Seprod Limited

Financial Statements
31 December 2022

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Independent auditor's report

To the Members of Seprod Limited

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

Our opinion

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

What we have audited

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

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

Basis for opinion

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

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

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

Our audit approach

Audit scope

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

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

In assessing the risk of material misstatement of the Group's consolidated financial statements, and to ensure we had adequate coverage of significant accounts in the consolidated financial statements, we designed and performed audit procedures over various components. The Group comprised 36 reporting components, of which we selected 27 components, which represent the principal business units within the Group and covered entities within Jamaica, St. Lucia, Barbados, Trinidad and Tobago, Dominican Republic, Guyana and St. Vincent.

Of the 27 components selected, we performed an audit of the complete financial information of 22 components which were selected based on their size, risk characteristics or both. For the remaining 5 components, we performed audit procedures on specific accounts and or specified procedures within that component that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements, either due to the size of these accounts or their risk profile.

In relation to the remaining components, none of which are individually greater than 2% of the Group's profit before tax, we performed other procedures, including analytical review procedures and testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group's consolidated financial statements.

For components that are in scope of the Group audit, we used component auditors from PwC network firms and non-PwC firms who are familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of the component auditors.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and Company) *Refer to notes 2(h), 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Unquoted equity securities included within investments on the consolidated and stand-alone statements of financial position total $1.2 billion as at 31 December 2022 for both the Group and the Company, which represents 1.29% and 2.10% of total assets respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. We focused on this area because of the magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions. The key assumptions were assessed by management as being: ● investee's future cash flows; ● terminal growth rates; ● discount rates; and ● market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: Updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. Compared prior management budgets to actual results of the investee to evaluate the reliability of management's forecast process. Tested management's key assumptions, as follows: ● compared forecasted long-term growth rates to historical results and economic and industry forecasts; ● evaluated management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to relevant industry data; ● compared the key assumptions to externally derived data, where available, including market expectations of investment return, projected economic growth and interest rates; and ● sensitized management's planned growth rate in cash flows and changes in discount rates. Based on the results of the procedures performed, management's valuation of unquoted equity securities was, in our view, not unreasonable.

Accounting for business combinations – intangible assets (Group)

Refer to notes 2(b), 4, 16 and 37 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.

Effective 1 June 2022, the Company acquired 60% of the shareholding of A. S. Bryden and Sons Holdings Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of $1 billion.

Valuations of identifiable net assets acquired were performed as part of the Purchase Price Allocation (PPA) which resulted in the Group recognising an increase in supplier relationships, trade name and brands assets in the amount of $1.2 billion, $536 million and $894 million respectively.

We focused on this area due to the significance of the intangible assets identified and due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgement in determining certain estimates. The most significant is the determination of the PPA. Management engaged external experts to assist with the determination of the PPA which encompassed identifying and estimating the fair value of intangible assets acquired. The determination of fair value involves significant areas of judgement, which is based on the inputs and assumptions in the model, such as revenue growth rates, attrition rate, future margins and discount rates.

Our approach to addressing the matter, with the assistance of our specialists, involved the following procedures, amongst others:

- Read the share purchase agreement and evaluated the appropriateness of the accounting for the acquisition as a business combination against management's accounting policies and the applicable accounting standards.
- Held discussions with management to understand and evaluate their basis for determining assumptions.
- Evaluated the application of the valuation methodologies utilised to derive the fair value of the identified intangible assets.
- Tested the reasonableness of valuation assumptions and inputs by:
    - Evaluated the key variables, being the business growth rates, attrition rate, margins, and discount rates, against historic and prospective financial, industry and economic information, taking into consideration our knowledge of the Group and its industries;
    - Where relevant, considered third party sources and challenged management's future revenue estimates considering changes in the market or actions by competitors.
- Assessed the competence and capability of management's valuation expert.
- Performed sensitivity analysis by varying the growth rate, attrition rate and commission paid and the associated impact on the discounted cash flows as it pertained to the exclusive agency agreement.
- Recalculated the bargain gain, being the difference between the total net consideration paid and the fair value of the net assets acquired, for mathematical accuracy.

Based on the results of the procedures performed, management's accounting, judgements and estimates relating to the valuation of intangible assets were, in our view, not unreasonable.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 August 2023

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue	5	78,433,836	43,883,405
Direct expenses		(56,123,964)	(32,972,098)
Gross Profit		22,309,872	10,911,307
Finance and other operating income	6	1,762,732	1,523,621
Selling expenses		(1,771,077)	(410,432)
Administration and other operating expenses		(16,279,809)	(8,403,306)
Net impairment gains and losses on trade receivables		(47,179)	(21,707)
Operating Profit		5,974,539	3,599,483
Finance costs	9	(1,837,476)	(1,199,474)
Share of results of joint venture	19	106,552	79,144
Losses as a result of fire	35	-	(168,183)
Profit before Taxation		4,243,615	2,310,970
Taxation	10	(1,146,933)	(171,724)
Net Profit from Continuing Operations		3,096,682	2,139,246
Net loss from discontinued operations	34	(178,690)	(145,825)
Net Profit for the year		2,917,992	1,993,421
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	(13,417)	34,984
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	(159,993)	2,175
Unrealized fair value gains on investments	10	367,643	19,018
Unrealized fair value gains on property	10	-	5,459,891
TOTAL COMPREHENSIVE INCOME		3,112,225	7,509,489
Net Profit from continuing operations is attributable to:			
Stockholders of the Company	12	2,322,663	2,139,246
Non-controlling interest		774,019	-
		3,096,682	2,139,246
Net Loss from discontinued operations is attributable to:			
Stockholders of the Company	12	(178,690)	(145,825)
Non-controlling interest		-	-
		(178,690)	(145,825)
Total Comprehensive Income is attributable to:			
Stockholders of the Company		2,419,051	7,509,489
Non-controlling interest		693,174	-
		3,112,225	7,509,489
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$3.17	$2.92
Discontinued operations		($0.25)	($0.20)
		$2.92	$2.72

Seprod Limited

Consolidated Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-current Assets			
Property, plant and equipment	14	20,778,802	13,928,077
Right of use assets	15	1,856,714	143,478
Intangible assets	16	13,205,047	8,931,168
Investments	17	1,221,434	883,791
Investment in joint venture and associate	19	1,125,546	697,063
Long term receivables	20	1,180,972	1,383,940
Post-employment benefit asset	21	674,693	25,100
Biological assets	22	458,981	444,773
Deferred tax assets	29	1,796,354	1,297,889
		42,298,543	27,735,279
Current Assets			
Inventories	23	27,464,700	10,209,503
Biological assets	22	51,254	154,683
Trade and other receivables	24	19,414,777	6,474,952
Current portion of long term receivables	20	233,368	174,307
Non-current assets held for sale	34	285,761	285,761
Taxation recoverable		278,639	227,407
Cash and bank balances		4,469,995	1,649,752
		52,198,494	19,176,365
Current Liabilities			
Payables	25	21,244,218	8,448,371
Current portion of long term liabilities	28	6,031,153	3,215,872
Current portion of lease obligation	15	377,761	65,633
Taxation payable		863,207	147,309
		28,516,339	11,877,185
Net Current Assets		23,682,155	7,299,180
		65,980,698	35,034,459
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Preference shares	26	3,191,020	-
Capital reserves	27	7,054,390	6,700,164
Retained earnings		11,535,884	10,980,182
		27,549,852	23,448,904
Non-Controlling Interests	18	5,344,763	-
		32,894,615	23,448,904
Non-current Liabilities			
Post-employment benefit obligations	21	1,655,416	134,600
Long term liabilities	28	26,981,402	9,281,196
Lease obligation	15	1,720,532	94,176
Deferred tax liabilities	29	2,728,733	2,075,583
		33,086,083	11,585,555
		65,980,698	35,034,459

Approved for issue by the Board of Directors on 31 August 2023 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the Company					Non-controlling Interests	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Sub-total		
	'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	5,768,558	-	1,186,271	9,938,198	16,893,027	-	16,893,027
Net profit for the year	-	-	-	1,993,421	1,993,421	-	1,993,421
Re-measurements on post-employment benefits	-	-	-	2,175	2,175	-	2,175
Currency translation gains	-	-	34,984	-	34,984	-	34,984
Unrealised fair value gains on investments	-	-	19,018	-	19,018	-	19,018
Unrealised fair value gains on property	-		5,459,891	-	5,459,891	-	5,459,891
Total comprehensive income	-	-	5,513,893	1,995,596	7,509,489	-	7,509,489
Transactions with owners:							
Ordinary dividends declared by the Company (Note 13)	-	-	-	(953,612)	(953,612)	-	(953,612)
Balance at 31 December 2021	5,768,558	-	6,700,164	10,980,182	23,448,904	-	23,448,904
Net profit for the year	-	-	-	2,143,973	2,143,973	774,019	2,917,992
Re-measurements on post-employment benefits	-	-	-	(79,148)	(79,148)	(80,845)	(159,993)
Currency translation losses	-	-	(13,417)	-	(13,417)	-	(13,417)
Unrealised fair value gains on investments	-	-	367,643	-	367,643	-	367,643
Total comprehensive income	-	-	354,226	2,064,825	2,419,051	693,174	3,112,225
Transactions with owners:							
Issue of preference shares by a subsidiary (Note 26)	-	3,191,020	-	-	3,191,020	-	3,191,020
On acquisition of subsidiaries	-	-	-	-	-	3,034,528	3,034,528
Issue of ordinary shares by subsidiaries				(347,438)	(347,438)	1,802,211	1,454,773
Ordinary dividends declared by the Company (Note 13)	-	-	-	(1,100,321)	(1,100,321)	-	(1,100,321)
Preference dividends declared by a subsidiary	-	-	-	(61,364)	(61,364)	-	(61,364)
Ordinary dividends declared by a subsidiary	-	-	-	-	-	(185,150)	(185,150)
Balance at 31 December 2022	5,768,558	3,191,020	7,054,390	11,535,884	27,549,852	5,344,763	32,894,615

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Cash (used in)/ provided by operating activities	30	(119,438)	2,675,516
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(2,151,466)	(1,654,956)
Proceeds on disposal of property, plant and equipment		72,379	29,103
Encashment/(purchase) of investments		30,000	(30,000)
Net cash received on acquisition of subsidiaries		6,099,991	-
Issue of shares by a subsidiary		52,555	-
Repayment of long term receivables		136,323	506,067
Interest received		77,708	80,121
Dividends received		50	1,436
Cash provided by/(used in) investing activities		4,317,540	(1,068,229)
Cash Flows from Financing Activities			
Long term loans received		5,555,527	3,135,599
Long term loans repaid		(3,445,943)	(3,857,182)
Lease obligation		(364,150)	(215,338)
Dividends paid		(1,346,835)	(953,612)
Interest paid		(1,773,728)	(994,603)
Cash used in financing activities		(1,375,129)	(2,885,136)
Increase/(Decrease) in cash and cash equivalents		2,822,973	(1,277,849)
Net effect of foreign currency translation on cash		(2,730)	141,605
Cash and cash equivalents at beginning of year		1,649,752	2,785,996
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,469,995	1,649,752

Seprod Limited

Company Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Group costs recovered from subsidiaries		1,408,560	1,086,566
Finance and other operating income	6	483,268	865,827
Administration expenses	7	(1,602,459)	(1,148,931)
Operating Profit		289,369	803,462
Finance costs	9	(748,187)	(737,245)
(Loss)/Profit before Taxation		(458,818)	66,217
Taxation	10	182,840	(15,435)
Net (Loss)/Profit for the year	11	(275,978)	50,782
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	15,750	2,175
Unrealized fair value gains on investments	10	367,643	19,018
Unrealized fair value gains property	10	-	2,139,540
TOTAL COMPREHENSIVE INCOME		107,415	2,211,515

Seprod Limited
Company Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-current Assets			
Property, plant and equipment	14	4,644,063	4,044,161
Investments	17	1,221,434	853,791
Investment in subsidiaries	18	11,621,529	7,863,313
Investment in joint venture	19	434,114	434,114
Long term receivables	20	4,483,481	4,712,860
Post-employment benefit assets	21	5,600	25,100
		22,410,221	17,933,339
Current Assets			
Trade and other receivables	24	80,428	53,129
Current portion of long term receivables	20	1,666,398	1,498,011
Tax recoverable		51,336	50,130
Due from subsidiaries		33,930,287	19,677,776
Cash and bank balances		40,762	-
		35,769,211	21,279,046
Current Liabilities			
Payables	25	1,400,075	588,195
Current portion of long term liabilities	28	2,311,103	2,268,184
Due to subsidiaries		31,457,422	17,342,380
Bank overdraft		-	381,884
		35,168,600	20,580,643
Net Current Assets		600,611	698,403
		23,010,832	18,631,742
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	3,243,233	2,875,590
Retained earnings		2,224,831	3,585,380
		11,236,622	12,229,528
Non-current Liabilities			
Post-employment benefit obligations	21	98,500	134,600
Long term liabilities	28	11,604,006	6,018,320
Deferred tax liabilities	29	71,704	249,294
		11,774,210	6,402,214
		23,010,832	18,631,742

Approved for issue by the Board of Directors on 31 August 2023 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

Seprod Limited

Company Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2021	733,488	5,768,558	717,032	4,486,035	10,971,625
Net profit for the year	-	-	-	50,782	50,782
Re-measurements on post-employment benefits	-	-	-	2,175	2,175
Fair value gains on investments	-	-	19,018	-	19,018
Fair value gains on property	-	-	2,139,540	-	2,139,540
Total comprehensive income	-	-	2,158,558	52,957	2,211,515
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(953,612)	(953,612)
Balance at 31 December 2021	733,488	5,768,558	2,875,590	3,585,380	12,229,528
Net loss for the year	-	-	-	(275,978)	(275,978)
Re-measurements on post-employment benefits	-	-	-	15,750	15,750
Fair value gains on investments	-	-	367,643	-	367,643
Total comprehensive income	-	-	367,643	(260,228)	107,415
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,100,321)	(1,100,321)
Balance at 31 December 2022	733,488	5,768,558	3,243,233	2,224,831	11,236,622

Seprod Limited

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	951,215	1,186,787
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(653,213)	(996,072)
Proceeds on disposal of investment		-	78,251
Repayment of long term receivables		104,517	499,870
Interest received		163,769	61,160
Dividends received		50	1,436
Cash used in investing activities		(384,877)	(355,355)
Cash Flows from Financing Activities			
Long term loans received		3,361,477	2,635,599
Long term loans repaid		(1,593,713)	(3,010,134)
Dividends paid	13	(1,100,321)	(953,612)
Interest paid		(808,405)	(597,489)
Cash used in financing activities		(140,962)	(1,925,636)
Increase/(decrease) in cash and cash equivalents		425,376	(1,094,204)
Net effect of foreign currency translation on cash		(2,730)	141,605
Cash and cash equivalents at beginning of year		(381,884)	570,715
CASH AND CASH EQUIVALENTS AT END OF YEAR		40,762	(381,884)

Seprod Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

Seprod Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is publicly listed on the Jamaica Stock Exchange, and has its registered office at 3 Felix Fox Boulevard, Kingston.

The Company and its subsidiaries are collectively referred to as "the Group".

The Company's subsidiaries, its joint venture entity and its associate, their principal activities, their countries of incorporation and domicile and their percentage ownership (wholly owned unless otherwise indicated) are as follows:

Operations based in Jamaica

Subsidiaries	**Principal activity**	**Country of Incorporation and Domicile**
Belvedere Limited	Agriculture	Jamaica
Caribbean Products Company Limited, and its subsidiary	Manufacture and sale of oils and fats	Jamaica
- Golden Grove Sugar Company Limited	Sale of consumer products	Jamaica
Facey Commodity Holdings Limited, and its subsidiary	Investments	Barbados
- Facey Commodity Company Limited	Sale of consumer and pharmaceutical products	Jamaica
Industrial Sales Limited	Sale of consumer products	Jamaica
International Biscuits Limited	Manufacture and sale of biscuit products	Jamaica
Jamaica Edible Oils and Fats Company Limited *	Dormant	Jamaica
Musson Holdings Limited, and its subsidiaries	Investments	St. Lucia
- Musson International Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Musson International Dairies T&T Limited	Sale of milk products and juices	Trinidad and Tobago
- Musson International Dairies Republica Dominicana SRL	Sale of milk products and juices	Dominican Republic
- Serge Island Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Serge Island Farms Limited	Dairy farming	Jamaica

Joint venture entity	**Principal activity**	**Country of Incorporation and Domicile**
Jamaica Grain and Cereals Limited (50% owned by the Company)	Manufacture and sale of corn and wheat products and cereals	Jamaica

* Jamaica Edible Oils and Fats Company Limited was closed during the year. The company was dormant at the date of closure.

(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations (Continued)

Operations based in Trinidad and Tobago

Subsidiaries	Principal activity	Country of Incorporation and Domicile
A.S. Bryden & Sons Holdings Limited (owned 54%), and its subsidiaries **	Investments	Trinidad and Tobago
- Anthony A Pantin Limited	Dormant	Trinidad and Tobago
- A.S. Bryden & Sons Insurance Limited	Dormant	Trinidad and Tobago
- A.S. Bryden & Sons Trinidad Limited, and its subsidiaries	Sale of consumer products	Trinidad and Tobago
- ASB Business Solutions Limited	Dormant	Trinidad and Tobago
- Eve Products Limited	Dormant	Trinidad and Tobago
- Asset Rentals Limited	Dormant	Trinidad and Tobago
- Bryden pi Limited (owned 90%), and its subsidiaries	Sale of pharmaceutical and consumer products	Trinidad and Tobago
- Bpi Genethics Limited	Manufacture and sale of pharmaceutical products	Trinidad and Tobago
- Bpi Guyana Limited (owned 51%)	Sale of pharmaceutical and consumer products	Guyana
- Bryden Properties Limited	Dormant	Trinidad and Tobago
- FT Farfan Limited, and its subsidiary	Sale of industrial equipment	Trinidad and Tobago
- Ibis Construction Equipment Sales & Rental Limited (owned 75%)	Sale of industrial equipment	Guyana
- Franco Trading & Distributors Limited	Packaging and sale of consumer products	Trinidad and Tobago
- Ibis Acres Ltd	Investments in real estate	Trinidad and Tobago
- Micon Holdings Limited, and its subsidiaries ***	Investments	St. Lucia
- Micon Marketing Limited	Sale of consumer products	Trinidad and Tobago
- Facey Trading Ltd (owned 75%)	Sale of consumer products	St. Vincent
- Premium Brands Limited	Dormant	Trinidad and Tobago

Associate	Principal activity	Country of Incorporation and Domicile
Armstrong Healthcare Inc. (49% owned by Bryden Pi Limited)	Sale of pharmaceutical products	Barbados

** Effective 1 June 2022, the Company acquired 60% of the shareholding in A.S. Bryden & Sons Holdings Limited (Note 37).

*** On 1 November 2022, A.S. Bryden & Sons Holdings Limited acquired 100% of the shareholding in Micon Holdings Limited, with the consideration being the issue of new shares (Note 37). This acquisition by A.S. Bryden & Sons Holdings Limited diluted the Company's shareholding in A.S. Bryden & Sons Holdings Limited to 54%.

2. Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the measurement of land and buildings, investments and defined benefit pension plan assets at fair value, as well as by the measurement of assets held for sale and biological assets at fair value less costs to sell.

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

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

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

Amendment to IAS 16, 'Property, Plant and Equipment' (effective for annual 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 amendment did not have a significant impact on the Group's financial statements.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual 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 amendment did not have a significant impact on the Group's financial statements.

Amendment to IFRS 3, 'Business Combinations' (effective for annual 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 applies this amendment to business combinations occurring as of 1 January 2022; however, the amendment did not have a significant impact on the Group's recognition of business combinations.

Amendment to IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 April 2021). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. With effect from annual periods beginning on or after 1 June 2020, IFRS 16 was amended to provide lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. The amendment has been extended by 12 months, thereby permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The amendment did not have an impact on the Group's financial statements as the Group does not receive rent concessions.

Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, the following of which are relevant to the Group: *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 illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives; and *IAS 41, 'Agriculture'* to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 (this amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis). The improvements did not have a significant impact on the Group's financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies 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, such as the receipt of a waiver or a breach of covenant. The amendment further clarifies the reference to the 'settlement' of a liability. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2023). This amendment requires entities to disclose their *material* rather than their *significant* accounting policies. The amendment defines what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, but, if disclosed, should not obscure material accounting information. *IFRS Practice Statement 2, 'Making Materiality Judgements'* was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has not yet done an assessment of whether the accounting policies disclosed are 'material' rather than 'significant', but it is not anticipated that the amendment will have a significant impact on the Group's financial statements.

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

Amendment to IAS 12, 'Income Taxes' (effective for annual periods beginning on or after 1 January 2023). This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment applies to lease arrangements entered into by the Group as a lessee and requires that the Group recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. As the Group already accounts for deferred tax on such transactions consistent with the new requirements, it is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective date not yet determined). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures and confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', as defined in IFRS 3, 'Business Combinations'. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The Group is assessing the impact of these amendments on its financial statements.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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

Intercompany transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Loans to subsidiaries that are intended to provide subsidiaries with a long-term source of additional capital are considered additions to the Company's investment. Accordingly, these loans are included in Investment in Subsidiaries on the Company's statement of financial position.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between 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.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint ventures and Associates

The Group's interests in joint ventures and associates are accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture and associate, less any impairment.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

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 General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when control of the goods has been established – being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been transported to a specific predetermined location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered, at which point in time the consideration is deemed unconditional and only the passage of time is required before the payment is due.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translation

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

The foreign exchange differences arising from the translation of the results and financial position of the Group's entities that have a functional currency other than Jamaican dollars are recognised in other comprehensive income. Such exchange differences are recognised in profit or loss where the related Group entity is sold or partially sold.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in profit or loss.

Translation differences resulting from changes in the amortised cost of foreign currency monetary assets are recognised in profit or loss. Other changes in the fair value of financial investments are recognised in other comprehensive income. Translation differences on non-monetary financial investments are reported as a component of the fair value gain or loss in other comprehensive income.

2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Prior to 31 December 2021, all items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, with the exception of land which is not depreciated.

As of 31 December 2021, land and buildings are initially recorded at cost and are subsequently shown at market value based on triennial (or earlier) valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount. Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against capital reserve; all other decreases are charged to profit or loss.

All other items of property, plant and equipment continue to be carried at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Buildings	30 – 50 years
Plant, equipment and furniture	3 – 40 years
Motor vehicles	3 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

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

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the fair value of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to cash-generating units that benefit from the business combination in which the goodwill arose. Impairment losses on goodwill are not reversed.

Distribution network

Distribution network obtained by the Group in a business combination are recognised at fair value at the acquisition date. This intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses are not subsequently reversed.

Supplier relationships, trade names and brands

Supplier relationships, trade names and brands obtained by the Group in a business combination are recognised at fair value at the acquisition date. These intangible assets are deemed to have a finite useful life, and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the carrying values over their estimated useful lives. The expected useful lives are as follows: Supplier relationships - 12 years; Trade names - 20 years; and Brands - 10 to 15 years. Amortisation of intangible assets is included in administration and other operating expenses in the statement of comprehensive income.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income); and those to be measured at amortised cost. The classification depends on the business model used for managing the financial assets and, in respect of debt instruments, the contractual terms of the cash flows.

Recognition and measurement

Debt instruments held for the collection of contractual cash flows, where those represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that are held for the collection of contractual cash flows and for the selling of financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income and impairment gains and losses are recognised in profit or loss. When the debt instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains and losses on such instruments are recognised in profit or loss in the period in which they arise.

Equity instruments held for trading are measured at fair value through profit or loss. Other equity instruments are held at fair value through other comprehensive income. When the equity instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's rights to receive payments are established.

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment

Application of the General Model to financial assets other than trade receivables

Under this model, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The ECL will be recognized in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. The impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:
Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD – the probability of default occurring over the next 12 months.
Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD – the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
Stage 3 – Financial assets that have an objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:
Assessment of significant increase in credit risk
To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic factors, forward looking information and multiple scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurements of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group exposed to credit risk and where the credit losses would not be mitigated by management actions.

Application of the Simplified Approach to trade receivables
For trade receivables other than those deemed specifically impaired, the Group applies the simplified approach which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables. The lifetime ECLs are determined by taking into consideration historical rates of default for each category of aged receivables as well as the estimated impact of forward-looking information.

(i) Biological assets

Livestock – Livestock is measured at its fair value less point of sale costs. Fair value is determined based on market prices of assets of similar age, breed and genetic merit. Changes in fair value are recognised in profit or loss.
Forage – Sugar cane and hay are measured at their fair value, less estimated point of sale costs. Fair value is determined based on market prices of components of animal feed being substituted. Changes in fair value are recognised in profit or loss.

2. Significant Accounting Policies (Continued)

(j) Inventories

Inventories are stated at the lower of cost or net realisable value, cost being determined using the weighted average cost method. The cost of finished goods and work in progress includes cost of raw materials used, direct labour and an appropriate proportion of overhead expenses. The cost of merchandise for resale are determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(k) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable, and are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(p) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Significant Accounting Policies (Continued)

(q) Leases

As lessee, the Group mainly leases various warehouses and retail stores. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options which are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As of 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. Significant Accounting Policies (Continued)

(r) Income taxes

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to set off current tax assets against current tax liabilities. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(s) Employee benefits

Pension obligations

Defined benefit plan

The Group operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Defined contribution plan

The employees of the Group also participate in an Individual Retirement Scheme operated by an independent insurance Company. The Group makes fixed contributions to the scheme for participating employees. The Group has no obligation for the benefits provided under the scheme as these are payable by, and accounted for by the insurance Company. Accordingly, the Group recognises a cost equal to its contributions payable in respect of each accounting period in the statement of comprehensive income.

Other post-employment benefits

The Group provides post-employment healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit share scheme

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments.

2. Significant Accounting Policies (Continued)

(t) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(u) Preference shares

Preference shares are classified as equity as, under the terms of the preference shares, the company has no cash obligation. Dividend distribution to preference shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established committees/departments for managing and monitoring risks, as follows:

Central treasury department

The central treasury department is responsible for managing the Group's financial assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. Group treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

Audit Committee

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

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3. Financial Risk Management (Continued)

The carrying values of the Group's financial instruments are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Investments, at fair value through other comprehensive income	1,221,434	883,791	1,221,434	853,791
Long term receivables, at fair value through profit or loss	84,157	111,685	48,526	59,742
At cost or amortised cost –				
Long term receivables	1,330,183	1,446,562	6,101,353	6,151,129
Trade and other receivables	18,647,032	5,661,033	9,959	-
Due from subsidiaries	-	-	33,930,287	19,677,776
Cash and bank balances	4,469,995	1,649,752	40,762	-
	24,447,210	8,757,347	40,082,361	25,828,905
	25,752,801	9,752,823	41,352,321	26,742,438
Financial Liabilities				
At cost or amortised cost –				
Due to subsidiaries	-	-	31,457,422	17,342,380
Trade and other payables	18,396,905	7,419,113	918,698	412,209
Long term liabilities	33,012,555	12,497,068	13,915,109	8,286,504
Lease obligation	2,098,293	159,809	-	-
Bank overdraft	-	-	-	381,884
	53,507,753	20,075,990	46,291,229	26,422,977

The most important types of risk are credit risk, liquidity risk and market risk. Market risk for the Group includes currency risk, interest rate and other price risk.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and its holdings of investments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Long term receivables

The Group limits its exposure to credit risk arising on loans to employees for the purchase of the Company's shares by holding a contractual right to deduct the interest and principal on the loan from the employees' remuneration, and by holding a contractual right to the shares that were acquired from the proceeds of the loan in the event that the employment contract is terminated and the loan is not repaid.

The Group has limited exposure to credit risk arising on receivables from its joint venture entity as the Group jointly controls the entity. The Group also has significant purchases from the entity, the payables arising from which may be set off against the long term receivables.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The executive committee has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board. Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, industry, aging profile, and previous financial difficulties. The Group has procedures in place to restrict customer orders if the order will exceed their credit terms. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

To measure expected credit losses, trade receivables are grouped by customer sector (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 120 days past due are used as a proxy for historical losses. On this basis, the Group's loss allowance for trade receivables was determined as follows:

	2022					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	3,028,081	1,717,086	547,443	136,181	339,168	5,767,959
Retailers & wholesalers	1,170,324	554,579	74,150	19,303	191,327	2,009,683
Distributors	665,083	432,532	158,600	86,804	115,939	1,458,958
Manufacturers	141,670	38,751	31,512	(10,970)	49,115	250,078
Others	2,956,245	1,560,631	864,825	491,975	1,358,174	7,231,850
	7,961,403	4,303,579	1,676,530	723,293	2,053,723	16,718,528
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.01%	0.43%	0.69%	3.58%	47.49%	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	36,120	18,425	11,569	25,877	975,303	1,067,294

	2021					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,274,142	280,871	16,114	5,902	65,343	1,642,372
Retailers & wholesalers	515,513	61,479	10,486	5,023	68,025	660,526
Distributors	632,112	271,473	64,000	68,669	117,145	1,153,399
Manufacturers	106,167	35,869	2,929	33	16,878	161,876
Others	485,414	250,268	180,288	140,761	381,623	1,438,354
	3,013,348	899,960	273,817	220,388	649,014	5,056,527
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	1.20%	2.03%	15.05%	18.01%	40.10%	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	36,224	18,346	41,207	39,693	279,633	415,103

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables (continued)

The movement in the provision for impairment of trade receivables is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	415,103	387,473	-	-
On acquisition of subsidiaries	640,629	-	-	-
Provided during the year	47,179	28,150	-	-
Written off during the year	(35,617)	(520)	-	-
At end of year	1,067,294	415,103	-	-

The creation and release of provision for impaired receivables have been included in "net impairment gains and losses on trade receivables" in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The majority of the Group's trade receivables are receivable from customers in Jamaica.

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the central treasury department, includes: (i) monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required; (ii) maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; (iii) maintaining committed lines of credit; (iv) optimising cash returns on investments; and (v) managing the concentration and profile of debt maturities.

Undiscounted contractual cash flows of financial liabilities

The maturity profile of financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
	2022					
Long term liabilities	1,258,223	613,559	7,170,155	21,186,377	8,995,287	39,223,601
Lease obligation	38,987	103,122	301,225	1,885,555	1,502,225	3,831,114
Trade and other payables	18,396,905	-	-	-	-	18,396,905
	19,694,115	716,681	7,471,380	23,071,932	10,497,512	61,451,620
	2021					
Long term liabilities	561,417	325,693	3,089,986	9,383,139	2,245,063	15,605,298
Lease obligation	11,041	17,083	44,924	81,105	42,459	196,612
Trade and other payables	7,419,113	-	-	-	-	7,419,113
	7,991,571	342,776	3,134,910	9,464,244	2,287,522	23,221,023

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
	2022					
Long term liabilities	969,353	917,774	1,263,138	11,400,924	2,130,313	16,681,502
Due to subsidiaries	31,457,422	-	-	-	-	31,457,422
Other payables	918,698	-	-	-	-	918,698
	33,345,473	917,774	1,263,138	11,400,924	2,130,313	49,057,622
	2021					
Long term liabilities	302,359	39,917	2,422,800	5,603 450	2,245,063	10,613,589
Due to subsidiaries	17,342,380	-	-	-	-	17,342,380
Other payables	412,209	-	-	-	-	412,209
	18,056,948	39,917	2,422,800	5,603 450	2,245,063	28,368,178

Assets available to meet all of the liabilities and to cover financial liabilities include cash and investments.

3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Group treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures held by entities in jurisdictions that have floating exchange rates, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities.

The statement of financial position for the Group at 31 December 2022 includes aggregate net foreign assets/(liabilities) held in jurisdictions that have floating exchange rates of (US$35,464,000), Euro$32,000, £99,000 and Canadian$2,000 (2021 – aggregate net foreign assets/(liabilities) of (US$3,240,000), Euro$4,000, £67,000 and Canadian$1,000).

The statement of financial position for the Company at 31 December 2022 includes aggregate net foreign assets of US$3,932,000, Euro$32,000, £42,000 and Canadian$2,000 (2021 – aggregate net foreign assets of US$35,039,000, Euro$4,000, £10,000 and Canadian$1,000), in respect of such transactions.

The above amounts for the Group and the Company include financial investments of US$8,000,000 (2021 – US$5,450,000) in respect of which foreign exchange gains and losses are reported in other comprehensive income.

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

The following table indicates the effect on profit before taxation and on other items of equity arising from changes in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end based on management's assessment of the possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated long term receivables, trade receivables, investment securities, payables and long term liabilities.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
4% devaluation (2021 – 8%)	(265,180)	(109,352)	(27,692)	357,264
1% revaluation (2021 – 2%)	66,295	27,338	6,923	(89,316)
Other currencies				
4% devaluation (2021 – 8%)	908	1,136	504	224
1% revaluation (2021 – 2%)	(227)	(284)	(126)	(56)
Effect on other items of equity -				
US$				
4% devaluation (2021 – 8%)	47,988	66,736	47,988	66,736
1% revaluation (2021 – 2%)	(11,997)	(16,684)	(11,997)	(16,684)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

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

The Group's interest rate risk arises from long term borrowings and other debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on profit before taxation based on floating rate borrowing and other debt instruments. The sensitivity of other components of equity is calculated by revaluing fixed rate investments for the effects of the assumed changes in interest rates.

The following table indicates the sensitivity to a reasonably possible change in interest rates in respect of Jamaican dollar and United States dollar denominated instruments, with all other variables held constant, on profit before taxation and other components of equity.

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2022	2022	2022	2021	2021	2021
JMD / USD	$'000	$'000	JMD / USD	$'000	$'000
			The Group		
+100/+100	(8,544)	-	+100/+100	(20,544)	-
-50/-50	4,272	-	-100/-100	20,544	-
			The Company		
+100/+100	-	-	+100/+100	(12,000)	-
-50/-50	-	-	-100/-100	12,000	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2022			
Financial assets							
Investments	-	-	-	-	-	1,221,434	1,221,434
Long term receivables	-	-	233,368	1,180,972	-	-	1,414,340
Trade and other receivables	-	-	-	-	-	18,647,032	18,647,032
Cash and bank	4,469,995	-	-	-	-	-	4,469,995
	4,469,995	-	233,368	1,180,972	-	19,868,466	25,752,801
Financial liabilities							
Long term liabilities	1,799,014	1,871,412	1,196,472	16,851,239	11,188,008	106,410	33,012,555
Lease obligation	9,698	17,182	82,425	708,206	1,280,782	-	2,098,293
Payables	-	-	-	-	-	18,396,905	18,396,905
	1,808,712	1,888,594	1,278,897	17,559,445	12,468,790	18,503,315	53,507,753
Total interest repricing gap	2,661,283	(1,888,594)	(1,045,529)	(16,378,473)	(12,468,790)	1,365,151	(27,754,952)
				2021			
Financial assets							
Investments	-	-	-	30,000	-	853,791	883,791
Long term receivables	-	-	174,307	803,482	580,458	-	1,558,247
Trade and other receivables	-	-	-	-	-	5,661,033	5,661,033
Cash and bank	1,641,434	-	-	-	-	8,318	1,649,752
	1,641,434	-	174,307	833,482	580,458	6,523,142	9,752,823
Financial liabilities							
Long term liabilities	426,236	2,294,700	1,304,024	6,748,336	1,690,186	33,586	12,497,068
Lease obligation	9,373	15,493	40,767	57,442	36,734	-	159,809
Payables	-	-	-	-	-	7,419,113	7,419,113
	435,609	2,310,193	1,344,791	6,805,778	1,726,920	7,452,699	20,075,990
Total interest repricing gap	1,205,825	(2,310,193)	(1,170,484)	(5,972,296)	(1,146,462)	(929,557)	(10,323,167)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
				2022			
Financial assets							
Investments	-	-	-	-	-	1.221,434	1.221,434
Long term receivables	-	-	217,223	4,483,481	-	1,449,175	6,149,879
Receivables	-	-	-	-	-	9,959	9,959
Due from subsidiaries	-	-	-	-	-	33,930,287	33,930,287
Cash and bank	40,762	-	-	-	-	-	40,762
	40,762	-	217,223	4,483,481	-	36,610,855	41,352,321
Financial liabilities							
Long term liabilities	851,285	791,118	562,290	9,911,640	1,692,366	106,410	13,915,109
Payables	-	-	-	-	-	918,698	918,698
Due to subsidiaries	-	-	-	-	-	31,457,422	31,457,422
	851,285	791,118	562,290	9,911,640	1,692,366	32,482,530	46,291,229
Total interest repricing gap	(810,523)	(791,118)	(345,067)	(5,428,159)	(1,692,366)	4,128,325	(4,938,908)
				2021			
Financial assets							
Investments	-	-	-	-	-	853,791	853,791
Long term receivables	-	-	161,713	4,132,402	580,458	1,336,298	6,210,871
Due from subsidiaries	-	-	-	-	-	19,677,776	19,677,776
	-	-	161,713	4,132,402	580,458	21,867,865	26,742,438
Financial liabilities							
Long term liabilities	192,086	1,214,314	828,198	4,328,134	1,690,186	33,586	8,286,504
Payables	-	-	-	-	-	412,209	412,209
Due to subsidiaries	-	-	-	-	-	17,342,380	17,342,380
Bank overdraft	381,884	-	-	-	-	-	381,884
	573,970	1,214,314	828,198	4,328,134	1,690,186	17,788,175	26,422,977
Total interest repricing gap	(573,970)	(1,214,314)	(666,485)	(195,732)	(1,109,728)	4,079,690	319,461

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 exposed to equity price risk because of investments held by the Group classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

Based on its holding of investments as at 31 December 2022 and 2021, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

3. Financial Risk Management (Continued)

(d) 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 and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

(e) Fair value estimates

Fair values of financial instruments re-measured at their fair value after initial recognition

Financial instruments classified in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

At 31 December 2022, the Group and the Company had quoted equity securities classified in Level 1 amounting to $21,718,000 (2021 – $21,291,000).

Financial instruments classified in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Specific valuation techniques used to value such financial instruments include: (i) quoted market prices or dealer quotes for similar instruments; and (ii) other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

At 31 December 2022, the Group had securities issued by the Government of Jamaica classified in Level 2 amounting to $Nil (2021 – $ $30,000,000).

Financial instruments classified in Level 3

If one or more of the significant inputs for valuation is not based on observable market data, the financial instrument is included in Level 3, and fair value is determined using discounted cash flow analysis.

At 31 December 2022, The Group and the Company had unquoted equity securities with a fair value of $1,199,716,000 (2021 – $832,500,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2022 $'000	2021 $'000
At start of year	832,500	1,685,002
Disposals	-	(868,487)
Fair value gains and losses	382,410	(53,463)
Foreign exchange gains and losses	(15,194)	69,448
At end of year	1,199,716	832,500

The following unobservable inputs were used to measure the Company's Level 3 financial instruments:

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Discount rate	12% (2021 – 12%)	If the discount rate increases the fair value decreases
Terminal growth rate	3% (2021 – 3%)	If the terminal growth rate increases the fair value increases
Market participant minority discount	20% (2021 – 20%)	If the market participant minority discount increases the fair value decreases

There were no transfers between levels during the year.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of financial instruments not re-measured at fair value after initial recognition

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, trade and other receivables (Note 24) and payables (Note 25).

The carrying values of long term receivables (Note 20) approximate their fair values, as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

The carrying values of long term loans (Note 28) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

Fair values of property

As of 31 December 2021, the Group measures its land and buildings at fair value on a triennial basis. Management, through an independent valuation expert used the income capitalisation approach to determine the fair value of all of the land and buildings. This method takes into consideration a number of factors that require estimation and judgement. The key factors include: estimation of rental income; determination of a capitalisation factor; and determination of the discount rate.

The Group classifies its land and buildings in Level 3 due to the unobservable inputs used in the determination of fair value for those assets. As at 31 December 2022, the carrying values of land and buildings (inclusive of work in progress) classified as level 3 amounted to: $5,447,269,000 and $8,197,055,000 (2021 – $3,643,310,000 and $5,814,500,000), respectively, for the Group; and $1,485,000,000,000 and $2,152,925,000 (2021 – $1,485,000,000 and $2,222,000,000), respectively, for the Company.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets

The Group measures the biological assets at fair value at each reporting date. In measuring the fair value of biological assets various management estimates and judgements are required. The Group classifies its biological assets in Level 3 due to the unobservable inputs used in the determination of fair value for those assets, as described below.

Livestock

Estimates and judgements in determining the fair value of livestock relate to the market prices, use of animals and age of animals. Market prices of the animals are obtained from other players in the industry.

Forage

Subsequent to the discontinuation of the sugar manufacturing operation in July 2019, estimates and judgements in determining the fair value of sugar cane related to the ingredients in animal feed for which the sugar cane is used as a substitute. The ingredients in animal feed that are substituted and the related cost are determined independently by animal feed manufacturers and contracted farmers.

The fair value of hay is are determined independently by animal feed manufacturers and contracted farmers.

The movement in the fair value of livestock is as follows:

	2022	2021
	$'000	$'000
Opening balance	444,773	411,220
Decreases due to sales	(79,899)	(53,280)
Total gains or losses for the period included in profit or loss	94,107	86,833
Closing balance	458,981	444,773
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	94,107	86,833
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	24,413	56,426

The movement in the fair value of forage is as follows:

	2022	2021
	$'000	$'000
Opening balance	154,683	276,185
Total gains or losses for the period included in profit or loss	(103,429)	(121,502)
Closing balance	51,254	154,683
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(103,429)	(121,502)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(103,429)	(121,502)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets (continued)

The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

Fair Value at 2022

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$39,100- $170,000 ($111,096) per animal	The higher the market price, the higher the fair value.
Other livestock price	$5,100- $178,398 ($155,086) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

Fair Value at 2021

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$36,390- $153,000 ($105,021) per animal	The higher the market price, the higher the fair value.
Other livestock price	$13,175- $119,000 ($92,747) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

The following unobservable inputs were used in determined the fair value of the Group's sugar cane, using a market approach for valuation.

Fair Value at 2022

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

Fair Value at 2021

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Post-employment benefit obligations
The present value of the pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for post-employment benefit obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 21.

Fair value of biological assets
Livestock
In the process of applying the Group's accounting policies, management determines fair values of biological assets based on prices in the local market, less the transport and other costs of getting the assets to the market. The fair value is sensitive to certain assumptions used in the computation, the primary assumption being the price of the animals.

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $22,179,000.

Forage
The sugar cane in the fields is used primarily as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the price of hay had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $2,527,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 13%, terminal growth rate of 3% and a market participant minority discount of 20% and investee's future cash flows.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased by 1% with all other variables constant, the fair value would decrease/increase from US$8,018,000 to S$5,805,000/US$10,730,000; and if the terminal growth rate had increased/decreased by 0.5% with all other variables constant, the fair value would increase/decrease from US$8,018,000 to US$8,961,000/US$7,165,000.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Fair value of property
Land and buildings are carried at fair value. The Group uses independent professional valuers to value its land and buildings triennially. These fair values are derived using the income capitalisation approach, which takes into consideration a number of factors, primarily the estimation of rental income; determination of a capitalisation factor; and determination of the discount rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher the rental rate the higher the fair value. The higher the capitalisation rate the lower the fair value.

Goodwill
The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). 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 the discount rate. Any changes in these variables would impact the value in use calculations.

A 1% increase in the discount rates and a 1% reduction in revenue growth would not result in an impairment of goodwill.

Joint venture
The joint venture agreements in relation to Jamaica Grain and Cereals Limited require unanimous consent from all parties for all relevant activities. The partners have rights to the net assets of the arrangement. This entity is therefore classified as a joint venture and the Group recognises its share of the results for the year.

Business combinations
Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the Purchase Price Allocation method. Under this method, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, future margins, attrition rates, and discount rates in determining the fair values of the identifiable intangible assets. A similar approach to determine the identifiable assets and liabilities is used for associates and joint ventures.

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5. Business Segments

The Group is organised into two main business segments: Manufacturing – This incorporates the operations for manufacturing and sale of oils and fats, corn and wheat products, cereals, milk products, juices and biscuits; and Distribution – The merchandising of consumer goods.

	2022			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	13,249,511	65,184,325	-	78,433,836
Inter-segment revenue	14,647,783	-	(14,647,783)	-
Total revenue	27,897,294	65,184,325	(14,647,783)	78,433,836
Segment result	1,821,321	4,173,837	-	5,995,158
Unallocated corporate income				(20,619)
Operating profit				5,974,539
Segment assets	21,159,893	49,220,581	-	70,380,474
Unallocated corporate assets				24,116,563
Total consolidated assets				94,497,037
Segment liabilities	8,989,500	34,090,893	-	43,080,393
Unallocated corporate liabilities				18,522,029
Total consolidated liabilities				61,602,422
Other segment items –				
Capital expenditure	907,207	1,244,259	-	2,151,466
Unallocated capital expenditure				-
Total capital expenditure				2,151,466
Depreciation	643,107	801,277	-	1,444,384
Unallocated depreciation				52,854
Total depreciation				1,497,238

	2021			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	12,351,264	31,532,141	-	43,883,405
Inter-segment revenue	10,857,163	-	(10,857,163)	-
Total revenue	23,208,427	31,532,141	(10,857,163)	43,883,405
Segment result	1,318,875	1,697,176	-	3,016,051
Unallocated corporate income				583,432
Operating profit				3,599,483
Segment assets	18,465,513	9,591,055	-	28,056,568
Unallocated corporate assets				18,855,076
Total consolidated assets				46,911,644
Segment liabilities	6,294,581	5,905,651	-	12,200,232
Unallocated corporate liabilities				11,262,508
Total consolidated liabilities				23,462,740
Other segment items –				
Capital expenditure	564,522	1,090,434	-	1,654,956
Unallocated capital expenditure				-
Total capital expenditure				1,654,956
Depreciation	621,645	389,415	-	1,011,060
Unallocated depreciation				53,199
Total depreciation				1,064,259

The Distribution segment includes revenues of $28,742,640,000 earned by the operations based in Trinidad and Tobago.
The operations based in Jamaica earned export revenues of $2,601,768,000 (2020 - $2,187,592,000).

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6. Finance and Other Operating Income

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income from subsidiaries	-	-	202,688	-
Dividend income on quoted investments	50	1,436	50	1,436
(Loss)/gain on disposal of property, plant and equipment	(367)	7,132	(457)	-
Interest income from subsidiaries	-	-	237,575	220,169
Other interest income	77,708	80,121	39,071	67,028
Net foreign exchange gains and losses	1,161,361	1,183,532	(52,515)	541,808
Rental income from subsidiaries		-	35,087	35,055
Other rental income	219,272	29,057	257	257
Other	304,708	222,343	21,512	74
	1,762,732	1,523,621	483,268	865,827

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	934,989	545,626	16,548	13,643
Amortisation of intangible assets	367,494	241,454	-	-
Auditors' remuneration	119,906	40,099	35,182	11,876
Cost of inventories recognised as an expense	52,508,000	28,645,137	-	-
Delivery charges	1,152,884	824,633	-	-
Depreciation of property, plant and equipment	1,201,822	724,318	52,854	53,199
Depreciation of right of use assets	295,416	339,941	-	-
Donations	36,632	33,257	36,069	33,257
Feed, chemicals and veterinary supplies	660,853	532,200	-	-
Insurance	482,098	415,764	39,625	39,749
Loss on disposal of subsidiary (Note 18)	-	-	77,061	-
Motor vehicle expenses	306,602	193,404	19,969	12,782
Net impairment losses on trade receivables	47,179	28,150	-	-
Non-recoverable GCT	106,369	76,932	8,529	5,851
Professional services	354,387	250,134	199,429	137,836
Raw and packaging material	716,199	527,972	-	-
Repairs and maintenance	1,374,666	1,227,150	26,326	19,004
Security	305,034	226,448	45,491	44,963
Staff costs (Note 8)	7,077,234	4,280,662	807,643	601,135
Supplies	9,636	10,085	2,584	3,727
Utilities	2,155,806	1,493,447	67,251	53,963
Other	4,008,823	1,150,730	167,898	117,946
	74,222,029	41,807,543	1,602,459	1,148,931

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8. Staff Costs

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	5,143,350	3,279,639	567,721	433,362
Statutory contributions	542,920	374,733	51,072	48,620
Pension – defined benefit (Note 21)	164,642	3,200	4,100	3,200
Pension – defined contribution (Note 21)	168,494	97,472	16,002	13,588
Other post-employment benefits (Note 21)	162,515	11,800	10,600	11,800
Other	895,313	513,818	158,148	90,565
	7,077,234	4,280,662	807,643	601,135

9. Finance Costs

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains and losses	(165,530)	127,180	(164,018)	113,949
Interest expense –				
Long term liabilities	1,642,490	869,032	815,735	547,849
Lease obligation	112,851	37,271	-	-
Other	188,173	128,751	65,494	51,245
Amortisation of deferred financing fees	59,492	37,240	30,976	24,202
	1,837,476	1,199,474	748,187	737,245

10. Taxation Expense

Taxation is based on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	1,058,057	517,687	-	-
Adjustment to prior year provision	-	(4,737)	-	-
	1,058,057	512,950	-	-
Deferred taxation (Note 29)	88,876	(341,226)	(182,840)	15,435
	1,146,933	171,724	(182,840)	15,435

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10. Taxation Expense (Continued)

The tax on the Group's and the Company's profit/loss differ from the theoretical amounts that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	4,243,615	2,310,970	(458,818)	66,217
Tax calculated at a tax rate of 25%	1,060,904	577,743	(114,705)	16,554
Adjusted for the effect of:				
Investment income not subject to tax	(171,623)	(109,763)	(123,540)	(32,959)
Adjustment to prior year provision	-	(4,737)	-	-
Employment tax credit	(57,909)	(32,367)	-	-
Expenses not deductible	121,912	107,121	76,409	37,182
Results of joint venture included net of tax	(26,638)	(19,786)	-	-
Recognition of previously unrecognised tax losses	321,939	(522,140)	-	-
Tax losses in respect of which no deferred tax is recognised	19,446	113,824	-	-
Other charges and credits	(121,098)	61,829	(21,004)	(5,342)
	1,146,933	171,724	(182,840)	15,435

Tax charge relating to components of other comprehensive income are as follows:

	The Group		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2022	
Currency translation gains and losses	(13,417)	-	(13,417)
Re-measurements of post-employment benefit obligations	(273,101)	113,108	(159,993)
Unrealised fair value gains on investments	367,643	-	367,643
Other comprehensive income	81,125	113,108	194,233
		2021	
Currency translation gains and losses	34,984	-	34,984
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains on investments	19,018	-	19,018
Unrealised fair value gains on property	6,247,560	(787,669)	5,459,891
Other comprehensive income	6,304,462	(788,394)	5,516,068

	The Company		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2022	
Re-measurements of post-employment benefit obligations	21,000	(5,250)	15,750
Unrealised fair value gains on investments	367,643	-	367,643
Other comprehensive income	388,643	(5,250)	383,393
		2021	
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains on investments	19,018	-	19,018
Unrealised fair value gains on property	2,409,892	(270,352)	2,139,540
Other comprehensive income	2,431,810	(271,077)	2,160,733

11. Net Profit Attributable to Stockholders of the Company

Net profit attributable to stockholders of the Company (Note 12) is dealt with as follows in the financial statements:

	2022 $'000	2021 $'000
The Company	(275,978)	50,782
Less dividend income from subsidiaries	(202,688)	-
	(478,666)	50,782
Subsidiaries	3,290,106	1,863,495
Joint venture and associate	106,552	79,144
	2,917,992	1,993,421

12. Earnings per Stock Unit Attributable to Stockholders of the Company

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue, as follows.

	2022 $'000	2021 $'000
Net profit/(loss) attributable to stockholders of the Company		
Continuing operations	2,322,663	2,139,246
Discontinued operations	(178,690)	(145,825)
	2,143,973	1,993,421
Weighted average number of ordinary stock units ('000)	733,488	733,488
Basic earnings per stock unit ($)		
Continuing operations	3.17	2.92
Discontinued operations	(0.25)	(0.20)
	2.92	2.72

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2022 $'000	2021 $'000
Interim dividends –		
50 cents per stock unit – 11 April 2022	366,774	-
50 cents per stock unit – 9 September 2022	366,774	-
50 cents per stock unit – 30 November 2022	366,773	-
30 cents per stock unit – 22 February 2021	-	220,064
50 cents per stock unit – 26 July 2021	-	366,774
50 cents per stock unit – 8 November 2021	-	366,774
	1,100,321	953,612

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2022			
Cost -						
At 1 January 2022	3,643,310	4,874,500	8,958,228	495,473	1,681,001	19,652,512
On acquisition of subsidiaries	1,803,959	2,220,765	1,381,656	461,334	17,733	5,885,447
Additions	-	32,972	736,226	335,212	1,047,056	2,151,466
Disposals	-	(78,735)	(65,117)	(163,847)	(3,751)	(311,450)
Write-offs/Adjustments	-	309,465	97,889	(3,110)	-	404,244
Transfers	-	913,477	343,193	-	(1,256,670)	-
At 31 December 2022	5,447,269	8,272,444	11,639,315	1,125,062	1,298,129	27,782,219
Accumulated Depreciation -						
At 1 January 2022	-	-	5,342,701	381,734	-	5,724,435
Charge for the year	-	154,124	864,435	183,263	-	1,201,822
On disposals	-	(78,735)	(36,987)	(122,982)	-	(238,704)
Write-offs/Adjustments	-	-	317,582	(1,718)	-	315,864
At 31 December 2022	-	75,389	6,487,731	440,297	-	7,003,417
Net Book Value -						
At 31 December 2022	5,447,269	8,197,055	5,151,584	684,765	1,298,129	20,778,802
			2021			
Cost -						
At 1 January 2021	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Adjustment to opening balances	2	72,643	1,431,020	278,999	(1)	1,782,663
At 1 January 2021	733,039	2,533,988	8,892,709	497,642	278,813	12,936,191
Additions	-	22,167	276,609	43,557	1,312,623	1,654,956
Disposals	-	(9,087)	(253,541)	(40,714)	-	(303,342)
Write-offs/Adjustments	(2)	(42,449)	42,451	(5,012)	(13,871)	(18,883)
Revaluation	2,910,273	2,369,881	-	-	103,436	5,383,590
At 31 December 2021	3,643,310	4,874,500	8,958,228	495,473	1,681,001	19,652,512
Accumulated Depreciation -						
At 1 January 2021	-	585,693	3,522,414	87,088	-	4,195,195
Adjustment to opening balances	-	79,641	1,424,987	278,035		1,782,663
At 1 January 2021	-	665,334	4,947,401	365,123	-	5,977,858
Charge for the year	-	57,390	613,935	52,993	-	724,318
On disposals	-	(5,189)	(240,491)	(36,382)		(282,062)
Write-offs/Adjustments	-	(22,653)	21,856	-	-	(797)
Revaluation		(694,882)	-	-	-	(694,882)
At 31 December 2021	-	-	5,342,701	381,734	-	5,724,435
Net Book Value -						
At 31 December 2021	3,643,310	4,874,500	3,615,527	113,739	1,681,001	13,928,077

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2022			
Cost -						
At 1 January 2022	1,485,000	1,282,000	261,445	87,505	1,177,284	4,293,234
Additions	-	-	395,415	21,707	236,091	653,213
Disposals	-	-	(2,851)	-	-	(2,851)
Transfers	-	881,377	-	-	(881,377)	-
At 31 December 2022	1,485,000	2,163,377	654,009	109,212	531,998	4,943,596
Accumulated Depreciation -						
At 1 January 2022	-	-	181,885	67,188	-	249,073
Charge for the year	-	10,452	27,289	15,113	-	52,854
Relieved on disposals	-	-	(2,394)	-	-	(2,394)
At 31 December 2022	-	10,452	206,780	82,301	-	299,533
Net Book Value -						
At 31 December 2022	1,485,000	2,152,925	447,229	26,911	531,998	4,644,063
			2021			
Cost -						
At 1 January 2021	156,518	421,923	268,924	72,587	121,889	1,041,841
Additions	-	-	15,324	14,918	965,830	996,072
Disposals	-	-	(22,803)	-	-	(22,803)
Write-offs/Adjustments	-	-	-	-	(13,871)	(13,871)
Revaluation	1,328,482	860,077	-	-	103,436	2,291,995
At 31 December 2021	1,485,000	1,282,000	261,445	87,505	1,177,284	4,293,234
Accumulated Depreciation -						
At 1 January 2021	-	109,099	178,779	48,696	-	336,574
Charge for the year	-	8,798	25,909	18,492	-	53,199
Relieved on disposals	-	-	(22,803)	-	-	(22,803)
Revaluation	-	(117,897)	-	-	-	(117,897)
At 31 December 2021	-	-	181,885	67,188	-	249,073
Net Book Value -						
At 31 December 2021	1,485,000	1,282,000	79,560	20,317	1,177,284	4,044,161

Certain of the Group's property, plant and equipment have been pledged as security for its borrowings (Note 28).

On 31 December 2021, land and buildings were revalued by a professional independent valuer. The revaluation surplus of $6,078,472,000 for the Group and $2,409,892,000 for the Company, net of deferred tax of $787,669,000 for the Group and $270,352,000 for the Company, was credited to capital reserves in shareholders' equity.

If land and buildings were stated on a historical cost basis at 31 December 2022, the carrying amounts would be:

- land at a cost of $1,395,809,000 (2021 – $733,037,000) for the Group and $156,158,000 (2021 – $156,158,000) for the Company; and
- buildings at a cost of $4,762,699,000 (2021 – $2,504,619,000) for the Group and $737,407,000 (2021 – $421,923,000) for the Company, net of accumulated depreciation of $733,367,000 (2021 – $694,882,000) for the Group and $126,695,000 (2021 – $117,897,000) for the Company.

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15. Right of Use Assets and Related Lease Obligation

The movement in the right of use assets is as follows:

	The Group		
	Buildings $'000	Motor Vehicles $'000	Total $'000
	2022		
At 1 January 2022	99,604	43,874	143,478
On acquisition of subsidiaries	1,666,925	-	1,666,925
Additions	314,261	29,309	343,570
Disposals	-	(1,843)	(1,843)
Charge for the year	267,102	28,314	295,416
At 31 December 2022	1,813,689	43,025	1,856,714
	2021		
At 1 January 2021	328,441	69,048	397,489
Additions	86,621	-	86,621
Disposals	-	(691)	(691)
Charge for the year	(315,458)	(24,483)	(339,941)
At 31 December 2021	99,604	43,874	143,478

The related lease obligation recognised in the statement of financial position is as follows:

	The Group	
	2022 $'000	2021 $'000
Current obligations	377,761	65,633
Non-current obligations	1,720,532	94,176
	2,098,293	159,809

The movement in the lease obligation is as follows:

	The Group	
	2022 $'000	2021 $'000
Balance at start of year	159,809	408,300
On acquisition of subsidiaries	1,849,568	-
Additions	343,570	86,621
Disposals	(1,843)	-
Effect of variation in lease payments/lease modification	-	(170,276)
Foreign exchange gains and losses	(1,512)	13,231
Interest charged and expensed (Note 9)	112,851	37,271
Lease payments	(364,150)	(215,338)
Balance at end of year	2,098,293	159,809

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16. Intangible Assets

	The Group					
	Goodwill $'000	**Distribution network $'000**	**Supplier relationships $'000**	**Trade name $'000**	**Brands $'000**	**Total $'000**
Cost -						
At 1 January 2021 and 31 December 2021	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
On acquisition of subsidiaries	1,983,033	-	1,228,200	535,900	894,240	4,641,373
At 31 December 2022	6,777,944	2,090,000	2,568,200	939,900	2,127,517	14,503,561
Accumulated amortisation -						
At 1 January 2021	-	-	251,479	45,492	392,595	689,566
Charge for the year	-	-	111,667	20,200	109,587	241,454
At 31 December 2021	-	-	363,146	65,692	502,182	931,020
Charge for the year	-	-	178,045	46,995	142,454	367,494
At 31 December 2022	-	-	541,191	112,687	644,636	1,298,514
Net Book Value -						
At 31 December 2022	6,777,944	2,090,000	2,027,009	827,213	1,482,881	13,205,047
At 31 December 2021	4,794,911	2,090,000	976,854	338,308	731,095	8,931,168

The allocation of goodwill is as follows:

	The Group	
	2022 $'000	**2021 $'000**
A.S. Bryden and Sons Holdings Limited	1,017,217	-
Facey Commodity Company Limited	4,464,452	4,464,452
Micon Holdings Limited	965,816	-
Musson Holdings Limited	330,459	330,459
	6,777,944	4,794,911

Musson Holdings Limited is in the Manufacturing segment, while the other entities are in the Distribution segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates (which do not exceed the long-term average growth rate for the business in which the CGU operates). The key assumptions used for value in use calculations are as follows:

	Revenue Growth Rate	**EBITDA to Revenue**	**Return on EBIT**	**Discount Rate**
A.S. Bryden and Sons Holdings Limited and Micon Holdings Limited	4.5% to 10%	N/A	9.3% to 29.9%	11.4% to 18.3%
Facey Commodity Company Limited	7%	6%	N/A	15%
Musson Holdings Limited	6%	6%	N/A	16%

17. Investments

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity securities denominated in Jamaican dollars	21,718	21,291	21,718	21,291
Unquoted Government of Jamaica securities denominated in Jamaican dollars	-	30,000	-	-
Unquoted equity securities denominated in US dollars	1,199,716	832,500	1,199,716	832,500
	1,221,434	883,791	1,221,434	853,791

Unquoted equity securities denominated in US dollars
At 31 December 2022, the Company owns 42,214 (2021 – 42,214) of the issued ordinary shareholding in Facey Group Limited, a related company, which represents an 11.6% (2021 – 11.6%) holding. As the shares are unlisted, fair values were determined using cash flows discounted at a market interest rate and a risk premium specific to the unlisted security.

18. Investment in Subsidiaries

	2021	**2020**
	$'000	**$'000**
Balance at 1 January	7,863,313	7,863,313
Disposal of Jamaica Edible Oils and Fats Company Limited	(162,843)	-
Acquisition of A.S. Bryden and Sons Holdings Limited	3,921,059	-
Balance at 31 December	11,621,529	7,863,313

All subsidiaries are included in the consolidation. The proportion of the voting rights in each subsidiary does not differ from the proportion of ordinary shares held.

There was no gain or loss on disposal recognised by the Group. The loss on disposal of subsidiary recognised by the Company (Note 7) was determined as follows:

	2022	**2021**
	$'000	**$'000**
Write-off of investment in subsidiary	162,843	-
Write off of intercompany balance due from subsidiary	(85,782)	-
	77,061	-

Non-controlling interest as at and for the year ended 31 December 2022 is attributable to the acquisition of A.S. Bryden and Sons Holdings Limited during the year.

The movement in non controlling interest is as follows:

	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the year	-	-
On acquisition of A.S. Bryden and Sons Holdings Limited	2,662,779	-
Effect of acquisition of Micon Holdings Limited	371,749	-
Effect of issue of shares by A.S. Bryden and Sons Holdings Limited to acquire Micon Holdings Limited	1,749,656	-
Effect of issue of shares by Ibis Construction Equipment Sales & Rental Limited	52,555	-
Share of profit or loss	774,019	-
Share of other comprehensive income	(80,845)	-
Share of dividends paid by A.S. Bryden and Sons Holdings Limited	(185,150)	-
Balance at the end of the year	5,344,763	-

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18. Investment in Subsidiaries (Continued)

Summarised financial information for A.S. Bryden and Sons Holdings Limited, before intercompany eliminations, is as follows:
Summarised statement of comprehensive income

	2022 $'000	2021 $'000
Revenue	28,742,640	-
Depreciation	644,069	-
Amortisation	126,040	-
Net profit	1,736,316	-

Summarised statement of financial position

	2022 $'000	2021 $'000
Non-current assets:		
Property, plant and equipment	5,875,488	-
Right of use assets	1,665,430	-
Intangible assets	5,793,815	-
Other non-current assets	1,707,612	-
	15,042,345	-
Current assets:		
Inventories	13,545,712	-
Cash and cash equivalents	2,701,028	-
Receivables and other current assets	11,555,932	-
	27,802,672	-
Non-current liabilities:		
Non-current portion of long term liabilities	(12,735,261)	-
Other non-current liabilities	(3,930,010)	-
	16,665,271	-
Current liabilities:		
Payables	(8,226,153)	-
Current portion of long term liabilities	(2,985,929)	-
Other current liabilities	(991,093)	-
	12,203,175	-
Net assets	13,976,571	-

Summarised statement of cash flows

	2022 $'000	2021 $'000
Cash flows from operating activities	4,170,866	-
Cash flows from investing activities	2,543,248	-
Cash flows from financing activities	(6,798,570)	-

19. Investment in Joint Venture and Associate

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Investment in joint venture	774,359	697,063	434,114	434,114
Investment in associate	351,187	-	-	-
	1,125,546	697,063	434,114	434,114

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19. Investment in Joint Venture and Associate (Continued)

Investment in joint venture
The Company owns 50% of Jamaica Grain and Cereals Limited, a former subsidiary that manufactures and sells corn and wheat products and cereals. The carrying value of the investment approximates 50% of the carrying value of the net assets of the joint venture entity.

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	697,063	448,831	434,114	434,114
Share of profit	106,552	79,144	-	-
Share of other comprehensive income	(29,256)	169,088	-	-
Balance at the end of the year	774,359	697,063	434,114	434,114

Summarised financial information for the joint venture is as follows:
Summarised statement of comprehensive income

	2022	**2021**
	$'000	**$'000**
Revenue	6,909,502	5,236,786
Depreciation	140,677	132,186
Net profit	154,592	158,288

Summarised statement of financial position

	2022	**2021**
	$'000	**$'000**
Property, plant and equipment and right of use assets	3,180,018	3,276,762
Current assets:		
Inventories	1,480,843	1,182,012
Cash and cash equivalents	263,061	703,621
Receivables and other current assets	2,440,372	645,073
	4,184,276	2,530,706
Non-current liabilities:		
Due to joint venture partners	(1,155,596)	(1,178,668)
Long term loan	(1,309,263)	(1,406,245)
Other non-current liabilities	(301,938)	(255,432)
	(2,766,797)	(2,840,345)
Current liabilities:		
Due to joint venture partners	(2,448,197)	(990,989)
Current portion of long term loan	(515,713)	(487,807)
Payables and other current liabilities	(287,731)	(99,950)
	(3,054,528)	(1,578,746)
Net assets	1,542,969	1,388,377

Summarised statement of cash flows

	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities	(130,376)	493,580
Cash flows from investing activities	(43,933)	(40,969)
Cash flows from financing activities	(266,251)	(138,414)

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19. Investment in Joint Venture and Associate (Continued)

Investment in associate

The Group owns 49% of Armstrong Healthcare Inc, a company that sells healthcare items. The carrying value of the investment approximates 49% of the carrying value of the net assets of the associate.

The movement in investment in associate is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the year	-	-
On acquisition of subsidiary	321,931	-
Share of profit or loss	29,256	-
Balance at the end of the year	351,187	-

Summarised financial information for the associate is as follows:

Summarised statement of comprehensive income

	2022	**2021**
	$'000	**$'000**
Revenue	934,306	-
Depreciation	3,312	-
Net profit	59,685	-

Summarised statement of financial position

	2022	**2021**
	$'000	**$'000**
Property, plant and equipment and other non-current assets	15,150	-
Current assets:		
Inventories	520,141	-
Cash and cash equivalents	22,984	-
Receivables and other current assets	576,240	-
	1,119,365	-
Current liabilities:		
Bank overdraft	131,895	-
Payables and other current liabilities	285,935	-
	417,830	-
Net assets	716,685	-

Summarised statement of cash flows

	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities	(5,231)	-
Cash flows from investing activities	(2,369)	-

20. Long Term Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
(a) Facey Commodity Company Limited	-	-	922,212	922,212
(b) Musson International Dairies Limited	-	-	2,399,783	2,446,057
(c) Jamaica Grain and Cereals Limited	569,864	580,458	569,864	580,458
(d) Musson (Jamaica) Limited	760,319	866,104	760,319	866,104
(e) Employee loans	84,157	111,685	48,526	59,742
(f) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	-	-	-
(ii) Advance for replanting and farming operations	-	-	-	-
	1,414,340	1,558,247	4,700,704	4,874,573
Interest receivable	-	-	1,449,175	1,336,298
	1,414,340	1,558,247	6,149,879	6,210,871
Less: Current portion	(233,368)	(174,307)	(1,666,398)	(1,498,011)
	1,180,972	1,383,940	4,483,481	4,712,860

(a) This receivable from subsidiary of J$922,212,000 is scheduled to be received at maturity on 26 September 2024. The agreement attracts interest of 8% per annum, payable monthly.

(b) This receivable from subsidiary of US$15,892,000 was initially repayable on 23 September 2020. During 2020, the maturity date was extended to 31 December 2025. The agreement attracts interest of 6% per annum.

(c) This receivable from joint venture of US$3,800,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

(d) This related party receivable of US$5,070,000 (2021 – US$5,670,000) is scheduled to be received in annual instalments of US$1 million for the years 2022 to 2026, with a final instalment of US$670,000 in 2027. The agreement attracts interest of 3% per annum.

(e) This receivable represents loans granted to employees as part of a scheme to assist employees in purchasing shares in the Company. The receivable is due on 31 October 2025 and attracts interest at 7.5%, payable monthly.

(f) (i) This loan was granted as part of the farm management contract for Golden Grove Sugar Company Limited. The principal is repayable in periodic discretionary installments until maturity in November 2019. The agreement attracts interest of 10% per annum.

(ii) This represents crop advances, as well as balance receivable from the sale of spares, farming equipment and other supplies. The principal is repayable in periodic discretionary installments until maturity in November 2020. The agreement does not attract interest.

The outstanding balances on these receivables from Bercyn Farms Limited were deemed fully impaired on discontinuation of the sugar manufacturing operations in July 2019 (Note 34). At the date of discontinuation, the carrying values of these receivables amounted to $132,538,000.

As at 31 December 2022, $25,980,000 (2021 – $22,971,000) of these receivables were recovered.

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21. Post-employment Benefits

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Amounts recognised in the statement of financial position -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	5,600	25,100	5,600	25,100
Defined benefit plan – Trinidad-based operations	669,093	-	-	-
	674,693	25,100	5,600	25,100
Medical benefits -				
Defined benefit plan – Jamaica-based operations	(98,500)	(134,600)	(98,500)	(134,600)
Defined benefit plan – Trinidad-based operations	(1,556,916)	-	-	-
	(1,655,416)	(134,600)	(98,500)	(134,600)
Expense recognised in profit or loss (Note 8) -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	4,100	3,200	4,100	3,200
Defined benefit plan – Trinidad-based operations	160,542	-	-	-
	164,642	3,200	4,100	3,200
Medical benefits -				
Defined benefit plan – Jamaica-based operations	10,600	11,800	10,600	11,800
Defined benefit plan – Trinidad-based operations	151,915	-	-	-
	162,515	11,800	10,600	11,800
Gains/(losses) recognised in other comprehensive income (Note 10) -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	(15,900)	2,600	(15,900)	2,600
Defined benefit plan – Trinidad-based operations	(294,101)	-	-	-
	(310,001)	2,600	(15,900)	2,600
Medical benefits -				
Defined benefit plan – Jamaica-based operations	36,900	300	36,900	300
Defined benefit plan – Trinidad-based operations	-	-	-	-
	36,900	300	36,900	300
	(273,101)	2,900	21,000	2,900

21. Post-employment Benefits (Continued)

Pension schemes
Defined contribution plans
In addition to the defined benefit pension schemes described below, employees of the Jamaica-based operations hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company, and employees of the Trinidad-based operations participate in various defined contribution pension schemes. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Group contributes 5%. The Group's and the Company's contribution for the year amounted to $168,494,000 (2021 – $97,472,000) and $16,002,000 (2021 – $13,588,000), respectively (Note 8).

Defined benefit plan – Jamaica-based operations
The Group operates a defined benefit scheme for employees hired prior to 1 January 2002. The scheme is administered by NCB Insurance Agency & Fund Managers Limited. The plan provides benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%. The scheme was closed to new members as at 31 December 2001. As the subsidiaries make fixed contributions to the pension scheme and have no further legal or constructive obligations under the scheme, the pension asset and obligations are accounted for in the financial statements of the Company. The subsidiaries recognise a cost equal to their contributions payable in respect of each accounting period in profit or loss. Any plan surplus or funding deficiency is absorbed by the Company.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2022.

The Board of the pension fund is composed of an equal number of representatives from both employer and employees. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Agency & Fund Managers Limited which administers the Fund and manages the investment portfolio under management agreement.

The amounts recognised in the statement of financial position are determined as follows:

	2022 $'000	2021 $'000
Present value of funded obligations	(616,900)	(883,300)
Fair value of plan assets	983,100	1,034,300
Asset in the statement of financial position	366,200	151,000
Unrecognised asset due to limitation	(360,600)	(125,900)
	5,600	25,100

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21. Post-employment Benefits (Continued)

Pension schemes (continued)

Defined benefit plan – Jamaica-based operations (continued)

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 $'000	2021 $'000
Asset at beginning of year	25,100	25,100
Amounts recognised in profit or loss in the statement of comprehensive income	(4,100)	(3,200)
Amounts recognised in other comprehensive income	(15,900)	2,600
Contributions paid	500	600
Asset at end of year	5,600	25,100

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	(883,300)	(874,900)
Current service cost	(2,700)	(2,300)
Interest cost	(68,100)	(75,900)
Re-measurements – experience gains and losses	267,400	900
Members' contributions	(900)	(1,000)
Benefits paid	70,700	69,900
Balance at end of year	(616,900)	(883,300)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $49,000,000 (2021 – $92,500,000) relating to active employees, and $567,900,000 (2021 – $790,800,000) relating to members in retirement.

The movement in the defined benefit asset during the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	1,034,300	1,003,900
Interest income	76,700	84,400
Re-measurement – return on plan assets, excluding amounts included in interest income	(58,600)	14,300
Employer's contributions	500	600
Members' contributions	900	1,000
Benefits paid	(70,700)	(69,900)
Balance at end of year	983,100	1,034,300

The amounts recognised in profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	2,700	2,300
Interest costs	68,100	75,900
Interest income	(76,700)	(84,400)
Interest on effect of unrecognised asset due to limitation	10,000	9,400
Total, included in staff costs	4,100	3,200

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2023 amount to $500,000.

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21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plan – Jamaica-based operations (continued)
Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2022		
Government of Jamaica debt securities	-	224,877	224,877	23
Corporate debt securities	-	135,282	135,282	14
Real estate	-	59,752	59,752	6
Ordinary shares	444,950	7,029	451,979	46
Preference shares	-	30,505	30,505	3
Repurchase agreements	-	28,599	28,599	3
Other	-	52,106	52,106	5
	444,950	538,150	983,100	100
		2021		
Government of Jamaica debt securities	-	247,768	247,768	24
Corporate debt securities	-	152,995	152,995	15
Real estate	-	54,530	54,530	5
Ordinary shares	466,330	6,795	473,125	46
Preference shares	-	28,421	28,421	3
Repurchase agreements	-	27,821	27,821	2
Other	-	49,640	49,640	5
	466,330	567,970	1,034,300	100

The above assets include ordinary shares in the Company with a fair value of $97,704,000 (2021 - $78,047,000).

The significant actuarial assumptions used were a discount rate of 13% (2021 – 8%); future salary increases of 6.5% (2021 – 6%); and future pension increases of 2.50% (2021 – 2.25%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**	**$'000**	**$'000**
Discount rate	2022 - 1%/2021 - 0.5%	(37,900)	43,200	(39,700)	43,300
Future salary increases	2022 - 1%/2021 - 0.5%	1,700	(1,600)	2,700	(2,700)
Expected pension increase	2022 - 1%/2021 - 0.5%	41,100	(36,200)	40,500	(37,200)

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $9,000,000/($9,400,000) (2021 – $18,600,000/($18,900,000)).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plans – Trinidad-based operations
The Group operates defined benefit schemes which are administered by Sagicor Life Inc. The plans provide benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2022.

The amounts recognised in the statement of financial position are determined as follows:

	2022	**2021**
	$'000	**$'000**
Present value of funded obligations	(4,856,581)	-
Fair value of plan assets	5,525,674	-
Asset in the statement of financial position	669,093	-

The movement in the amounts recognised in the statement of financial position is as follows:

	2022	**2021**
	$'000	**$'000**
On acquisition of subsidiary	808,841	-
Amounts recognised in profit or loss in the statement of comprehensive income	(294,101)	-
Amounts recognised in other comprehensive income	(205,225)	-
Employers' contributions	359,978	-
Asset at end of year	669,093	-

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plans – Trinidad-based operations (continued)
The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	(4,546,862)	-
Current service cost	(192,244)	-
Interest cost	(210,461)	-
Re-measurements – experience gains and losses	(48,008)	-
Members' contributions	(91,592)	-
Benefits paid	232,586	-
Balance at end of year	(4,856,581)	-

The movement in the defined benefit asset during the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	5,355,703	-
Interest income	242,163	-
Re-measurement – return on plan assets, excluding amounts included in interest income	(291,176)	-
Employer's contributions	359,978	-
Members' contributions	91,592	-
Benefits paid	(232,586)	-
Balance at end of year	5,525,674	-

The expense recognised in profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	192,244	-
Interest costs	210,461	-
Interest income	(242,163)	-
Total, included in staff costs	160,542	-

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2023 amount to $258,133,000.

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plans – Trinidad-based operations (continued)
Plan assets are comprised as follows:

	2022 $'000	2021 $'000
Mortgages	604,701	-
Equities	867,595	-
Bonds	3,884,719	
Cash	168,659	-
	5,525,674	-

The significant actuarial assumptions used were a discount rate of 6%; future salary increases of 4.5%; and future pension increases of Nil. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(174,380)	207,901	-	-
Future salary increases	0.5%	42,702	40,864	-	-

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a female pensioner retiring at age 60 and for a male pensioner retiring at age 65. If the assumption for life expectancy was increased by 1 year, the effect on the defined benefit obligation would be an increase of $63,166,000.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21. Post-employment Benefits (Continued)

Other post-employment benefits
Jamaica-based operations

In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The obligations under the medical benefit scheme are unfunded. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

The movement in the defined benefit obligation over the year is as follows:

	2022 **$'000**	**2021** **$'000**
Balance at beginning of year	(134,600)	(134,300)
Current service cost	(200)	(200)
Interest expense	(10,400)	(11,600)
Re-measurements – experience gains and losses	36,900	300
Benefits paid	9,800	11,200
Balance at end of year	(98,500)	(134,600)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $2,200,000 (2021 – $7,000,000) relating to active employees, and $96,300,000 (2021 – $127,600,000) relating to members in retirement.

The amounts recognised in the profit or loss is as follows:

	2022 **$'000**	**2021** **$'000**
Current service cost	200	200
Interest cost	10,400	11,600
Total, included in staff costs (Note 8)	10,600	11,800

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 **$'000**	**2021** **$'000**
Liability at beginning of year	134,600	134,300
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	10,600	11,800
Amounts recognised in other comprehensive income	(36,900)	(300)
Contributions by employer	(9.800)	(11,200)
Liability at end of year	98,500	134,600

Expected employer contributions to the post-employment plan for the year ending 31 December 2023 amount to $10,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 8% (2021 – 7.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		**2021**	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**	**$'000**	**$'000**
Discount rate	2022 - 1%/2021 - 0.5%	(6,700)	7,800	(5,900)	6,500
Medical cost	2022 - 1%/2021 - 0.5%	7,800	(6,700)	6,500	(5,900)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $3,600,000/($3,400,000) (2021 – $6,200,000/($6,000,000)).

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21. Post-employment Benefits (Continued)

Other post-employment benefits
Trinidad-based operations (continued)

In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The obligations under the medical benefit scheme are unfunded. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	(1,417,352)	-
Current service cost	(104,167)	-
Interest expense	(47,748)	-
Re-measurements – experience gains and losses	-	-
Benefits paid	12,351	-
Balance at end of year	(1,556,916)	-

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $1,188,341,000 relating to active employees, and $368,575,000 relating to members in retirement.

The amounts recognised in the profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	104,167	-
Interest cost	47,748	-
Total, included in staff costs (Note 8)	151,915	-

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	1,417,352	-
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	151,915	-
Amounts recognised in other comprehensive income	-	-
Contributions by employer	(12,351)	-
Liability at end of year	1,556,916	-

Expected employer contributions to the post-employment plan for the year ending 31 December 2023 amount to $22,655,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 5.5% per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	1%	(253,092)	328,141	-	-
Medical cost	1%	326,393	(256,289)	-	-

Further, if the assumption for life expectancy was increased by 1 year, the effect on the defined benefit obligation would be an increase of $56,419,000.

21. Post-employment Benefits (Continued)

Risks associated with pension plans and post-employment plans
Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit. As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Company believes that, due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds; meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and representatives of the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries.. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

22. Biological Assets

Livestock – classified as non-current assets in the statement of financial position

	The Group	
	2022	**2021**
	$'000	**$'000**
Dairy livestock –		
2,619 (2021 – 2,775) Cows able to produce milk	249,559	237,660
1,756 (2021 – 1,807) Heifers being raised to produce milk in the future	181,026	183,255
Other livestock –		
149 (2021 – 133) Bulls raised for sale and reproduction	12,936	6,554
2 (2021 – 2) Horses	60	60
Plant – 796 (2021 – 714) acres of hay field	15,400	17,244
	458,981	444,773

6,379,000 litres (2021 – 6,398,000 litres) of milk with a fair value (less estimated point-of-sale costs) of $1,349,388,000 (2021 – $575,808,000) were produced during the period.

Forage – classified as current assets in the statement of financial position
At year end, the Group had 22,098 tonnes (2021 – 22,098 tonnes) of sugar cane with a value of $51,254,000 (2021 – $154,683,000).

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23. Inventories

	The Group	
	2022	**2021**
	$'000	**$'000**
Raw and packaging materials	4,149,343	3,011,035
Work in progress	1,066	127,794
Finished goods	685,792	393,891
Merchandise for resale	16,469,908	4,207,863
Goods in transit	5,204,367	1,691,305
Other	954,224	777,615
	27,464,700	10,209,503

24. Trade and Other Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	16,718,528	5,056,527	-	-
Less: Provision for impairment	(1,067,294)	(415,103)	-	-
	15,651,234	4,641,424	-	-
Advances and prepayments	767,745	813,919	70,469	53,129
Due from affiliates	311,292	435,760	9,959	-
Other	2,684,506	583,849	-	-
	19,414,777	6,474,952	80,428	53,129

25. Payables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	15,532,454	6,478,065	-	-
Accruals	2,847,313	1,029,258	481,377	175,986
Due to affiliates	2,169,108	226,608	746,225	92,584
Other	695,343	714,440	172,473	319,625
	21,244,218	8,448,371	1,400,075	588,195

26. Share Capital

Ordinary shares

	2022 '000	2021 '000	2022 $'000	2021 $'000
Authorised – ordinary shares	780,000	780,000		
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

Preference shares

As a precursor to the acquisition of its ordinary shares (Note 37), in June 2022 A.S Bryden and Sons Holdings Limited (ASBH) issued 20,403,000 preference shares to the selling ordinary shareholders. The preference shares rank above the ordinary shares of ASBH in the event of a liquidation and are redeemable at the option of ASBH. Dividends on the preference shares are payable at the discretion of ASBH; however, ASBH is required to pay all accumulated and unpaid dividends on the preference shares prior to paying dividends to its ordinary shareholders.

27. Capital Reserves

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Currency translation gains and losses	(69,732)	(56,315)	-	-
Fair value gains and losses on investments	857,209	489,566	857,209	489,566
Fair value gains and losses on property	5,459,891	5,459,891	2,139,540	2,139,540
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Other realised surplus	22,230	22,230	20,289	20,289
	7,054,390	6,700,164	3,243,233	2,875,590

28. Long Term Liabilities

The movement in long term liabilities is as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at start of year	12,497,068	13,064,282	8,286,504	8,521,283
On acquisition of subsidiaries	14,532,435	-	-	-
Loan used to fund acquisition of subsidiary	3,921,059	-	3,921,059	-
Loans received, net of fees	5,555,527	3,135,599	3,361,477	2,635,599
Loan principal repayments	(3,445,943)	(3,857,182)	(1,593,713)	(3,010,134)
Foreign exchange gains and losses (Note 9)	(164,018)	113,949	(164,018)	113,949
Deferred fees amortised (Note 9)	59,492	37,240	30,976	24,202
Interest charged and expensed (Note 9)	1,642,490	869,032	815,735	547,849
Interest paid	(1,585,555)	(865,852)	(742,911)	(546,244)
Balance at end of year	33,012,555	12,497,068	13,915,109	8,286,504

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28. Long Term Liabilities (Continued)

Long term liabilities are comprised as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Jamaica-based operations				
(a) National Commercial Bank (Jamaica) Limited – 7%	954,280	1,141,960	-	-
(b) National Commercial Bank (Jamaica) Limited – 8.5%	195,607	251,438	-	-
(c) National Commercial Bank (Jamaica) Limited – 6.25%	91,725	115,079	91,725	115,079
(d) JMMB Merchant Bank Limited – 8.5%	71,187	135,971	71,187	135,971
(e) JMMB Merchant Bank Limited – 8.75%	111,815	-	111,815	-
(f) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	627,086	820,035	-	-
(g) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	682,500	892,500	-	-
(h) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	-	1,200,000	-	1,200,000
(i) Bonds – 7.25%	2,000,000	2,000,000	2,000,000	2,000,000
(j) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(k) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(l) Bonds – 6.75%	1,700,000	1,700,000	1,700,000	1,700,000
(m) Bonds – 11.5%	1,800,000	-	1,800,000	-
(n) National Commercial Bank (Jamaica) Limited – 6%	3,859,082	-	3,859,082	-
(o) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	835,477	-	835,477	-
(p) Citi – 6.98%	760,261	775,439	760,261	775,439
(q) Citi – 6.32%	456,156	-	456,156	-
(r) JMMB Merchant Bank Limited – 8.75%	-	185,000	-	185,000
(s) National Commercial Bank (Jamaica) Limited – 7%	-	200,000	-	-
(t) First Global Bank Limited – 9.5%	100,000	100,000	-	-
Trinidad based operations				
(u) Term loans denominated in Trinidadian dollars	8,869,398	-	-	-
(v) Term loans denominated in United States dollars	5,646,638	-	-	-
(w) Term loans denominated in Guyanese dollars	453,054	-	-	-
(x) Revolving loans denominated in Trinidadian dollars	736,000	-	-	-
(y) Revolving loans denominated in Guyanese dollars	179,009	-	-	-
Deferred financing costs	(277,773)	(109,865)	(77,004)	(58,571)
	32,905,852	12,461,907	13,808,699	8,252,918
Interest payable	106,703	35,161	106,410	33,586
	33,012,555	12,497,068	13,915,109	8,286,504
Less: Current portion	(6,031,153)	(3,215,872)	(2,311,103)	(2,268,184)
	26,981,402	9,281,196	11,604,006	6,018,320

28. Long Term Liabilities (Continued)

A summary of the terms of the long term liabilities is as follows:

(a) Unsecured Jamaican dollar denominated loan facility of $1,755,000,000, repayable in 13 quarterly installments of $41,440,000 commencing June 2018.

(b) Jamaican dollar denominated financing agreement repayable in 32 quarterly installments of $13,969,000 commencing September 2018 and secured by property, plant and equipment acquired under the financing agreement.

(c) Jamaican dollar denominated financing agreement repayable in 54 monthly installments of $2,490,000 (inclusive of interest) commencing December 2021 and secured by property, plant and equipment acquired under the financing agreement.

(d) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,194,000 (inclusive of interest) commencing January 2019.

(e) Unsecured Jamaican dollar denominated loan facility of $185,000,000, repayable in 24 monthly installments of $8,430,000 (inclusive of interest) commencing February 2022.

(f) Jamaican dollar denominated loan facility repayable in 28 quarterly installments of $48,237,000 commencing December 2018 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

(g) Jamaican dollar denominated loan facility repayable in 22 quarterly installments of $52,500,000 commencing December 2020 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

The facility was acquired in July 2020, and was used to refinance a United States dollar denominated facility.

(h) Unsecured Jamaican dollar denominated Bonds issued in November 2017 for a period of 5 years, due in full at maturity.

(i) Unsecured Jamaican dollar denominated Bonds issued in October 2019 for a period of 5 years, due in full at maturity.

(j) Unsecured Jamaican dollar denominated Bonds issued in November 2018 for a period of 7 years, due in full at maturity.

(k) Jamaican dollar denominated Bonds issued in February 2016 for a period of 10 years, due in full at maturity and secured by the fixed and floating assets of Musson International Dairies Limited and Musson Holdings Limited.

(l) Unsecured Jamaican dollar denominated Bonds issued in July 2021 for a period of 10 years, due in full at maturity.

(m) Unsecured Jamaican dollar denominated Bonds issued in November 2022 for a period of 3 years, due in full at maturity.

(n) Unsecured US dollar denominated Bonds issued in May 2022 for a period of 2 years, due in full at maturity.

(o) Unsecured US dollar denominated short term facility repayable 10 January 2023.

(p) Unsecured US dollar denominated short term facility repayable 31 March 2023.

(q) Unsecured US dollar denominated short term facility repayable 14 July 2023.

(r) Unsecured Jamaican dollar denominated short term facility repayable 3 January 2022. At maturity, this loan was converted to an amortising loan (Note 28(e)).

(s) Unsecured Jamaican dollar denominated short term facility repayable 31 January 2023.

(t) Unsecured Jamaican dollar denominated short term facility repayable 1 April 2023.

(u) Secured and unsecured Trinidad and Tobago dollar denominated amortizing facilities, bearing interest at rates ranging from 2.75% to 7.0% and with maturities from March 2024 to June 2029.

(v) Secured and unsecured United States dollar denominated amortizing facilities, bearing interest at rates ranging from 3.42% to 15.0% and with maturities from July 2023 to June 2029.

(w) Secured Guyana dollar denominated amortizing facilities bearing interest at 6.0% and with maturities from November 2027 to February 2037.

(x) Unsecured Trinidad and Tobago dollar denominated 30 day rolling facilities bearing interest at rates ranging from 2.55% to 4.25% with option to re-draw on settlement.

(y) Unsecured Guyana dollar denominated 30 day rolling facilities bearing interest at 6.0% with option to re-draw on settlement.

29. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%. Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,796,354	1,297,889	-	-
Deferred tax liabilities	(2,728,733)	(2,075,583)	(71,704)	(249,294)
Net liabilities	(932,379)	(777,694)	(71,704)	(249,294)

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $607,733,000/$26,905,000 (2021 – $120,752,000/$25,519,000) for the Group; and net deferred tax assets/(liabilities) of $27,141,000 (2021 –$(6,792,000)) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(777,694)	(330,526)	(249,294)	37,218
On acquisition of subsidiaries	(178,917)	-	-	-
Credited/(charged) to profit or loss (Note 10)	(88,876)	341,226	182,840	(15,435)
Credited/(charged) to other comprehensive income (Note 10)	113,108	(788,394)	(5,250)	(271,077)
Balance at end of year	(932,379)	(777,694)	(71,704)	(249,294)

The deferred tax credited/(charged) to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(380,939)	19,802	(19,992)	2,074
Right of use assets, net of related lease obligation	(1,057)	1,380	-	-
Post-employment benefits	(32,825)	800	1,100	800
Tax losses carried forward	332,609	310,412	167,799	3,373
Other	(6,664)	8,832	33,933	(21,682)
	(88,876)	341,226	182,840	(15,435)

The deferred tax assets and liabilities in the statement of financial position comprise the following temporary differences:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(537,193)	(354,768)	(22,890)	(2,898)
Right of use assets, net of related lease obligation	73,244	4,083	-	-
Post-employment benefits	(119,214)	27,375	23,225	27,375
Tax losses carried forward	1,517,792	1,486,519	171,172	3,373
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Revaluation of property	(1,199,369)	(787,669)	(270,352)	(270,352)
Other	580,828	95,233	27,141	(6,792)
	(932,379)	(777,694)	(71,704)	(249,294)

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Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

29. Deferred Taxation (Continued)

Subject to agreement with the tax authority in which each Group entity operates, losses available for offset against future profits of the Group and the Company amount to $8,423,508,000 and $684,686,000 (2021 – $6,035,950,000 and $13,493,000), respectively.

This includes tax losses of a subsidiary amounting to $4,732,500,000 (2021 – $3,742,429,000) in respect of which, historically, no deferred tax assets have been created due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following a Group restructuring exercise in 2019, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its annually updated 5-year horizon forecasts following the restructuring, the Group recognized deferred tax assets of $591,562,000 (2021 – $913,139,000) at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at the date of the statement of financial position.

30. Cash (Used in)/Provided by Operating Activities

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net profit/(loss)	2,917,992	1,993,421	(275,978)	50,782
Items not affecting cash resources:				
Amortisation of intangible assets	367,494	241,454	-	-
Depreciation	1,497,238	1,064,259	52,854	53,199
Net foreign exchange gain and losses	(152,207)	(72,681)	(91,936)	(373,047)
Net gains and losses on disposal of property, plant and equipment	367	(7,132)	457	-
Adjustments to property, plant and equipment	(88,380)	18,086	-	13,871
Loss on disposal of subsidiary	-	-	77,061	-
Net impairment of long term receivables	(3,009)	(8,659)	-	-
Interest income	(77,708)	(80,121)	(276,646)	(287,197)
Gain on variable lease payments/lease modification	-	(170,276)	-	-
Amortisation of deferred fees	59,492	37,240	30,976	24,202
Share of results of joint venture & associates	(106,552)	(79,144)	-	-
Interest expense	1,943,514	1,035,054	881,229	599,094
Post-employment benefits	(10,389)	3,200	4,400	3,200
Dividend income	(50)	(1,436)	(202,738)	(1,436)
Taxation	1,146,933	171,724	(182,840)	15,435
	7,494,735	4,144,989	16,839	98,103
Changes in operating assets and liabilities:				
Inventories	(8,509,378)	(2,645,815)	-	-
Trade and other receivables	(3,087,522)	(956,589)	(27,299)	160,263
Biological assets	89,221	87,949	-	-
Due from subsidiaries	-	-	(13,964,041)	(1,897,128)
Due to subsidiaries	-	-	14,115,042	2,638,976
Payables	5,284,729	2,750,336	811,880	175,650
	1,271,785	3,380,870	952,421	1,175,864
Taxation paid	(1,391,223)	(705,354)	(1,206)	10,923
Cash (used in)/provided by operating activities	(119,438)	2,675,516	951,215	1,186,787

Significant non-cash transactions

During the year, the Company acquired A.S. Bryden and Sons Holdings Limited. The acquisition was funded by the issue of debt and preference shares. A.S. Bryden and Sons Holdings Limited then acquired Micon Holdings Limited. This acquisition was funded by the issue of shares. The details of the acquisition are included in Note 37.

During the prior year, the Company disposed of investments with a value of US$6,170,000. The consideration was payable in cash of US$500,000 and a loan of US$5,670,000 (Note 20(e)).

Seprod Limited

31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for an initial period of 50 years commencing 9 July 2009 with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$75.43 per hectare per annum, the annual lease cost to the subsidiary is US$119,000.

(b) At 31 December 2022, capital commitments for the Group amounted to approximately $Nil (2021 – $400,000,000).

32. Litigation, Claims, Assessments and Provisions

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $15,706,000 (2021 – $25,749,000) to and purchases of $2,266,655,000 (2021 – $2,207,157,000) from Musson (Jamaica) Limited, T. Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $6,819,000 (2021 – $15,920,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2022 $'000	2021 $'000
Wages and salaries	902,313	268,121
Statutory contributions	20,566	21,004
Other	21,964	7,088
	944,843	296,213
Directors' emoluments –		
Fees	13,497	6,932
Medical insurance premiums	9,415	7,630
Management remuneration (included above)	282,742	206,265

Advances and loans
Loans to related parties are disclosed in Note 20. Interest earned on these loans by the Group amounted to $45,765,000 (2021 – $25,808,000).

34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position. The movement in assets held for sale was as follows:

	2022 $'000	2021 $'000
Balance at start of year	285,761	285,761
Disposal	-	-
Balance at end of year	285,761	285,761

The results of the sugar manufacturing operations have been presented as a single item on the statement of comprehensive income as a net loss from discontinued operations. The details of the net loss from discontinued operations are as follows:

	2022 $'000	2021 $'000
Change in the fair value of sugar cane	(103,429)	(121,502)
Other operating income	18,641	11,350
Recovery of long term receivables	3,009	8,659
Administration and other operating expenses	(96,911)	(44,332)
Net profit from discontinued operations	(178,690)	(145,825)

The cash flows from the discontinued operations are as follows:

	2022 $'000	2021 $'000
Net cashflow from operating activities	(41,413)	2,943
Net cashflow from investing activities	3,009	9,409
Net cashflow from discontinued operations	(38,404)	12,352

35. Losses as a Result of Fire

A fire destroyed one of the Group's distribution facilities on 9 October 2021. The insurance claim process is underway and is incomplete as at the date of signing of the Statement of Financial Position. The Group recorded a loss of $168,183,000 in 2021, being the write-off all assets destroyed by the fire less advances received from insurers up to the date of the statement of financial position. Further receipts from insurers are recognized as received in future accounting periods.

36. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the novel coronavirus, COVID-19, in March 2020, not long before the World Health Organization (WHO) declared the impact of the virus a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Group has taken several measures to protect its employees, customers and other stakeholders. The Group has established a cross-functional team comprising of senior management from various areas of the business, reporting to the Chief Executive Officer, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for employees, securitization of the Group's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Group's receivables.

Currently, the production, sales and distribution teams have generally met or exceeded their amended sales targets for the period. This is primarily due to the diversity of the Group's product portfolio, the increase in demand for the Group's key products (basic food items and pharmaceutical items) as well as the Group's far-reaching sales and distribution network across the island and in its export markets. The Group currently has a positive liquidity position with an increase in its cash and cash equivalents and ended the financial year with an improvement in the relative ageing portfolio of its trade receivables when compared to the prior year. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible, without jeopardizing the health of its employees, customers and other stakeholders.

37. Business Combinations

Acquisition of A.S. Bryden and Sons Holdings Limited

Effective 1 June 2022, the Company acquired 60% of the shareholding of A.S. Bryden and Sons Holdings Limited. These operations have significantly increased the Group's profitability and have significantly expanded the Group's distribution capability and footprint throughout The Caribbean Community (Caricom).

Inclusive of its subsequent acquisition of Micon Holdings Limited, A.S. Bryden and Sons Holdings Limited contributed consolidated revenues, operating profit and net profit of $28,742,640,000, $2,736,678,000 and $1,736,316,000, respectively, for the 7 months ended 31 December 2022.

Details of net assets acquired are as follows:

	$'000
Property, plant and equipment	5,783,994
Right of use assets	1,586,218
Intangible assets	2,658,340
Investment in associates	321,931
Post-employment benefit assets	808,841
Deferred tax assets	521,410
Inventories	7,660,265
Trade and other receivables	8,793,084
Taxation recoverable	11,247
Cash and cash equivalents	5,772,540
Payables	(6,236,473)
Taxation payable	(992,726)
Post-employment benefit obligations	(1,417,352)
Long term liabilities	(14,046,422)
Lease obligations	(1,766,929)
Deferred tax liabilities	(700,327)
	8,757,641
Non-controlling interests	(2,662,779)
	6,094,862

The goodwill on acquisition was determined as follows:

	$'000
Loan used to directly fund the acquisition	3,921,059
Issue of preference shares	3,191,020
	7,112,079
Fair values of net assets acquired	(6,094,862)
	1,017,217

As the acquisition was funded directly from a loan, the cash balance of the acquired entity represents the net cash inflow for the acquisition.

37. Business Combinations (Continued)

Acquisition of Micon Holdings Limited
Effective 1 November 2022, A.S. Bryden and Sons Holdings Limited acquired the entire shareholding of Micon Holdings Limited. These operations have expanded the Group's distribution capability in Trinidad and Tobago.

Details of net assets acquired are as follows:

	$'000
Property, plant and equipment	101,453
Right of use assets	80,707
Inventories	1,085,554
Trade and other receivables	1,059,219
Cash and cash equivalents	327,451
Payables	(1,261,228)
Taxation payable	(16,353)
Long term liabilities	(486,013)
Lease obligations	(82,639)
	808,151
Non-controlling interests	(371,749)
	436,402

The goodwill on acquisition was determined as follows:

	$'000
Total issue of shares by A.S. Bryden and Sons Holdings Limited in exchange for shareholding of Micon Holdings Limited	2,346,000
Proportion of issue allocable to shareholders of Seprod Limited	1,402,218
Fair values of net assets acquired	(436,402)
	965,816

As the acquisition was funded directly from the issue of newly created shares, the cash balance of the acquired entity represents the net cash inflow from the acquisition.

38. Post Balance Sheet Events

Proposed dividends
At a meeting held on 27 March 2023, the Board of Directors approved a dividend of $0.55 per share payable on 17 April 2023 to shareholders on record as at 12 April 2023.

At a meeting held on 21 August 2023, the Board of Directors approved a dividend of $0.55 per share payable on 18 September 2023 to shareholders on record as at 4 September 2023.