

# 2022 ANNUAL REPORT



CONSOLIDATED BAKERIES  
(JAMAICA) LIMITED





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# About Us

**Consolidated Bakeries (Jamaica) Limited emerged when three family bakeries, Valentine Bakery, Powell's Bakery and Huntington Bakery, came together in 1957 to form one entity. A family company, built on family values, the company's focus has always been on providing Jamaicans with nutritious baked goods made from only the freshest ingredients, producing foods that they would be happy feeding to their families.**

For more than 60 years, Consolidated Bakeries (Jamaica) Limited has been offering their time honoured baked goods. Family recipes that have proven irreplaceable include their line of Easter Buns - Purity Boxed Bun, Miss Birdie Boxed Bun, Purity Hearty Goodness Whole Wheat Bun and Purity Hearty Goodness 'No Sugar Added' Bun. The popular Miss Birdie branded line of crackers is another family favourite along with a variety of buns and pastry offerings.

Operating under the brands of Purity and Miss Birdie, the company has been supportive of Jamaicans, not just as consumers, but also our valued employees and those within the neighbouring community.

Ensuring that our staff has the opportunities to develop their abilities is a priority for the company.

With 64 years of experience, Consolidated Bakeries (Jamaica) Ltd. has continued the tradition of innovation and growth and is listed on the Jamaica Junior Stock Exchange for over nine years. Innovation, improvement and expansion are among the primary areas of focus going forward. We realize the value of having the best available advice and as such regularly bring in experts to help the company achieve its optimal efficiency. This includes looking at plans for expansion, improving the local distribution network and export.



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The recent introduction of the Miss Birdie Cinnamon Raisin Loaf Bread and Miss Birdie Bigga Burger Bread continues to highlight the innovative path that the company continues to take.

In exploring ways to help the surrounding community, Consolidated Bakeries (Jamaica) Ltd. continues to be deeply involved with the local communities and also provides funding for education and children's security.

**With over  
60 years of  
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has continued  
the tradition  
of innovation  
and growth**

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# Our Mission & Vision

## MISSION

We aim to consistently deliver pure wholesome goodness for our family and yours, by maintaining extraordinary product quality and service standards.

## VISION

Consolidated Bakeries (Jamaica) Ltd. is a publicly traded company, majority owned and operated by the Chang Family. It is our intention to continue the same level of product excellence and customer service that Consolidated Bakeries (Jamaica) Ltd. has so proudly built over the past sixty years.

We are dedicated to producing the best quality products, made with the finest available ingredients, at an affordable price. We want shoppers to be confident in the products they buy. To ensure this, our bakers use only the finest quality ingredients, some of which are ground fresh at our bakery. High quality control standards are a top priority at Consolidated Bakeries (Jamaica) Ltd., so that when you

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pull our product off the shelf, you can be satisfied in knowing that you are making a wholesome choice.

Consolidated Bakeries (Jamaica) Ltd. cares about its employees' happiness and well being. Through educational programs, we are improving the minds and abilities of our valued employees. We are involved in other programs that will assist in making their lives better and benefiting the community as a whole. Consolidated Bakeries (Jamaica) Ltd. wants to be known, not only for its great products, but also for the greatness it brings to the community.

Consolidated Bakeries (Jamaica) Ltd. aims to keep putting smiles on the faces of everyone who savors our breads and buns. Filling tummies around the world with healthy, tasty products is what we are passionate about and is the basis for our proud heritage - a heritage that provides pure wholesome goodness and love in each bite.

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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 2023 Annual General Meeting of Consolidated Bakeries (Jamaica) Limited will be held at 2f Valentine Drive, Kingston 19 on June 21, 2023 from 10:00am – 1:00pm for the purpose of transacting the following business:

1. To receive the Audited Accounts for the year ended December 31, 2022 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

**Resolution No. 1**

“That the Audited Accounts for the year ended December 31, 2022, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

2. To elect Directors.

(i) The Directors retiring by rotation in accordance with Regulation 105 of the Company’s Articles of Incorporation are Nicola Chang Murphy, Marshal Ogle and Lissant Mitchell, who being eligible for re-election, offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

**Resolution No. 2**

“That the Directors, retiring by rotation, be re-elected by a Single Resolution.”

**Resolution No. 3**

“That Nicola Chang Murphy, Marshal Ogle and Lissant Mitchell, who are retiring by rotation in accordance with Regulation 105 of the Articles of Incorporation be and are hereby re-elected



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as Directors of the Company.”

3. To approve the Remuneration of the Directors.

The Company is asked to consider, and if thought fit, to pass the following resolution:

**Resolution No. 4**

“That the amount shown in the Audited Accounts of the Company for the year ended December 31, 2022 as fees of the Directors for their services as Directors, be and are hereby approved.”

4. To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors.

The Company is asked to consider, and if thought fit, pass the following resolution:

**Resolution No. 5**

“That the remuneration of the Auditors, Bogle and Company, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors.”

Dated the 02nd day of June 2023

By Order of the Board



**Victor Salazar**

Company Secretary  
Registered Office  
2F Valentine Drive  
Kingston 19

**NOTE:**

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not also be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of proxy must be lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.
2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company's Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

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# Director's Report

In 2022, Consolidated Bakeries (Ja.) Limited (CBL), remained rooted in *rebranding*, *reorganising*, and *restructuring*. Post-pandemic aftershocks continued to influence an intensified granular approach to adjusting company operations and meeting targeted goals outlined for 2023 to 2024. Along with the highlights there remain lowlights, but in staying true to our history and values, as a company, we continue to progress, faster and more focused.

The Directors hereby present the Annual Report, which contains the Statements of Financial Position, Profit or Loss, Changes in Equity, and Cash Flows for 2022. The accounts should be read within the context of the discussions on material events in the financial year.

The Company experienced a commendable year of growth, as our financial performance proved to be resilient and progressive despite not meeting our desired expectations. One of the key drivers of this growth was a notable 26.5% increase in overall sales (\$1.366 billion in 2022 compared to \$1.080 billion in 2021), driven by our strategic distribution expansion and our focussed development of snacks and grab and go food products to meet growing consumer demands. Easter sales showed great promise as well with a significant year-over-year percentage increase of high double digits signalling that the Company is maintaining a strong position in catering to seasonal demands with a specialty product.

However, we have not ignored the presence of ongoing challenges, particularly with the bread segment of the business. In 2022, this remained a tenuous category for the Company, with instances where performance targets went unmet, further signalling the need for us to reassess our strategies, refocus our efforts, and push for product innovation in this crucial market space.

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As we rebrand, reorganise, and restructure, we are implementing proactive measures to address these concerns and are investing in the introduction of innovative products, to better cater to evolving market adjustments while aligning our capabilities to improve our profit position strategically and sustainably.

Management has invested over \$60 million during the financial year on capital expenditure, plant, machinery, and equipment (45%), improvement to our fleet (44%), office furniture and fixtures (5%) and computer equipment (6%). These investments are critical to achieving a competitive advantage by providing the ability to react quickly to new market trends.

As we work diligently to re-emerge more competitively - from our products to our team members, to our factory set-up - we look excitedly to the future and the many opportunities we will be better equipped to undertake. We plan to begin with fully launching our new products, the Ms. Birdie cinnamon raisin bread, and Vibez bar, which both performed well during their soft launches in 2022. Full launches are planned for the financial year 2023.

The Consolidated Bakeries (Ja.) Limited's management team and board members, remain grateful to the shareholders who continue to trust our business decisions and invest in our continued growth. We also remain humbled by the support of our devoted customers, locally and abroad, who continue to choose our products in a competitive market. We thank you all and continue our pursuit of excellence and expansion, embracing the challenges and opportunities alike.



**Anthony V. Chang**  
Chairman  
On behalf of the Board

# Board of Directors



**Anthony V. Chang CD.**  
Executive Chairman &  
Managing Director



**Noel daCosta CD.**  
Non-Executive  
Board Member



**Nicola Chang Murphy**  
Non-Executive  
Board Member



**Lamar Harris**  
Non-Executive  
Board Member



**Victor Salazar-Chang**  
Company Secretary &  
Business Development  
Manager



**Marshal Ogle**  
Non-Executive  
Board Member



**Lissant L. Mitchell**  
Non-Executive Board  
Member & Mentor

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**Anthony V. Chang CD.**  
**Executive Chairman &**  
**Managing Director**

Anthony V. Chang brings to the table his extensive professional experience particularly in the consumer and packaged food businesses, involving both domestic and international brands. He is a former president of the Jamaica Chamber of Commerce, has served on boards of both public and private sector firms and was recently awarded an Order of Distinction (CD) for his years of service to the business community. He holds a degree in Business Administration from the University of Western Ontario in Canada and has completed several professional courses at reputable North American universities.

**Noel daCosta CD.**  
**Non-Executive Board Member**

Noel daCosta has served on numerous boards in the private and public sectors and has been at the helm of several local and international organisations including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Master Brewers Association of the Americas, the National Building Code Committee and the Caribbean Council of United Way Worldwide.

A consultant with over 15 years' experience in Corporate Relations, Mr. daCosta also has over three decades of technical and engineering leadership in the petroleum and beverage industries.

He has postgraduate degrees in Engineering, Business Administration and Insurance, and is a Fellow of both the Jamaica Institution of Engineers, and the Institution of Chemical Engineers (UK).

In 2012 he was awarded the Jamaican National honour of Commander of the Order of Distinction for his

contribution to engineering and manufacturing, and in 2019 he was conferred with the honorary degree of Doctor of Technology by the University of Technology, for his contributions to Nation Building.

**Nicola Chang Murphy**  
**Non-Executive Board Member**

Nicola Chang Murphy became a non-executive board member as of May 10, 2013. Previously, she managed supervisors, sales representatives and merchandisers, as well as brand creativity and cost efficiencies for the company. She launched the "Healthy Eating equals Healthy Living" campaign which heightened awareness of the Purity and Miss Birdie brands. Her degrees include a Masters in Business Administration from Nova South Eastern University. Her services are now contracted on a project basis.

**Lamar Harris**  
**Non-Executive Board Member**

Lamar Harris, Vice President of Wealth Management (Regional) at NCB Capital Markets in Kingston Jamaica, is responsible for leading the syndication and distribution of products. She has been successfully incorporating law and finance for many years as a finance specialist. Also a lawyer by profession, Lamar worked in the financial sector for over 10 years before breaking to pursue her law degree; holding a Bachelors of Art, Masters in Business and a Juris Doctorate. She led Stocks & Securities Limited (SSL), for many years in the capacity of General Manager and later CEO, where she proudly spearheaded a series of advancements and changes including cost control, compliance, policies, and procedures, all with the mandate of creating a company versed in financial technology. The company's revenue position was also strengthened under her watch. As a growth strategist, Lamar was responsible for pulling together a dynamic team passionate about

# Board of Directors

their work. She oversaw development strategy, product development, business development and monitoring of budgetary expenditure. She was also the Investment Bank Manager who led the listings of Consolidated Bakeries Ltd; the Jamaica Stock Exchange and Caribbean Cream Ltd on the Jamaica Stock Exchange (JSE).

## **Victor Salazar-Chang** Company Secretary & Business Development Manager

Victor Salazar-Chang is experienced in international business, having headed the Caribbean and Latin American Unit of Jamaica's Investment and Trade Promotion Agency (JAMPRO) and procured the largest investment influx in the country's history. He has also managed an industrial packaging and commodities unit, at Grace Kennedy & Co. Ltd. and led the export foray into Latin America for Grace branded products. He has a Bachelor of Science in International Relations and a Masters in Government from the University of the West Indies.

## **Marshal Ogle** Non-Executive Board Member

Marshal Ogle former Director, Strategy & Operations of Deloitte & Touche, Jamaica. He is a business process reengineering specialist in the financial services sector with over 25 years of experience in Jamaica, Barbados and Trinidad. He led the firm's Strategy & Operations and IT Consulting service lines. Mr. Ogle has led numerous consulting engagements in the private and public sectors in organizational audits, business process reengineering, change management, organizational structure reviews and design, Strategic Planning, IT selection and implementation, development of procedures manuals and institutional strengthening. He has assisted numerous entities to prepare business plans and financial projections and facilitated strategic planning exercises

for government agencies and companies in the financial, manufacturing, health and education sectors. He has served on a number of local and Regional Boards. He holds a Bachelor of Science degree in Aeronautical Engineering, a MBA and a MSc. Information Systems.

## **Lissant L. Mitchell** Non-Executive Board Member & Mentor

Mr. Lissant L. Mitchell, is an experienced financial services professional with a successful career spanning over twenty-five years at the senior management and executive levels. With tenures at local institutions as well as regional and international financial groups, he has a proven track record in designing and executing long term sustainable strategic priorities, change management, divestitures, mergers, acquisitions and share ownership privatization.

A former Senior Vice President of Wealth Management at Scotiabank Group Jamaica Limited & former Chief Executive Officer at Scotia Investments Jamaica Limited (SIJL), Mr. Mitchell is currently serving as a director of the National Insurance Fund Advisory Board in the capacity of the Chair of its Investment and Real Estate Committees and Indies Pharma Jamaica Limited (INDIES PHARMA) in the capacity of the Chair for its Audit and Finance Committee. He is the Jamaica Stock Exchange Junior Market Mentor for INDIES PHARMA as well as Future Energy Source Company Limited (FESCO). He has also held directorships with the Jamaica Stock Exchange, SIJL and a number of companies within the Scotiabank Group locally and regionally.

Mr. Mitchell has a Master's in Business Administration - Finance from the University of Manchester in the United Kingdom and a Bachelor of Science (Hons.) - Accounting with Economics from the University of the West Indies Mona, Jamaica.

# Corporate Data

## BOARD OF DIRECTORS

Anthony V. Chang  
Nicola Chang Murphy  
Noel daCosta  
Lamar Harris  
Marshal Ogle  
Lissant Mitchell

## CORPORATE SECRETARY

Victor Salazar-Chang

## REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities  
Depository Ltd.  
P.O Box 1084  
40 Harbour Street  
Kingston

## AUDITOR

### BOGLE AND COMPANY

Chartered Accountants  
6 South Avenue  
Unit 6, Dragon Center  
Kingston 10

## BANKERS

National Commercial  
Bank Ltd  
First Global Bank Ltd  
Bank of Nova Scotia

## ATTORNEYS-AT-LAW

### Samuda & Johnson

15 Trinidad Terrace  
Kingston 5

## Foga Daley

Patent & Trademark Agents  
7 Stanton Terrace, Kingston 6

## REGISTERED OFFICES

2F Valentine Drive  
Kingston 19



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# Corporate Governance

The Board of Directors of Consolidated Bakeries (Jamaica) Limited is responsible for the Company's system of corporate governance. Corporate Governance is the structure that is intended to make sure that the right questions get asked and that checks and balances are in place to make sure that the answers reflect what is best for the creation of long-term sustainable value. The Directors form a strong, independent and knowledgeable Board of Directors who strive to make judgements about what is best for the company and its stakeholders and will exercise its power to ensure that legal and ethical conduct are performed by the company and by its employees.

## Board of Directors Composition

As of December 31, 2022, the Board of Directors is comprised of 4 independent directors, 1 non-executive director and 1 executive director, who are qualified, objective, committed, possess diverse skill sets and the background to effectively serve on the various committees of the board. The names of the Directors and their qualifications are set out in the Directors' Profile section of this report. The definitions of these Directors are:

- An independent director is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises. They do not relate nor have any pecuniary relationship with the company, senior management or affiliate companies. The independent director does not own more than 3% of the voting shares of the company
- A non-executive director is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises.
- An executive director is a member of the board of directors who is heavily involved in the day to day management of the company.

## The Board and its Committees -

### Board of Directors

**Anthony Chang** - Chairman

**Lamar Harris** - Independent Director

**Nicola Chang Murphy** - Non-Executive Director

**Marshal Ogle** - Independent Director

**Noel daCosta** - Independent Director

**Lissant Mitchell** - Independent Director & Mentor



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## **Audit Committee**

The Audit Committee is an operating committee of the company's board of directors. It maintains direct communication with the company's financial controller. Its role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk management policies with management.

The Audit Committee consists of 4 directors:

**Marshal Ogle** - Chairman

**Anthony Chang** - Executive Director

**Noel daCosta** - Independent Director

**Lamar Harris** - Independent Director

## **Compensation Committee**

The Compensation Committee is a sub-committee of the company's board of directors. It is mainly responsible for setting the compensation level of senior management. It also assists in providing oversight for all matters relating to compensation for all other staff and will make recommendations as are necessary to ensure that compensation is fair and equitable at all levels of the organization. In addition, the Committee shall ensure that compensation levels are competitive within the industry and environment, in order to allow the company to attract and retain qualified, experienced and proficient persons.

The Compensation Committee consists of 5 directors:

**Noel daCosta** - Chairman

**Nicola Chang Murphy** - Non-Executive Director

**Anthony Chang** - Executive Director

**Lissant Mitchell** - Independent Director & Mentor

**Marshal Ogle** - Independent Director

	Annual General Meeting	Board of Directors' Meeting	Audit Committee Meeting	Compensation Committee Meeting
<b># OF MEETINGS</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>3</b>
<b>Anthony Chang</b>	1	2	5	3
<b>Nicola Chang Murphy</b>	-	1	-	-
<b>Noel daCosta</b>	-	2	4	3
<b>Marshal Ogle</b>	1	2	5	-
<b>Lamar Harris</b>	-	2	3	-
<b>Lissant Mitchell</b>	1	2	-	3

### Attendance at Meetings

The Members of the Committee and their attendance at the respective meetings for the 2022 financial year is reflected in the Table below:

### Board and Committee Meeting Fees

The Chairmen fee for both Audit and Compensation/HR Committee is (\$75,000 less withholding tax of 25%) \$56,250. The Directors' fee is (\$70,000 less withholding tax of 25%) \$52,500.

### Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses in connect with attendance at meetings of the Company's Board of Directors and its Committees

### Annual General Meetings

General meetings with shareholders are held annually and the meeting is structured to allow shareholders to give their input and have their queries answered.

### Articles of Incorporation

The Company's Articles of Incorporation was not amended during the period under review.

The Corporate Governance Guidelines are available on the company's website at [www.purity.com.jm](http://www.purity.com.jm)



# Top 10 Shareholders

NAME	VOLUME	%
Chang Brothers Limited	125,565,956	56.3811
Anthony V. Chang CD.	19,200,468	8.6213
General Accident Insurance Company Ja. Ltd.	11,863,631	5.3270
Everton J. Smith	7,520,000	3.3766
Everton A. Smith	6,150,000	2.7614
QWI Investments Limited	3,334,100	1.4971
David W. Y. Chang	3,216,000	1.4440
PAM - Pooled Equity Fund	2,881,241	1.2937
Michael Subratie	2,452,590	1.1013
National Supply Co. Ltd.	2,029,805	0.9114

## DIRECTORS SHAREHOLDINGS

NAME	VOLUME	%
Anthony Chang*	19,200,468	8.62132
Nicola Chang Murphy*	89,000	0.03996
Noel daCosta	800,000	0.35921
Lissant Mitchell	100,000	0.04490
Marshal Ogle	0	0
Lamar Harris	0	0

\* Directors are major shareholders in Chang Brothers Limited

## SENIOR MANAGERS SHAREHOLDINGS

NAME	VOLUME	%
Christopher Gooden	17,000	0.00763
Delarno Forrest	9,000	0.00404
Victor Salazar-Chang	4,392	0.00197
Javier Salazar-Chang	0	0
Rose Levy	0	0
Tamecia Reid	0	0



PURITY

PURE WHOLESOME GOODNESS



**PURITY**  
BAKERS SINCE 1957

*Pure Wholesome*  
GOODNESS

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# Management Discussion & Analysis



**Consolidated Bakeries (Ja.) Limited (CBL) presents this analysis and report on the Company's performance for the fiscal year ending December 31, 2022. We are responsible for the presentation and reliability of the Management Discussion and Analysis (MD&A). It is recommended that the audited financial statements for the period ended December 31, 2022, included in the overall annual report, are reviewed with this analysis for a fulsome understanding of CBL's performance. We present all financial references in Jamaican dollars (JMD), unless otherwise noted.**

As we entered the 2022 fiscal year, the Company remained committed to navigating the unprecedented challenges that surfaced out of a global pandemic. Despite the significant progress made during this time, we recognised the need to accelerate our efforts and make strategic adjustments to our operations to effectively build out our capabilities and achieve our long-term targets for 2023 and 2024. The post-pandemic landscape reinforced the importance of adaptive planning and continuous improvement.

During the period under review, the strategic adjustments included re-examining the Company from the top down and fixing areas that we could, as quickly as possible, while being resource and budget conscious. Additionally, we recognised that while we had the ability to decide what to produce, we lacked the capacity – both in physical and human resources.

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So, with an aim to manage risk and bolster our growth, we achieved improvement in our profit position, although we are still not at the level we wanted to be. In financial year 2022, the Company's financial performance reflected an increase in sales of 26.5% over prior year (\$1.366B: \$1.080B). This is attributable to the Company's continued efforts in boosting sales, increasing the distribution fleet, and introducing new products to the market.

The Company continued to face significantly increased costs for our major raw materials during this financial year. However, the Company maintained its strategic plan, closely monitored the margins, and ended the financial year with the same gross margin of 39% as in 2021, despite an increase in costs for major packaging and raw materials. Gross profit increased by 26% in line with an increase in sales, moving from \$425 million in the prior year to \$537 million in 2022. The Company ended the financial year with a total comprehensive income of 13.900 million in comparison to a loss in 2021 of \$17.600 million.

### **Year in Review**

To maximize our growth plan in 2022, we identified three growth guiding principles: Manage Risk, Strength-to-Strength, and Play Local.

The first principle, **Manage Risk**, focussed on growing the Company as fast as possible, while managing the risks for that expansion. One of the key things we had to manage was our balance sheet and any financial risks. As we improve performance and strengthen our capacity, then we can take on more expansionary risks.

Our second principle, **Strength-to-Strength**, consisted of taking a targeted approach to focussing on areas where we were already shining and further building on those strengths. In areas where we were weak, we aimed to do our best to gain market share, stabilize if that particular area was declining, or exit if all else failed. Exiting could be specific to a category, a store, or market position.

Our final principle, **Play Local**, guided us to strengthen our local base in sales, operations, and management, before becoming more assertive in the export market. The Company aims to earn a stronger footing overseas within three years.

These principles and the unwavering dedication of our team earned us growth in sales from the domestic market which accounts for most of the growth. Our FY 2022 revenue totalled \$1.366 billion compared to our FY 2021 total of \$1.080 billion. Our shift into the grab and go snacks market, including

increases in exports, helped to push our sales up by 30%. Further enhancing domestic sales growth was our expansion of the small shop program, an area we have been working to expand on.

The results achieved are why we are focusing resources on enhancing our capabilities to produce what the market is demanding and compete effectively. We hoped to earn a profit in FY 2022, and we did, despite the final numbers not being where we anticipated. Our total comprehensive income was \$13.9 million compared to our net loss of \$17.6 million in financial year 2021. We acknowledge that our profits are not as strong as we remain limited by a factory primarily outfitted for bread production.

However, with an almost \$60 million investment in equipment purchased from one of the industry's leading equipment providers, we look forward to upgrading by the end of Q2 2023 and elevating our capabilities and capacity to compete more dynamically in the grab and go snacks sector. Our soft launches already indicate we are heading in the right direction.

We also continued our staff reorganisation processes, including training and development, and have seen ongoing improvements in staff performance. We will continue

to transform this component of the Company as we know that to develop competitiveness, we must build the right culture. In alignment with this strategy, we crafted and soft launched our Baker Value System—Better, Accountable, Kindness, Excellence, Respect—in 2022. A full implementation will take place in 2023, and we expect this system to be fully cemented by 2024.

### Financial Performance

Revenue for the financial year increased by 26.5%, closing at \$1.366 billion compared to \$1.080 billion in 2021. Despite the significant increases in costs for our major raw and packaging materials during this financial year, the Company was able to keep the same gross margin of 39%. Gross profit increased by 26% in line with an increase in sales, moving from \$425 million in the prior year to \$537 million in 2022. Overall, administration and selling and distribution expenses increased by 16% compared to the prior year from \$402.9 million to \$469.7 million in 2022. This reflects the Company's focus on rebranding and promotion. Despite all the variables, the Company ended the financial year with a profit after tax of \$13.88 million in comparison to a loss in 2021 of \$17.64 million. Total comprehensive income for the financial year was \$14.67 million and a loss of \$11.30 million in 2021.





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Property, plant, and equipment increased from \$758.8 million in 2021 to \$786 million in 2022, a net increase of \$27.4 million or 3.6%. This is due to the purchase of new assets and depreciation charged for the period. Inventories increased from \$67.4 million in 2021 to \$78.5 million in the current financial year, an increase of \$11.1 million or 16%. This change was due to increased costs and quantities in storage to ensure smooth running of the operation. The Company's assets portfolio increased to \$1.079 billion from \$1.027 billion in 2021.

Our capital increased to \$697 million from \$682 million in the previous year.

### 2023 and Beyond

Consolidated Bakeries (Ja.) Limited's future focus is tuned in to the export market while continuing to strengthen expansion in the domestic market. Thanks to amazing ambassadors like Aunty Donna and the Carter family, we have seen great uptick in interest in our products overseas. While we are currently partnered with our overseas distributors who deliver select products for us in the Florida and Canadian markets, based on customer feedback, there is obviously more opportunity in these locations for us to capitalize on.

To this end, we are continuing our investment in marketing and branding. This includes testing new launch campaigns, designing new packaging, and improving the shelf life of products to meet international standards. In Q4 2023, we are looking forward to fully launching the better for you snack bar segment, as well as expanding our production and distribution of grab and go snacks, the installation of new factory equipment, and additional sales routes.

We also know that our granular approach to our rebranding, reorganising, and restructuring protocols will continue through 2023. Becoming an established top-earning company is not for the faint of heart, and we can confidently say that our team stands strongly together to ensure that we accomplish all that we set out to do. Most importantly, we are proudly working to achieve faster progress under the guidance of the Baker Value System—**Better, Accountable, Kindness, Excellence, Respect**—because building our culture makes us more competitive.







# Corporate Social Responsibility 2022

## CBL Scholarship - Tavana Hylton, Omelia Harrison

The Miss Birdie/Purity Scholarship has now been entrenched in the history of Consolidated Bakeries, and granting one this year was no different. Our seventh year of offering this scholarship was much like our 6th year, where we just could not choose one student. Instead, we gifted two exceptionally promising students the opportunity to further their career for the advancement of themselves and Jamaica's economy.

We were proud to extend the Miss Birdie/Purity Scholarship to Tavana Hylton and Omelia Harrison, two extraordinary students who had great need, showed great character and displayed even greater potential.

In order to be awarded the Miss Birdie/Purity Scholarship, these students had to be enrolled at the tertiary level pursuing an undergraduate degree (B.Sc) in the Department of Management Studies at the University of the West Indies, Mona.



The Miss Birdie/Purity Scholarship for Business & Management offers students who have a Grade Point Average of 3.0 or higher, with a verifiable financial need, the opportunity to have their tuition paid in full. The successful candidates had to have displayed leadership qualities, volunteerism and social involvement as well as active participation in co-curricular activities.



## Breast Cancer Awareness- Social media

For the first time in a few years, we came together internally as a team to recognize Breast Cancer Awareness. This awareness touched every member of the Consolidated Bakeries family, from our salesmen, to our production staff, to our managerial staff and every one in between.

Everyone was encouraged to wear pink and the turnout was absolutely phenomenal. It was such a heartwarming surprise to see how many people made the effort and how many saw the value of bringing awareness to all those fighters and survivors of Breast Cancer. It also spoke to the improved team dynamics of our internal audience and our growing cohesiveness.

## Easter Giveaways

Our favourite part of Easter is quickly becoming our Easter Donations. Every year, we find noteworthy causes to donate Miss Birdie and Purity Easter Buns to and this year saw us choosing Homestead Place of Safety, with fitness Influencer Patrice White, and Lister Mair/ Gilby High School for the Deaf. They received Purity Easter Buns and Miss Birdie Easter Buns, respectively, along with goodie bags.

These places were chosen to highlight the incredible work they do to further the lives of our Jamaican children and to show our appreciation for their continued





dedication. It's always so empowering to know we are making someone's Easter better and always humbling when we receive such sincere expressions of gratitude.

We also delight in other donations to special charities including churches and schools throughout the year.



**UTech Teach The Youths Program**

We had the opportunity to join forces with the University of Technology's Student's Union on their remarkable "Teach The Youths Program". The "Teach the Youth" initiative is executed in surrounding inner-city communities of the Papine area. Commencing in 1999, the programme has been active for over 20 Years benefiting over 500 students annually across 5 of the most crime-ridden communities.

Classes and training sessions are delivered to remedial students between the ages of 5-18 years. The programme was executed for this staging in four communities.







### Shericka Jackson's Christmas Treat

Earlier in the year, we welcomed Olympic Champion, Shericka Jackson, to the Purity family as a Brand Ambassador. We were able to maintain a good relationship with her even after the end of the Brand Ambassador agreement and so, when we were approached to join with her to bring some joy into the lives of 100 children in and around the community of Shaw Park in St. Ann, we jumped at the opportunity.

As such, for her inaugural Christmas treat on Boxing Day, we provided snacks to contribute towards feeding the 100 children at the Christmas treat and the effort was worth the huge smiles of appreciation on their little faces!





**Less Salt,  
Less Stress.  
Same Great Taste!**



-  // MissBirdieJamaica
-  // MissBirdieJamaica
-  // MissBirdieJa

A close-up photograph of a wheat field at sunset. The sun is low on the horizon, creating a warm, golden glow. The wheat stalks are in the foreground, some in sharp focus and others blurred. The sky is filled with soft, golden light and some light clouds.

# The Financials

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## **Bogle and Company**

Chartered Accountants  
Worrick Bogle FCCA, FCA, CMA

### **Independent Auditor's Report**

To the Members of Consolidated Bakeries (Jamaica) Ltd.  
**Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Consolidated Bakeries (Jamaica) Ltd. ("the Company") set out on pages 38 to 69, which comprise the statements of financial position as at December 31 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

During the current year audit there was one area which we consider to be a key audit matter.

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email: [info@bogleandcompany.com](mailto:info@bogleandcompany.com)

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## Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

### Going Concern

During the prior fiscal period (2021), it was noted that management had put in place several measures to improve the overall performance of the Company.

Measures such as increasing the number of fleet vehicles and improvements cash management policy have resulted in the company reporting a profit before income tax of \$17,730,173 as compared to a loss of (\$21,671,148) for 2021.

The Company has also been able to liquidate the overdraft of \$46,844,978. This is primarily due to the changes made to their cash management policy.

We have reviewed and performed additional tests to support managements assertions, particularly as it relates to revenues and cash and do believe that if these measures continue, the company will be able to continue as a going concern for the foreseeable future.

### **Other Information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or with 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 the Board of Directors

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

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

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

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Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

**The Board of Directors is responsible for overseeing the Company's financial reporting process.**

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix of this auditor's report. This description, which is located on page 5, forms part of our auditor's report.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

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

*Bogle*

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**BOGLE & COMPANY**  
Chartered Accountants  
Kingston, Jamaica  
March 31, 2023

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### Appendix to the Independent Auditor's report

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

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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.

CONSOLIDATED BAKERIES (JAMAICA) LTD.

# Statement of Financial Position

As at December 31, 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	786,283,060	758,807,801
<b>TOTAL NON-CURRENT ASSETS</b>		<u>786,283,060</u>	<u>758,807,801</u>
<b>CURRENT ASSETS</b>			
Inventories	7	78,509,701	67,432,031
Trade and other receivables	8	115,123,260	110,240,701
Financial Investments	9	27,443,770	28,521,622
Cash & cash equivalents	10	71,829,646	61,972,979
<b>TOTAL CURRENT ASSETS</b>		<u>292,906,377</u>	<u>268,167,333</u>
<b>TOTAL ASSETS</b>		<u>1,079,189,437</u>	<u>1,026,975,134</u>
<b>EQUITY</b>			
Share Capital	11	90,726,664	90,726,664
Capital Reserve		20,825,532	20,825,532
Revaluation Reserve		537,342,437	537,342,437
Other Comprehensive Income		11,636,975	10,853,696
Retained Earnings		36,349,497	22,464,526
<b>TOTAL EQUITY</b>		<u>696,881,105</u>	<u>682,212,855</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	135,591,144	159,683,999
Deferred tax liabilities	13	9,711,719	9,750,435
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>145,302,863</u>	<u>169,434,434</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	12	51,289,307	74,397,510
Trade Payables		176,197,762	97,730,051
Accruals		5,634,442	3,200,284
Current Tax Liability		3,883,958	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>237,005,469</u>	<u>175,327,845</u>
<b>TOTAL LIABILITIES</b>		<u>382,308,332</u>	<u>344,762,279</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,079,189,437</u>	<u>1,026,975,134</u>

Approved by the Board of Directors on March 31 2023 and signed on its behalf by:

 / Director

 / Director



CONSOLIDATED BAKERIES (JAMAICA) LTD.

# Statement of Profit or Loss & Comprehensive Income

For year ended December 31, 2022

	Note	2022 \$	2021 \$
Revenue		1,366,346,871	1,079,796,822
Cost of Goods Sold	16	(829,469,053)	(655,106,447)
<b>Gross Profit</b>		<u>536,877,818</u>	<u>424,690,375</u>
Administration Expenses	17	(266,258,251)	(250,484,162)
Selling and distribution	18	(203,448,935)	(152,490,043)
Depreciation & Amortisation	6	(35,571,233)	(32,938,714)
		<u>(505,278,419)</u>	<u>(435,912,919)</u>
<b>(Loss)/Profit from operations</b>		<u>31,599,399</u>	<u>(11,222,544)</u>
Finance Cost	20	(16,269,561)	(11,744,412)
Other Revenue	21	2,400,335	1,295,808
		<u>(13,869,226)</u>	<u>(10,448,604)</u>
<b>Profit/(Loss) before income tax</b>		17,730,173	(21,671,148)
Income tax benefit/(expense)	22(a)	(3,845,202)	4,033,582
<b>Profit/(Loss) after income tax</b>		<u>13,884,971</u>	<u>(17,637,566)</u>
<b>Other comprehensive income</b>			
Those that might be reclassified to profit or loss in subsequent periods			
Unrealised Gain on Investment		783,279	6,332,981
<b>Total comprehensive income/(expense) for the year</b>		<u>14,668,250</u>	<u>(11,304,585)</u>
Earnings per Share		0.06	(0.08)

The average number of shares in issue for the year is 222,709,171 (2021: 222,709,171)

CONSOLIDATED BAKERIES (JAMAICA) LTD.

# Statement of Changes in Equity

For the Year Ended December 31, 2022

	Share Capital	Revaluation Reserve	Capital Reserve	Other Comprehensive Income	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2021	90,726,664	537,342,437	20,825,532	4,520,715	40,102,092	693,517,440
<b>Comprehensive Income</b>						
Loss for the year					(17,637,566)	(17,637,566)
Other comprehensive income for the year	-	-	-	-	6,332,981	6,332,981
<b>Total comprehensive income for the year</b>	-	-	-	-	(11,304,585)	(11,304,585)
Unrealised gain on investment	-	-	-	6,332,981	(6,332,981)	-
<b>Total other</b>	-	-	-	6,332,981	(6,332,981)	-
<b>Balance as at December 31 2021</b>	<u>90,726,664</u>	<u>537,342,437</u>	<u>20,825,532</u>	<u>10,853,696</u>	<u>22,464,526</u>	<u>682,212,855</u>
Balance as at 1 January 2022	90,726,664	537,342,437	20,825,532	10,853,696	22,464,526	682,212,855
<b>Comprehensive income</b>						
Profit for the year					13,884,971	13,884,971
Other comprehensive income for the year	-	-	-	-	783,279	783,279
<b>Total comprehensive income for the year</b>	-	-	-	-	14,668,250	14,668,250
Unrealised gain on investment	-	-	-	783,279	(783,279)	-
<b>Total other</b>	-	-	-	783,279	(783,279)	-
<b>Balance as at December 31 2022</b>	<u>90,726,664</u>	<u>537,342,437</u>	<u>20,825,532</u>	<u>11,636,975</u>	<u>36,349,497</u>	<u>696,881,105</u>

# Statement of Cash Flows

For the Year Ended December 31, 2022

	Note	2022 \$	2021 \$
<b>Cash flow from operating activities</b>			
(Loss)/Profit before income tax		17,730,173	(21,671,148)
Items not affecting cash resources:			
Depreciation		<u>35,571,233</u>	<u>32,938,714</u>
		<u>53,301,406</u>	<u>11,267,566</u>
- (increase)/decrease in inventories		(11,077,670)	(17,531,711)
- (increase)/decrease in trade and other receivables		(4,882,559)	(13,521,464)
Deferred Revenue		-	-
- increase/(decrease) in trade payables and accruals		80,901,909	(9,428,103)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>118,243,086</u>	<u>(29,213,712)</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(63,046,492)	(32,389,070)
Financial Investments		1,077,852	4,333,907
<b>Net cash (outflow) from investing activities</b>		<u>(61,968,640)</u>	<u>(28,055,163)</u>
<b>Cash flow from financing activities</b>			
New Loan		50,000,000	88,640,000
Loan Repayment		(49,572,801)	(41,316,265)
<b>Net cash inflow from financing activities</b>		<u>427,199</u>	<u>47,323,735</u>
<b>Net increase in cash held</b>		<u>56,701,645</u>	<u>(9,945,140)</u>
Cash and cash equivalents at beginning of financial year		15,128,001	25,073,141
<b>Cash and cash equivalents at end of financial year</b>	<b>10</b>	<u>71,829,646</u>	<u>15,128,001</u>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

December 31, 2022

## 1 Reporting Entity

Consolidated Bakeries (Jamaica) Ltd. (“the company”)

- a) The Company is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited which is a Jamaican Company incorporated under the Jamaican Companies Act.
- b) Stock exchange listing  
The Company had its application to the Junior Stock Exchange approved after its successful public share offer of ordinary shares in December 2012.
- c) Activities  
The main activities of the Company are the manufacture and wholesale and retail sale of edible baked products.

## 2 Basis of Preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into levels 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 3 Functional and presentation currency

These financial statements are presented in Jamaican dollars, which is the functional currency of the Company.

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies

### (a) New Accounting Standards for Application in Future Periods

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and the company has not opted for early adoption.

Annual Improvements to IFRS Standards 2018–2023	Various standards <sup>1</sup>
Amendments to IFRS 17 Insurance Contracts	Insurance Contracts <sup>1</sup>
Amendments to IAS 1	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2024.

### (b) New and Amended Accounting Policies Adopted

The company did not adopt any new or amended accounting policies during the current reporting period

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (c) Property, Plant and Equipment

This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably

Items of property, plant and equipment may be acquired for safety or environmental reasons. The acquisition of such property, plant and equipment, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for an entity to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable an entity to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired.

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

**The company uses the cost model as its measurement of recognition for its categories apart from Land and Building, which it uses the revaluation model.**

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The depreciation charge for each period shall be recognised in profit or loss unless it is included in the carrying amount of another asset.

This business recognises depreciation under the expense heading of "depreciation."

The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

The depreciation method used by the company is the straight-line basis and is designed to write off the assets over their useful lives.

Computer Equipment	20.0%
Motor Vehicle	12.5%
Fixture & Equipment	10.0%
Plant machinery and equipment	10.0%
Building	2.5%

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (c) Property, Plant and Equipment (cont'd)

Land is not depreciated.

Repairs and maintenance expenditures are charged to the profit or loss in the statement of comprehensive income during the financial period in which they are incurred.

### (d) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving average basis for its motor vehicles and the weighted average basis for its parts. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### (e) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected.

#### (i) Impairment

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

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

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without Recourse by the Company to action such as realizing security if any is held; or
- The financial assets are more than 90 days past due.

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

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (e) Trade and Other Receivables (cont'd)

#### (i) Impairment (cont'd)

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

#### (ii) *Measurement of ECLs*

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

#### (iii) *Credit-impaired financial assets*

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

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

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

### (f) Cash and Cash Equivalents

Cash and cash equivalents are held for the purposes of meeting short-term commitments rather than for investments or other purposes. For an investment to qualify it must be convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of 3 months or less from the date of acquisition.

#### a. **Financial Investments**

These assets are classified at fair value through profit or loss and are measured at fair value, and any changes therein, including any interest or dividend income, are recognised in profit or loss.



# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (h) Borrowing Costs

Loans are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently reduced by the principal payment. The company does not recognise the interest expense as the loans presented on the Statement of Financial Position are repaid to the company by the related party.

### (i) Related party disclosures

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A **related party** is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

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

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or

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

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

A **related party transaction** is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (j) Trade and Other Payables

Trade payables are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

### (k) Foreign Currency Transactions and Balances

The company is subject to changes in foreign currency rates as it relates to the United States dollar. It is recorded initially in the functional currency using the spot exchange rate of the Jamaican dollar to the United States dollar at the date of the transaction. At the end of the period, the foreign currency is converted to the functional currency using the closing rate for the period. Exchange differences arising from the conversion of the rates used for initial recording and at the end of the period are recognised in the profit and loss statement.

### (l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for allowances.

#### i. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (l) Revenue and Other Income (cont'd)

#### ii. Interest Income

The Company recognises interest earned on its cash and cash equivalents held at financial institutions in qualifying accounts.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### iii. Rental Income

The Company recognises rental income on a straight-line basis over the period covered under the lease terms. The lease is categorised as a short-term lease.

### (m) Employee Benefits

#### i. Pension plan

The company contributes towards defined contribution retirement savings plans which were purchased from Sagcor Life Limited. Employees who opt to join the plan, contribute up to 15% of gross basic salaries to their plans and the Company contributes 5%. In 2022, a total of \$4,113,177 (2021: \$3,414,940) company contributions were recognised as an expense in the statement of Profit or Loss

#### ii. (ii) Short-term employee benefits

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

### (n) Leases

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

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (o) Fair value measurement

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, for financial reporting purposes, fair value measurement is categorised into levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

### (p) Taxation

#### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (p) Taxation (cont'd)

#### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### (q) Share Capital

Share capital consists of funds raised by issuing shares in return for cash or other considerations. The amount of share capital a company has can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase.

# Notes to the Financial Statements

December 31, 2022

## 4 Summary of Significant Accounting Policies (cont'd)

### (r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures

This standard requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.

### (a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the company's investment securities, loans receivable, receivables from customers, and from resale agreements. There is also credit risk exposure in respect of instruments such as loan commitments and guarantees which may not be stated on the Statement of Financial Position. They expose the Company to similar risks as loans and are managed in a similar manner

	2022	2021
	\$	\$
<b>Financial Assets</b>		
Cash & cash equivalents	71,829,646	61,972,979
Trade and other receivables	115,123,260	110,240,701
<b>Financial Liabilities</b>		
Trade Payables	(167,356,061)	(100,906,997)
Borrowings	(51,289,307)	(74,397,510)

At the end of the reporting period, there are no concentrations of credit risk for loans and receivables designated at Fair Value Through Profit or Loss (FVTPL). The carrying amount reflected above represents the company's maximum exposure to credit risk for such loans and receivables.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

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

On 31 December 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows

	2022	2021
	\$	\$
Jamaica	50,700,971	39,953,110
	<u>50,700,971</u>	<u>39,953,110</u>

On 31 December 2022, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	2022	2021
	\$	\$
Wholesale customers	50,613,702	39,884,459
End-user customers	87,269	68,651
	<u>50,700,971</u>	<u>39,953,110</u>

The ageing of trade receivables that were past due but not impaired as at 31 December 2022 is as follows

	2022	2021
	\$	\$
Past due 1- 30 days	36,731,976	21,774,862
Past due 31- 90 days	9,680,136	13,986,159
Over 90 days	4,288,859	4,192,089
	<u>50,700,971</u>	<u>39,953,110</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022.

	Gross carrying amount	weighted average loss rate	Impairment loss allowance
	\$		\$
Low risk	36,731,976	2.3%	844,835
Medium risk	9,680,136	4.9%	471,962
High risk	<u>4,288,859</u>	100%	<u>4,288,859</u>
	<u>50,700,971</u>		<u>5,605,656</u>



# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021.

	Gross carrying amount	weighted average loss rate	Impairment loss allowance
	\$		\$
Low risk	32,788,435	4%	1,311,537
Medium risk	3,753,343	15%	564,695
High risk	3,411,333	45%	1,535,100
	<u>39,953,110</u>		<u>3,411,333</u>

### (b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management which the company uses includes maintaining sufficient cash and marketable securities.

For this purpose, liquid assets include cash and bank balances, which are readily converted into cash within three months.

	2022	2021
	\$	\$
Current Assets	292,906,377	268,167,333
Current Liabilities	237,005,469	175,327,845
	1.24	1.53

The liquid asset ratio at the end of the year as 31 December 2022 was 1.24:1 (2021: 1.53:1). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

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

The following table presents the undiscounted contractual maturities of financial liabilities, including interest, on the basis of their earliest possible contractual maturity.

#### Balance as at December 31 2022

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
Borrowings	3,080,110	6,160,220	27,720,992	171,975,438	16,423,887	225,360,647
Trade and other payables	168,961,983	3,883,958	-	-	-	172,845,941
	<u>172,042,093</u>	<u>10,044,178</u>	<u>27,720,992</u>	<u>171,975,438</u>	<u>16,423,887</u>	<u>398,206,588</u>

### (c) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

The company incurs risk in a currency other than the Jamaican dollar. The currency giving rise to this risk is the United States dollar.

This risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from the Company's financial assets and liabilities denominated in the relevant foreign currencies.

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

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

#### Balance as at December 31 2022

	JMD \$	US \$	CAN \$	Total \$
<b>Financial Assets</b>				
Trade and other receivables	115,123,260	-	-	115,123,260
Financial Investments	-	27,443,770	-	27,443,770
Cash	28,460,203	43,324,494	44,949	71,829,646
<b>Total financial assets</b>	<u>143,583,463</u>	<u>70,768,264</u>	<u>44,949</u>	<u>214,396,676</u>
<b>Financial Liabilities</b>				
Borrowings	186,880,451	-	-	186,880,451
Trade and other payables	181,832,204	-	-	181,832,204
<b>Total financial liabilities</b>	<u>368,712,655</u>	<u>-</u>	<u>-</u>	<u>368,712,655</u>
<b>Net financial position</b>	<u>(225,129,192)</u>	<u>70,768,264</u>	<u>44,949</u>	<u>(154,315,979)</u>

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 5% devaluation and 3% appreciation of the Jamaican dollar. 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 effect on net profit shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	Change in Currency rate 2022 %	Effect on Equity 2022 \$	Effect on Net Profit 2022 \$
<b>Currency:</b>			
USD – Positive	3	(707,683)	(2,144,278)
USD – Negative	(5)	3,538,413	3,361,493

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

### (d) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company makes use of it is working capital facilities, this has remained unchanged from 2021.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in the Statement of Changes in Equity). Total capital is calculated as 'equity' plus net debt.

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total equity and debt.

	2022	2021
	\$	\$
Interest-bearing borrowings	186,880,451	234,081,509
Less: cash and bank	<u>(71,829,646)</u>	<u>(61,972,979)</u>
<b>Net Debt</b>	<u>115,050,805</u>	<u>172,108,530</u>
<b>Total Equity</b>	<u>701,274,910</u>	<u>686,606,660</u>
<b>Capital and net debt</b>	<u>816,325,715</u>	<u>858,715,190</u>
Gearing ratio	14.09%	20.04%

### (e) Fair value measurements

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

The carrying values of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents, trade and other receivables and amounts due from related companies. Short-term financial liabilities comprise trade, due to related parties, payables and long-term financial liabilities comprise of loans.

# Notes to the Financial Statements

December 31, 2022

## 5 Financial Instruments: Disclosures (cont'd)

### (e) Fair value measurements (cont'd)

The carrying value of loans with variable interest rates approximates fair value as interest rates approximate market rates. The fair value of loans with fixed rates is estimated to approximate its carrying value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value for the amount due to the parent company approximates its carrying value.

	2022 Fair Value	2022 Carrying Value	2021 Fair Value	2021 Carrying Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash & cash equivalents	71,829,646	71,829,646	61,972,979	61,972,979
Trade receivables	45,095,315	45,095,315	36,541,777	36,541,777
<b>Owed by Related Parties</b>	<u>27,556,559</u>	<u>27,556,559</u>	<u>27,556,559</u>	<u>27,556,559</u>
<b>Financial liabilities</b>				
Borrowings excluding bank overdraft	186,880,451	186,880,451	187,236,531	187,236,531
Bank overdraft	-	-	46,844,978	46,844,978
<b>Trade payables</b>	<u>168,961,983</u>	<u>168,961,983</u>	<u>107,331,958</u>	<u>107,331,958</u>

# Notes to the Financial Statements

December 31, 2022

## 6 Property, plant & equipment

	Land and Buildings	Plant, machinery & equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Cost/Valuation</b>						
<b>Balance as at 1 January 2021</b>	505,166,065	244,136,362	19,716,627	162,868,824	33,245,399	965,133,277
Additions	2,690,222	5,096,754	321,893	23,365,016	915,185	32,389,070
<b>Balance as at December 31 2021</b>	<u>507,856,287</u>	<u>249,233,116</u>	<u>20,038,520</u>	<u>186,233,840</u>	<u>34,160,584</u>	<u>997,522,347</u>
Additions	6,080,958	15,397,010	2,327,539	36,405,902	2,835,083	63,046,492
Disposals	-	-	-	-	-	-
<b>Balance as at December 31 2022</b>	<u>513,937,245</u>	<u>264,630,126</u>	<u>22,366,059</u>	<u>222,639,742</u>	<u>36,995,667</u>	<u>1,060,568,839</u>
<b>Accumulated Depreciation</b>						
<b>Balance as at 1 January 2021</b>	9,991,616	89,589,645	8,286,310	67,191,360	30,716,901	205,775,832
Depreciation expense	3,044,757	15,207,171	760,128	12,360,000	1,566,658	32,938,714
<b>Balance as at December 31 2021</b>	<u>13,036,373</u>	<u>104,796,816</u>	<u>9,046,438</u>	<u>79,551,360</u>	<u>32,283,559</u>	<u>238,714,546</u>
Depreciation expense	3,225,351	14,453,112	1,227,133	15,605,963	1,059,674	35,571,233
Disposals	-	-	-	-	-	-
<b>Balance as at December 31 2022</b>	<u>16,261,724</u>	<u>119,249,928</u>	<u>10,273,571</u>	<u>95,157,323</u>	<u>33,343,233</u>	<u>274,285,779</u>
<b>December 31 2022</b>	<u>497,675,521</u>	<u>145,380,198</u>	<u>12,092,488</u>	<u>127,482,419</u>	<u>3,652,434</u>	<u>786,283,060</u>
<b>December 31 2021</b>	<u>494,819,914</u>	<u>144,436,300</u>	<u>10,992,082</u>	<u>106,682,480</u>	<u>1,877,025</u>	<u>758,807,801</u>

### Land

The total value of land as at December 31 2022 is \$361,021,000 (2021 : \$361,021,000). Land is not depreciated.

## 7 Inventory

	2022	2021
	\$	\$
<b>Current</b>		
<b>At net realisable value:</b>		
Raw materials	13,251,636	21,797,670
Packaging materials & spares	35,277,160	27,207,655
Finished goods	23,330,590	10,358,078
Other inventory	6,650,315	8,068,628
<b>Total Inventories</b>	<u>78,509,701</u>	<u>67,432,031</u>

# Notes to the Financial Statements

December 31, 2022

## 8 Trade and other receivables

	2022	2021
	\$	\$
<b>Current</b>		
Trade receivables	50,700,971	39,953,110
Less: Provision for Doubtful Accounts	<u>(5,605,656)</u>	<u>(3,411,333)</u>
	45,095,315	36,541,777
Owed by Related Parties	<u>27,556,559</u>	<u>27,556,559</u>
Prepayments	29,672,163	24,507,895
Staff Loans and Advances	9,110,166	8,355,023
Other receivables	<u>3,689,057</u>	<u>13,279,447</u>
<b>Total current trade and other receivables</b>	<u>115,123,260</u>	<u>110,240,701</u>
<b>Total trade and other receivables</b>	<u>115,123,260</u>	<u>110,240,701</u>

### a. Credit Risk and market risk, and impairment losses

Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 5(a)

## 9 Other Financial Assets

	2022	2021
	\$	\$
<b>Current</b>		
Financial assets at fair value through Other Comprehensive Income	9(a) 27,443,770	28,521,622
<b>Total current assets</b>	<u>27,443,770</u>	<u>28,521,622</u>

### (a) Financial assets at fair value through other comprehensive income

	2022	2021
	\$	\$
NCB Cap xB Fund	23,696,906	24,687,616
NCB Cap xM Fund	3,746,864	3,834,006
<b>Financial assets at FVOCI</b>	<u>27,443,770</u>	<u>28,521,622</u>

# Notes to the Financial Statements

December 31, 2022

## 10 Cash & cash equivalents

	2022	2021
	\$	\$
<b>Cash and cash equivalents</b>		
Cash on hand	9,162,193	9,092,829
Bank accounts (Jamaican Dollars)	19,298,010	9,720,937
Bank accounts (United States Dollars)	1,703,357	6,301,169
Bank accounts (Canadian Dollars)	44,949	42,663
	<u>30,208,509</u>	<u>25,157,598</u>
Short Term Investments	41,621,137	36,815,381
<b>Total cash and cash equivalents</b>	<u>71,829,646</u>	<u>61,972,979</u>

### Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	71,829,646	61,972,979
Secured - Bank overdrafts	-	(46,844,978)
<b>Balance as per statement of cash flows</b>	<u>71,829,646</u>	<u>15,128,001</u>

## 11 Share capital

	2022	2021
	\$	\$
Authorised	<u>427,260,000</u>	<u>427,260,000</u>
<b>Issued and fully paid</b>		
This consist of 222,709,171 (2021: 222,709,171) ordinary shares valued at no par value	<u>90,726,664</u>	<u>90,726,664</u>



# Notes to the Financial Statements

December 31, 2022

## 12 Borrowings

	2022	2021
	\$	\$
<b>Current</b>		
<b>Secured liabilities:</b>		
Bank overdrafts	-	46,844,978
National Commercial Bank Jamaica Limited	51,289,307	26,661,589
Accrued Interest	-	890,943
	<u>51,289,307</u>	<u>74,397,510</u>
<b>Total current borrowings</b>	<u>51,289,307</u>	<u>74,397,510</u>
<b>Non-current</b>		
<b>Secured liabilities:</b>		
National Commercial Bank Jamaica Limited	135,591,144	159,683,999
	<u>135,591,144</u>	<u>159,683,999</u>
<b>Total non-current borrowings</b>	<u>135,591,144</u>	<u>159,683,999</u>
<b>Total Borrowings</b>	<u>186,880,451</u>	<u>234,081,509</u>

### a) Terms and repayment schedule

	Interest rate	Year of Maturity	Carrying Value 2022	Carrying Value 2021
	%		\$	\$
Secured - Bank overdrafts	23.75	2021	-	46,844,978
<b>National Commercial Bank Jamaica Limited</b>				
-Secured Loan	7.00	2026	25,800,000	33,793,448
-Secured Loan	7.50	2027	1,807,118	2,157,267
-Secured Loan	7.00	2027	106,804,298	123,617,546
-Secured Loan	7.50	2028	3,088,033	3,557,517
-Secured Loan	7.50	2028	11,227,410	12,908,476
-Secured Loan	7.50	2028	8,886,531	10,311,334
-Secured Loan	10.00	2023	20,511,740	-
-Secured Loan	9.00	2026	8,755,321	-
			<u>186,880,451</u>	<u>233,190,566</u>

# Notes to the Financial Statements

December 31, 2022

## 12 Borrowings (cont'd)

### Security

- a) National Commercial Bank
- a. First mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US\$3.6 Million, forced sale value US\$2.88 Million registered and stamped to cover J\$174.1 Million.  
  
Assignment of adequate FEH Insurance.
  - b. Legal Mortgage over commercial property at 2F Valentine Drive/111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US\$3.6 Million, forced sale value US\$2.88 Million registered and stamped to cover J\$40 Million.  
  
Assignment of adequate FEH Insurance.
  - c. Directors' Guarantee Stamped for J\$75.5 Million and US\$30,000

## 13 Deferred tax

	2022	2021
	\$	\$
<b>Current</b>		
Current Tax Liability	(3,883,958)	-
	<u>(3,883,958)</u>	<u>-</u>
<b>Non-current</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment - tax allowance	14,890,276	19,836,690
Future income tax benefits attributable to tax losses	(5,178,557)	(10,086,255)
	<u>9,711,719</u>	<u>9,750,435</u>

# Notes to the Financial Statements

December 31, 2022

## 14 Related Party Transactions

	2022	2021
	\$	\$
Poly Cello Packaging	19,461,559	19,461,559
Other Related Parties	8,095,000	8,095,000
	<u>27,556,559</u>	<u>27,556,559</u>

All transactions between Consolidated Bakeries (Jamaica) Ltd. And the related companies have been transacted at arm's length.

### Related Party Net movement

	2022	2021
	\$	\$
Advances made to Poly Cello	-	975,142
	<u>-</u>	<u>975,142</u>

## 15 Key Management Personnel Compensation

	2022	2021
	\$	\$
Director's fees	1,565,000	580,000
Director management remuneration	21,035,829	19,231,640
	<u>22,600,829</u>	<u>19,811,640</u>

# Notes to the Financial Statements

December 31, 2022

## 16 Cost of Goods Sold

	2022	2021
	\$	\$
Salaries and related expenses	103,907,048	72,679,935
Purchases	686,121,289	548,992,483
Repairs and maintenance	13,433,891	6,109,445
Equipment rental	3,759,360	3,549,648
Transportation	3,743,148	5,197,433
Fuel	14,714,621	16,376,379
Other	3,789,696	2,201,124
	<u>829,469,053</u>	<u>655,106,447</u>

## 17 Administrative Expense

	2022	2021
	\$	\$
Salaries and related expenses	102,926,092	103,492,183
Bank Charges	5,736,639	10,207,542
Security	12,386,190	11,007,960
Insurance	16,067,579	10,627,990
Utilities	36,707,690	29,269,079
Traveling and motor vehicle expenses	20,335,705	16,236,612
Director's fees	1,565,000	580,000
Director management remuneration	21,035,829	19,231,640
Repairs and Maintenance	7,622,408	1,823,199
Office supplies	4,835,811	6,525,212
Office and Space Rental	3,791,342	4,268,751
Auditor's Remuneration	2,200,000	1,725,000
Professional Fees	13,556,505	20,560,251
Other Expenses	17,491,461	14,928,743
	<u>266,258,251</u>	<u>250,484,162</u>

# Notes to the Financial Statements

December 31, 2022

## 18 Selling and distribution

	2022	2021
	\$	\$
Salaries and related expense	107,208,820	83,975,699
Sales Contractors	24,475,668	20,458,120
Travelling and motor vehicle expenses	45,564,818	29,300,663
Repairs and Maintenance expense	60,818	933,195
Office and Space rental	127,129	78,900
Advertising and Promotion	25,249,171	17,672,990
Other expenses	762,511	70,476
	<u>203,448,935</u>	<u>152,490,043</u>

## 19 Staff Costs

	2022	2021
	\$	\$
Staff Salaries	261,993,804	219,395,146
Statutory Expense	30,862,297	26,625,086
Staff Welfare	17,072,682	10,712,645
Pension	4,113,177	3,414,940
<b>Total Staff Related Costs</b>	<u>314,041,960</u>	<u>260,147,817</u>

Staff costs have been allocated between Cost of Goods Sold (COGS), Selling and Distribution expense and administrative expenses.

## 20 Finance Cost

	2022	2021
	\$	\$
Loan Interest	16,269,561	11,744,412
Bank Charges	5,736,639	10,207,542
	<u>22,006,200</u>	<u>21,951,954</u>

## 21 Other Revenue

	2022	2021
	\$	\$
<b>Other Revenue</b>		
Interest	2,514,959	1,295,808
Gain/loss on Disposal of Assets	(114,624)	-
	<u>2,400,335</u>	<u>1,295,808</u>

# Notes to the Financial Statements

December 31, 2022

## 22 Tax Expense

### (a) The components of tax (expense)/income comprises:

	Note	2022 \$	2021 \$
Current tax		(3,883,918)	-
Deferred tax	13	38,716	4,033,582
<b>Income tax benefit/(expense) for the year</b>		<u>(3,845,202)</u>	<u>4,033,582</u>

### (b) Tax reconciliation

	2022 \$	2021 \$
Tax on profit/(loss) at 25% (2021: 12.5%)	4,597,115	(2,708,899)
<b>Add tax effect of:</b>		
non-allowable items	-	4,158,464
Deferred Tax Adjustment	4,750,304	-
	<u>4,750,304</u>	<u>4,158,464</u>
<b>Less tax effect of:</b>		
Tax adjustments and credits	5,502,217	-
Deferred tax adjustment	-	5,483,147
	<u>5,502,217</u>	<u>5,483,147</u>
<b>Income tax attributable to the entity</b>	<u>3,845,202</u>	<u>(4,033,582)</u>

The applicable weighted average effective tax rates are as follows:

20.77%	26.30%
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#### Tax remission

The Company having been listed on the Junior Stock Exchange in 2012 became eligible for remission of Income-tax for 10 years, as below, provided the shares remain listed for at least 15 years. The total loss for the current period is nil, and a total loss carried forward of (\$77,162,112).

Years 1 to 5	100%
Years 6 to 10	50%

#### Transfer pricing

Transactions between Consolidated bakeries and related parties have been valued at the regular market rate.

# Notes to the Financial Statements

December 31, 2022

## 23 Auditor's Remuneration

	2022	2021
	\$	\$
<b>Remuneration of the auditor of the entity for:</b>		
auditing or reviewing the financial statements	2,200,000	1,725,000
	<u>2,200,000</u>	<u>1,725,000</u>

## 24 Short-term and Low-cost leases

The Company has rental agreements for properties in Mandeville and Montego Bay for a 12-month period. These are deemed short term rental agreements. The Company also leases equipment as needed on a short-term basis.

## 25 Earnings Per Share Calculation

The Calculation for basic EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

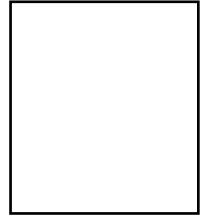
	2022	2021
	\$	\$
Profit (Loss) for the year, attributable to ordinary shareholders	13,884,971	(17,637,566)
Weighted Average of ordinary shares at 31 December	222,709,171	222,709,171
<b>Basic Earnings Per Share</b>	<b>0.06</b>	<b>(0.08)</b>





# Form of Proxy

**CONSOLIDATED BAKERIES  
(JAMAICA) LIMITED**  
2F Valentine Drive  
Kingston 19, Jamaica  
(West Indies)



I/We \_\_\_\_\_ of \_\_\_\_\_ in the Parish of \_\_\_\_\_ being Member/members of the above named company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 2f Valentine Drive, Kingston 19 on June 21 from 10:00am - 1:00pm and at any adjournment thereof.

<b>RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>
<b>Resolution No. 1</b> Adoption of Directors and Auditors Report, Financial Statement for year ended December 31, 2022		
<b>Resolution No. 2</b> That the Directors, retiring by rotation, be re-elected by a Single Resolution		
<b>Resolution No. 3</b> That Nicola Chang Murphy, Marshal Ogle and Lissant Mitchell, be and are hereby re-elected as directors of the Company		
<b>Resolution No. 4</b> Remuneration of Directors for year ended December 31, 2022		
<b>Resolution No. 5</b> To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors		

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

\_\_\_\_\_  
Signature

**Notes:**


1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

**REGISTRAR AND TRANSFER AGENTS**  
Jamaica Central Securities Depository Limited  
40 Harbour Street, Kingston















 **Consolidated Bakeries  
(Jamaica) Limited**  
2F Valentine Drive  
Kingston 19

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