



## **STANLEY MOTTA LIMITED**

**Financial Statements  
31 December 2022**

# Stanley Motta Limited

Index

31 December 2022

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## Independent auditor's report

To the Members of Stanley Motta Limited

### Report on the audit of the consolidated and stand-alone financial statements

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#### Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Stanley Motta Limited (the Company) and its subsidiary (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.



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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### **Our audit approach**

#### **Audit scope**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### **How we tailored our group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises the parent, Stanley Motta Limited, and a subsidiary, Unity Capital Incorporated, which are incorporated in Jamaica and St. Lucia respectively. A full scope audit was performed for both entities as they were determined to be individually financially significant. Unity Capital Incorporated is audited by a non-PwC firm. In establishing the overall Group audit strategy and plan, the Group engagement team determined the type of work needed to be performed at the subsidiary level which included a review of the component team's audit working papers of Unity Capital Incorporated by the Group engagement team.



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### **Key audit matters**

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of Investment Properties</b></p> <p><i>Refer to notes 2 (h), 4 and 15 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgments, estimates and balances.</i></p> <p>Investment properties represented \$6,860 million or 95.4% of total assets for the Group and \$5,615 million or 92.8% of total assets for the Company as at 31 December 2022.</p> <p>The determination of the fair value of investment properties requires significant judgement and is inherently subjective due to, among other factors, the individual nature of each property, their location and the expected future rental for each property.</p> <p>This combined with the fact that a small percentage difference in individual property valuation assumptions, when aggregated, could result in a material misstatement, is why we focused on this area.</p> <p>Management, with the assistance of independent valuation experts, used the income capitalisation approach, which consists of a discounted cash flow forecast to value the investment properties. The income capitalisation approach considers the following key assumptions, and changes to these may have a significant impact on the carrying value of the investment properties:</p> <ul style="list-style-type: none"><li>• capitalisation rate;</li><li>• discount rate; and</li><li>• estimation of rental income.</li></ul>	<p>Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others:</p> <ul style="list-style-type: none"><li>• Evaluated the competence and objectivity of management's experts. This included confirming that they are appropriately qualified and not affiliated to the Group.</li><li>• Obtained an understanding of the valuation methods used by management along with significant developments within the industry. This included evaluating the appropriateness of the valuation methodology used and its suitability for determining market value in accordance with the financial reporting framework.</li><li>• Agreed rental income to signed rental agreements and other supporting documents including renewal terms for a sample of contracts.</li><li>• Compared management's discount and capitalisation rates to those of comparable companies taking into account entity and industry risk factors as well as historical financial information.</li></ul> <p>Based on the procedures performed, management's assumptions and judgements relating to the valuation of investment properties were not unreasonable.</p>

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### Other information

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

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

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

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

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### Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 or the Company or to cease operations, or has no realistic alternative but to do so.

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

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### Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

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



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

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

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 to 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 consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the 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.

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### Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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The engagement partner on the audit resulting in this independent auditor's report is Tricia-Ann Smith DaSilva.

A stylized, handwritten-style signature of "PricewaterhouseCoopers" in a dark grey or black ink.

Chartered Accountants  
Kingston, Jamaica  
19 April 2023



# Stanley Motta Limited

## Consolidated Statement of Comprehensive Income

**Year ended 31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	6	499,370	492,620
Other operating income	7	11,791	40,132
Administrative expenses	8	(179,773)	(179,610)
Net impairment losses on financial assets	8	-	(966)
<b>Operating Profit</b>		<u>331,388</u>	<u>352,176</u>
Finance cost	10	(89,648)	(102,917)
Fair value gain on investment properties	15	<u>616,834</u>	<u>553,986</u>
<b>Profit before Taxation</b>		<u>858,574</u>	<u>803,245</u>
Taxation	11	<u>(9,993)</u>	<u>(4,945)</u>
<b>Net Profit</b>		<u>848,581</u>	<u>798,300</u>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation difference on net asset of foreign subsidiary		<u>(8,015)</u>	<u>78,992</u>
<b>Total Comprehensive Income</b>		<u><u>840,566</u></u>	<u><u>877,292</u></u>
 Earning per stock unit for profit attributable to the equity holders of the Company during the year	 12	 <u><u>1.12</u></u>	 <u><u>1.05</u></u>

# Stanley Motta Limited

## Consolidated Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

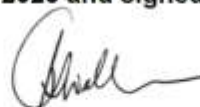
	Note	2022 \$'000	2021 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	14	9,660	17,896
Investment properties	15	6,860,231	6,169,094
Right-of-use asset	16	172,235	209,819
		<u>7,042,126</u>	<u>6,396,809</u>
<b>Current Assets</b>			
Receivables	18	8,426	37,190
Taxation Recoverable		-	528
Cash and cash equivalents	19	143,308	81,696
		<u>151,734</u>	<u>119,414</u>
<b>Current Liabilities</b>			
Payables	20	84,627	16,037
Due to related party		3,516	-
Taxation payable		12,485	1,745
Current portion of borrowings	26	36,525	40,499
Current portion lease liabilities	16	16,557	21,948
		<u>153,710</u>	<u>80,229</u>
<b>Net Current (Liabilities)/Assets</b>		<u>(1,976)</u>	<u>39,185</u>
		<u>7,040,150</u>	<u>6,435,994</u>
<b>Shareholders' Equity</b>			
Share capital	21	811,933	811,933
Capital reserve	22	238,379	238,379
Cumulative translation reserve	23	122,082	130,097
Retained earnings	13	4,908,533	4,251,683
		<u>6,080,927</u>	<u>5,432,092</u>
<b>Non-Current Liabilities</b>			
Borrowings	26	773,340	776,607
Lease liabilities	16	157,953	192,637
Long term payable	27	27,930	34,658
		<u>959,223</u>	<u>1,003,902</u>
		<u>7,040,150</u>	<u>6,435,994</u>

Approved for issue by the Board of Directors on 19 April 2023 and signed on its behalf by:



Melanie Subratie

Director



Blondell Walker

Director

# Stanley Motta Limited

## Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

		Number of shares	Share Capital	Capital Reserve	Cumulative Translation Reserve	Retained Earnings	Total
Note		'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 December 2020</b>		757,828	811,933	238,379	51,105	3,642,840	4,744,257
Net profit for the year		-	-	-	-	798,300	798,300
Currency translation difference on net asset of foreign subsidiary		-	-	-	78,992	-	78,992
Total comprehensive income		-	-	-	78,992	798,300	877,292
<b>Transactions with owners of the company:</b>							
Dividends paid	28	-	-	-	-	(189,457)	(189,457)
<b>Balance at 31 December 2021</b>		757,828	811,933	238,379	130,097	4,251,683	5,432,092
Net profit for the year			-	-	-	848,581	848,581
Currency translation difference on net asset of foreign subsidiary			-	-	(8,015)	-	(8,015)
Total comprehensive income			-	-	(8,015)	848,581	840,566
<b>Transactions with owners of the company:</b>							
Dividends paid	28		-	-	-	(191,731)	(191,731)
<b>Balance at 31 December 2022</b>		757,828	811,933	238,379	122,082	4,908,533	6,080,927

# Stanley Motta Limited

## Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit for the year		848,581	798,300
Adjusted for:			
Taxation	11	9,993	4,945
Depreciation	8	46,640	23,880
Impairment of financial assets	8	-	966
Interest income	7	(77)	(131)
Interest expense	10	62,669	56,389
Fair value gain on investment properties	15	(616,834)	(553,986)
Exchange loss on foreign currency balances		18,938	13,725
		<u>369,910</u>	<u>344,088</u>
Changes in operating assets and liabilities			
Receivables		28,764	11,249
Long term payable		(6,728)	248
Due to/(from) other related parties		3,516	-
Payables		<u>68,590</u>	<u>(24,454)</u>
Cash generated from operations		464,052	331,131
Taxation paid		<u>-</u>	<u>(3,355)</u>
Cash provided by operating activities		<u>464,052</u>	<u>327,776</u>
<b>Cash Flows from Investing Activities</b>			
Additions to investment properties	15	(83,355)	(45,818)
Interest received		<u>77</u>	<u>130</u>
Cash used in investing activities		<u>(83,278)</u>	<u>(45,688)</u>
<b>Cash Flows from Financing Activities</b>			
Repayment of long-term loan	26	(753,776)	(20,625)
Long term loan		698,396	-
Dividend paid	28	(191,731)	(189,457)
Interest paid		<u>(62,670)</u>	<u>(56,389)</u>
Cash used in financing activities		<u>(309,781)</u>	<u>(266,471)</u>
Effect of exchange rate changes on cash and cash equivalents		(9,381)	11,858
Increase in cash and cash equivalents		70,993	15,617
Cash and cash equivalents at beginning of year		<u>81,696</u>	<u>54,221</u>
<b>Cash and Cash Equivalents at End of Year</b>	19	<u>143,308</u>	<u>81,696</u>

# Stanley Motta Limited

## Company Statement of Comprehensive Income

**Year ended 31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	6	421,120	416,859
Other operating income	7	11,348	45,232
Administrative expenses	8	(154,605)	(152,876)
Net impairment losses on financial assets	8	-	(966)
<b>Operating Profit</b>		<b>277,863</b>	<b>308,249</b>
Finance cost	10	(76,417)	(88,026)
Fair value gains on investment properties	15	324,823	553,986
<b>Profit before Taxation</b>		<b>526,269</b>	<b>774,209</b>
Taxation	11	(1,192)	(1,589)
<b>Net Profit, being Total Comprehensive Income</b>		<b>525,077</b>	<b>772,620</b>

# Stanley Motta Limited

## Company Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

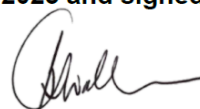
	Note	2022 \$'000	2021 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	14	9,528	14,550
Investment properties	15	5,615,342	5,207,164
Right-of-use assets	16	172,235	209,819
Investment in subsidiary	17	151,765	151,765
		<u>5,948,870</u>	<u>5,583,298</u>
<b>Current Assets</b>			
Receivables	18	6,581	36,989
Taxation recoverable		-	528
Cash and cash equivalents	19	95,697	59,238
		<u>102,278</u>	<u>96,755</u>
<b>Current Liabilities</b>			
Payables	20	76,836	16,393
Due to related party	24	35,207	17,347
Taxation payable		2,938	1,747
Current portion of borrowings	26	28,821	33,030
Current portion of lease liabilities	16	16,557	21,948
		<u>160,359</u>	<u>90,465</u>
<b>Net Current (Liabilities)/Assets</b>		<u>(58,081)</u>	<u>6,290</u>
		<u>5,890,789</u>	<u>5,589,588</u>
<b>Shareholders' Equity</b>			
Share capital	21	811,933	811,933
Retained earnings		4,245,786	3,912,440
		<u>5,057,719</u>	<u>4,724,373</u>
<b>Non-Current Liabilities</b>			
Borrowings	26	647,187	641,002
Lease liabilities	16	157,953	192,637
Long term payable	27	27,930	31,576
		<u>833,070</u>	<u>865,215</u>
		<u>5,890,789</u>	<u>5,589,588</u>

Approved for issue by the Board of Directors on 19 April 2023 and signed on its behalf by:



Melanie Subratie

Director



Blondell Walker

Director

# Stanley Motta Limited

## Company Statement of Changes in Equity

**Year ended 31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

		Number of shares	Share Capital	Fair Value Reserve	Retained Earnings	Total
	Note	'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 December 2020</b>		757,828	811,933	-	3,329,277	4,141,210
Net profit, being Total Comprehensive Income for the Year		-	-	-	772,620	772,620
<b>Transactions with owners of the company:</b>						
Dividends paid	28	-	-	-	(189,457)	(189,457)
<b>Balance at 31 December 2021</b>		757,828	811,933	-	3,912,440	4,724,373
Net profit, being Total Comprehensive Income for the Year		-	-	-	525,077	525,077
<b>Transactions with owners of the company:</b>						
Dividends paid	28	-	-	-	(191,731)	(191,731)
<b>Balance at 31 December 2022</b>		757,828	811,933	-	4,245,786	5,057,719

# Stanley Motta Limited

## Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit for the year		525,077	772,620
Adjusted for:			
Taxation	11	1,192	1,589
Depreciation	8	43,457	20,414
Impairment of financial assets	8	-	966
Interest income	7	(37)	(105)
Interest expense	10	49,439	41,802
Fair value gain on investment properties	15	(324,823)	(553,986)
Exchange losses on foreign currency balances		9,036	23,346
		<u>303,341</u>	<u>306,646</u>
Changes in operating assets and liabilities			
Receivables		30,409	13,425
Due to related party	24	17,860	8,874
Long term payable		(3,646)	-
Payables		<u>60,443</u>	<u>(24,554)</u>
Cash generated from operations		<u>408,407</u>	<u>304,391</u>
Cash provided by operating activities		<u>408,407</u>	<u>304,391</u>
<b>Cash Flows from Investing Activities</b>			
Additions to investment properties	15	(83,355)	(45,818)
Interest received		<u>38</u>	<u>104</u>
Cash used in investing activities		<u>(83,317)</u>	<u>(45,714)</u>
<b>Cash Flows from Financing Activities</b>			
Repayment of long-term loan	26	(746,307)	(13,848)
Addition of long term loan		698,396	-
Dividend paid	28	(191,731)	(189,457)
Interest paid		<u>(49,439)</u>	<u>(41,802)</u>
Cash used in by financing activities		<u>(289,081)</u>	<u>(245,107)</u>
Effect of exchange rate changes on cash and cash equivalents		450	10,397
Increase in cash and cash equivalents		36,009	13,570
Cash and cash equivalents at beginning of year		<u>59,238</u>	<u>35,271</u>
<b>Cash and Cash Equivalents at End of Year</b>	19	<u><u>95,697</u></u>	<u><u>59,238</u></u>



# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Principal Activity

Stanley Motta Limited, (the Company) is a company limited by shares incorporated and domiciled in Jamaica. The Company is publicly listed on the Jamaica Stock Exchange and its registered office is located at 58 Halfway Tree Road, Kingston 10, Jamaica.

The company together with wholly owned subsidiary, Unity Capital Incorporated, incorporated and resident in St. Lucia, is referred to as 'the Group'. The principal activities of the Group are the rental and management of commercial real estate.

### 2. Significant Accounting Policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committee (IFRIC IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of Investment Properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### ***Standards, interpretations and amendments to existing standards effective in the current year***

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has affected the following, which are immediately relevant to its operations:

**Amendments to IAS 16, 'Property, Plant and Equipment: Proceeds before intended use'**, (effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendment did not have a significant impact on the Group's financial statements.

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

*Standards, interpretations and amendments to existing standards effective in the current year (continued)*

**Amendments to IAS 37, 'Onerous Contracts – Cost of Fulfilling a Contract'**, (effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendment did not have a significant impact on the Group's financial statements.

**Amendments to IFRS 3, 'Business Combination'**, reference to the Conceptual Framework, (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendment did not have a significant impact on the Group's financial statements.

**Annual Improvements to IFRS Standards 2018-2020** (effective for annual periods beginning on or after 1 January 2022). The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment regarding payments from the lessor relating to leasehold improvements and to remove any confusion about the treatment of lease incentives.

The adoption of the standard did not have any significant impact on the operations of the Group.

There are no other IFRSs or IFRIC interpretations effective in the current year which are expected to have a significant impact on the accounting policies or financial disclosures of the Group.

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective***

The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 January 2023, but the Group has not early adopted them:

**Amendments to IAS 1, 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current**, (effective for annual periods beginning on or after 1 January 2023). The narrow-scope amendments to IAS 1, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

**Amendments to IAS 1 and IFRS Practice Statement 2, 'Disclosure of Accounting Policies'**, (effective for annual periods beginning on or after 1 January 2023). The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Management is in the process of assessing if the amendment will have a significant impact on the Group's financial statements.

**Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates**, (effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (b) Basis of preparation (continued)

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

**Amendments to IAS 12, 'Income Taxes', - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**, (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

**Amendments to IFRS 16, 'Leases'**, requirements for sale and leaseback transactions to explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendment specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

# Stanley Motta Limited

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (b) Consolidation *Subsidiaries*

Subsidiaries are all entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, or exercisable after conversion of convertible instruments, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for business combinations involving third parties by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in the statement of comprehensive income.

Inter-Group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses and gains are also eliminated.

Acquisitions between companies under common control are accounted for using the capital reorganisation accounting method. Under the capital reorganisation accounting method, the company in acquiring a fellow subsidiary incorporates the assets and liabilities of the acquired fellow subsidiary at their pre-combination carrying amounts without fair value uplift. Any excess or deficiency of purchase consideration over or below net assets acquired results in an adjustment to equity by the creation of a capital reserve.

The Group's subsidiary, country of incorporation, and the Group's percentage interest are as follows:

	Country of incorporation	Group's Percentage Interest	
		2022	2021
Unity Capital Incorporated	St. Lucia	100%	100%

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (c) Income recognition

##### (i) Rental income

Revenue comprises the invoiced value of rental and maintenance charges net of General Consumption Tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. The Group currently does not provide incentives to its tenants.

The Group assesses the individual elements of the lease agreements and assesses whether these individual elements are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price is allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. These selling prices are predominantly fixed price per the agreements where the tenant pays the fixed amount based on a payment schedule. If the services rendered should exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. The group currently does not have arrangements that include deferred payment terms.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### (ii) Interest income

Interest income is recorded on the accrual basis using the effective interest method. Interest income on financial assets at amortised cost is recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method.

#### (d) Foreign currency translations

##### ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

At the year end, monetary assets and liabilities denominated in foreign currency are translated using the buying and selling rate of exchange rate of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (e) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the year end.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Deferred tax is charged or credited to the statement of comprehensive income, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

#### (f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The assets residual values and useful lives are revisited and adjusted if appropriate, at the end of each reporting period.

Depreciation is calculated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives.

The annual rates of depreciation are as follows:

Machinery and equipment	10% - 33 1/3%
Leasehold improvement	Shorter of the life of the lease or the useful life

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

**(g) Impairment of non – current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

**(h) Investment properties**

Investment properties principally comprise buildings. Investment properties are carried at fair value, representing the open market value determined annually by external valuers. These valuations are done annually by independent valuers. Changes in fair values are recorded in the statement of comprehensive income.

**(i) Borrowings and borrowings costs**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(j) Inventories**

Finished goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (k) Financial instruments

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

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The determination of the fair values of the company's financial instruments is discussed in Note 3(d).

#### Financial Assets

##### Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows. The cash flows of the company's trade receivables are solely payments of principal and interest (SPPI). After initial recognition at fair value, the company measures trade receivables at amortised cost using the effective interest method.

##### Other Financial Assets at Amortised Cost

The Group classifies its other financial assets as at amortised cost only if both the asset is held within a business model the objective of which is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Other financial assets at amortised cost include cash and bank balances, balances dues from related parties and other receivables.

##### Impairment

The Group's trade receivables and other financial assets at amortised cost are subject to the expected credit loss model in the determination of impairment. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles for services provided over a period of 36 months respectively and the corresponding historical credit losses experienced within this period. The Group has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (k) Financial instruments (continued)

##### **Financial liabilities**

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, payables and bank overdraft were classified as financial liabilities.

#### (l) Receivables

Receivables are carried at original invoice amount less provision made for expected credit losses of these receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3(k).

#### (m) Cash and cash equivalent

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances.

#### (n) Payables

Payables are stated at invoice cost.

#### (o) Share capital

Ordinary shares and non-redeemable cumulative preference shares where the declaration of dividends is discretionary are classified as equity instruments.

#### (p) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

#### (q) Related parties

A party is related to the Group, if

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - (a) is controlled by, or is under common control with the Group;
  - (b) has a direct or indirect interest in the Group that gives influence; or
  - (c) has joint control over the Group;
- (ii) the party is an associate of the Group;
- (iii) the party is a joint venture of the Group;
- (iv) the party is a member of the key management personnel of the Group;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv)
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

**(r) Investment subsidiary**

Investment in subsidiary is stated at cost.

**(s) Leases**

*Lessee*

The Group leases commercial land and building. Rental contracts are typically made for fixed periods of 1 to 20 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (s) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's risk management activities set risk limits and controls and monitor the risks and adherence to limits.

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

There has been no significant change to the Group's exposure to financial risks or the way it manages and measures risk.

#### (a) Credit risk

The Group takes on exposure to credit risk, which is the risk that a party to a financial instrument will fail to discharge their contractual obligation and cause the other party to incur a loss. Credit exposures arise principally from receivables and cash at bank.

The company assesses its credit losses, using the expected credit loss model, discussed in Note 2 (k).

##### (i) Trade and other receivables

The Group and the Company's exposure to credit risk is low.

The Group and the Company's policy are not to give credit. There were no breaches in the prior year. During the year, the Group provided a moratorium to several customers which provided allowed for deferred rental payments. The moratorium arrangement was honoured by the customers.

##### (ii) Cash at bank

Cash is held with high credit quality financial institutions.

#### Maximum exposure to credit risk

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Receivables	6,984	12,293	5,139	11,645
Cash and cash equivalents	143,308	81,696	95,697	59,238
	<u>150,292</u>	<u>93,989</u>	<u>100,836</u>	<u>70,883</u>

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### **Loss allowance**

Over the term of the financial asset, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of financial assets and adjusts for forward looking macroeconomic data.

Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the subsidiary to settle the receivables. The Company has identified indicators such as trends, concentration risk and macroeconomic fundamentals, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group						
	2022			2021		
	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate
90 days or more	7,092	3,890	54.85%	13,506	3,890	28.81%
	2,645	3,890		13,506	3,890	

The Company						
	2022			2021		
	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate
90 days or more	5,247	3,890	74.14%	12,856	3,890	30.26%
	7,061	3,890		12,856	3,890	

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *Loss allowance (continued)*

Movements on the provision for impairment of trade receivables are as follows:

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	3,890	2,924
Increase in expected credit loss	-	966
At 31 December	<u>3,890</u>	<u>3,890</u>

#### *Exposure to credit risk for trade receivables*

The following table summarises the Group's and the Company's credit exposure for trade receivables at their carrying amounts, as categorised by its main customer sectors

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade Receivables	7,092	13,506	5,247	12,856
Provision for credit losses	<u>(3,890)</u>	<u>(3,890)</u>	<u>(3,890)</u>	<u>(3,890)</u>
	<u>3,202</u>	<u>9,616</u>	<u>1,357</u>	<u>8,966</u>

#### **Assets written off**

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises receivables for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group manages its liquidity risk through monitoring outstanding balances and accessing funding, if necessary, from its former parent company, in advance of amounts becoming due.

#### Liquidity risk management process

The Group's and Company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required; and
- (ii) Managing the concentration and profile of debt maturities

#### Undiscounted cash flows of financial liabilities

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

	The Group					Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2022					
<b>Liabilities</b>						
Payables	58,977	17,859	7,791	-	-	84,627
Borrowings	5,652	16,238	49,944	326,671	875,698	1,274,203
Lease liability	-	-	-	28,216	180,540	208,756
Long-term payable	-	-	-	27,930	-	27,930
Total financial liabilities	64,629	34,097	57,735	382,817	1,056,238	1,595,516



# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk (continued)

##### *Undiscounted cash flows of financial liabilities (continued)*

	The Group					Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021					
<b>Liabilities</b>						
Payables	6,523	9,514	-	-	-	16,037
Borrowings	6,871	13,742	68,838	270,478	655,140	1,015,069
Lease liability	3,111	6,221	31,441	155,623	156,992	353,388
Long-term payable	-	-	-	31,576	3,082	34,658
Total financial liabilities	16,505	29,477	100,279	457,677	815,214	1,419,152

	The Company					Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2022					
<b>Liabilities</b>						
Payables	58,977	17,859	-	-	-	76,836
Due to related party	-	35,207	-	-	-	35,207
Borrowings	4,014	12,000	35,241	230,075	798,151	1,079,481
Lease liability	-	-	-	28,216	180,540	208,756
Long-term payable	-	-	-	27,930	-	27,930
Total financial liabilities	62,991	65,066	35,241	286,221	978,691	1,428,210

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk (continued)

#### *Undiscounted cash flows of financial liabilities (continued)*

	The Company					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
	2021					
<b>Liabilities</b>						
Payables	5,120	11,273	-	-	-	16,393
Due to related party	-	17,347	-	-	-	17,347
Borrowings	6,871	13,742	61,838	183,582	607,886	873,919
Lease liability	3,111	6,221	31,441	155,623	156,992	353,388
Long-term payable	-	-	-	31,576	-	31,576
Total financial liabilities	15,102	48,583	93,279	370,781	764,878	1,292,623

# Stanley Motta Limited

Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

#### (i) Currency risk

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

The group is exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

#### Concentrations of currency risk

	The Group		
	Jamaican\$	US\$	Total
	J\$'000	J\$'000	J\$'000
	<b>2022</b>		
<b>Financial Assets</b>			
Receivables	1,408	5,576	6,984
Cash and cash equivalents	2,727	140,581	143,308
Total financial assets	4,135	146,157	150,292
<b>Financial Liabilities</b>			
Payables	24,783	59,844	84,627
Long term payable	-	27,930	27,930
Borrowings	676,007	133,858	809,865
Lease liability	169,713	4,797	174,510
Total financial liabilities	870,503	226,429	1,096,932
<b>Net financial position</b>	<b>(866,368)</b>	<b>(80,272)</b>	<b>(946,640)</b>
	<b>2021</b>		
<b>Financial Assets</b>			
Receivables	5,156	7,138	12,294
Cash and cash equivalents	4,473	77,223	81,696
Total financial assets	9,629	84,361	93,990
<b>Financial Liabilities</b>			
Payables	11,469	4,568	16,037
Long term payable	-	34,658	34,658
Borrowings	143,074	674,032	817,106
Lease liability	214,585	-	214,585
Total financial liabilities	369,128	713,258	1,082,386
<b>Net financial position</b>	<b>(359,499)</b>	<b>(628,897)</b>	<b>(988,396)</b>

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

#### Concentrations of currency risk (continued)

	The Company		
	Jamaican\$	US\$	Total
	J\$'000	J\$'000	J\$'000
	2022		
<b>Financial Assets</b>			
Receivables	1,406	3,731	5,137
Cash and cash equivalents	2,728	92,969	95,697
Total financial assets	4,134	96,700	100,834
<b>Financial Liabilities</b>			
Payables	16,992	59,844	76,836
Due to related party	-	35,207	35,207
Long term payable	-	27,930	27,930
Borrowings	676,008	-	676,008
Lease	169,714	4,796	174,510
Total financial liabilities	862,714	127,777	990,491
<b>Net financial position</b>	<b>(858,580)</b>	<b>(31,077)</b>	<b>(889,657)</b>

	The Company		
	Jamaican\$	US\$	Total
	J\$'000	J\$'000	J\$'000
	2021		
<b>Financial Assets</b>			
Receivables	4,506	7,138	11,644
Cash and cash equivalents	5,687	53,551	59,238
Total financial assets	10,193	60,689	70,882
<b>Financial Liabilities</b>			
Payables	11,825	4,568	16,393
Due to related party	-	17,347	17,347
Long term payable	-	31,577	31,577
Borrowings	-	674,032	674,032
Lease	214,585	-	214,585
Total financial liabilities	226,410	727,524	953,934
<b>Net financial position</b>	<b>(216,217)</b>	<b>(666,835)</b>	<b>(883,052)</b>

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

The following table indicates the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the percentage change in foreign exchange rates as noted below. The sensitivity of the profit was mainly as a result of foreign exchange gains on translation of foreign currency-denominated trade receivables, cash, short-term deposits, trade payables and borrowings. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed.

	The Group			
	% Change in Currency Rate	Effect on profit before tax 2022 \$'000	% Change in Currency Rate	Effect on profit before tax 2021 \$'000
Currency:				
USD – Revaluation	1	803	2	12,578
USD – Devaluation	(4)	(3,212)	(8)	(50,312)

	The Company			
	% Change in Currency Rate	Effect on profit before tax 2022 \$'000	% Change in Currency Rate	Effect on profit before tax 2021 \$'000
Currency:				
USD – Revaluation	1	311	2	13,337
USD – Devaluation	(4)	(1,243)	(8)	(53,347)

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### (ii) Interest rate risk

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

Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The following tables summarises the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non – Interest Bearing \$'000	
	2022						
<b>Financial Assets</b>							
Receivables	1,845	-	-	-	-	5,139	6,984
Cash and cash equivalent	143,288	-	-	-	-	20	143,308
Total financial assets	145,133	-	-	-	-	5,159	150,292
<b>Financial Liabilities</b>							
Payables	7,791	-	-	-	-	76,836	84,627
Long term payable	-	-	-	-	-	27,930	27,930
Borrowings	656	1,328	6,247	84,410	717,224	-	809,865
Leases	-	-	-	16,558	157,952	-	174,510
Total financial liabilities	8,447	1,328	6,247	100,968	875,176	104,766	1,096,932
<b>Total interest repricing gap</b>	<b>136,686</b>	<b>(1,328)</b>	<b>(6,247)</b>	<b>(100,968)</b>	<b>(875,176)</b>	<b>(99,607)</b>	<b>(946,640)</b>

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

	The Group						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non – Interest Bearing \$'000	Total \$'000
	2021						
<b>Financial Assets</b>							
Receivables	-	-	-	-	-	12,294	12,294
Cash and cash equivalent	81,676	-	-	-	-	20	81,696
Total financial assets	81,676					12,314	93,990
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	16,037	16,037
Long term payable	-	-	-	-	-	34,658	34,658
Borrowings	-	-	8,924	119,926	688,256	-	817,106
Lease liability	-	-	-	21,948	192,637	-	214,585
Total financial liabilities	-	-	8,924	141,874	880,893	50,695	1,082,386
<b>Total interest repricing gap</b>	81,676	-	(8,924)	(141,874)	(880,893)	(38,381)	(988,396)

	The Company						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non – Interest Bearing \$'000	Total \$'000
	2022						
<b>Financial Assets</b>							
Receivables	-	-	-	-	-	5,139	5,139
Cash and cash equivalent	95,677	-	-	-	-	20	95,697
Total financial assets	95,677	-	-	-	-	5,159	100,836
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	76,836	76,836
Due to related party						35,207	35,207
Long term payable	-	-	-	-	-	27,930	27,930
Borrowings				28,821	647,187	-	676,008
Lease liability	-	-	-	16,558	157,952	-	174,510
Total financial liabilities	-	-	-	45,379	805,139	139,973	990,491
<b>Total interest repricing gap</b>	95,677	-	-	(45,379)	(805,139)	(134,814)	(889,655)



# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

	The Company					Non – Interest Bearing	Total
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000		
	2021						
<b>Financial Assets</b>							
Receivables	-	-	-	-	-	11,644	11,644
Cash and cash equivalent	59,218	-	-	-	-	20	59,238
Total financial assets	59,218	-	-	-	-	11,664	70,882
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	16,393	16,393
Due to related party	-	-	-	-	-	17,347	17,347
Long term payable	-	-	-	-	-	31,577	31,577
Borrowings	-	-	-	33,030	641,002	-	674,032
Lease liability	-	-	-	21,948	192,637	-	214,585
Total financial liabilities	-	-	-	54,978	833,639	65,317	953,934
<b>Total interest repricing gap</b>	<b>59,218</b>	<b>-</b>	<b>-</b>	<b>(54,978)</b>	<b>(833,639)</b>	<b>(53,653)</b>	<b>(883,052)</b>

#### Interest rate sensitivity

The group and company have no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### (iii) Price risk

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

The company was exposed to equity price risk in the prior year because of investments held by the company classified on the statement of financial position as fair value through other comprehensive income. There are no investment securities at the end of the year.

#### (d) Fair values of investments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following tables provide an analysis of financial assets held as at the year-end that, subsequent to initial recognition, are measured at fair value. The financial assets are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The amounts included in the financial statements for cash and cash equivalents, receivables, payables, and due to related party reflect their approximate fair values because of the short-term maturity of these instruments.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	The Group		The Company	
	2022	2021	2022	2021
Gearing ratio	12%	15%	13%	15%

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has not made any judgements that would have a significant impact on the amounts recognised in the financial statements.

#### (b) Key Sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

##### i. Valuation of investment properties

Investment properties are carried in the statement of financial position at market value. The Group used independent qualified property appraisers to value its investment properties annually, generally using the income capitalisation approach. This approach takes into consideration various assumptions and factors that require estimation and judgement. Assumptions are made about key factors, in particular rental income, capitalisation rate and discount rate. A change in any of these assumptions and factors could have a significant impact on the carrying value of the investment properties.

##### ii. Determination of the classification of right-of-use asset

The Company leases commercial property from its former parent company. As a condition of its license under the Special Economic Zone Act, it was required that the leased commercial property be included in the designated special economic zone based upon the landholdings and its previous inclusion as part of the Free Zone. In order to satisfy this requirement, the Company entered into a leasing arrangement for the full square footage of the commercial property and all existing leases in relation to the commercial property were assigned to the Company. The effect of this arrangement is that the Company holds a building under a lease and sub-lets square footage under operating leases.

The right-of-use asset that is recognised in relation to the head lease is not held for the intention of earning rent or holding for capital appreciation. The right-of-use asset is held for administrative purposes to satisfy the requirements of its business as a multi-purpose developer within the real estate management and development sector. As a result of this, the right-of-use asset is classified a property, plant and equipment.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Segment Financial Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The main activities of the Group comprise the rental of properties in Kingston, Jamaica. These activities are organised and reported on as one main business segment.

#### Geographical

The Group operates mainly via two (2) geographical segments; Jamaica and St. Lucia. It operates in the provision of rental properties to the BPO sector. The Jamaica segments represents 84.3% (2021 - 84.6%) and the St. Lucia location represents 15.7% (2021 – 15.4%). The majority of the revenue earned by the Group is obtained from one main tenant which accounts for approximately 78% (2021 – 75%) of the total revenue for the Group and 93% (2021-88%) of the total revenue for the company.

	Revenue		Non-Current Assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Jamaica	421,120	416,859	5,948,870	5,583,298
St. Lucia	78,250	75,761	1,093,256	813,511
	<u>499,370</u>	<u>492,620</u>	<u>7,042,126</u>	<u>6,396,809</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Revenue

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Business process outsourcing sector	390,182	367,837	390,182	367,837
Other	109,188	124,783	30,938	49,022
	<u>499,370</u>	<u>492,620</u>	<u>421,120</u>	<u>416,859</u>

### 7. Other Operating Income

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	77	131	37	105
Foreign exchange gain	403	27,475	-	18,159
Special economic zone fees	5,768	5,644	5,768	5,644
Dividend Income	-	-	-	14,164
Recovered Taxes	-	6,165	-	6,165
Other Income	5,543	717	5,543	995
	<u>11,791</u>	<u>40,132</u>	<u>11,348</u>	<u>45,232</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Expenses by Nature

Total direct, administration, other operating expenses and net impairment losses on financial assets:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Administration fees	3,477	4,418	3,306	3,919
Advertisement	-	4	-	4
Auditors' remuneration	5,208	5,660	3,364	4,108
Depreciation (Notes 14 and 16)	46,640	23,880	43,457	20,414
Directors Expenses	2,100	75	2,100	75
Electricity	3,459	3,075	3,459	3,075
Insurance	11,525	11,527	6,805	6,238
Legal and professional fees	2,677	1,181	2,677	1,181
Other	3,579	2,307	3,314	2,293
Property Management Fees	49,131	51,732	42,133	44,079
Rates and taxes	8,969	8,467	8,569	7,739
Registration and subscription fees	4,000	3,619	4,000	3,619
Rental Expenses	-	11,883	-	11,883
Repair and maintenance	12,260	25,167	11,391	25,037
Salaries and related costs (Note 9)	2,282	1,420	2,282	1,420
Security	23,528	24,531	16,810	17,128
Telephone	680	664	680	664
Travelling and entertainment	258	-	258	-
Total Administration Expenses	179,773	179,610	154,605	152,876
Net impairment losses on financial Assets	-	966	-	966
	<u>179,773</u>	<u>180,576</u>	<u>154,605</u>	<u>153,842</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 9. Salaries and Related Costs

	<b>The Group and The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	2,074	1,275
Payroll taxes – employer portion	208	145
	<u>2,282</u>	<u>1,420</u>

### 10. Finance Costs

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Exchange losses	19,119	46,528	19,119	46,223
Interest on lease liability (Note 16d)	10,658	11,860	10,658	11,860
Loan processing fee	7,860	-	7,860	-
Loan interest	52,011	44,529	38,780	29,943
	<u>89,648</u>	<u>102,917</u>	<u>76,417</u>	<u>88,026</u>

### 11. Taxation

(a) Taxation comprises income tax at 25% on the profit for the year, adjusted for tax purposes:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current income tax	<u>9,993</u>	<u>4,945</u>	<u>1,192</u>	<u>1,589</u>

(b) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	<u>858,574</u>	<u>803,245</u>	<u>526,269</u>	<u>774,209</u>
Tax calculated at 25%	214,644	200,811	131,567	193,552
Income not subject to tax	(208,828)	(149,991)	(97,545)	(147,162)
Amount not deemed taxable under the Special Economic Zone Act	(45,228)	(43,358)	(45,228)	(43,358)
Deferred tax asset not recognised	14,355	(728)	2,763	407
Expenses not deductible for tax	2,056	3,600	2,056	3,600
Income taxed at another rate	8,801	-	-	-
Utilisation of tax losses	-	(3,534)	-	-
Other	24,193	(1,855)	7,579	(5,450)
	<u>9,993</u>	<u>4,945</u>	<u>1,192</u>	<u>1,589</u>



# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 11. Taxation (Continued)

The company was granted special economic zone status under the Special Economic Zone Act of Jamaica effective on 1 January 2021, resulting in income tax being charged on applicable profits at zero. Based on the company's tax status resulting in uncertainty of its ability to utilize tax losses in the foreseeable future, deferred taxes resulting therefrom are not recognised.

### 12. Earnings per Stock Unit

	2022 \$'000	2021 \$'000
Profit for the year attributable to ordinary shareholders	<u>848,581</u>	<u>798,300</u>
Weighted average number of shares	<u>757,828</u>	<u>757,828</u>
Total basic and diluted earnings per share attributable to ordinary share holders	<u>1.12</u>	<u>1.05</u>

### 13. Net Profit and Retained Earnings

The net profit and retained earnings attributable to the shareholders of the Group are reflected in the accounts of the Company and its subsidiaries as follows:

	2022 \$'000	2021 \$'000
<b>Net Profit</b>		
The Company	525,077	772,620
Subsidiary	<u>323,504</u>	<u>25,680</u>
	<u>848,581</u>	<u>798,300</u>
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Retained Earnings</b>		
The Company	4,245,786	3,912,440
Subsidiary	<u>662,747</u>	<u>339,243</u>
	<u>4,908,533</u>	<u>4,251,683</u>

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 14 Property, Plant and Equipment

	The Group		
	Leasehold Improvements	Machinery and Equipment	Total
	\$'000	\$'000	\$'000
<b>Cost -</b>			
1 January 2021	316	60,709	61,025
Exchange rate adjustment	-	1,878	1,878
31 December 2021 and 2022	316	62,587	62,903
<b>Accumulated Depreciation -</b>			
1 January 2021	316	34,108	34,424
Charge for the year	-	9,337	9,337
Exchange rate adjustment	-	1,246	1,246
31 December 2021	316	44,691	45,007
Charge for the year	-	8,205	8,205
Exchange rate adjustment	-	31	31
31 December 2022	316	52,927	53,243
<b>Net Book Value -</b>			
31 December 2022	-	9,660	9,660
31 December 2021	-	17,896	17,896

# Stanley Motta Limited

Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

## 14. Property, Plant and Equipment (Continued)

	The Company		
	Leasehold Improvements \$'000	Machinery and Equipment \$'000	Total \$'000
<b>Cost -</b>			
31 December 2021 and 31 December 2022	316	44,943	45,259
<b>Accumulated Depreciation -</b>			
1 January 2021	316	24,522	24,838
Charge for the year	-	5,871	5,871
31 December 2021	316	30,393	30,709
Charge for the year	-	5,022	5,022
31 December 2022	316	35,415	35,731
<b>Net Book Value -</b>			
31 December 2022	-	9,528	9,528
31 December 2021	-	14,550	14,550

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 15. Investment Properties

### Fair value -

1 January 2021
Capitalised subsequent expenditure
Net gain from fair value adjustment
Exchange differences
31 December 2021
Capitalised subsequent expenditure
Net gain from fair value adjustment
Exchange differences
31 December 2022

The Group		
Land	Building	Total
\$'000	\$'000	\$'000
1,431,617	4,048,509	5,480,126
-	45,818	45,818
90,623	463,363	553,986
40,267	48,897	89,164
1,562,507	4,606,587	6,169,094
-	83,355	83,355
184,090	432,744	616,834
(4,078)	(4,974)	(9,052)
1,742,519	5,117,712	6,860,231

### Fair value -

1 January 2021
Capitalised subsequent expenditure
Net gain from fair value adjustment
31 December 2021
Capitalised subsequent expenditure
Net gain from fair value adjustment
31 December 2022

The Company		
Land	Building	Total
\$'000	\$'000	\$'000
1,037,466	3,569,894	4,607,360
-	45,818	45,818
90,623	463,363	553,986
1,128,089	4,079,075	5,207,164
-	83,355	83,355
184,100	140,723	324,823
1,312,189	4,303,153	5,615,342

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Investment Properties (Continued)

#### i. Amounts recognised in profit or loss for investment properties

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income from operating lease	499,370	492,620	421,120	416,859
Direct operating expenses from property that generated rental income	72,659	76,263	58,943	61,207
Direct operating expenses from property that did not generate rental income	23,006	31,453	18,196	31,323
Fair value gain recognised	<u>616,834</u>	<u>553,986</u>	<u>324,823</u>	<u>553,986</u>

#### ii. Measuring investment properties at fair value

Investment properties were valued at current market value as at 31 December 2022 by NAI Jamaica Langford and Brown, independent qualified property appraisers and valuers. The values of the properties have been established using the income capitalisation approach, which uses as key inputs rental income from existing contracts, discount rate and a capitalisation rate, reflective of a rate of return.

The fair values on the investment properties are at level 3 in the fair value hierarchy, as, consistent with the requirements of IFRS 13, certain of the inputs into the valuation process are deemed to be unobservable; those being the discount rate and capitalisation rate. Management considers the rental rates used in the calculations to be observable as they represent actual rentals which are unadjusted. An explanation of each level is provided in note 3.

The valuations are done in United States dollars which means the exchange rate for the Jamaican dollar against the United States dollar will affect the valuation proportionately. Any percentage change in the exchange rate will affect the valuations proportionately.

The exchange rate used was 149.9643 (2021: 152.7521)

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 15. Investment Properties (Continued)

### ii. Measuring investment properties at fair value (continued)

	The Group		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	2022		
Investment properties	-	-	6,860,231
	6,860,231		

	The Group		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	2021		
Investment properties	-	-	6,169,094
	6,169,094		

	The Company		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	2022		
Investment properties	-	-	5,615,342
	5,615,342		

	The Company		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	2021		
Investment properties	-	-	5,207,164
	5,207,164		

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers into and out of level 3 measurements.

The movement analysis table included above shows the changes in Level 3 investment properties for the years ended 31 December 2022 and 31 December 2021.

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Investment Properties (Continued)

#### iii. Significant estimate – fair value of investment property

The assumptions to which the fair values are most sensitive to are the capitalisation rate and the discount rate

The Group						
Fair value at December 2022 \$'000	Fair value at December 2021 \$'000	Valuation Technique	Unobservable Inputs \$'000	Value of unobservable inputs 2022	Value of unobservable inputs 2021	Relationship of unobservable inputs to fair values \$'000
			Capitalisation Approach	7%	7%	If the capitalization rate increases/ (decreases), the fair value will decrease /increase
6,860,231	6,169,094	Investment Approach				
			Discount rates	8%	8%	If the discount rate decreases/ increases, the fair value will decrease/increase
The Company						
Fair value at December 2022 \$'000	Fair value at December 2021 \$'000	Valuation Technique	Unobservable Inputs \$'000	Value of unobservable inputs 2022	Value of unobservable inputs 2021	Relationship of unobservable inputs to fair value \$'000
			Capitalisation Approach	7%	7%	If the capitalization rate increases/ (decreases), the fair value will decrease /increase
5,615,342	5,207,164	Investment Approach				
			Discount rates	8%	8%	If the discount rate decreases/ increases, the fair value will decrease/increase

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Investment Properties (Continued)

#### iii. Significant estimate – fair value of investment property (continued)

The increase or decrease in the key assumptions would have an effect on the fair value of investment properties as reflected below:

	The Group			
	2022	2022	2021	2021
	Increase	Decrease	Increase	Decrease
	0.50%	0.50%	0.50%	0.50%
	\$'000	\$'000	\$'000	\$'000
Capitalisation rate	(289,338)	332,482	(214,831)	(247,882)
Discount rate	(294,732)	308,516	(211,730)	(221,720)

	The Company			
	2022	2022	2021	2021
	Increase	Decrease	Increase	Decrease
	0.50%	-0.50%	0.5%	0.50%
	\$'000	\$'000	\$'000	\$'000
Capitalisation rate	(288,089)	331,233	(181,487)	209,574
Discount rate	(293,483)	307,267	(178,856)	187,456

#### iv. Non – current assets pledged as security

Refer to note 26 for information on non-current assets pledged as security by the Group.

#### v. Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include an annual increase.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.



# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 15. Investment Properties (Continued)

### vi. Leasing arrangements (continued)

Minimum lease payments receivable on leases of investment properties are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	211,346	453,718	211,283	396,127
Between 1 year and 2 years	126,449	446,112	126,385	394,725
Between 2 years and 3 years	30,380	440,301	30,314	392,344
Between 3 years and 4 years	2,978	435,971	2,911	388,014
Between 4 years and 5 years	1,833	432,500	1,764	384,543
	<u>372,986</u>	<u>2,208,602</u>	<u>372,657</u>	<u>1,955,753</u>

# Stanley Motta Limited

Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Leases

This note provides information for leases where the Group and Company are lessees.

### (a) Amounts recognised in the statement of financial position

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Right-of-use asset</b>		
Property, plant and equipment	172,235	209,819

The right-of-use asset in the statement of financial position relate to leased commercial property.

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease liability</b>		
Current	16,557	21,948
Non-current	157,953	192,637
	174,510	214,585

# Stanley Motta Limited

Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Leases (Continued)

### (b) Right-of-use asset

	<b>The Group and Company \$'000</b>
<b>Cost-</b>	
At 1 January 2021	108,189
Addition	121,583
At 31 December 2021	229,772
Addition	851
At 31 December 2022	230,623
<b>Accumulated Depreciation-</b>	
At 1 January 2021	5,410
Charge for the year	14,543
At 31 December 2021	19,953
Charge for the year	38,435
At 31 December 2022	58,388
<b>Carrying Amount</b>	
31 December 2022	172,235
31 December 2021	209,819

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 16. Leases (Continued)

#### (c) Lease liability

	<b>The Group and Company \$'000</b>
At 1 January 2021	106,424
Addition	116,798
Lease payments	(20,497)
Interest	11,860
At 31 December 2021	214,585
De-recognition of lease liability	(21,926)
Lease payments	(28,497)
Interest	10,348
At 31 December 2022	174,510

The incremental borrowing rate applied to the lease liability is 9.28% (2021 – 9.28%).

#### (d) Amounts recognised in the statement of profit or loss

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation charge – right-of-use assets	38,435	14,543
Interest expense	10,658	11,860
Expense relating to short – term leases	-	8,060
Income from subleasing right-of-use assets	12,999	12,422

#### (e) Amounts recognised in statement of cash flows

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
The total cash outflow for leases	28,498	20,497

# Stanley Motta Limited

Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Investment in Subsidiary

	The Company	
	2022	2021
	\$'000	\$'000
<b>Unity Capital Incorporated</b>		
Shares, at cost	151,765	151,765

## 18. Receivables

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables	7,092	13,506	5,247	12,856
Less: provision for credit losses	(3,890)	(3,890)	(3,890)	(3,890)
Trade receivables, net	3,202	9,616	1,357	8,966
Other	3,782	2,677	3,782	2,679
Prepayments	1,442	24,897	1,442	25,344
	<u>8,426</u>	<u>37,190</u>	<u>6,581</u>	<u>36,989</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Cash and Cash Equivalents

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	143,288	81,676	95,677	59,218
Cash in hand	20	20	20	20
	<u>143,308</u>	<u>81,696</u>	<u>95,697</u>	<u>59,238</u>

Cash at bank includes United States dollar savings account. Interest is currently 0.10% (2021 - 0.12%) per annum for the Group and the Company.

### 20. Payables

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accruals	4,151	2,773	2,405	2,773
Audit fees	4,221	5,022	2,140	3,620
General consumption taxes	912	-	-	-
Interest payable (a)	-	4,568	-	4,568
Other Payables	18,506	2,174	15,454	3,932
Withholding Taxes		1,500	-	1,500
Dividends payable	56,837	-	56,837	-
	<u>84,627</u>	<u>16,037</u>	<u>76,836</u>	<u>16,393</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Share Capital

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Authorised -		
11,000 (2021 -11,000) 6% Cumulative Preference shares		
757,870,478 (2021 - 757,870,478) Ordinary shares		
Issued and fully paid -		
10,830 (2021 -10,830) 6% Cumulative Preference shares	22	22
757,828,490 (2021 – 757,828,490) Ordinary shares	811,911	811,911
	<u>811,933</u>	<u>811,933</u>

### 22. Capital Reserve

This represent capital reserve on the acquisition of former fellow subsidiary Unity Capital Incorporated.

### 23. Cumulative Translation Reserve

The cumulative translation reserve comprises currency translation differences from the unrealised gains and losses on the translation of the net assets of the subsidiary which has a different functional currency from the Company.

# Stanley Motta Limited

Notes to the Financial Statements

31 December 2022

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## 24. Related Party Transactions and Balances

### (a) Related party transactions

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue</b>				
Felton Property Services Limited	1,031	2,991	1,031	2,991
<b>Property Management Fees</b>				
Felton Property Services Limited	49,131	51,732	42,133	44,079

### (b) Year-end balances arising from transactions with related parties:

#### Payable to related parties

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Unity Capital Incorporated	-	-	31,691	17,347
Felton Property Management Limited	-	-	3,516	0



# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 24. Related Party Transactions and Balances (Continued)

#### (c) Key management compensation

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors emoluments:		
Fees	2,100	2,100

#### (d) Dividends declared

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends paid	127	-

### 25. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Due to the fact that the Company was granted special economic zone status, the Group has not recognised deferred taxes. The attributed deferred tax asset that have not been recognised in the statement of financial position is \$14,354,000 (2021: \$2,017,000) for the Group and \$2,763,000 (2021: \$407,000) for the Company.

Deferred income tax assets and liabilities that would have been recognised in the statement of financial position are attributable to the following items:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment properties		1,610	-	-
Interest payable		1,142		1,142
Property, plant and equipment	1,516	618	2,838	618
Unrealised foreign exchange (loss)/gain	12,839	(1,353)	(75)	(1,353)
	<u>14,355</u>	<u>2,017</u>	<u>2,763</u>	<u>407</u>

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Borrowings

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Development Bank of Jamaica Limited (a)	-	674,032	-	674,032
First Global Bank (b)	676,008	-	676,008	-
Jamaica National Building Society (c)	133,857	143,074	-	-
	809,865	817,106	676,008	674,032
Current portion	(36,525)	(40,499)	(28,821)	(33,030)
	<u>773,340</u>	<u>776,607</u>	<u>647,187</u>	<u>641,002</u>

#### (a) Development Bank of Jamaica Limited

The loan amount disbursed was US\$5,187,468. This loan is repayable over 12 years and is amortised over 10 years and 6 months with a moratorium of 18 months on interest, (which shall be accrued during the moratorium period and is capitalised at the end of the same period). The interest rate on this loan is 4.5%. During 2021, the Company was granted a seventeen-month moratorium on principal payments to October 2022. This was not determined as a modification of the financial liability. The moratorium period is expected to align the Company with the payment schedule included in the loan agreement.

The loan is secured by the following:

- (i) A first registered mortgage over Lot B1, Lot 6A, Lot 8A of land part of volume 313 and folio 49, situated at 58 Half Way Tree Road;
- (ii) First legal mortgage over Lot 2, Lot 4, Lot 6 and Lot 8 situated at 58 Half Way Tree Road;
- (iii) Assignment of all risk insurance over the Company's buildings and equipment with Development Bank of Jamaica Limited's interest noted as loss payee;
- (iv) Establishment of a Debt Service Reserve Account (DSRA) in which shall be deposited over a period of six (6) months from the date of commencement of the lease an amount equivalent to three (3) month's principal payments and six (6) months interest payments totaling USD 209,026 such (DSRA) to be assigned to Development Bank of Jamaica Limited;
- (v) Assignment of lease agreements concerning those properties owned by the Company;
- (vi) Debenture in favour of Development Bank of Jamaica Limited over real property and other fixed assets belonging to the borrower; and
- (vii) Security interest in and over equipment and any other personal property purchased with the loan, such interest to be registered under the Security Interest in Personal Property Act by Development Bank of Jamaica Limited.

This loan was fully closed during the 2022 financial year.

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Borrowings(Continued)

#### (b) First Global Bank Limited

This loan facility was used to refinance a United States Dollar denominated facility previously granted by the Development Bank of Jamaica Limited for the construction of Unit 4 at 58 Half Way Tree Road, Kingston 10. The total credit facility is J\$786,000,000. The loan amount disbursed was \$698,395,693 and is repayable over 180 months. The facility has a 7.125% fixed interest rate for three (3) years, thereafter the interest rate is variable at a rate pegged to the six (6) month weighted average treasury bill yield.

The loan is secured by the following;

- First Demand Debenture over all present and future assets of the borrower, stamped to cover J\$786,000,000.
- First Legal Mortgage over commercial property located at Building 4, 58 Half Way Tree Road, Kingston 10, registered in the name of the borrower at Volume 1496 Folio 9; Volume 1495 Folio 819; Volume 1475 Folio 670; Volume 1496 Folio 10 and Volume 1512 Folio 522.
- Assignment of Peril Insurance over the mortgaged property for the full replacement value.
- Subordination of loans made to the borrower by its Directors and Shareholders to the facilities extended by the Bank.

#### (c) Jamaica National Building Society

This is secured by a first registered mortgage over Volume 1128 and folio 126, situated at 58 Half Way Tree Road. These land and buildings are owned by Unity Capital Incorporated. The original loan amount is J\$170,000,000 and is repayable over 202 months and at an interest rate of 9.75%. The loan matures in December 2032.

# Stanley Motta Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Borrowings(Continued)

#### (d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	The Group			The Company		
	Borrowings	Lease	Total	Borrowing	Lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net debt as at 1 January 2021	778,987	106,424	885,411	632,355	106,424	738,779
Loans received (non-cash)	-	116,798	116,798	-	116,798	116,798
Loans repaid	(11,988)	(8,637)	(20,625)	(5,210)	(8,637)	(13,847)
Interest expense	44,529	11,860	56,389	29,943	11,860	41,803
Interest paid	(44,529)	(11,860)	(56,389)	(29,943)	(11,860)	(41,803)
Foreign exchange adjustment (non-cash)	50,107	-	50,107	46,887	-	46,887
Net debt as at 31 December 2021	817,106	214,585	1,031,691	674,032	214,585	888,617
Loans received (non-cash)	-	-	-	-	-	-
Loans received (cash)	698,396	-	698,396	698,396	-	698,396
Loans repaid	(713,702)	(40,075)	(753,777)	(706,233)	(40,075)	(746,308)
Interest expense	52,010	10,658	62,668	38,779	10,658	49,437
Interest paid	(52,010)	(10,658)	(62,668)	(38,779)	(10,658)	(49,437)
Foreign exchange adjustment (non-cash)	8,065	-	8,065	9,813	-	9,813
Net debt as at 31 December 2022	809,865	174,510	984,375	676,008	174,510	850,518

#### (e) Fair value of Non-current borrowings

The fair values of non-current borrowings are based on discounted cash flows using the current borrowing rate of 7.125% for the First Global Bank loan and 9.75% (2021 - 9.28%) for the Jamaica National Building Society loan. They are classified as level 2 fair values in the fair value hierarchy.

	Group			
	Carrying amount		Fair value	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Development Bank of Jamaica Limited	-	641,002	-	503,748
First Global Bank	647,186	-	593,472	-
Jamaica National Building Society	126,154	135,605	141,453	142,061
	<u>773,340</u>	<u>776,607</u>	<u>734,925</u>	<u>645,809</u>

# Stanley Motta Limited

## Notes to the Financial Statements

**31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Borrowings (Continued)

#### (e) Fair value of Non-current borrowings

	Company			
	Carrying amount		Fair value	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
First Global Bank	647,186	-	593,472	-
Development Bank of Jamaica Limited	-	641,002	-	503,748

### 27. Long Term Payables

This represents rent deposit payable for leased property rented by the Company. The rent deposit payable becomes due upon the lessee terminating the lease. The lease period attributed with the lease properties is five (5) years with an option to terminate in the fourth year.

### 28. Dividends

	2022 \$'000	2021 \$'000
First interim dividend for 2022 declared 31 March 2022 – 11.2¢	84,877	-
Second interim dividend for 2022 declared 08 August 2022 – 6.6¢	50,017	-
Third interim dividend for 2022 declared 15 December 2022 – 7.5¢	56,837	-
First interim dividend for 2021 declared 12 March 2021- 9.2¢	-	69,720
Second interim dividend for 2021 declared 09 August 2021 – 9.2¢	-	69,720
Third interim dividend for 2022 declared 08 November 2022 – 6.6¢	-	50,017
	<u>191,731</u>	<u>189,457</u>