

SPUR TREE SPICES JAMAICA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

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CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of
Spur Tree Spices Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spur Tree Spices Jamaica Limited ("the Company") comprising the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (collectively "the Group") set out on pages 7 to 62, which comprise the Group's and the Company's statements of financial position as at 31 December 2022, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Spur Tree Spices Jamaica Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Impairment Assessment of Goodwill</i></p> <p>See notes 2(b), 2(h) and 12 of the consolidated financial statements</p> <p>The carrying value of the group's goodwill may not be recoverable due to changes in the business and economic environment in which the subsidiary operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p> <p>Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2022.</p> <p>We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation.</p>	<p>Management's impairment assessment was tested by performing the following procedures, amongst others:</p> <ol style="list-style-type: none">1. We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the value in use of each cash generating unit (CGU).2. We compared management's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions.3. We tested management's impairment testing model calculations for mathematical accuracy. <p>Based on the audit procedures performed, no adjustments were made to the financial statements.</p>

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Spur Tree Spices Jamaica Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Accounting for business combinations (Group)</i></p> <p>Refer to notes 2(b) and 27 to the consolidated financial statements for disclosures of related accounting policies and balances.</p> <p>On 3 October 2022, the company acquired 51% of the share capital of Canco Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of \$175.5 million.</p> <p>We focused on this area due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgment in determining certain estimates.</p>	<p>We evaluated the appropriateness of the accounting for the acquisition as a business combination and ensured it complied with management's accounting policies and the applicable accounting standards.</p> <p>We held discussions with management to understand and evaluate their basis for determining assumptions. This included evaluating the appropriateness of valuation methodologies utilised to derive the fair value of identified intangible assets and evaluating the reasonableness of the underlying valuation assumptions and inputs.</p> <p>We recalculated the goodwill, being the difference between the total net consideration and the fair values of the assets and liabilities acquired for mathematical accuracy.</p> <p>Based on the audit procedures performed, management's accounting, judgements and estimates relating to the business combination were not unreasonable.</p>

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Spur Tree Spices Jamaica Limited

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Spur Tree Spices Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group' and 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 Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Spur Tree Spices Jamaica Limited

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Jennifer Hibbert.



Chartered Accountants

19 May 2023

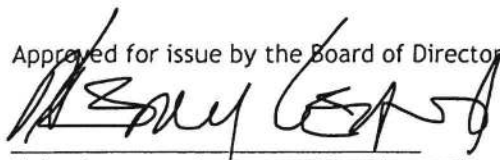
SPUR TREE SPICES JAMAICA LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

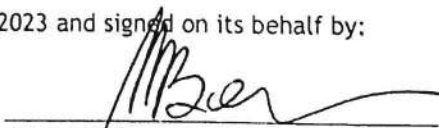
	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
REVENUE	5	1,028,530	859,718
Cost of sales		(697,443)	(577,415)
GROSS PROFIT		331,087	282,303
Other operating income	8	<u>2,236</u>	<u>1,385</u>
		333,323	283,688
Administrative and other expenses		(195,258)	(142,264)
Impairment losses on trade receivables	4(d)(ii)	(12,060)	(1,158)
OPERATING PROFIT		126,005	140,266
Finance costs	9	(12,564)	(16,124)
PROFIT BEFORE TAXATION		113,441	124,142
Taxation	10	<u>2,181</u>	(32,823)
PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME		<u>115,622</u>	<u>91,319</u>
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the Company		116,813	91,319
Non-controlling interest		(1,191)	-
		<u>115,622</u>	<u>91,319</u>
EARNINGS PER STOCK UNIT	26	<u>0.07¢</u>	<u>0.07¢</u>

SPUR TREE SPICES JAMAICA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	11	700,434	173,357
Intangible assets	12	187,365	11,389
Investments	14	3,777	3,750
Right-of-use asset	15	36,725	46,741
Deferred tax assets	16	<u>6,067</u>	<u>3,670</u>
		<u>934,368</u>	<u>238,907</u>
CURRENT ASSETS:			
Inventories	17	194,721	112,256
Receivables	18	222,335	151,052
Cash and cash equivalents	20	<u>148,246</u>	<u>94,465</u>
		<u>565,302</u>	<u>357,773</u>
		<u>1,499,670</u>	<u>596,680</u>
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY:</u>			
Share capital	21	366,967	157,143
Capital reserve		150	150
Retained earnings		<u>346,062</u>	<u>253,967</u>
		713,179	411,260
Non-controlling interest	22	<u>166,422</u>	<u>-</u>
		<u>879,601</u>	<u>411,260</u>
NON-CURRENT LIABILITIES:			
Lease liability	15	30,276	40,599
Director's loan	19	29,323	-
Non-current portion of borrowings	23	<u>403,908</u>	<u>-</u>
		<u>463,507</u>	<u>40,599</u>
CURRENT LIABILITIES:			
Payables	24	101,254	46,078
Taxation		982	31,594
Lease liability	15	9,697	8,615
Directors' current accounts	19	23,503	12,186
Borrowings	23	<u>21,126</u>	<u>46,348</u>
		<u>156,562</u>	<u>144,821</u>
		<u>1,499,670</u>	<u>596,680</u>

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


 Metry Seaga Director


 Albert Bailey Director

SPUR TREE SPICES JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>Share Capital \$'000</u>	<u>Capital Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total Attributable to Equity holders of the Parent \$'000</u>	<u>Non- Controlling Interest \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2021		<u>19,643</u>	<u>150</u>	<u>162,648</u>	<u>182,441</u>	<u>-</u>	<u>182,441</u>
TOTAL COMPREHENSIVE INCOME							
Net profit for the year		<u>-</u>	<u>-</u>	<u>91,319</u>	<u>91,319</u>	<u>-</u>	<u>91,319</u>
TRANSACTIONS WITH OWNERS							
Issue of shares, net	21	37,500	-	-	37,500	-	37,500
Advance on shares	21	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
		<u>137,500</u>	<u>-</u>	<u>-</u>	<u>137,500</u>	<u>-</u>	<u>137,500</u>
BALANCE AT 31 DECEMBER 2021		<u>157,143</u>	<u>150</u>	<u>253,967</u>	<u>411,260</u>	<u>-</u>	<u>411,260</u>
TOTAL COMPREHENSIVE INCOME							
Net profit for the year		<u>-</u>	<u>-</u>	<u>116,813</u>	<u>116,813</u>	<u>(1,191)</u>	<u>115,622</u>
TRANSACTIONS WITH OWNERS							
Issue of shares, net	21	209,824	-	-	209,824	-	209,824
Dividends paid	28	-	-	(24,718)	(24,718)	-	(24,718)
Non-controlling interest on acquisition of subsidiary	27	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,613</u>	<u>167,613</u>
		<u>209,824</u>	<u>-</u>	<u>(24,718)</u>	<u>185,106</u>	<u>167,613</u>	<u>352,719</u>
BALANCE AT 31 DECEMBER 2022		<u>366,967</u>	<u>150</u>	<u>346,062</u>	<u>713,179</u>	<u>166,422</u>	<u>879,601</u>

SPUR TREE SPICES JAMAICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		115,622	91,319
Adjustments for:			
Depreciation	11	33,904	20,544
Amortisation of intangible assets	12	232	-
Amortisation of right-of-use asset	15	10,016	11,819
Impairment losses on trade receivables	4(d)(ii)	12,060	1,158
Interest expense	9	12,564	16,124
Foreign exchange gain		(1,386)	(891)
Interest income	8	(1,555)	(475)
Taxation	10	(2,181)	32,823
		179,276	172,421
Changes in operating assets and liabilities:			
Inventories		(27,836)	(18,213)
Receivables		131,510	(8,275)
Payables		9,040	(23)
Due from related company		-	5,846
Directors' current accounts		(6,659)	(561)
		285,331	151,195
Taxation paid		(27,538)	(14,963)
Cash provided by operating activities		<u>257,793</u>	<u>136,232</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	11	(86,041)	(31,814)
Purchase of intangible	12	(443)	-
Interest received		1,555	475
Acquisition of subsidiary, net of cash acquired	27	(342,589)	(34,760)
Increase in investment		-	(3,750)
Cash used in investing activities		<u>(427,518)</u>	<u>(69,849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on loans		(8,377)	(12,895)
Dividends paid	28	(24,718)	-
Proceeds from issue of shares, (net)	21	209,824	-
Advance on shares		-	100,000
Proceeds from loan received	20	294,800	50,000
Loans repaid	20	(235,981)	(121,626)
Principal paid on lease liability	15	(9,241)	(12,815)
Interest paid on lease liability	15	(4,187)	(3,229)
Cash provided by/ (used in) financing activities		<u>222,120</u>	<u>(565)</u>
		52,395	65,818
Exchange gain on foreign cash balance		1,386	131
Net increase in cash and cash equivalents		53,781	65,949
Cash and cash equivalents at beginning of year		<u>94,465</u>	<u>28,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)		<u>148,246</u>	<u>94,465</u>

SPUR TREE SPICES JAMAICA LIMITED
COMPANY STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
REVENUE	5	906,879	856,426
Cost of sales		<u>(612,405)</u>	<u>(586,415)</u>
GROSS PROFIT		294,474	270,011
Other operating income	8	<u>1,555</u>	<u>1,385</u>
		296,029	271,396
Administrative and other expenses		<u>(163,349)</u>	<u>(127,774)</u>
Impairment losses on trade receivables	4(d)(ii)	<u>(8,115)</u>	<u>(1,158)</u>
OPERATING PROFIT		124,565	142,464
Finance costs	9	<u>(8,921)</u>	<u>(16,124)</u>
PROFIT BEFORE TAXATION		115,644	126,340
Taxation	10	<u>2,202</u>	<u>(27,775)</u>
PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME		<u>117,846</u>	<u>98,565</u>


SPUR TREE SPICES JAMAICA LIMITED

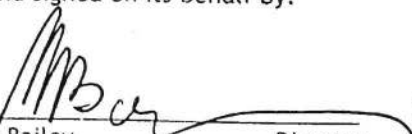
COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	11	112,888	93,204
Investment in subsidiaries	13	425,000	75,000
Investment	14	3,750	3,750
Right-of-use asset	15	<u>36,725</u>	<u>46,741</u>
		<u>578,363</u>	<u>218,695</u>
CURRENT ASSETS:			
Inventories	17	127,554	91,575
Receivables	18	167,420	136,733
Due from related companies	19	97,381	49,521
Cash and cash equivalents	20	<u>98,306</u>	<u>88,181</u>
		<u>490,661</u>	<u>366,010</u>
		<u>1,069,024</u>	<u>584,705</u>
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY:</u>			
Share capital	21	366,967	157,143
Capital reserve		150	150
Retained earnings		<u>354,341</u>	<u>261,213</u>
		<u>721,458</u>	<u>418,506</u>
NON-CURRENT LIABILITIES:			
Lease liability	15	30,276	40,599
Non-current portion of borrowings	23	243,310	-
Deferred tax liabilities	16	<u>-</u>	<u>2,064</u>
		<u>273,586</u>	<u>42,663</u>
CURRENT LIABILITIES:			
Payables	24	51,598	33,169
Taxation		-	23,218
Lease liability	15	9,697	8,615
Directors' accounts	19	4,916	12,186
Borrowings	23	<u>7,769</u>	<u>46,348</u>
		<u>73,980</u>	<u>123,536</u>
		<u>1,069,024</u>	<u>584,705</u>

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


 Metry Seaga Director


 Albert Bailey Director

SPUR TREE SPICES JAMAICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>Share Capital \$'000</u>	<u>Capital Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2021		<u>19,643</u>	<u>150</u>	<u>162,648</u>	<u>182,441</u>
TRANSACTIONS WITH OWNERS					
Issue of shares, net	21	37,500	-	-	37,500
Advance on shares	21	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
		<u>137,500</u>	<u>-</u>	<u>-</u>	<u>137,500</u>
TOTAL COMPREHENSIVE INCOME					
Net profit for the year		<u>-</u>	<u>-</u>	<u>98,565</u>	<u>98,565</u>
BALANCE AT 31 DECEMBER 2021		<u>157,143</u>	<u>150</u>	<u>261,213</u>	<u>418,506</u>
TRANSACTIONS WITH OWNERS					
Issue of shares, net	21	209,824	-	-	209,824
Dividends paid	28	<u>-</u>	<u>-</u>	<u>(24,718)</u>	<u>(24,718)</u>
		<u>209,824</u>	<u>-</u>	<u>(24,718)</u>	<u>185,106</u>
TOTAL COMPREHENSIVE INCOME					
Net profit for the year		<u>-</u>	<u>-</u>	<u>117,846</u>	<u>117,846</u>
BALANCE AT 31 DECEMBER 2022		<u>366,967</u>	<u>150</u>	<u>354,341</u>	<u>721,458</u>

SPUR TREE SPICES JAMAICA LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		117,846	98,565
Adjustments for:			
Depreciation	11	18,498	18,868
Amortisation of right-of-use asset	15	10,016	11,819
Impairment losses on trade receivables	4(d)(ii)	8,115	1,158
Interest expense	9	8,921	16,124
Foreign exchange gain		(929)	(891)
Interest income	8	(1,555)	(475)
Taxation	10	(2,202)	27,775
		158,710	172,943
Changes in operating assets and liabilities:			
Inventories		(35,979)	(14,580)
Receivables		(38,802)	(7,048)
Payables		18,429	(2,342)
Due to related companies		(47,860)	(2,484)
Directors' current account		(7,270)	(561)
		47,228	145,928
Taxation paid		(23,079)	(14,963)
Cash provided by operating activities		<u>24,149</u>	<u>130,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	11	(38,182)	(30,091)
Increase in investments		-	(3,750)
Investment in subsidiary	27	(350,000)	(37,500)
Interest received		<u>1,555</u>	<u>475</u>
Cash used in investing activities		<u>(386,627)</u>	<u>(70,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loans	20	250,000	50,000
Interest paid on loans		(3,656)	(12,895)
Dividends paid	28	(24,718)	-
Proceeds from issue of shares, (net)	21	209,824	-
Advance on shares		-	100,000
Loans repaid	20	(46,348)	(121,626)
Principal paid on lease liability	15	(9,241)	(12,815)
Interest paid on lease liability	15	(4,187)	(3,229)
Cash provided by/ (used in) financing activities		<u>371,674</u>	<u>(565)</u>
		9,196	59,534
Exchange gain on foreign cash balances		<u>929</u>	<u>131</u>
Net increase in cash and cash equivalents		10,125	59,665
Cash and cash equivalents at beginning of year		<u>88,181</u>	<u>28,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)		<u><u>98,306</u></u>	<u><u>88,181</u></u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Spur Tree Spices Jamaica Limited (“the Company”) is a limited liability company incorporated and domiciled in Jamaica. The Company’s registered office is located at Unit 6B1 Garmex Freezone, 76 Marcus Garvey Drive, Kingston 13.

In January 2022, the Company became publicly listed having its shares on the Junior Market of the Jamaica Stock Exchange.

During the year, the Company acquired Canco Limited, a partly owned subsidiary, which is incorporated in Jamaica.

The principal activities of the Company and its subsidiaries (the Group) are the manufacturing and distributing of seasonings, spices, canned ackees and callaloo primarily for the export market.

The Company and its subsidiaries are referred as the “the Group” in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations (collectively IFRS); and under the historical cost convention. They are also prepared in accordance with the requirements of the Jamaican Companies Act.

These financial statements are presented in Jamaican dollars, which is considered the Group’s functional and presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

Standards, interpretations and amendments to published standards effective in the current year

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

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The group will apply this amendment to future business combinations.

Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Accounting Improvements to IFRSs 2018- 2021 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

At the date of authorization, there are a number of standards, amendments to standards and interpretations, which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are:

Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment. The Group is currently assessing the impact of these amendments.

Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for accounting periods starting not earlier than 1 January 2023). This amendment clarifies the definition of accounting estimates to apply the concept of materiality to accounting policy disclosures. Estimates and Errors clarifies how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group will assess the impact of future adoption of this amendment on its financial statements.

The Group has concluded that there are no other relevant standards, interpretations and amendments to existing standards, which are published but not yet effective that would be expected to have a material impact on the operations of the Group.

(b) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation (cont'd)

The consolidated financial statements present the results of the Company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The consolidated financial statement includes the following subsidiaries:

<u>Entities</u>	<u>% Shareholding held by:</u>	
	<u>Parent Company</u>	<u>Non - controlling interest</u>
Exotic Products (Successors) Limited	100	-
Canco Limited	51	49

During the period, the Group acquired the 51% shareholding of Canco Limited, a company incorporated and domiciled in Jamaica (Note 27).

In the prior year, the Group acquired 100% of the share capital of Exotic Products (Successors) Limited (Note 27).

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation (cont'd)

Goodwill (cont'd)

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of profit or loss and other comprehensive income on the acquisition date.

The Group uses the audited financial statements of its subsidiaries as at 31 December 2022 for the purpose of consolidation.

Non-controlling interests

The Group recognises non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(d) Financial assets

A financial asset is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument of another entity. The Group classifies its financial assets into the category amortised cost as follows:

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial assets (cont'd)

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortised cost comprise trade receivables, balances due from related companies and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturity of three months or less and - for the purpose of the statement of cash flows - bank overdrafts.

Impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed and adjusted for forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment losses are included as a line item on the statement of profit or loss, if any.

Derecognition

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial liabilities

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

The Group derecognises a financial liability when its contractual obligation expire or are discharged or cancelled.

(f) Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

(g) Property plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line basis at annual rates estimated to write off the carrying value of the assets over the period of their expected useful lives. Annual rates are as follows:

Building	2½%
Leasehold improvements (Shorter of life of asset and lease term)	20%
Machinery and equipment	10%-25%
Furniture, Fixture and Equipment	10%-33.3%
Computer Equipment	33.33%
Motor vehicles	20%

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Property plant and equipment (cont'd)

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than the estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(h) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Computer software

Purchased software and costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These assets are measured at cost less accumulated amortisation and impairment losses, if any. The assets are amortised commencing on the date that they are put into use, using the straight-line method over their expected useful lives, which is between three (3) to four (4) years.

Subsequent costs associated with maintaining computer software programs are recognised as an expense, as incurred.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Investment in subsidiaries

Investment in subsidiaries is included in the separate financial statements of the Company and is measured at cost. On disposal of the investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to the statement of profit or loss and other comprehensive income.

(j) Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost is determined on the weighted average method for raw materials, and standard cost basis for finished goods and work-in-progress. Cost comprises all the costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Borrowings

Borrowings, which includes short term loans are recognized initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(l) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Initially, payables are recognised at fair value and subsequently stated at amortised cost.

(m) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

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

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Current and deferred income taxes (cont'd)

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

(n) Leases

All leases are accounted for by recognising a right-of-use asset and a corresponding lease liability, except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the entity's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payment and non-lease components are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Leases (cont'd)

Right-of-use assets are initially measured at an amount equal to the initial value of the lease liabilities reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, that is, the lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option, the lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset. The revised carrying amount is amortised over the remaining lease term.

(o) Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements. A party is related to the Group, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with, the Group;
 - (b) has an interest in the Group that gives it significant influence over the entity; or
 - (c) has joint control over the Group.
- (ii) The party is a member of the key management personnel of the entity or its parent;
- (iii) The party is a close member of the family of any individual referred to in (i) or (iv);
- (iv) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii).

SPUR TREE SPICES JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(o) Related party (cont'd)

A related party is a person or entity that is related to the entity that is preparing its financial statements. A party is related to the Group, if:

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The Group has a related party relationship with its directors and key management personnel representing certain senior officers of the Group.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns and discounts after eliminating sales within the Group.

Sales of goods

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods is transferred to the customer. This is generally when the goods are delivered to the customer.

Interest income

Interest income is recognised using the effective interest method.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(r) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the Group's Chief Operating decision-maker (CODM) who makes decisions about resources to be allocated to the segments and assesses their performances. The Group has identified the Chief Executive Officer as its CODM.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

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

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

In the process of applying the Group's accounting policies, management has not made any judgement that it believes would cause a significant impact on the amount recognised in the financial statements.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty

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

(i) Allowance for impairment losses on trade receivables

Allowances for doubtful accounts are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the group segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions makes uncertainty inherent in such estimates.

(ii) Assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

4. FINANCIAL RISK MANAGEMENT:

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk, and
- Market risk

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

In common with all other businesses, the Group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the Group and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Related company
- Cash and cash equivalents
- Payables
- Borrowings
- Lease liability

(b) Financial instruments by category

Financial assets

	<u>The Group</u> <u>Amortised cost</u>		<u>The Company</u> <u>Amortised cost</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Trade receivables	141,764	84,404	118,258	84,613
Related company	-	-	60,204	49,521
Cash and cash equivalent	<u>148,246</u>	<u>94,465</u>	<u>98,306</u>	<u>88,181</u>
Total financial assets	<u>290,010</u>	<u>178,869</u>	<u>276,768</u>	<u>222,315</u>

Financial liabilities

	<u>The Group</u> <u>Amortised cost</u>		<u>The Company</u> <u>Amortised cost</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Payables	81,326	42,600	32,022	30,134
Borrowings	425,034	46,348	251,079	46,348
Lease liability	<u>39,973</u>	<u>49,214</u>	<u>39,973</u>	<u>49,214</u>
Total financial liabilities	<u>546,333</u>	<u>138,162</u>	<u>323,074</u>	<u>125,696</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalent, trade receivables, borrowings and payables.

Due to their short-term nature, the carrying value of cash and cash equivalent, trade receivables, related company and payables approximates their fair value.

The carrying values of borrowings approximates their fair value as these liabilities are carried at amortised cost reflecting contractual obligations and the interest rates are reflective of current market rates for similar transaction.

(d) Financial risk factors

The Board of Directors together with management has responsibility for the determination of the Group's risk management objectives and policies. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from foreign dominated bank balances, receivables and payables. The Group manages this risk by ensuring that foreign assets are kept to an acceptable level by monitoring currency positions.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Concentration of currency risk

The Group and Company is primarily exposed to foreign currency risk in respect of United States Dollars and Pound Sterling as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>USD</u>	<u>GBP</u>	<u>USD</u>	<u>GBP</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
31 December 2022:				
Financial assets/(liabilities):				
Cash and cash equivalent	91,536	-	81,721	-
Trade receivables	15,563	-	-	-
Payables	(731)	-	-	-
Net financial assets	<u>106,368</u>	<u>-</u>	<u>81,721</u>	<u>-</u>
31 December 2021:				
Financial assets/(liabilities):				
Cash and cash equivalent	32,400	-	32,400	-
Trade receivables	80,164	-	80,164	-
Payables	(2,851)	(2,889)	(2,851)	(2,889)
Net financial assets/(liabilities)	<u>109,713</u>	<u>(2,889)</u>	<u>109,713</u>	<u>(2,889)</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. 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 balances as disclosed above, and adjusts their translation at the year-end for 4% (2021-8%) depreciation and a 1% (2021- 2%) appreciation of the Jamaican dollar against the US dollar and pound. The changes below would have no impact on other components of equity.

SPUR TREE SPICES JAMAICA LIMITED
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4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

<u>The Group</u>				
<u>Currency</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>	<u>% Change in Currency Rate 2021</u>	<u>Effect on Profit before Taxation 2021 \$'000</u>
USD	-4	4,255	-8	8,777
USD	<u>+1</u>	<u>(1,064)</u>	<u>+2</u>	<u>(2,194)</u>
GBP	-4	-	-8	(231)
GBP	<u>-1</u>	<u>-</u>	<u>+2</u>	<u>58</u>

<u>The Company</u>				
<u>Currency</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>	<u>% Change in Currency Rate 2021</u>	<u>Effect on Profit before Taxation 2021 \$'000</u>
USD	-4	3,269	-8	8,777
USD	<u>+1</u>	<u>(818)</u>	<u>+2</u>	<u>(2,194)</u>
GBP	-4	-	-8	(231)
GBP	<u>+1</u>	<u>-</u>	<u>+2</u>	<u>58</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to market price fluctuations at the reporting date.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

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

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

The Group is exposed to both fair value and cash flow interest rate risk on its short term deposits and borrowings, respectively. The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest bearing asset and liability within the Group. The Group's short term deposits are due to mature and re-price within three (3) months of the reporting period and the Group's borrowings are fixed for a period and then revised.

Interest rate sensitivity

A 1% increase or decrease in interest rates on Jamaican dollar borrowings would result in a \$2,511,000 increase or decrease in profit before tax for the group. There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally from related company, trade receivables and cash and cash equivalent.

The Group manages this risk as follows:

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the related company, trade receivables and cash and cash equivalent in the statement of financial position.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Related company

This represents yearend balance arising from transactions during the year. The related companies conduct all transaction through their current account with the Group. The credit risk associated with these balances is considered low due to the credit quality of the related company. Therefore, no allowance was recognised.

Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limits the amount of credit exposure to any one financial institution. No allowance for impairment is deemed necessary.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers are required to provide a guarantee and credit limits are assigned to each customer. Overseas customers are given a credit period of thirty (30) days and local customers fifteen (15) days credit.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk such as aging.

The expected loss rates are based on the Group's historical credit losses experienced over the prior period to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) rate of the country in which it sells its products to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about the ECL's for trade receivables as at 31 December.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

<u>Aging</u>	<u>The Group</u>		
	<u>2022</u>		
	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
0 - 30 days	135,587	0.01	1,942
31 - 60 days	7,502	0.46	3,447
61 - 90 days	1,005	0.65	655
Over 90 days	<u>10,888</u>	<u>0.66</u>	<u>7,174</u>
Total	<u>154,982</u>		<u>13,218</u>

<u>Aging</u>	<u>2021</u>		
	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
0 - 30 days	83,036	0.40	332
31 - 60 days	<u>2,526</u>	<u>32.69</u>	<u>826</u>
Total	<u>85,562</u>		<u>1,158</u>

<u>Aging</u>	<u>The Company</u>		
	<u>2022</u>		
	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
0 - 30 days	115,393	0.01	1,622
31 - 60 days	1,638	0.46	753
61 - 90 days	522	0.65	340
Over 90 days	<u>9,978</u>	<u>0.66</u>	<u>6,558</u>
Total	<u>127,531</u>		<u>9,273</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

<u>Aging</u>	<u>The Company</u>		
	<u>2021</u>		
	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
0 - 30 days	83,245	0.40	332
31 - 60 days	<u>2,526</u>	<u>32.69</u>	<u>826</u>
Total	<u>85,771</u>		<u>1,158</u>

The movement in the impairment loss is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
1 January	1,158	1,158	1,158	1,158
Charge for the year	<u>12,060</u>	<u>-</u>	<u>8,115</u>	<u>-</u>
	<u>13,218</u>	<u>1,158</u>	<u>9,273</u>	<u>1,158</u>

(iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a bi-weekly basis.
- (ii) Maintaining committed lines of credit.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments, are as follows:

	The Group				
	Within 1	1 to 2	3 to 5	Over 5	Total
	Year	Years	Years	Years	
	\$	\$	\$	\$	\$
31 December 2022					
Payables	81,326	-	-	-	81,326
Long term loans	20,047	151,906	228,862	91,992	492,807
Lease liability	<u>12,995</u>	<u>26,215</u>	<u>41,755</u>	<u>-</u>	<u>80,965</u>
Total financial liabilities (contractual maturity dates)	<u><u>114,368</u></u>	<u><u>178,121</u></u>	<u><u>270,617</u></u>	<u><u>91,992</u></u>	<u><u>655,098</u></u>
31 December 2021					
Payables	42,600	-	-	-	42,600
Long term loans	48,861	-	-	-	48,861
Lease liability	<u>12,652</u>	<u>13,256</u>	<u>27,898</u>	<u>-</u>	<u>53,806</u>
Total financial liabilities (contractual maturity dates)	<u><u>104,113</u></u>	<u><u>13,256</u></u>	<u><u>27,898</u></u>	<u><u>-</u></u>	<u><u>145,267</u></u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments, are as follows:

	The Company				Total
	Within 1 Year \$	1 to 2 Years \$	3 to 5 Years \$	Over 5 Years \$	
31 December 2022					
Payables	32,022	-	-	-	32,022
Long term loans	28,541	61,933	190,960	46,450	327,884
Lease liability	<u>12,995</u>	<u>26,215</u>	<u>41,755</u>	<u>-</u>	<u>80,965</u>
Total financial liabilities (contractual maturity dates)	<u>73,558</u>	<u>88,148</u>	<u>232,715</u>	<u>46,450</u>	<u>440,871</u>
31 December 2021					
Payables	30,134	-	-	-	30,134
Long term loans	48,861	-	-	-	48,861
Lease liability	<u>12,652</u>	<u>13,256</u>	<u>27,898</u>	<u>-</u>	<u>53,806</u>
Total financial liabilities (contractual maturity dates)	<u>91,647</u>	<u>13,256</u>	<u>27,898</u>	<u>-</u>	<u>132,801</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the Group is subject.

5. REVENUE:

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities and is shown net of discount and allowances. Goods are transferred to customers at a point in time.

6. EXPENSES BY NATURE:

Total direct, administration and other expenses:

	The Group		The Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of sales recognized as expense	673,463	554,276	583,373	576,621
Directors' remuneration and fees	30,066	30,170	30,065	29,120
Staff costs (Note 7)	71,325	55,851	50,157	37,023
Depreciation	33,904	20,544	18,498	18,868
Amortisation of right-of-use asset	10,016	11,819	10,016	11,819
Maintenance fee	13,168	7,228	13,168	7,228
Utilities	4,663	4,390	10,651	3,547
Advertising and promotion	9,326	737	9,326	737
Auditors' remuneration	4,100	2,250	2,300	1,750
Insurance	7,642	7,081	7,039	6,439
Repairs and maintenance	6,580	2,862	6,580	2,862
Legal and professional fees	11,421	4,828	8,315	3,837
Travel and entertainment	4,131	4,614	4,132	4,389
Motor vehicles expenses	7,150	7,341	4,427	6,784
Donations and subscriptions	997	-	-	-
Acquisition expenses	2,253	-	2,253	-
Other expenses	<u>2,496</u>	<u>5,688</u>	<u>15,454</u>	<u>3,165</u>
	<u>892,701</u>	<u>719,679</u>	<u>775,754</u>	<u>714,189</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7. STAFF COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries	56,156	42,400	34,856	24,636
Statutory payroll contributions	8,917	8,204	8,917	7,598
Staff welfare	5,645	4,870	5,777	4,412
Other	<u>607</u>	<u>377</u>	<u>607</u>	<u>377</u>
	<u>71,325</u>	<u>55,851</u>	<u>50,157</u>	<u>37,023</u>

The number of persons employed by the Group at the end of the year was 115 (2021: 111)

8. OTHER OPERATING INCOME:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	1,555	475	1,555	475
Other income	224	-	-	-
Foreign exchange gain	<u>457</u>	<u>910</u>	<u>-</u>	<u>910</u>
	<u>2,236</u>	<u>1,385</u>	<u>1,555</u>	<u>1,385</u>

9. FINANCE COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest on loans	8,210	12,895	4,734	12,895
Other finance costs	167	-	-	-
Interest on lease liability (Note 15)	<u>4,187</u>	<u>3,229</u>	<u>4,187</u>	<u>3,229</u>
	<u>12,564</u>	<u>16,124</u>	<u>8,921</u>	<u>16,124</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10. TAXATION:

- (a) Taxation is computed on the profit for the year, adjusted for tax purposes and comprise income tax at 25%:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current taxation	355	26,158	-	23,079
Prior year over-accrual	(138)	1,381	(138)	-
Deferred taxation (Note 16)	(2,398)	5,284	(2,064)	4,696
	<u>(2,181)</u>	<u>32,823</u>	<u>(2,202)</u>	<u>27,775</u>

- (b) The tax on profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25% as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	<u>113,441</u>	<u>124,142</u>	<u>115,644</u>	<u>126,340</u>
Tax calculated at 25%	28,360	31,036	28,911	31,585
Adjusted for the effects of:				
Depreciation charges and capital allowance	3,267	(142)	1,905	(345)
Expenses not deducted for tax purposes	9,426	2,291	9,416	2,291
Prior year under/(over)-accrual	(138)	1,381	(138)	-
Employment tax credit	-	(11,611)	-	(9,813)
Corporate tax credit	-	(375)	-	-
Adjustment for the effect of tax remission (see Note 10 (c))	(42,296)	-	(42,296)	-
Other charges and allowances	(800)	10,243	-	4,057
	<u>(2,181)</u>	<u>32,823</u>	<u>(2,202)</u>	<u>27,775</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

10. TAXATION (CONT'D):

(c) Remission of income tax:

The Company's shares became listed on the Junior Market of the Jamaica Stock Exchange (JSE), effective January 2022. Consequently, the Company will be entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years and is not suspended from the JSE due to breaches.

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

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

SPUR TREE SPICES JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT:

	The Group						
	Land, building & Leasehold Improvements	Machinery & Equipment	Computer Equipment	Fixtures & Equipment	Motor Vehicles	Construction Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$000	\$'000
At cost -							
1 January 2021	30,591	98,095	5,649	4,029	5,202	-	143,566
Acquisition through business combination (Note 27)	47,168	30,805	45	1,987	11,336	-	91,341
Additions	<u>180</u>	<u>30,010</u>	<u>144</u>	<u>130</u>	<u>1,350</u>	<u>-</u>	<u>31,814</u>
31 December 2021	77,939	158,910	5,838	6,146	17,888	-	266,721
Acquisition through business combination (Note 27)	362,181	194,155	17,619	29,884	22,664	-	626,503
Additions	<u>26,122</u>	<u>20,597</u>	<u>986</u>	<u>457</u>	<u>-</u>	<u>37,879</u>	<u>86,041</u>
31 December 2022	<u>466,242</u>	<u>373,662</u>	<u>24,443</u>	<u>36,487</u>	<u>40,552</u>	<u>37,879</u>	<u>979,265</u>
Depreciation -							
1 January 2021	14,579	35,973	5,125	2,020	3,888	-	61,585
Acquisition through business - combination (Note 27)	1,910	5,460	8	534	3,323	-	11,235
Charge for the year	<u>6,524</u>	<u>11,180</u>	<u>573</u>	<u>457</u>	<u>1,810</u>	<u>-</u>	<u>20,544</u>
31 December 2021	23,013	52,613	5,706	3,011	9,021	-	93,364
Acquisition through business combination (Note 27)	32,181	97,335	4,096	3,817	14,134	-	151,563
Charge for the year	<u>5,697</u>	<u>21,522</u>	<u>1,284</u>	<u>1,909</u>	<u>3,492</u>	<u>-</u>	<u>33,904</u>
31 December 2021	<u>60,891</u>	<u>171,470</u>	<u>11,086</u>	<u>8,737</u>	<u>26,647</u>	<u>-</u>	<u>278,831</u>
Net book value:							
31 December 2022	<u>405,351</u>	<u>202,192</u>	<u>13,357</u>	<u>27,750</u>	<u>13,905</u>	<u>37,879</u>	<u>700,434</u>
31 December 2021	<u>54,926</u>	<u>106,297</u>	<u>132</u>	<u>3,135</u>	<u>8,867</u>	<u>-</u>	<u>173,357</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

	The Company					
	Leasehold Improvements \$'000	Machinery & Equipment \$000	Computer Equipment \$'000	Fixtures & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At cost -						
1 January 2021	30,591	98,095	5,649	4,029	5,202	143,566
Additions	<u>180</u>	<u>28,287</u>	<u>144</u>	<u>130</u>	<u>1,350</u>	<u>30,091</u>
31 December 2021	30,771	126,382	5,793	4,159	6,552	173,657
Additions	<u>26,122</u>	<u>10,951</u>	<u>986</u>	<u>123</u>	<u>-</u>	<u>38,182</u>
31 December 2022	<u>56,893</u>	<u>137,333</u>	<u>6,779</u>	<u>4,282</u>	<u>6,552</u>	<u>211,839</u>
Depreciation -						
1 January 2021	14,579	35,973	5,125	2,020	3,888	61,585
Charge for the year	<u>6,235</u>	<u>10,409</u>	<u>573</u>	<u>408</u>	<u>1,243</u>	<u>18,868</u>
31 December 2021	20,814	46,382	5,698	2,428	5,131	80,453
Charge for the year	<u>3,032</u>	<u>13,089</u>	<u>424</u>	<u>642</u>	<u>1,311</u>	<u>18,498</u>
31 December 2022	<u>23,846</u>	<u>59,471</u>	<u>6,122</u>	<u>3,070</u>	<u>6,442</u>	<u>98,951</u>
Net book value:						
31 December 2022	<u>33,047</u>	<u>77,862</u>	<u>657</u>	<u>1,212</u>	<u>110</u>	<u>112,888</u>
31 December 2021	<u>9,957</u>	<u>80,000</u>	<u>95</u>	<u>1,731</u>	<u>1,421</u>	<u>93,204</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. INTANGIBLE ASSETS:

	The Group		
	<u>Goodwill</u>	<u>Computer</u>	<u>Total</u>
	<u>\$'000</u>	<u>Software</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost -			
Acquisition through business combination (Note 27)	<u>11,389</u>	<u>-</u>	<u>11,389</u>
1 January 2022	11,389	-	11,389
Acquisition through business combination (Note 27)	175,545	4,410	179,955
Addition	<u>-</u>	<u>443</u>	<u>443</u>
31 December 2022	<u>186,934</u>	<u>4,853</u>	<u>191,787</u>
Amortisation -			
Acquisition through business combination (Note 27)	-	4,190	4,190
Charge for the year	<u>-</u>	<u>232</u>	<u>232</u>
31 December 2022	<u>-</u>	<u>4,422</u>	<u>4,422</u>
Net book value -			
31 December 2022	<u>186,934</u>	<u>431</u>	<u>187,365</u>
31 December 2021	<u>11,389</u>	<u>-</u>	<u>11,389</u>

Impairment tests for goodwill

The Group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired. In testing goodwill for impairment, recoverable amounts of the cash-generating units (CUG) is estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amount of a CUG is determined based on value in use calculations. These calculations use cash flow projects based on financial information covering a five-year-period which are discounted using long term discount rates applicable to the Group. Based on the assessment, no impairment loss was recognized.

SPUR TREE SPICES JAMAICA LIMITED
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13. INVESTMENT IN SUBSIDIARIES:

Investments in the shares of the following:

	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Exotic Products Jamaica (Successors)		
Limited - 100,000 shares	75,000	75,000
Canco Limited- 301,724,140	<u>350,000</u>	<u>-</u>
	<u>425,000</u>	<u>75,000</u>

14. INVESTMENTS:

This represents investments in Holland Bamboo Limited and Catiki Food Limited.

15. LEASES:

The Group recognized the right-of-use asset for its leased premise as follows:

	<u>The Group and The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	46,741	35,133
Effect of modification to lease term	-	23,427
Amortisation	<u>(10,016)</u>	<u>(11,819)</u>
	<u>36,725</u>	<u>46,741</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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15. LEASES (CONT'D):

The following table presents the lease obligation for the Group:

	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	49,214	38,602
Effect of modification to lease term	-	23,427
Interest expense on lease obligation	4,187	3,229
Lease payments	(13,428)	(16,044)
	<u>39,973</u>	<u>49,214</u>
Current portion	9,697	8,615
Non-current portion	<u>30,276</u>	<u>40,599</u>
	<u>39,973</u>	<u>49,214</u>

Amount recognised in the statement of profit or loss:

	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Amortisation	10,016	11,819
Interest on lease liabilities	<u>4,187</u>	<u>3,229</u>
	<u>14,203</u>	<u>15,048</u>

Amount recognised in the statement of cash flows:

	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Total cash outflows for leases excluding interest	<u>9,241</u>	<u>12,815</u>

SPUR TREE SPICES JAMAICA LIMITED
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15. LEASES (CONT'D):

The Group leases its current office and production space for fixed periods of up to three (3) years with option to renew and obtain lease term extensions of an additional two (2) years. When measuring the lease obligation, the Group discounted the remaining lease payments using its incremental borrowing rate at the date of initial application, which is 9.25% per annum.

16. DEFERRED TAX (ASSETS)/LIABILITIES:

Deferred income taxes are calculated in full on all temporary differences under the liability method using the principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 January	(3,670)	(2,632)	2,064	(2,632)
Acquisition through business combination (Note 27)	-	(6,322)	-	-
Credited to profit and loss (Note 10)	<u>(2,397)</u>	<u>5,284</u>	<u>(2,064)</u>	<u>4,696</u>
Balance at 31 December	<u>(6,067)</u>	<u>(3,670)</u>	<u>-</u>	<u>2,064</u>

The movement in deferred taxation is as follows:

	<u>The Group</u>		
	<u>2022</u>		
	<u>Balance at beginning of year</u>	<u>Recognised in profit or loss</u>	<u>Balance at end of year</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax (assets)/liabilities:			
Property, plant and equipment	2,064	(8,131)	(6,067)
Acquisition through business combination (Note 27)	<u>(5,734)</u>	<u>5,734</u>	<u>-</u>
	<u>(3,670)</u>	<u>(2,397)</u>	<u>(6,067)</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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16. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D):

The movement in deferred taxation is as follows (cont'd):

	<u>The Company</u>		
	<u>2022</u>		
	Balance at beginning of year <u>\$'000</u>	Recognised in profit or loss <u>\$'000</u>	Balance at end of year <u>\$'000</u>
Deferred tax (assets)/liabilities:			
Property, plant and equipment	2,064	(2,064)	-
	<u>2,064</u>	<u>(2,064)</u>	<u>-</u>

The balance on the deferred taxation account was written back to profit as the Company will not be suffering tax liabilities in the foreseeable future (Note 10 (c))

	<u>The Group</u>			
	<u>2021</u>			
	Balance at Beginning of year <u>\$'000</u>	From business Combination <u>\$'000</u>	Recognised in profit or loss <u>\$'000</u>	Balance at end of year <u>\$'000</u>
Deferred tax assets:				
Interest payable	(4,644)	-	4,644	-
Property, plant and equipment	1,691	-	373	2,064
Acquisition through business combination (Note 27)	-	(6,322)	588	(5,734)
Unrealised foreign exchange	<u>321</u>	<u>-</u>	<u>(321)</u>	<u>-</u>
	<u>(2,632)</u>	<u>(6,322)</u>	<u>5,284</u>	<u>(3,670)</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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16. DEFERRED TAX ASSETS (CONT'D):

The movement in deferred taxation is as follows (cont'd):

	<u>The Company</u>		
	<u>2021</u>		
	Balance at Beginning of year <u>\$'000</u>	Recognised in profit or loss <u>\$'000</u>	Balance at end of year <u>\$'000</u>
Deferred tax assets:			
Interest payable	(2,028)	(2,616)	(4,644)
Property, plant and equipment	2,928	(1,237)	1,691
Unrealised foreign exchange	(281)	602	321
	<u>619</u>	<u>(3,251)</u>	<u>(2,632)</u>

The Group has tax losses of \$269,859,000 subject to agreement with the Commissioner, Tax Administration Jamaica available to reduce future taxable profits arising from its subsidiary. Deferred tax assets arising in respect of tax losses have not been recognised as it is not probable that taxable profits will be available to allow the asset to be recovered in the foreseeable future.

17. INVENTORIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Work-in-progress	27,754	26,798	27,416	26,798
Finished goods	146,065	75,333	85,665	55,794
Raw materials	<u>20,902</u>	<u>10,125</u>	<u>14,473</u>	<u>8,983</u>
	<u>194,721</u>	<u>112,256</u>	<u>127,554</u>	<u>91,575</u>

SPUR TREE SPICES JAMAICA LIMITED
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18. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	154,982	85,562	127,531	85,771
Less: impairment losses	(13,218)	(1,158)	(9,273)	(1,158)
	141,764	84,404	118,258	84,613
Prepayments	29,733	20,088	25,743	19,447
GCT Recoverable	32,658	20,033	11,136	9,045
IPO listing costs	-	5,835	-	5,835
Other receivables	18,180	20,692	12,283	17,793
	<u>222,335</u>	<u>151,052</u>	<u>167,420</u>	<u>136,733</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties during the year:

	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
(a) Purchase of goods -		
Exotic Products Jamaica (Successors) Limited	<u>290,865</u>	<u>310,876</u>
(b) Key management compensation -		
	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Directors' remuneration	27,431	29,050
Directors' fees	<u>2,635</u>	<u>1,120</u>
	<u>30,066</u>	<u>30,170</u>
	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Directors' remuneration	27,430	28,000
Directors' fees	<u>2,635</u>	<u>1,120</u>
	<u>30,065</u>	<u>29,120</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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19. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties during the year (cont'd):

(c) The balances at year end were as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(i) Due from related company				
Exotic Products Jamaica	-	-	96,938	49,521
(Successors) Limited	-	-	443	-
Canco Limited	-	-	-	-
	<u>-</u>	<u>-</u>	<u>97,381</u>	<u>49,521</u>
(ii) Due to:				
Director's loan	<u>29,323</u>	<u>-</u>	<u>-</u>	<u>-</u>
Directors' current accounts	<u>23,503</u>	<u>12,186</u>	<u>4,916</u>	<u>12,186</u>

Directors' current accounts and loan are interest free and have no fixed term of repayment.

20. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash at bank and in hand	117,356	42,376	67,416	36,092
Deposits	<u>30,890</u>	<u>52,089</u>	<u>30,890</u>	<u>52,089</u>
	<u>148,246</u>	<u>94,465</u>	<u>98,306</u>	<u>88,181</u>

The weighted average effective interest rate on deposits was 3.60% (2021: 3.00%) for the Group and Company. These deposits have an average maturity of under three (3) months. As in the prior year, no interest was accrued.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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20. CASH AND CASH EQUIVALENTS (CONT'D):

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank loans, excluding credit card balances.

	The Group		The Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 1 January	46,348	117,974	46,348	117,974
Cash -				
Loans received	294,800	50,000	250,000	50,000
Loan repaid	(235,981)	(121,626)	(46,348)	(121,626)
Non- cash -				
Amounts recognised on				
business combination (Note 27)	318,788	-	-	-
Interest accrued	<u>1,079</u>	<u>-</u>	<u>1,079</u>	<u>-</u>
At 31 December (Note 23)	<u>425,034</u>	<u>46,348</u>	<u>251,079</u>	<u>46,348</u>

21. SHARE CAPITAL:

	The Group and The Company			
	Number of shares		Of no par value	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>#'000</u>	<u>#'000</u>	<u>\$'000</u>	<u>\$'000</u>
Authorised -				
Unlimited ordinary shares				
Issued and fully paid -				
Opening issued and fully paid				
ordinary shares	1,341,567	214	157,143	214
Issued shares	-	8	-	37,500
Sub-division of shares	-	1,341,345	-	-
Initial public offering issued,				
net of cost (a)	335,392	-	209,824	-
Advance on shares (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,429</u>
	<u>1,676,959</u>	<u>1,341,567</u>	<u>366,967</u>	<u>157,143</u>

SPUR TREE SPICES JAMAICA LIMITED
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21. SHARE CAPITAL (CONT'D):

- a) In January 2022, the Company was officially listed on the Jamaica Market of the Stock Exchange. In accordance with the resolution passed on 8 October 2021, regarding the division of ordinary shares, the Company offered an additional 335,400,000 ordinary shares to the general public which was oversubscribed.
- b) During the year, the Company finalised the issue of an additional 108,108,108 shares for the amount advanced in the prior period of \$119,429,000.

22. NON-CONTROLLING INTEREST:

This represents the fair value of the non-controlling interest in subsidiary not wholly owned.

The following summarises information relating to Canco Limited, before any intra-group eliminations.

2022
\$'000

For the period ended 31 December

Revenue	117,827
Cost of sales	(90,090)
Gross profit	<u>27,737</u>
Administrative expenses	(26,525)
Operating profit	<u>1,212</u>
Finance expense	<u>3,643</u>
Loss before tax	(2,431)
Tax expense	<u>-</u>
Loss after tax	<u>(2,431)</u>
Loss allocated to NCI	<u>(1,191)</u>
Total assets	594,964
Total liabilities	<u>(255,328)</u>
Net assets	<u>339,636</u>
Carrying amount of NCI	<u>166,422</u>

SPUR TREE SPICES JAMAICA LIMITED
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23. BORROWINGS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
GK Investments Limited:				
Matures November 2022	-	2,515	-	2,515
Matures June 2022	-	43,833	-	43,833
First Global Bank	251,079	-	251,079	-
Sagicor Bank Jamaica Limited	<u>173,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
	425,034	46,348	251,079	46,348
Less: current portion	<u>(21,126)</u>	<u>(46,348)</u>	<u>(7,769)</u>	<u>(46,348)</u>
	<u>403,908</u>	<u>-</u>	<u>243,310</u>	<u>-</u>

- (i) GK Investments Limited loans were received to aid in the acquisition of Exotic Products Jamaica (Successors) Limited and for general corporate purposes. Both loans attracted interest at 9.25% and were secured by debenture over the fixed assets of Spur Tree Spices Jamaica Limited in addition to the customary negative pledges. The loans were repaid during the year.
- (ii) The First Global Bank loan was used to assist in the acquisition of the 51% shareholding of Canco Limited. For twelve months, it will attract interest at a fixed rate of 8.75% and variable thereafter per annum. Principal repayment will commence upon completion of the twelve (12) months moratorium. The loan matures in six (6) years, October 2028 and is secured by First demand debenture and Guarantor's debenture over the present and future assets of Spur Tree Spices Jamaica Limited and Exotic Products Jamaica (Successors) Limited.
- (iii) Sagicor Bank Jamaica Limited loan which matures October 2031 attracts interest at a rate of 9.50%. The loan was used to refinance existing loans and to provide funds for capital expenditure and general corporate purposes. The loan is secured as follows:
- Unlimited personal guarantee of shareholders, held to protect the facilities in the name of Canco Limited supported by:

First legal mortgage, stamped to cover \$258 million over commercial properties located at Hall Head, Seaforth, St. Thomas registered at Volume 1286 Folio 237 and Volume 1277 and Folio 625 in the names of a shareholder and Canco Limited respectively.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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23. BORROWINGS (CONT'D):

(iii) The loan is secured as follows (cont'd):

- Collateral first demand debenture (stamped collateral to the above 1st mortgage at \$258 million) over all fixed and floating assets of Canco Limited with the powers to up stamp.
- Subordination agreement to be signed by the Directors/ Shareholders of Canco Limited postponing the Directors' / Shareholders' / Related parties loans.
- Assignment of keyman insurance on principal directors with aggregated insured amounts for minimum of \$75 million, and;
- No further loan advances to be made to Directors, Shareholders or Related Parties without the prior written authorization of the bank.

24. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables	49,660	37,648	25,121	26,432
Accruals	<u>31,666</u>	<u>4,952</u>	<u>6,901</u>	<u>3,702</u>
Total financial liabilities				
measured at amortised cost	81,326	42,600	32,022	30,134
Withholding tax	2,519	-	2,519	-
Other payables	14,910	-	14,910	-
Statutory payables	<u>2,499</u>	<u>3,478</u>	<u>2,147</u>	<u>3,035</u>
	<u>101,254</u>	<u>46,078</u>	<u>51,598</u>	<u>33,169</u>

25. SEGMENT REPORTING:

The Group has two reportable segments which are based on the different types of products that it offers. These products are described in its principal activities (Note 1). The identification of business segments, is based on management and the internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

SPUR TREE SPICES JAMAICA LIMITED

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25. SEGMENT REPORTING (CONT'D):

Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (Note 2).

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities and borrowings. Details are provided in the reconciliation from segment assets and liabilities to the group position.

The Group's activities are organised into segments as follows:

	The Group		
	<u>Spices</u>	<u>2022 Canned Products</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue	906,879	412,516	1,319,395
Inter-segmental revenue	<u>-</u>	<u>(290,865)</u>	<u>(290,865)</u>
Total revenue from external customers	906,879	121,651	1,028,530
Other income	<u>1,555</u>	<u>681</u>	<u>2,236</u>
Total revenue	<u>908,434</u>	<u>122,332</u>	<u>1,030,766</u>
Segment profit/(loss)	117,846	(333)	117,513
Unallocated expenses	<u>-</u>	<u>-</u>	<u>(4,072)</u>
Profit before taxation			113,441
Taxation			<u>2,181</u>
Profit for the year			<u><u>115,622</u></u>

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25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	<u>2021</u>		
	<u>Spices</u>	<u>Canned</u>	<u>Total</u>
	<u>\$'000</u>	<u>Products</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue	856,426	339,849	1,196,275
Inter-segmental revenue	<u>-</u>	<u>(336,557)</u>	<u>(336,557)</u>
Total revenue from external customers	856,426	3,292	859,718
Other income	<u>1,385</u>	<u>-</u>	<u>1,385</u>
Total revenue	<u>857,811</u>	<u>3,292</u>	<u>861,103</u>
Segment profits	126,340	12,379	138,719
Unallocated expenses	<u>-</u>	<u>-</u>	<u>(14,577)</u>
Profit before taxation			124,142
Taxation			<u>(32,823)</u>
Profit for the year			<u>91,319</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	<u>2022</u>		
	<u>Spices</u>	<u>Canned</u>	<u>Total</u>
	<u>\$'000</u>	<u>Products</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Segment assets			
Non-current assets	153,363	588,004	741,367
Current assets	<u>490,662</u>	<u>74,669</u>	<u>565,331</u>
	<u>644,025</u>	<u>662,673</u>	1,306,698
Unallocated assets-			
Deferred taxation			6,067
Other			<u>186,905</u>
Total group assets			<u>1,499,670</u>
Segment liabilities			
Non-current liabilities	30,276	-	30,276
Current liabilities	<u>51,600</u>	<u>59,352</u>	<u>110,952</u>
	<u>81,876</u>	<u>59,352</u>	141,228
Unallocated liabilities-			
Taxation			982
Borrowings and directors' accounts			<u>477,859</u>
Total group liabilities			<u>620,069</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	<u>2021</u>		
	<u>Spices</u>	<u>Canned</u>	<u>Total</u>
	<u>\$'000</u>	<u>Products</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Segment assets			
Non-current assets	143,695	80,153	223,848
Current assets	<u>316,489</u>	<u>43,619</u>	<u>360,108</u>
	<u>460,184</u>	<u>123,772</u>	583,956
Unallocated assets-			
Deferred taxation			3,670
Other			<u>9,054</u>
Total group assets			<u>596,680</u>
Segment liabilities			
Non-current liabilities	40,599	-	40,599
Current liabilities	<u>41,785</u>	<u>12,908</u>	<u>54,693</u>
	<u>82,384</u>	<u>12,908</u>	95,292
Unallocated liabilities-			
Taxation			31,594
Borrowings and directors' current account			<u>58,534</u>
Total group liabilities			<u>185,420</u>

26. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary stock units in issue at year end.

	<u>2022</u>	<u>2021</u>
Net profit attributable to stockholders of the parent (\$'000)	116,813	91,319
Weighted average number of ordinary stocks units ('000)	<u>1,659,500</u>	<u>1,305,347</u>
Basic earnings per stock unit (¢ per share)	<u>0.07</u>	<u>0.07</u>

SPUR TREE SPICES JAMAICA LIMITED
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27. BUSINESS COMBINATION:

On 3 October 2022, the Group acquired 51% of the share capital of Canco Limited Limited for a purchase consideration of \$350 million. The company which is domiciled in Jamaica is in the business of processing and distributing canned food products locally and overseas. The Company trades as “Linstead Market Jamaica” and its leading products is canned ackee.

Since being acquired, the Company contributed revenue of \$117,827,000 and loss after taxation in the amount of \$2,431,000. Had the business been consolidated at 1 January 2022, contribution to its revenue would increase by \$268,897,000 and loss after tax would be increased by \$37,019,000.

Acquisition expenses of \$2,252,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The non-controlling interest is based on the proportionate fair value of the net assets acquired.

Details of the net asset acquired purchase consideration and goodwill at the acquisition date are as follows:

	<u>\$'000</u>	<u>\$'000</u>
Purchase consideration:		
Cash paid on date of acquisition		<u>350,000</u>
Net assets arising on the acquisition:		
Property, plant and equipment	474,940	
Intangible assets	220	
Investment	27	
Cash and bank balances	7,411	
Inventories	54,629	
Receivables	214,652	
Due to related company	1,169	
Taxation recoverable	2,864	
Payables	(47,757)	
Director's loan and current account	(47,299)	
Long term loans	<u>(318,788)</u>	
Fair value of net assets acquired		<u>342,068</u>
Non-controlling interest (49%)		<u>167,613</u>
Goodwill (Note 12)		<u>175,545</u>
Purchase consideration settled in cash		350,000
Cash and cash equivalents in business acquired		<u>(7,411)</u>
Cash outflow on acquisition		<u>342,589</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. BUSINESS COMBINATION (CONT'D):

In the prior year, the Group acquired 100% of the share capital of Exotic Products Jamaica (Successors) Limited, a company domiciled in Jamaica whose principal activities are the manufacturing and distribution of canned Ackee and Callaloo for export. The purchase consideration of \$75 million on the date of acquisition comprised of a cash payment of \$37.5 million and an allotment of shares valued at \$37.5 million

Details of the net asset acquired purchase consideration and goodwill at the acquisition date are as follows:

	<u>\$'000</u>	<u>\$'000</u>
Purchase consideration:		<u>75,000</u>
Net assets arising on the acquisition:		
Property, plant and equipment	80,106	
Cash and bank balances	2,740	
Inventories	17,048	
Receivables	13,092	
Deferred tax asset	6,322	
Due to related company	(41,191)	
Payables	(10,590)	
Taxation	<u>(3,916)</u>	
Fair value of net assets acquired		<u>63,611</u>
Goodwill (Note 12)		<u>11,389</u>
Purchase consideration settled in cash		37,500
Cash and cash equivalents in business acquired		<u>(2,740)</u>
Cash outflow on acquisition		<u>34,760</u>

28. DIVIDENDS:

	<u>The Group and The Company</u>
	<u>2022</u> <u>\$'000</u>
Dividends of \$0.0175	
Per ordinary share proposed and paid during the year	<u>24,718</u>

A dividend of \$0.0175 per share was approved and paid on 20 December 2022 to those shareholders on record as at 8 December 2022.