34,262</u>	<u>34,078</u>
Total administrative, selling and distribution expenses	<u>384,822</u>	<u>282,233</u>	<u>260,893</u>	<u>204,019</u>
Impairment loss recognised on:				
Trade receivables (note 11)	(3,949)	(1,921)	(3,949)	(1,921)
Other receivables (note 11)	(1,882)	(3,807)	(1,882)	(3,807)
	<u>(5,831)</u>	<u>(5,728)</u>	<u>(5,831)</u>	<u>(5,728)</u>

23. Other income

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	1,633	4,882	3,180	7,983
Rental income	3,671	3,659	2,050	2,335
Dividend income	39,418	35,150	12,485	-
Gain on sale of property, plant and equipment	534	3,473	534	3,473
Realised loss on sale of investment property	(1,543)	-	(1,543)	-
Realised (loss)/gain on sale of investments	(7,305)	96,259	-	-
(Decrease)/increase in fair value of investment properties (note 5)	30,060	(4,357)	-	5,000
Net foreign exchange gain	684	19,500	(301)	13,301
Miscellaneous income	<u>4,783</u>	<u>4,909</u>	<u>31,133</u>	<u>26,065</u>
	<u>71,935</u>	<u>163,475</u>	<u>47,538</u>	<u>58,157</u>

24. Staff costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	177,945	156,027	142,408	128,869
Pension	3,160	2,605	3,160	2,605
Other employee benefits	<u>20,876</u>	<u>25,276</u>	<u>20,876</u>	<u>20,660</u>
	<u>201,981</u>	<u>183,908</u>	<u>166,444</u>	<u>152,134</u>

Included in profit or loss as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Direct manufacturing labour [note 22(a)]	125,342	108,933	100,822	86,734
Administration [note 22(b)]	<u>76,639</u>	<u>74,975</u>	<u>65,622</u>	<u>65,400</u>
	<u>201,981</u>	<u>183,908</u>	<u>166,444</u>	<u>152,134</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202225. Taxation

- (a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Current tax expense:				
Current tax expense - current year	32,632	64,879	38,607	51,883
Prior year over provision	-	(9,304)	-	(9,304)
Urban renewal tax relief	(2,025)	(2,025)	-	-
	<u>30,607</u>	<u>53,550</u>	<u>38,607</u>	<u>42,579</u>
Deferred tax expense:				
Originating and reversal of temporary differences (note 9)	<u>3,450</u>	<u>101,311</u>	<u>13,175</u>	<u>8,645</u>
	<u>34,057</u>	<u>154,861</u>	<u>51,782</u>	<u>51,224</u>

- (b) Reconciliation of expected tax expense and actual tax expense:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	<u>266,641</u>	<u>741,045</u>	<u>220,257</u>	<u>308,479</u>
Computed "expected" tax expense @ 25%	56,660	185,261	55,064	77,120
Difference between profits for financial statements and tax reporting purposes on:				
Disallowed expenses and capital adjustments, net	(2,242)	(10,398)	13,690	(8,474)
Effect of employment tax credit	(18,336)	(17,977)	(16,972)	(17,422)
Adjustment for effect of urban renewal tax relief [note 25(e)]	(2,025)	(2,025)	-	-
Actual tax charge	<u>34,057</u>	<u>154,861</u>	<u>51,782</u>	<u>51,224</u>

- (c) As at September 30, 2022, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the Group aggregated \$563,520,000 (2021: \$476,425,000) and \$Nil (2021: \$Nil) for the company. As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

- (d) Remission of income tax:

By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMSE) if certain conditions were achieved after the date of initial admission.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

25. Taxation (continued)

(d) Remission of income tax (continued):

Effective July 3, 2010, the company's shares were listed on the JMJSE. Consequently, the company is entitled to a remission of income taxes for ten years in the proportion set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5: (July 1, 2010 – June 30, 2015) – 100%

Years 6 to 10: (July 1, 2015 – June 30, 2020) – 50%.

The financial statements have been prepared on the basis that the company does not have the benefit of further tax remissions, as these have now fully expired.

- (e) By notice dated April 30, 2019, the Minister of Finance and the Public Service issued a gazette in favour of a subsidiary within the Group, designating it as an Approved Developer as cited by the Urban Renewal Act. The order is effective from 2019 to 2029. With this gazette, the subsidiary receives tax relief under the Urban Renewal (Tax Relief) Act for all developments undertaken on the gazetted property.

26. Earnings per ordinary stock unit

(a) Basic earnings per ordinary stock unit

Basic earnings per share are calculated by dividing the net profit attributable to members by the number of stock units in issue during the year.

	<u>2022</u>	<u>2021*</u>
Net profit attributable to stockholders (\$'000)	<u>193,948</u>	<u>392,935</u>
Weighted average number of stock units in issue	<u>2,152,699,525</u>	<u>2,086,073,445</u>
Basic earnings per stock unit (\$)	<u>0.09</u>	<u>0.19</u>

(b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	<u>2022</u>	<u>2021*</u>
Net profit attributable to stockholders (\$'000)	<u>193,948</u>	<u>392,935</u>
Weighted average number of stock units in issue	<u>2,353,469,519</u>	<u>2,290,073,439</u>
Diluted earnings per stock unit (\$)	<u>0.08</u>	<u>0.17</u>

*There was a 3-for-1 share split during the year, which resulted in an increase in the total weighted number of shares, and a consequent restatement of the earnings per share and diluted earnings per share, as prescribed by the reporting framework (see note 13).

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

26. Earnings per ordinary stock unit (continued)

(b) Diluted earnings per ordinary stock unit (continued)

	<u>2022</u>	<u>2021</u>
Weighted average number of stock units in issue (basic)	2,152,699,525	2,086,073,445
Effect of unexercised share options	<u>200,769,994</u>	<u>203,999,994</u>
Weighted average number of fully diluted stock units (diluted) at September 30	<u>2,353,469,519</u>	<u>2,290,073,439</u>

27. Dividends and distributions

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
(a) Capital distribution:		
Capital reserve	<u>-</u>	<u>41,897</u>
Dividend payments:		
Retained earnings/franked income	<u>-</u>	<u>21,463</u>
	<u>-</u>	<u>63,360</u>

On June 17, 2021, the Board approved by way of resolution a dividend payment of \$21,463,000.

In November 2020, the Board approved by way of resolution, capital distribution of \$41,897,000.

(b) Dividends to non-controlling interests:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Dividends paid to non-controlling interest	<u>26,715</u>	<u>-</u>

At the Board of Directors meeting held on February 14, 2022, the directors of a subsidiary declared and paid dividends of \$0.035 per share from franked income reserves to stockholders on record as at March 15, 2022. The balance disclosed represents dividends paid to stockholders with non-controlling interest. No dividend was declared in the prior year.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202228. Related party balances and transactions

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Balances:				
(a) Due from subsidiaries:				
H. Mahfood & Sons Limited	-	-	765,183	486,031
LTJ Managers Limited	-	-	40,023	-
KIW International Limited	-	-	(525)	6,002
QWI Investments Limited	-	-	863	80,160
Bay City Foods Limited	-	-	27,626	61,451
H. Mahfood & Sons 2020 Limited	-	-	65,885	62,585
	<u>-</u>	<u>-</u>	<u>899,055</u>	<u>696,229</u>
(b) Due to subsidiaries:				
LTJ Managers Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,778</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
(c) Amalgamated Distributors Limited (ADL) [common director]:				
Due from *	<u>66,859</u>	<u>69,743</u>	<u>66,859</u>	<u>69,743</u>
Due to***	<u>(9,337)</u>	<u>(7,600)</u>	<u>(9,337)</u>	<u>(7,600)</u>
(d) Due to directors**	<u>35,061</u>	<u>18,888</u>	<u>35,061</u>	<u>18,888</u>
(e) Short-term borrowings due to a director and close family members**	<u>65,898</u>	<u>37,758</u>	<u>65,898</u>	<u>37,758</u>
(f) Trade payables due to close family member of a director***	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
(g) Directors' emoluments:				
Fees	8,188	10,375	5,493	6,950
Management remuneration	<u>23,386</u>	<u>18,842</u>	<u>23,386</u>	<u>18,846</u>
(h) Transactions with related parties and subsidiaries				
Sale of goods - ADL	563,092	506,700	563,092	506,700
Management fees – subsidiaries	-	-	27,034	24,281
Sale of investment property – close family members of director	65,000	-	65,000	-
Advertising and publishing - ADL	10,397	12,668	10,397	12,668
QWI loan interest income	<u>-</u>	<u>-</u>	<u>2,017</u>	<u>3,379</u>

* Included in trade and other receivables [see note 11(a)].

** Included in short term borrowings [see note 18(i)].

*** Included in trade and other payables (see note 17).

Balances due from/to related parties are interest free, unsecured and repayable on demand.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk, which include interest rate risk and currency risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

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

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally on trade and other receivables, due from related parties and cash and cash equivalents.

Due from related parties

All related party transactions are preauthorized and approved by management during the budgeting process and subsequently in the normal course of business.

Cash and cash equivalents

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

Trade and other receivables

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

Trade receivables mainly consist of balances due from retail distributors within and outside Jamaica. The Group considers that it has concentration of credit risk with one (2021: one) customer, Amalgamated Distributors Limited [see note 28(c)] and the maximum exposure to credit risk is represented by the carrying amount of each financial asset. As at September 30, 2022, amounts receivable from the customer aggregated \$66,859,000 (2021: \$69,743,000). This represents 19% and 16% (2021: 18% and 21%), respectively of the trade receivables of the Group and the company. The counterparty is considered to be creditworthy and balances due are routinely collected within credit periods.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

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

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

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at the reporting date (see also note 11).

	<u>The Group</u>			
	<u>2022</u>			
	<u>Weighted</u> <u>average</u> <u>loss rate</u> %	<u>Gross</u> <u>carrying</u> <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	0.62%	214,960	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	<u>12,417</u>	<u>12,417</u>	Yes
		<u>397,921</u>	<u>18,799</u>	

	<u>The Company</u>			
	<u>2022</u>			
	<u>Weighted</u> <u>average</u> <u>loss rate</u> %	<u>Gross</u> <u>carrying</u> <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	0.64%	208,891	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	<u>12,417</u>	<u>12,417</u>	Yes
		<u>391,852</u>	<u>18,799</u>	

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment (continued)

	<u>The Group</u>			
	<u>2021</u>			
	<u>Weighted</u> <u>average</u> <u>loss rate</u> %	<u>Gross</u> <u>carrying</u> <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	0.68%	231,194	1,567	No
31-60 days past due	1.60%	41,992	672	No
61-90 days past due	3.13%	8,017	251	No
91-120 days past due	4.61%	20,348	938	No
121 -150 days past due	6.06%	4,569	277	No
151 -180 days past due	11.92%	8,574	1,022	No
More than 180 days past due	100.00%	<u>19,903</u>	<u>19,903</u>	Yes
		<u>334,597</u>	<u>24,630</u>	

	<u>The Company</u>			
	<u>2021</u>			
	<u>Weighted</u> <u>average</u> <u>loss rate</u> %	<u>Gross</u> <u>carrying</u> <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	0.74%	212,290	1,567	No
31-60 days past due	1.60%	41,992	672	No
61-90 days past due	3.13%	8,017	251	No
91-120 days past due	4.61%	20,348	938	No
121 -150 days past due	6.06%	4,569	277	No
151 -180 days past due	11.92%	8,574	1,022	No
More than 180 days past due	100.00%	<u>19,903</u>	<u>19,903</u>	Yes
		<u>315,693</u>	<u>24,630</u>	

(b) Liquidity risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

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

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202229. Financial risk management (continued)(b) Liquidity risk (continued):

	<u>The Group</u>			
	<u>2022</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>2 to 5 years</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long-term loans	194,653	208,061	36,580	171,481
Trade and other payables	346,550	346,550	346,550	-
Margin loans	396,889	426,656	-	426,656
Short-term borrowings	115,809	124,117	124,117	-
Leases	<u>14,798</u>	<u>16,734</u>	<u>8,934</u>	<u>7,800</u>
	<u>1,068,699</u>	<u>1,122,118</u>	<u>516,181</u>	<u>605,937</u>

	<u>The Group</u>			
	<u>2021</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>2 to 5 years</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long-term loans	164,838	194,737	33,672	161,065
Trade and other payables	184,685	184,685	184,685	-
Margin loans	341,445	367,053	-	367,053
Short-term borrowings	68,446	71,868	71,868	-
Bank overdraft	<u>226</u>	<u>226</u>	<u>226</u>	<u>-</u>
	<u>759,640</u>	<u>818,569</u>	<u>290,451</u>	<u>528,118</u>

	<u>The Company</u>			
	<u>2022</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>2 to 5 years</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long-term loans	149,653	160,136	33,655	126,481
Trade and other payables	234,371	234,371	234,371	-
Margin loans	50,446	54,229	-	54,229
Short-term borrowings	115,488	124,117	124,117	-
Leases	<u>14,798</u>	<u>16,734</u>	<u>8,934</u>	<u>7,800</u>
	<u>564,756</u>	<u>589,587</u>	<u>401,077</u>	<u>188,510</u>

	<u>The Company</u>			
	<u>2021</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>2 to 5 years</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long-term loans	164,838	194,737	33,672	161,065
Trade and other payables	122,221	122,221	122,221	-
Short-term borrowings	67,889	71,283	71,283	-
Due to subsidiaries	<u>4,778</u>	<u>4,778</u>	<u>4,778</u>	<u>-</u>
	<u>359,726</u>	<u>393,019</u>	<u>231,954</u>	<u>161,065</u>

There was no change to the Group's exposure to liquidity risk during the year, or the manner in which it measures and manages the risk.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202229. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

(i) Currency risk:

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

The Group is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currency giving rise to this risk is the United States dollar (US\$).

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

Exposure to currency risk:

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2022					
	The Group					
	J\$ \$'000	US\$ \$'000	J\$ \$'000	CAN \$'000	J\$ \$'000	TT \$'000
Financial assets:						
Trade receivables	294,277	1,943	2,085	19	-	-
Cash and cash equivalents	37,106	245	2,750	25	7,799	354
Investments	<u>273,224</u>	<u>1,804</u>	<u>-</u>	<u>-</u>	<u>70,058</u>	<u>3,180</u>
Total financial assets	604,607	3,992	4,835	44	77,857	3,534
Financial liabilities:						
Trade payables	(137,409)	(907)	(25,704)	(234)	-	-
Total financial liabilities	(137,409)	(907)	(25,704)	(234)	-	-
Exposure	<u>467,198</u>	<u>3,085</u>	<u>(20,869)</u>	<u>190</u>	<u>77,857</u>	<u>3,534</u>
	2022					
	The Company					
	J\$ \$'000	US\$ \$'000	J\$ \$'000	CAN \$'000	J\$ \$'000	TT \$'000
Financial assets:						
Trade receivables	294,277	1,943	2,085	19	-	-
Cash and cash equivalents	14,388	95	2,750	25	7,799	354
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	308,665	2,038	4,835	44	7,799	354
Financial liabilities:						
Trade payables	(36,928)	(242)	(26,269)	(234)	-	-
Total financial liabilities	(36,928)	(242)	(26,269)	(234)	-	-
Exposure	<u>271,737</u>	<u>1,796</u>	<u>(21,434)</u>	<u>190</u>	<u>7,799</u>	<u>3,534</u>

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202229. Financial risk management (continued)

(c) Market risk (continued):

(i) Currency risk (continued):

Exposure to currency risk (continued):

	2021					
	The Group					
	J\$ \$'000	US\$ \$'000	J\$ \$'000	CAN \$'000	J\$ \$'000	TT \$'000
Financial assets:						
Trade receivables	210,811	1,430	1,822	16	-	-
Cash and cash equivalents	61,769	419	5,808	51	14,749	686
Investments	<u>530,859</u>	<u>3,601</u>	<u>-</u>	<u>-</u>	<u>63,920</u>	<u>2,973</u>
Total financial assets	<u>803,439</u>	<u>5,450</u>	<u>7,630</u>	<u>67</u>	<u>78,669</u>	<u>3,659</u>
Financial liabilities:						
Trade payables	(32,906)	(223)	(13,541)	(114)	-	-
Total financial liabilities	(32,906)	(223)	(13,541)	(114)	-	-
Exposure	<u>770,533</u>	<u>5,227</u>	<u>(5,911)</u>	<u>(47)</u>	<u>78,669</u>	<u>3,659</u>

	2021					
	The Company					
	J\$ \$'000	US\$ \$'000	J\$ \$'000	CAN \$'000	J\$ \$'000	TT \$'000
Financial assets:						
Trade receivables	210,807	1,430	1,810	16	-	-
Cash and cash equivalents	61,217	415	5,773	51	13,660	635
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>272,024</u>	<u>1,845</u>	<u>7,583</u>	<u>67</u>	<u>13,660</u>	<u>635</u>
Financial liabilities:						
Trade payables	(27,267)	(185)	(13,541)	(114)	-	-
Total financial liabilities	(27,267)	(185)	(13,541)	(114)	-	-
Exposure	<u>244,757</u>	<u>1,660</u>	<u>(5,958)</u>	<u>(47)</u>	<u>13,660</u>	<u>635</u>

Exchange rates as at the reporting date were; US\$1: J\$151.4548 (2021: 1:J\$147.56); GBP 1 :J\$167.5716 (2021: 1:J\$201.92); CAN \$1: 112.4313 (2021: 1:118.78); Euro 1: J\$142.0418 (2021: 1: J\$168.71) and TT\$1: J\$22.0305 (2021: 1: J\$21.5).

Sensitivity analysis:

A 4% (2021: 8%) strengthening of the above currencies against the J\$ would increase profit for the year by \$25,156,000 (2021: \$67,463,000) for the Group.

A 4% (2021: 8%) strengthening of the above currencies against the J\$ would increase profit for the year by \$10,328,000 (2021: \$20,197,000) for the company.

A 1% (2021: 2%) weakening of the above currencies against the J\$ would decrease profit for the year by \$6,289,000 (2021: \$16,866,000) for the Group.

A 1% (2021: 2%) weakening of the above currencies against the J\$ would decrease profit for the year by \$2,582,000 (2021: \$5,049,000) for the company.

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

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk:

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

The Group minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The Group's interest rate risk arises mainly from bank loans.

At the reporting date, the interest profile of the Group's interest-bearing financial instruments was:

	<u>Carrying amount</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
Fixed rate:		
Financial assets	101,929	125,604
Financial liabilities	(722,149)	(574,955)
	<u>(620,220)</u>	<u>(449,351)</u>

Fair value sensitivity analysis for financial instruments:

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

(iii) Equity price risk:

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

A 6% (2021: 5%) increase in the market price at the reporting date would cause an increase in the Group's profit or loss and other comprehensive income of \$118,471,000 (2021: \$106,933,000). A 6% (2021: 5%) decrease would have an equal and opposite impact.

(d) Capital management:

The policy of the Group's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management (continued)

(d) Capital management (continued):

The Group considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The Group's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the Group as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the Group at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans, short-term borrowings, margin loan payable, and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt.

The gearing ratios at the year-end based on these calculations were as follows:

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Debt	707,351	574,729
Equity	<u>2,610,158</u>	<u>2,076,904</u>
Total capital	<u>3,317,509</u>	<u>2,651,633</u>
Gearing ratio	<u>21.3%</u>	<u>21.7%</u>

There were no significant changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The Group's equities are the only financial instruments that are carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed.

The carrying values reflected in the financial statements for cash and cash equivalents, trade and other receivables, and trade and other payables, are assumed to approximate fair value due to their relatively short-term nature.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

29. Financial risk management (continued)

(e) Fair values (continued):

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

The fair values of quoted equities are based on the closing bid prices published by the respective Stock Exchanges.

Determination of fair value and fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments listed on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Group considers relevant and observable market prices in its valuations where possible.

Equity investments are classified as Level 1.

JAMAICAN TEAS LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202230. Segment reporting

	2022				
	<u>Manufacturing</u> \$'000	<u>Retailing</u> \$'000	<u>Real estate</u> \$'000	<u>Investments</u> \$'000	<u>Total</u> \$'000
Gross revenue	1,855,936	602,905	14,913	-	2,473,754
Inter-segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	<u>1,855,936</u>	<u>602,905</u>	<u>10,113</u>	<u>-</u>	<u>2,468,954</u>
Fair value gains from revaluation of investments at FVTPL				36,948	36,948
Other income	47,538	2,667	59,775	10,030	120,010
Inter-segment other income	(41,536)	-	(30,000)	(2,527)	(74,063)
	<u>6,002</u>	<u>2,667</u>	<u>29,775</u>	<u>44,451</u>	<u>82,895</u>
Segment profit	202,061	42,294	23,709	(21,162)	246,902
Finance cost	(23,341)	(124)	(488)	(26,308)	(50,261)
Profit/(loss) before taxation	178,720	42,170	23,221	(47,470)	196,641
Taxation charge					(34,057)
Non-controlling interest					31,364
Profit attributable to equity holders of the parent					193,948
Segment assets	1,591,365	152,672	1,010,967	2,184,351	4,939,355
Segment liabilities	(667,608)	(104,056)	(3,398)	(400,844)	(1,175,906)
Capital expenditure	48,936	24,114	106,547	-	179,597
Depreciation and amortisation	(35,283)	(6,835)	-	-	(42,118)
	2021				
	<u>Manufacturing</u> \$'000	<u>Retailing</u> \$'000	<u>Real estate</u> \$'000	<u>Investments</u> \$'000	<u>Total</u> \$'000
Gross revenue	1,610,363	517,585	147,041	-	2,274,989
Inter-segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	<u>1,610,363</u>	<u>517,585</u>	<u>142,241</u>	<u>-</u>	<u>2,270,189</u>
Fair value gains from revaluation of investments at FVTPL	-	-	-	407,765	407,765
Other income	58,157	3,162	3,454	126,726	191,499
Inter-segment other income	(27,660)	-	-	(69,645)	(97,305)
	<u>30,497</u>	<u>3,162</u>	<u>3,454</u>	<u>464,846</u>	<u>501,959</u>
Segment profit	318,056	21,262	20,082	419,353	778,753
Finance cost	(10,956)	(421)	-	(26,331)	(37,708)
Profit before taxation	307,100	20,841	20,082	393,022	741,045
Taxation charge					(154,861)
Non-controlling interest					(193,249)
Profit attributable to equity holders of the parent					<u>392,935</u>

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

30. Segment reporting (continued)

	<u>2021</u>				
	<u>Manufacturing</u>	<u>Retailing</u>	<u>Real estate</u>	<u>Investments</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	<u>1,194,759</u>	<u>135,399</u>	<u>611,195</u>	<u>2,140,346</u>	<u>4,081,699</u>
Segment liabilities	<u>(420,326)</u>	<u>(45,080)</u>	<u>(5,344)</u>	<u>(320,368)</u>	<u>(791,118)</u>
Capital expenditure	<u>55,908</u>	<u>18,445</u>	<u>40,287</u>	<u>-</u>	<u>114,640</u>
Depreciation and amortisation	<u>(23,618)</u>	<u>(8,131)</u>	<u>-</u>	<u>-</u>	<u>(31,749)</u>

31. Impact of change in estimate

During the current year, the group changed its accounting policy for owner occupied freehold land and buildings from the cost model to the fair value model. The Group decided to account for all owner-occupied properties using the revaluation model in line with IAS 16. These changes were made to take account of the fair values of owner-occupied freehold land and buildings. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the total comprehensive income of the Group for the current financial year end has increased by \$255,247,000 net of taxes and that of the company has increased by \$185,649,000 net of taxes. Refer to note 2c(i) for additional details

32. Contingencies and commitments

- (a) As at September 30, 2022, a subsidiary has capital commitments of approximately \$105,149,000 (2021: \$28,082,000) in relation to work in progress inventory for a proposed apartment complex at Belvedere Road, Kingston and St Andrew. No provision has been made in these financial statements for the unexpended capital commitments as at reporting date although appropriate funding has been approved.
- (b) The company has given an undertaking to support the operations of certain loss-making subsidiaries for the foreseeable future.

33. Impact of COVID-19 and Russia/Ukraine War(a) Impact of COVID-19

In March 2020, the World Health Organization declared the novel coronavirus, COVID-19, as a global pandemic. As a first step, management established measures at all the group's properties to safeguard and protect its stakeholders by not only providing information to employees, business partners and customers but equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises.

The industry within which the major business segments operate were designated by the Government of Jamaica (GOJ) as an essential industry. Operations were exempted from the curfews and other Disaster Risk Management Act restrictions imposed since March 2020. As a result, the group did not faced interruptions to its operations as a result of GOJ restrictions and all employees were able to commute as required.

JAMAICAN TEAS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2022

33. Impact of COVID-19 and Russia/Ukraine War (continued)

(a) Impact of COVID-19 (continued)

In February 2022, the Government of Jamaica withdrew the COVID-19 protocols which were enacted under the Disaster Risk Management Act (DRMA). With this, economic activity further improved as a result of the re-opening of the economy and the pent-up demand across several sectors.

The manufacturing segment of the group continues to see improved performance as a result of the pandemic as it strategised and capitalised on demand that existed in the export market. The retail and real estate business segment saw minimal impact. The investment business segment continues to be significantly impacted as asset prices across the world responded to the economic disruption. This segment has investments in shares listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and the New York Stock Exchange. Investments are also held in companies across a variety of industries. Management has assessed that the segment was adversely impacted by the pandemic through the decline in share prices on the stock markets and the cessation of dividend payments by some investee companies. However, Since November 2020, and particularly in 2021, the COVID related operating restrictions on many of the investee companies have been progressively lifted or eliminated. In addition, as the use of vaccines against COVID have become increasingly widespread, companies dependent on travel and tourism have been able to increase the scope and scale of their operations. This has created opportunities for the group to shift some of its investments into travel dependent investee companies with strong immediate growth prospects. As the impact of the pandemic continues to be felt in some areas, Management continues to adopt several measures specifically around risk management. These measures include:

- i. Gathering information about the industries within which the company holds investments and the impact the pandemic is having on each industry.
- ii. Reorganized the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic.
- iii. Diversifying the company's investment portfolio to invest in listed equities outside of Jamaica across thriving industries.
- iv. Continuous monitoring of the performance of investee companies.

At the reporting date, management continues to monitor the performance of each of the group's business segments but believes that the Group is in a strong position to withstand any residual shock arising from the pandemic.

(b) Impact of Russia/Ukraine War

Geopolitical tensions in Eastern Europe escalated on February 24, 2022 with Russia's invasion of Ukraine. The war and accompanying economic sanctions imposed have triggered turmoil in global financial markets, exacerbated existing inflationary pressures and drastically increased uncertainty about the recovery of the global economy.

The operations of the group were not significantly impacted by the uncertainties brought on by the Russia/Ukraine war. Though the manufacturing segment relies on raw material imports to satisfy its production demands, these imports were not from regions impacted by the war.

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33. Impact of COVID-19 and Russia/Ukraine War (continued)(b) Impact of Russia/Ukraine War (continued)

The investment segment experienced marginal impact as, as a result of the heightened inflationary pressures, monetary authorities have started to increase interest rates. This increasing interest rate environment, coupled with growing financial market uncertainty, has negatively impacted prices of financial assets and heightened overall market risk. In response to the aforementioned, the investment segment has adopted several measures, specifically, around financial risk management. These measures include:

- i. Pursuing actions to reduce the investment portfolio's exposure to interest rate risk; and
- ii. Enhanced monitoring of financial market movements and the investment portfolio by the group.

Whilst the impact of the Russia/Ukraine conflict is considered indirect at this time, management continues to monitor the ongoing situation with a view to proactively mitigating identified risk arising.