Wisynco Group Limited

Financial Statements
30 June 2023

Wisynco Group Limited
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30 June 2023

Independent auditor's report

To the Members of Wisynco Group 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 Wisynco Group Limited (the Company) and its subsidiary, (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2023, 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 30 June 2023;
- 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 30 June 2023;
- 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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
Impairment assessment for the Group's shareholding in associated company (Group and Company) *Refer to notes 2(b)(ii), 4(b) and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* During the financial year, JP Snacks Caribbean Limited, an associated company of the Group, incurred losses. This was considered to be an indicator of impairment and resulted in management performing a formal impairment assessment. At 30 June 2023, the investment in JP Snacks Caribbean Limited was carried at $417 million in the financial statements of the Group and the Company, and represented 1.29% of total assets for the Group and 1.3% of total assets for the Company. For the year ended 30 June 2023, the Group and the Company recorded impairment losses of $105 million and $169 million respectively. Management engaged an expert to perform a value-in-use (VIU) calculation to determine a value for the recoverable amount for its investment in the associate, as required by IAS 36, "Impairment of non-financial assets". Based on the assessment, management determined that the investment was impaired. We focused on this area due to its subjectivity and the sensitivity to changes in inputs and assumptions, as the performance of VIU calculations involves the use of a number of estimates including the pre-tax discount rate, terminal value growth rate and gross profit margins.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Evaluated the competence and objectivity of management's experts. • Evaluated the appropriateness of the valuation methodology utilised to determine the recoverable amount in accordance with IAS 36. • Agreed the base year financial information used to generate forecast cash flows to current year results and compared the previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting. • Obtained an understanding of management's budgeting process and reconciled key cash flow forecast inputs, such as revenue and gross margins, to approved budgets. • Tested management's assumptions including: ○ Pre-tax discount rate - evaluated management's inputs against independent third party economic and industry data and, where applicable, company specific data; ○ Terminal value growth rate - evaluated management's terminal value growth by assessing the feasibility of management's plans to increase revenue over the forecast period and assessing the terminal value growth rate against long-term GDP growth rate forecasts; and ○ Gross profit margins - evaluated management's expected gross profit margin over the period by reference to historical gross profit margins and by evaluating the potential impact of management's cost saving mechanisms. .

Key audit matter	How our audit addressed the key audit matter
	• Tested the mathematical accuracy of management's model and considered the sensitivity of the recoverable amount by factoring in a discount for lack of marketability. Based on the procedures performed, management's assumptions and judgments in relation to the recoverable amount of the investment in associate, in our view, were 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 judgement 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 Garfield Reece.

PricewaterhouseCoopers

Chartered Accountants
29 August 2023
Kingston, Jamaica

Wisynco Group Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Revenue	5	48,705,454	39,045,880
Cost of sales		(31,850,418)	(25,794,948)
Gross Profit		16,855,036	13,250,932
Other operating income	6	252,781	151,559
Selling and distribution expenses		(9,160,849)	(7,094,702)
Administration expenses		(1,789,583)	(1,437,412)
Operating Profit		6,157,385	4,870,377
Finance income	9	444,487	301,258
Finance costs	10	(131,347)	(149,059)
Impairment loss on investment in associated company	17	(105,369)	-
Share of results of associated company	17	(52,103)	(28,124)
Profit before Taxation		6,313,053	4,994,452
Taxation	11	(1,390,478)	(940,769)
Net Profit		4,922,575	4,053,683
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign subsidiary		6,606	(570)
Share of other comprehensive income of associate	17	3,691	18,504
Items that will not be reclassified to profit or loss			
Unrealised (losses)/gains on investment securities	19	(45,754)	114,701
Total Comprehensive Income		4,887,118	4,186,318
Earnings Per Stock Unit attributable to stockholders of the Group	12		
Basic and Fully Diluted		$1.31	$1.08
		$1.31	$1.08

Wisynco Group Limited
Consolidated Statement of Financial Position
30 June 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Non-Current Assets			
Property, plant and equipment	14	7,560,385	6,276,824
Intangible assets	15	1,639	6,911
Investment in associate	17	416,780	570,561
Loans receivable	18	272,195	212,723
Investment securities	19	1,304,141	1,070,595
		9,555,140	8,137,614
Current Assets			
Inventories	20	6,151,108	5,415,339
Receivables and prepayments	21	5,451,499	4,017,597
Investment securities	19	1,105,844	641,526
Cash and short-term deposits	22	10,129,216	7,679,736
		22,837,667	17,754,198
Current Liabilities			
Trade and other payables	23	6,330,489	5,998,416
Short-term borrowings	24	1,014,872	759,322
Lease liabilities	25	114,808	63,115
Taxation payable		798,186	453,639
		8,258,355	7,274,492
Net Current Assets		14,579,312	10,479,706
		24,134,452	18,617,320

Wisynco Group Limited

Consolidated Statement of Financial Position (Continued)

30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	26	1,261,259	1,258,319
Other reserves	27	558,266	515,130
Translation reserve	28	88,095	77,798
Retained earnings	29	19,218,397	15,985,222
		21,126,017	17,836,469
Non-Current Liabilities			
Deferred tax liabilities	30	41,982	33,885
Borrowings	24	2,926,408	642,053
Lease liabilities	25	40,045	104,913
		3,008,435	780,851
		24,134,452	18,617,320

Approved for issue by the Board of Directors on and signed 24 August 2023 on its behalf by:

Andrew Mahfood Director

William Mahfood Director

Wisynco Group Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Translation Reserve $'000	Total Equity $'000
Balance at 1 July 2021	3,750,000	1,192,647	369,039	13,432,757	59,864	15,054,307
Net profit	-	-	-	4,053,683	-	4,053,683
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 19)	-	-	114,701	-	-	114,701
Share of other comprehensive income of associate (Note 17)	-	-	-	-	18,504	18,504
Exchange differences on translating foreign subsidiary	-	-	-	-	(570)	(570)
Total comprehensive income	-	-	114,701	4,053,683	17,934	4,186,318
Transactions with owners -						
Issue of Shares	6,250	99,503	(14,676)	-	-	84,827
Amount held as treasury shares	(2,125)	(33,831)	-	-	-	(33,831)
Shares issued through Long Term Incentive Plan(LTIP)	4,125	65,672	(14,676)	-	-	50,996
LTIP expenses, net of taxes	-	-	46,066	-	-	46,066
Dividends (Note 33)	-	-	-	(1,501,218)	-	(1,501,218)
	4,125	65,672	31,390	(1,501,218)	-	(1,404,156)
Balance at 30 June 2022	3,754,125	1,258,319	515,130	15,985,222	77,798	17,836,469
Net profit	-	-	-	4,922,575	-	4,922,575
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 19)	-	-	(45,754)	-	-	(45,754)
Share of other comprehensive income of associate (Note 17)	-	-	-	-	3,691	3,691
Exchange differences on translating foreign subsidiary	-	-	-	-	6,606	6,606
Total comprehensive income	-	-	(45,754)	4,922,575	10,297	4,887,118
Transactions with owners -						
Shares issued through LTIP	162	2,940	-	-	-	2,940
LTIP expenses, net of taxes	-	-	88,890	-	-	88,890
Dividends (Note 33)	-	-	-	(1,689,400)	-	(1,689,400)
	162	2,940	88,890	(1,689,400)	-	(1,597,570)
Balance at 30 June 2023	3,754,287	1,261,259	558,266	19,218,397	88,095	21,126,017

Wisynco Group Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Operating Activities			
Cash provided by operating activities	31	4,320,566	3,108,449
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(2,371,688)	(424,323)
Purchase of investments	19	(1,170,720)	(640,367)
Net withdrawals of deposits over 3 months		-	291,935
Proceeds from the sale of property, plant and equipment		26,812	5,466
Proceeds from the sale of investment securities		461,578	77,122
Dividend received		530	593
Long term receivable		(59,472)	(7,038)
Interest received		437,921	320,205
Cash used in investing activities		(2,675,039)	(376,407)
Cash Flows from Financing Activities			
Interest paid		(59,123)	(110,152)
Proceeds from shares issued under LTIP		1,869	50,996
Long-term loans repaid	31	(661,950)	(661,950)
Lease liabilities repaid		(160,242)	(131,913)
Loan commitment fees paid	31	-	(8,000)
Long-term loans received	31	3,200,000	-
Dividend paid		(1,576,739)	(1,500,393)
Cash provided by/(used in) financing activities		743,815	(2,361,412)
Increase in cash and cash equivalents		2,389,342	370,630
Cash and cash equivalents at beginning of year		7,582,364	7,265,567
Effects of changes in foreign exchange rates on cash and cash equivalents		60,088	(53,833)
Cash and Cash Equivalents at End of Year	22	10,031,794	7,582,364

Wisynco Group Limited

Company Statement of Comprehensive Income

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Revenue	5	48,693,012	39,034,887
Cost of sales		(31,813,064)	(25,777,760)
Gross Profit		16,879,948	13,257,127
Other operating income	6	241,372	141,564
Selling and distribution expenses		(9,233,120)	(7,151,909)
Administration expenses		(1,801,254)	(1,443,782)
Operating Profit		6,086,946	4,803,000
Finance income	9	444,487	301,258
Finance costs	10	(131,347)	(147,694)
Impairment loss on investment in associated company	17	(169,389)	-
Profit before Taxation		6,230,697	4,956,564
Taxation	11	(1,390,478)	(940,769)
Net Profit		4,840,219	4,015,795
Other Comprehensive Income			
Items that will not be subsequently reclassified to profit or loss			
Unrealised (losses)/gains on investment securities	19	(45,754)	114,701
Total Comprehensive Income		4,794,465	4,130,496

Wisynco Group Limited

Company Statement of Financial Position

30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Non-Current Assets			
Property, plant and equipment	14	7,560,385	6,276,824
Intangible assets	15	1,639	6,911
Investment in subsidiary	16	11,375	11,375
Investment in associate	17	416,780	586,169
Loans receivable	18	272,195	212,723
Investment securities	19	1,304,141	1,070,595
		9,566,515	8,164,597
Current Assets			
Inventories	20	6,151,108	5,415,339
Receivables and prepayments	21	5,399,608	3,988,732
Investment securities	19	1,105,844	641,526
Cash and short-term deposits	22	9,802,879	7,425,124
		22,459,439	17,470,721
Current Liabilities			
Trade and other payables	23	6,285,364	5,970,997
Short-term borrowings	24	1,014,872	759,322
Lease liabilities	25	114,808	63,115
Taxation payable		798,186	453,639
		8,213,230	7,247,073
Net Current Assets		14,246,209	10,223,648
		23,812,724	18,388,245
Shareholders' Equity			
Share capital	26	1,261,259	1,258,319
Other reserves	27	558,266	515,130
Retained earnings		18,984,764	15,833,945
		20,804,289	17,607,394
Non-Current Liabilities			
Deferred tax liabilities	30	41,982	33,885
Borrowings	24	2,926,408	642,053
Lease liabilities	25	40,045	104,913
		3,008,435	780,851
		23,812,724	18,388,245

Approved for issue by the Board of Directors on and signed 24 August 2023 on its behalf by:

Andrew Mahfood — Director	William Mahfood — Director

Wisynco Group Limited

Company Statement of Changes in Equity

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2021		3,750,000	1,192,647	369,039	13,319,368	14,881,054
Net profit		-	-	-	4,015,795	4,015,795
Changes in fair value of equity instruments measured at fair value through other comprehensive income	19	-	-	114,701	-	114,701
Total comprehensive income		-	-	114,701	4,015,795	4,130,496
Transactions with owners -						
Issue of shares		6,250	99,503	(14,676)	-	84,827
Amount held as treasury shares		(2,125)	(33,831)	-	-	(33,831)
Shares issued through LTIP		4,125	65,672	(14,676)	-	50,996
LTIP expenses, net of taxes		-	-	46,066	-	46,066
Dividends	33	-	-	-	(1,501,218)	(1,501,218)
		4,125	65,672	31,390	(1,501,218)	(1,404,156)
Balance at 30 June 2022		3,754,125	1,258,319	515,130	15,833,945	17,607,394
Net profit		-	-	-	4,840,219	4,840,219
Changes in fair value of equity instruments measured at fair value through other comprehensive income	19	-	-	(45,754)	-	(45,754)
Total comprehensive income		-	-	(45,754)	4,840,219	4,794,465
Transactions with owners -						
Amount held as treasury shares						
Shares issued through LTIP		162	2,940	-	-	2,940
LTIP expenses, net of taxes		-	-	88,890	-	88,890
Dividends	33	-	-	-	(1,689,400)	(1,689,400)
		162	2,940	88,890	(1,689,400)	(1,597,570)
Balance at 30 June 2023		3,754,287	1,261,259	558,266	18,984,764	20,804,289

Wisynco Group Limited

Company Statement of Cash Flows

Year ended 30 June 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Operating Activities			
Cash provided by operating activities	31	4,248,744	3,035,963
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(2,371,688)	(424,323)
Proceeds from the sale of property, plant and equipment		26,812	5,466
Purchase of investment securities	19	(1,170,720)	(640,367)
Proceeds from the sale of investment securities		461,578	77,122
Long term receivables net		(59,472)	(7,038)
Net withdrawals of deposits over 3 months		-	291,935
Dividend received		530	593
Interest received		437,921	320,204
Cash used in investing activities		(2,675,039)	(376,408)
Cash Flows from Financing Activities			
Interest paid		(59,123)	(110,151)
Proceeds from shares issued under LTIP		1,869	50,996
Long-term loans repaid	31	(661,950)	(661,950)
Lease liabilities repaid		(160,242)	(131,913)
Long-term loans received	31	3,200,000	-
Commitment fees paid	31	-	(8,000)
Dividend paid		(1,576,739)	(1,500,393)
Cash provided by/(used in) financing activities		743,815	(2,361,411)
Increase in cash and cash equivalents		2,317,520	298,144
Cash and cash equivalents at beginning of year		7,327,752	7,083,441
Effects of changes in foreign exchange rates on cash and cash equivalents		60,185	(53,833)
Cash and Cash Equivalents at End of Year	22	9,705,457	7,327,752

1. Identification and Principal Activities

(a) Wisynco Group Limited (the Company) is a limited liability company, incorporated and domiciled in Jamaica. The parent company is Wisynco Group (Caribbean) Limited, a Barbados International Business Company. The ultimate controlling party of the Company is Evesam Investments Holdings Limited, a company incorporated in the Cayman Islands. The registered office of the Company is located at Lakespen, St Catherine. The Company's ordinary shares are listed on the Jamaica Stock Exchange (JSE).

(b) The Company together with the wholly owned subsidiary, Indies Insurance Company Limited, incorporated and resident in St. Lucia as well as associate JP Snacks Caribbean Limited is referred to as “the Group”.

(c) The principal activities of the Group are the bottling and distribution of water and beverages, the distribution and retailing of food items and the provision of insurance services.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

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

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

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

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in current year (continued)

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the Group at the statement of financial position date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendment to IAS 1, Presentation of financial statements', on classification of liabilities (effective for annual periods beginning on or after 1 January 2024). This amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment also aims to improve information an entity provides related to liabilities subject to these conditions. The adoption of this amendment is not expected to have a significant impact on the Group.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of this amendment is not expected to have a significant impact on the Group.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023)**.** These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of this amendment.

IFRS 17, 'Insurance contracts', as amended in December 2022 (effective for annual periods beginning on or after 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group is currently assessing the impact of this amendment.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

The Group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption or contain inconsequential clarifications that will have no material impact when they come into effect.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group’s voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate 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 over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, the accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Group.

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

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, 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.

The Group's subsidiary is as follows:

Entity	**Financial Reporting Year-end**	**Country of Incorporation**	**Nature of Business**	**Group's percentage interest**	
				2023	**2022**
Indies Insurance Company Limited	30 June	St. Lucia	Captive insurance	100	100

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2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group’s share of the investee’s profit or loss, other comprehensive income and changes recognised directly in equity after the date of acquisition. The Group’s investment in associates includes goodwill and other intangible assets identified on acquisition, net of any amortisation and accumulated impairment losses.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income and reserves are recognised in other comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the ‘share of results of associated companies’ in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

In the Company’s statement of financial position, investment in associates is shown at cost.

The Group's associated company is as follows:

	Financial Reporting Year-End	Country of Incorporation	Nature of Business	Group’s Percentage Interest	
				2023	2022
JP Snacks Caribbean Limited and its subsidiaries	31 December	Cayman Islands	Manufacturing and distribution	30.0	30.0

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Group revenue comprises revenue of the group and its subsidiary. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue comprises amounts charged to customers in respect of the sale of water and beverages, general food items and fast food items.

Sales of goods

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer.

Certain contracts with customers provide a right of return, free goods, volume discounts, rebates and other incentives. Accumulated experience is used to estimate and provide for customer returns and sales incentives using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Interest and dividend income

Interest income is recorded on an accrual basis using the effective interest method. Dividends are recognised when the right to receive payments is established.

Other operating income

Other operating income primarily comprising rebates received and the sale of miscellaneous items is recognised as it accrues unless collectability is in doubt.

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2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

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

(e) Property, plant and equipment
Property, plant and equipment are stated at historical or deemed cost less depreciation.

The carrying values of property, plant and equipment are written off on a straight-line basis over their expected useful lives using the following rates:

Buildings	2½ - 3 ⅓%
Furniture, fixtures and equipment	10 - 50%
Motor vehicles	20%
Leasehold improvements	Shorter of the life of the lease or the useful life of the asset

Land is not depreciated.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

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

(f) Intangible assets
Computer software
Computer software is recorded at cost. This cost is amortised over a period of three years.

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2. Significant Accounting Policies (Continued)

(g) Impairment of non-current assets

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

(h) Financial instruments

Classification of financial instruments

The Group classifies financial assets and liabilities as those measured at fair value through other comprehensive income (FVOCI) or measured at amortised cost in accordance with IFRS 9 'Financial Instruments'.

The classification is based on the business model used to manage the financial instruments as well as the terms of the contractual cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The equity instruments held by the Group are not held for trading. The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments only when its business model for managing those assets changes.

Measurement of financial instruments

Debt instruments

Measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following measurement category:

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortised cost. Interest income from these financial assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in arriving at net profit in the statement of comprehensive income.

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Measurement of financial instruments (continued)

Equity instruments
The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial instruments

The Group determines impairment of financial instruments using the expected credit loss (ECL) model. The Group incorporates forward-looking information and applies both the general model and the simplified approach when calculating ECLs.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost. The ECL will be recognised 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. Under current guidance, 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.

ECL is calculated as the product of the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

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 that represents the PD 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 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 will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Impairment of financial instruments (continued)

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk
The assessment of a significant increase in credit risk is done on a relative basis. 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 and at the segment level for retail exposures. 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. Measurement 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.

The Group uses three scenarios that are probability-weighted to determine ECL.

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.

Application of the Simplified Approach
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, 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 segment of aged receivables as well as the estimated impact of forward-looking information.

2. Significant Accounting Policies (Continued)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods is determined using standard raw material cost, plus budgeted cost of labour and factory overheads, which approximates actual cost. The cost of goods purchased for resale is the suppliers' invoice price applied on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of trade receivables is determined using the simplified approach based on the requirements of IFRS 9 as outlined in Note 2(h) above.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss in selling and distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts.

(l) Payables

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

2. Significant Accounting Policies (Continued)

(m) Leases

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. Each lease payment is allocated between the liability 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;

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 incremental borrowing rate. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

Potential future increases in variable lease payments based on an index or rate 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.

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

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

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

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

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Extension and termination options are included in two property leases across the Group. These 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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

2. Significant Accounting Policies (Continued)

(n) Borrowings and borrowings costs

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

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

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

(o) Income taxes

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

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

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

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

2. Significant Accounting Policies (Continued)

(o) Income taxes (continued)

IFRS 16 ‘Leases’ requires that the lessee recognises a right-of-use asset and a lease liability. The lease payments made by the Group are tax-deductible on a cash basis. Consequently, the tax bases of the right-of-use assets and lease liabilities are nil. The result is a taxable temporary difference in relation to the right-of-use asset and a deductible temporary difference in relation to the lease liability.

IAS 12 ‘Income Taxes’ provides that an entity does not recognise a deferred tax asset or a deferred tax liability to the extent that it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. This is referred to as the initial recognition exception.

IAS 12 ‘Income Taxes’ does not specifically address the tax effects of right-of-use assets and lease liabilities. There are two principal approaches to the deferred tax accounting. The choice of approach is a matter of accounting policy, to be applied on a consistent basis. The Group’s accounting policy choice considers the asset and the liability separately. With this approach, the Group applies the initial recognition exemption separately to the right-of-use asset and lease liability. The lease transaction will not affect accounting or taxable profit on initial recognition and consequently there is no deferred tax accounting throughout the entire lease term. Instead, the temporary differences related to the right-of-use asset and the lease liability affect the effective tax rate and are disclosed as reconciling items when explaining the relationship between tax expense and accounting profit.

(p) Employee benefits

Pension obligations
The Company participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

Termination benefits
Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the year-end are discounted to present value.

Profit-sharing plans
A liability for employee benefits in the form of profit-sharing plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

(i) There is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or

(ii) Past practice has created a valid expectation by employees that they will receive a profit-sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit-sharing plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2. Significant Accounting Policies (Continued)

(p) Employee benefits (continued)

Leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

LTIP payments
The Group operates an equity-settled, incentive scheme. Senior executives and key management are awarded stock options. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in staff costs. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of non-marketing conditions. When options are exercised, the proceeds net of any transactions costs or the value transferred are credited to share capital.

(q) Provisions

Provisions 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 a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed; the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(r) Dividends

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

(s) 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 the performance of the operating segments, has been identified as the Chief Executive Officer who 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 practices.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established a Group Finance Department for managing and monitoring risks. This department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. It identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(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 an 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, investment activities and amounts loaned to related parties. The Group structures the levels of credit risk it undertakes by placing terms and limits on the amount of risk accepted in relation to a single counterparty or group of related counterparties.

Credit review process

The Group has a credit department whose responsibility involves regular analysis of the ability of customers and other counterparties to meet trade, interest, capital and other repayment obligations.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Risky customers are required to provide a banker's guarantee and credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the credit department; these are reviewed semi-annually. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact business with the Group on a prepayment basis.

Customers' credit risks are monitored according to their credit characteristics such as whether the customer is an individual or company, industry, ageing profile, and previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale, retail and food service customers.

The Group's average credit period on the sale of goods is 30 days. The Group has provided fully for all receivables based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

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

(iii) Loans receivable

The Group's exposure for credit risk for loans receivable is limited to related party JP Snacks Caribbean Limited; which management does not expect to fail to meet its obligations.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	5,358,857	3,965,410	5,306,981	3,936,560
Cash and short-term deposits	10,129,216	7,679,736	9,802,879	7,425,124
Investment securities	2,282,325	1,538,707	2,282,325	1,538,707
Loans receivable	272,195	212,723	272,195	212,723
	18,042,593	13,396,576	17,664,380	13,113,114

The table above represents a worst-case scenario of credit risk exposure at 30 June. During the year, the Group did not renegotiate any trade receivables.

Loss allowance

	2023			2022		
	Gross Carrying Amount $'000	**Loss Allowance $'000**	**Expected loss rate**	**Gross Carrying Amount $'000**	**Loss Allowance $'000**	**Expected loss rate**
0 to 30 days	2,438,993	2,111	.09%	2,071,699	-	-
31 to 60 days	612,738	14,895	2.4%	596,228	-	-
60 to 90 days	140,176	7,323	5.2%	200,732	-	-
90 days or more	5,367	5,367	100%	80,451	34,026	42%
Gross amount	3,197,274	29,696		2,949,110	34,026	

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	The Group and Company	
	2023 $'000	**2022 $'000**
At 1 July	34,026	39,965
Provision for receivables impairment	5,972	6,891
Bad debt written off	(5,557)	(4,696)
Bad debt recovered	(4,745)	(8,134)
At 30 June	29,696	34,026

For loans receivable and amounts due from related parties, the impairments losses were not deemed material for the current year.

Credit exposure for trade receivables

The following table summarises the Group's and Company's credit exposure for trade receivables at their carrying amounts:

	The Group and Company	
	2023 $'000	**2022 $'000**
Retail	1,824,584	1,682,235
Wholesale	851,195	683,933
Hotels and Restaurants	316,391	401,569
Export	205,104	181,373
	3,197,274	2,949,110
Less: Provision for credit losses	(29,696)	(34,026)
	3,167,578	2,915,084

Investment securities and loan receivables

The Group has assessed that the investment securities and loan receivables have not experienced a significant increase in credit risk since origination and are not credit impaired. The investment securities and loan receivables are classified at Stage 1. The Group computed the ECL using a 12-month PD that represents the PD occurring over the next 12 months. The resulting expected credit loss has been recognised in the current year. There were no stage migrations in the current year and prior year.

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 Group Finance Department, includes:

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

(ii) Maintaining committed lines of credit; and

(iii) Optimising cash returns on investment.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The Company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately $64,500,000 (2022 - $64,500,000).

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

The tables below summarise the maturity profile of the Group's and Company's financial liabilities at 30 June based on contractual undiscounted payments at contractual 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	Total $'000
	2023					
Liabilities						
Borrowings	149,894	169,943	904,334	3,297,093	164,978	4,686,242
Lease liabilities	12,995	25,258	80,846	45,434	-	164,533
Trade and other payables	3,843,901	1,597,997	488,373	-	-	5,930,271
Total financial liabilities	4,006,790	1,793,198	1,473,553	3,342,527	164,978	10,781,046

	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					
Liabilities						
Borrowings	136,552	142,583	538,297	695,521	-	1,512,953
Lease liabilities	7,009	14,018	64,020	98,985	-	184,032
Trade and other payables	3,819,389	1,685,186	178,014	-	-	5,682,589
Total financial liabilities	3,962,950	1,841,787	780,331	794,506	-	7,379,574

Assets available to meet all the liabilities and to cover financial liabilities include cash and short-term deposits.

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3. Financial Risk Management (Continued)

(b) Liquidity 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	Total $'000
	2023					
Liabilities						
Borrowings	149,894	169,943	904,334	3,297,093	164,978	4,686,242
Lease liabilities	12,995	25,258	80,846	45,434	-	164,533
Trade and other payables	3,843,901	1,597,997	196,955	-	-	5,638,853
Total financial liabilities	4,006,790	1,793,198	1,182,135	3,342,527	164,978	10,489,628

	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					
Liabilities						
Borrowings	136,552	142,583	538,297	695,521	-	1,512,953
Lease liabilities	7,009	14,018	64,020	98,985	-	184,032
Trade and other payables	3,791,970	1,580,594	282,606	-	-	5,655,170
Total financial liabilities	3,935,531	1,737,195	884,923	794,506	-	7,352,155

Assets available to meet all the liabilities and to cover financial liabilities include cash and short-term deposits.

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 Finance Department. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

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

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

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

Concentrations of currency risk

The Group and Company have accounts receivable, cash and deposits, long term receivable net of accounts payable and lease liabilities denominated in United States dollars, amounting to an asset of J$7,717,080,000 and J$7,253,389,000 at 30 June 2023 (2022 - J$10,232,088,000 and J$9,977,926,000) respectively. The Group and Company also have cash and deposits net of accounts payable denominated in Euros, amounting to an asset of J$621,730,969 (2022 - J$60,857,043).

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and Company had significant exposure on their monetary assets and liabilities and forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a reasonably expected change in foreign currency rates.

	The Group			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
		2023		2022
	%	$'000	%	$'000
Currency:				
USD - revaluation	+1	(77,171)	+1	(102,321)
USD - devaluation	-4	308,683	-4	409,284
EURO - revaluation	+1	(6,217)	+1	(608)
EURO - devaluation	-4	24,869	-4	2,434

	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
		2023		2022
	%	$'000	%	$'000
Currency:				
USD - revaluation	+1	(72,534)	+1	(99,775)
USD - devaluation	-4	290,135	-4	399,099
EURO - revaluation	+1	(6,217)	+1	(608)
EURO - devaluation	-4	24,869	-4	2,434

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) 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.

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

The following tables 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	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2023			
Assets							
Investment securities	-	-	1,980,116	302,209	-	127,660	2,409,985
Receivables	-	-	-	-	-	5,358,857	5,358,857
Cash and short-term deposits	5,626,513	4,502,220	-	-	-	483	10,129,216
Long-term receivable	1,847	1,189	10,877	252,765	5,517	-	272,195
Total financial assets	5,628,360	4,503,409	1,990,993	554,974	5,517	5,487,000	18,170,253
Liabilities							
Borrowings	132,859	121,258	751,963	2,775,200	160,000	-	3,941,280
Trade and other payables	-	-	-	-	-	5,930,271	5,930,271
Lease liabilities	12,187	23,823	76,980	41,863	-	-	154,853
Total financial liabilities	145,046	145,081	828,943	2,817,063	160,000	5,930,271	10,026,404
Total interest repricing gap	5,483,314	4,358,328	1,162,050	(2,262,089)	(154,483)	(443,271)	8,143,849
Cumulative interest repricing	5,483,314	9,841,642	11,003,692	8,741,603	8,587,120	8,143,849	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
				2022			
Assets							
Investment securities	141,346	-	487,887	604,008	305,466	173,414	1,712,121
Receivables	-	-	-	-	-	3,965,410	3,965,410
Cash and short-term deposits	3,588,781	4,090,488	-	-	-	467	7,679,736
Long-term receivable	1,733	1,074	4,966	204,950	-	-	212,723
Total financial assets	3,731,860	4,091,562	492,853	808,958	305,466	4,139,291	13,569,990
Liabilities							
Borrowings	130,062	130,050	496,463	644,800	-	-	1,401,375
Trade and other payables	-	-	-	-	-	5,682,589	5,682,589
Lease liabilities	6,132	12,358	58,125	91,413	-	-	168,028
Total financial liabilities	136,194	142,408	554,588	736,213	-	5,682,589	7,251,992
Total interest repricing gap	3,595,666	3,949,154	(61,735)	72,745	305,466	(1,543,298)	6,317,998
Cumulative interest repricing	3,595,666	7,544,820	7,483,085	7,555,830	7,861,296	6,317,998	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) 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
				2023			
Assets							
Investment securities	-	-	1,980,116	302,209	-	127,660	2,409,985
Receivables	-	-	-	-	-	5,306,981	5,306,981
Cash and short-term deposits	5,626,513	4,175,883	-	-	-	483	9,802,879
Long term receivable	1,847	1,189	10,877	252,765	5,517	-	272,195
Total financial assets	5,628,360	4,177,072	1,990,993	554,974	5,517	5,435,124	17,792,040
Liabilities							
Borrowings	132,859	121,258	751,963	2,775,200	160,000	-	3,941,280
Lease liabilities	12,187	23,823	76,980	41,863	-	-	154,853
Trade and other payables	-	-	-	-	-	5,638,853	5,638,853
Total financial liabilities	145,046	145,081	828,943	2,817,063	160,000	5,638,853	9,734,986
Total interest repricing gap	5,483,314	4,031,991	1,162,050	(2,262,089)	(154,483)	(203,729)	8,057,054
Cumulative interest repricing	5,483,314	9,515,305	10,677,355	8,415,266	8,260,783	8,057,054	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) 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			
Assets							
Investment securities	141,346	-	487,887	604,008	305,466	173,414	1,712,121
Receivables	-	-	-	-	-	3,936,560	3,936,560
Cash and short-term deposits	3,334,169	4,090,488	-	-	-	467	7,425,124
Long term receivable	1,733	1,074	4,966	204,950	-	-	212,723
Total financial assets	3,477,248	4,091,562	492,853	808,958	305,466	4,110,441	13,286,528
Liabilities							
Borrowings	130,062	130,050	496,463	644,800	-	-	1,401,375
Lease liabilities	6,132	12,358	58,125	91,413	-	-	168,028
Trade and other payables	-	-	-	-	-	5,655,170	5,655,170
Total financial liabilities	136,194	142,408	554,588	736,213	-	5,655,170	7,224,573
Total interest repricing gap	3,341,054	3,949,154	(61,735)	72,745	305,466	(1,544,729)	6,061,955
Cumulative interest repricing	3,341,054	7,290,208	7,228,473	7,301,218	7,606,684	6,061,955	-

Interest rate sensitivity

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

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as FVOCI. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk (continued)

The table below summarises the impact of (decreases)/increase on the Company's other components of equity. The analysis is based on the assumption that the equity prices had increased by 6% and decreased by 3% (2022 - 5% increase and decrease) with all other variables held constant.

	Equity Securities	
Change in index:	**Effect on Other Components of Equity 2023 $'000**	**Effect on Other Components of Equity 2022 $'000**
Decrease of 3% (2022 – 5%)	(3,830)	(8,671)
Increase of 6% (2022 – +5%)	7,660	8,671

(d) Capital management

The Group manages its capital resources according to the following objectives:

(i) To continue as a going concern in order to provide benefits for stakeholders;

(ii) To maintain a strong capital base which is sufficient for the future development of the Group's operations; and

(iii) To comply with capital requirements as stipulated by loan covenants.

The Group is exposed to externally imposed capital requirements as a result of loans issued by specific financial institutions as follows:

	Required	**Actual 2023**	**Actual 2022**
Minimum current assets to current liabilities	1.20:1	2.73	2.41:1
Minimum earnings before interest, taxation depreciation and amortisation	2.1	7.09	7.97
Maximum debt to earnings before interest, taxation depreciation and amortisation	2.33:1	0.55:1	0.23:1
Minimum interest cover	2.9 times	55 times	55 times
Minimum debt service coverage margin	2.0 times	6.27 times	6.71 times

3. Financial Risk Management (Continued)

(e) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are classified by level in one of the following fair value measurement hierarchy:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The Group's financial instruments are classified as amortised cost and FVOCI as disclosed in Note 19.

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

The fair value of corporate bonds, long-term borrowings and long-term receivables approximates carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments.

There were no transfers between the Levels.

	The Group and Company			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
		2023		
Investment securities –				
Quoted equities	127,660	-	-	127,660
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
		2022		
Investment securities –				
Quoted equities	173,414	-	-	173,414

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

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

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 Company 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 initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investment in associate
In assessing impairment of the Group's investments of its associated company, JP Snacks Caribbean Limited, management has used a value-in-use (VIU) methodology to determine the recoverable amount. The VIU methodology requires management to estimate discount rates, gross profit margins and a terminal value of growth rate in determining the recoverable amount. These estimates are unobservable, and the recoverable amount is sensitive to changes in these estimates (Note 17).

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5. Revenue

Revenues can be disaggregated as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Export	1,135,710	1,073,369	1,135,710	1,073,369
Local	46,853,263	37,297,276	46,853,263	37,297,276
Related parties	704,039	664,242	704,039	664,242
Revenue transferred at a point in time	48,693,012	39,034,887	48,693,012	39,034,887
Revenue from insurance contracts (being total revenue recognised over time)	12,442	10,993	-	-
	48,705,454	39,045,880	48,693,012	39,034,887

6. Other Operating Income

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Bad debts recovered	4,126	8,134	4,126	8,134
Commission income	11,409	9,995	-	-
Discount received	32,106	24,175	32,106	24,175
Gain on disposal of property, plant and equipment	26,586	5,466	26,586	5,466
Management fees (Note 13(e))	10,223	10,229	10,223	10,229
Other	75,340	29,333	75,340	29,333
Rebates	34,440	31,518	34,440	31,518
Rental income (Note 13(e))	27,350	26,840	27,350	26,840
Storage income	31,201	5,869	31,201	5,869
	252,781	151,559	241,372	141,564

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7. Expenses by Nature

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Advertising costs	762,361	432,543	762,361	432,543
Audit fees	20,067	17,299	16,950	14,675
Bad debt expense	31,533	6,891	31,533	6,891
Commissions	189,134	143,456	189,134	143,456
Cost of inventory recognised as expense	27,530,467	22,288,968	27,530,467	22,288,968
Delivery and motor vehicle expenses	2,449,380	1,946,242	2,449,380	1,946,242
Directors' fees	16,200	18,420	16,200	17,060
Insurance	45,462	41,227	322,574	293,122
Other operating expenses	1,674,738	1,366,740	1,447,331	1,165,218
Property expenses, including depreciation	3,093,352	2,450,109	3,093,352	2,450,109
Royalties (Note 13 (d))	24,900	26,267	24,900	26,267
Staff costs (Note 8)	6,335,149	5,074,512	6,335,149	5,074,512
Utilities	628,107	514,388	628,107	514,388
	42,800,850	34,327,062	42,847,438	34,373,451

8. Staff Costs

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Wages and salaries	5,016,346	4,086,897
Statutory contributions	604,974	441,421
Other	448,304	322,264
Pension contributions (Note 32)	195,710	169,672
LTIP expenses	69,251	31,406
Termination costs	564	22,852
	6,335,149	5,074,512

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9. Finance Income

	The Group and Company	
	2023	2022
	$'000	$'000
Dividend income	530	593
Interest income	443,957	300,665
	444,487	301,258

10. Finance Costs

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Interest expense -				
Bank borrowings	59,859	100,054	59,859	100,054
Leases (Note 25)	14,263	8,725	14,263	8,725
	74,122	108,779	74,122	108,779
Foreign exchange loss	51,911	34,712	51,911	34,712
Net foreign exchange loss on foreign currency leases	3,508	3,431	3,508	3,431
Other	1,806	2,137	1,806	772
	131,347	149,059	131,347	147,694

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11. Taxation

The taxation charge is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	1,286,700	1,041,019	1,286,700	1,041,019
Prior year under-accrual /(over-accrual)	74,972	(48,829)	74,972	(48,829)
Deferred income tax (Note 30)	28,806	(51,421)	28,806	(51,421)
	1,390,478	940,769	1,390,478	940,769

The tax on the Group's and Company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	6,313,053	4,994,452	6,230,697	4,956,564
Tax calculated at applicable tax rate	1,578,263	1,248,613	1,557,674	1,239,141
Adjusted for the effects of:				
Income not subject to tax	-	(32,978)	-	(32,978)
Expenses not deductible for tax purposes	35,897	2,892	51,903	2,892
Share of results of associate	13,025	7,031	-	-
Employment tax credit	(291,484)	(257,160)	(291,484)	(257,160)
Adjustment to prior provision	74,972	(48,829)	74,972	(48,829)
Prior year deferred tax adjustment	-	42,563	-	42,563
Other	(20,195)	(21,363)	(2,587)	(4,860)
Tax expense	1,390,478	940,769	1,390,478	940,769

12. Earnings Per Stock Unit Attributable to Ordinary Stockholders

Earnings per stock unit is calculated on net profit and is based on the weighted average number of ordinary stock units in issue during both years.

	2023	2022
Net profit attributable to ordinary stockholders ($'000)	4,922,575	4,053,683
Weighted average number of ordinary stock units in issue ('000)	3,754,144	3,751,494
Basic earnings per stock unit ($)	1.31	1.08

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary stock units.

	2023	2022
Net profit attributable to ordinary stockholders ($'000)	4,922,575	4,053,683
Weighted average number of ordinary stock units in issue ('000)	3,754,144	3,751,494
Effect of dilutive potential ordinary stock units ('000)	5,802	7,244
	3,759,946	3,758,738
Diluted earnings per stock unit ($)	1.31	1.08

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13. Related Party Transactions and Balances

Parent Entities:
The group is controlled by the following entities:

Entity	Type	Country of Incorporation	Group's percentage interest 2023	Group's percentage interest 2022
Wisynco Group Caribbean Limited	Immediate parent	Barbados	74	74
Evesam Investments Holdings Limited	Ultimate parent	Cayman Islands	36	36

Subsidiary:
Interest in subsidiary is set out in Note 2(b)(i).

Associate:
Interests in associates are set out in Note 2(b)(ii) and Note 17.

Affiliates:
Affiliates comprise companies in which the immediate parent has some share ownership. The following entities are affiliates of the Group:

Convenient Brands Limited
Trade Winds Citrus Limited
Worthy Park Estate Limited
Seville Development Corporation Limited

The Group and Company entered into the following significant transactions with related parties during the year:

(a) Sale of goods and services

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Convenient Brands Limited	717,048	610,988	704,606	599,995
JP Snacks Caribbean Limited	19,811	60,534	19,811	60,534
Trade Winds Citrus Limited	647	695	647	695
Worthy Park Estate Limited	-	1,644	-	1,644
Key management	1,819	1,374	1,819	1,374
	739,325	675,235	726,883	664,242

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13. Related Party Transactions and Balances (Continued)

(b) Purchases of goods and services

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade Winds Citrus Limited	6,162,321	5,375,075	6,162,321	5,375,075
Antillean Foods Inc	654,742	771,060	654,742	771,060
Worthy Park Estate Limited	5,596,655	3,425,162	5,596,655	3,425,162
	12,413,718	9,571,297	12,413,718	9,571,297

(c) Expenses

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Insurance Expense				
Indies Insurance Company Limited	-	-	281,779	251,895
Interest expense				
Seville Development Corporation Limited	370	378	370	378
Rebates				
Convenient Brands Limited	4,044	1,731	4,044	1,731

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Royalties				
Trade Winds Citrus Limited	24,900	26,267	24,900	26,267

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13. Related Party Transactions and Balances (Continued)

(d) Income

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Interest Income		
JP Snacks Caribbean Limited	5,684	5,705
Antillean Foods Inc.	676	1,045
	6,360	6,750
Management Fees		
Convenient Brands Limited	10,223	10,229
Rental Income		
Worthy Park Estates Limited	27,350	26,840

(e) Year-end balances

	The Group		The Company	
Receivables (Note 21)	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from affiliates -				
Convenient Brands Limited	60,245	76,306	60,245	76,306
Trade Winds Citrus Limited	14,275	20,276	14,275	20,276
JP Snacks Caribbean Limited	30,575	20,920	30,575	20,920
Worthy Park Estates Limited	8,226	5,527	8,226	5,527
Other affiliates	3,575	258	3,575	258
Included in receivables and prepayments	116,896	123,287	116,896	123,287
Long term receivable from associate				
Antillean Foods Inc (Note 18)	63,565	14,749	63,565	14,749
JP Snacks Caribbean Limited (Note 18)	208,630	197,974	208,630	197,974
	272,195	212,723	272,195	212,723

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13. Related Party Transactions and Balances (Continued)

(e) Year-end balances (continued)

	The Group and Company	
Payables (Note 23)	**2023**	**2022**
	$'000	**$'000**
Payables to affiliate -		
Convenient Brands Limited	103	4,307
Seville Development Corporation Limited	29,218	28,912
Trade Winds Citrus Limited	574,278	600,043
Worthy Park Estates Limited	348,954	350,298
Other Affiliates	30	-
	952,583	983,560
Payable to associate		
Antillean Foods Inc	49,414	47,327
Included in trade and other payables	1,001,997	1,030,887

(f) Key management compensation

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	648,199	511,372	648,199	511,372
Statutory contributions	58,410	32,811	58,410	32,811
Pension benefits	28,893	25,795	28,893	25,795
	735,502	569,978	735,502	569,978
Directors' emoluments –				
Management remuneration (included above)	487,783	341,583	487,783	341,583
Fees	16,200	18,420	16,200	17,060

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13. Related Party Transactions and Balances (Continued)

(g) Dividends declared

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Parent company	1,249,283	1,110,473
Key management	29,087	28,652
	1,278,370	1,139,125

Included in dividends declared are dividends accrued as noted below

Dividends accrued

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Parent company	638,522	555,237
Key management	14,642	14,049
	653,164	569,286

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14. Property, Plant and Equipment

	The Group and Company						
	Land and Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Leasehold Improvements	Right of use assets	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
At 1 July 2021	3,899,414	7,686,670	1,010,194	25,125	240,027	327,810	13,189,240
Additions	25,023	157,080	77,220	54,863	212,529	110,137	636,852
Transfers	158,925	132,863	-	-	-	(291,788)	-
Adjustments	(8,160)	(18,854)	-	(14,754)	-	(7,352)	(49,120)
Disposals	-	-	(22,248)	-	-	-	(22,248)
At 30 June 2022	4,075,202	7,957,759	1,065,166	65,234	452,556	138,807	13,754,724
Additions	12,207	505,361	295,921	2,000	123,617	1,432,582	2,371,688
Disposals	-	-	(85,798)	-	-	-	(85,798)
At 30 June 2023	4,087,409	8,463,120	1,275,289	67,234	576,173	1,571,389	16,040,614
Depreciation -							
At 1 July 2021	735,435	4,936,775	700,594	19,105	166,427	-	6,558,336
Charge for the year	115,257	615,793	117,580	7,451	115,522	-	971,603
Relieved on disposal	-	-	(22,248)	-	-	-	(22,248)
Adjustments	-	(15,036)	-	(14,755)	-	-	(29,791)
At 30 June 2022	850,692	5,537,532	795,926	11,801	281,949	-	7,477,900
Charge for the year	111,877	662,635	154,723	15,515	143,151	-	1,087,901
Relieved on disposal	-	-	(85,572)	-	-	-	(85,572)
At 30 June 2023	962,569	6,200,167	865,077	27,316	425,100	-	8,480,229
Net Book Value -							
30 June 2023	3,124,840	2,262,953	410,212	39,918	151,073	1,571,389	7,560,385
30 June 2022	3,224,510	2,420,227	269,240	53,433	170,607	138,807	6,276,824

The categorisation of right-of-use assets is detailed in Note 25.

15. Intangible Assets

	The Group and Company Computer Software $'000
Cost -	
At 1 July 2021	190,181
At 30 June 2022 and 30 June 2023	190,181
Amortisation -	
At 1 July 2021	171,934
Charge for the year	11,336
At 1 July 2022	183,270
Charge for the year	5,272
At 30 June 2023	188,542
Net Book Amount	
30 June 2023	1,639
30 June 2022	6,911

16. Investment in Subsidiaries

	The Company	
	2023	**2022**
	$’000	**$’000**
Indies Insurance Company – 100%		
50,000 Ordinary shares, fully paid	11,375	11,375

17. Investment in Associate

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	570,561	580,181	586,169	586,169
Impairment adjustment	(105,369)	-	(169,389)	
Amounts recognised in other comprehensive income	3,691	18,504	-	-
Amounts recognised in profit and loss	(52,103)	(28,124)	-	-
Amounts recognised in the statement of financial position	416,780	570,561	416,780	586,169

Investment in associate for the current year comprise amounts recognised in the statement of financial position relating to ownership of 30% of the issued share capital of JP Snacks Caribbean Limited (consolidated) which was acquired on 29 April 2019. JP Snacks Caribbean Limited is the parent company and provides administrative services to its subsidiary Antillean Foods Inc. Antillean Foods Inc. manufactures and sells tropical snacks.

JP Snacks Caribbean Limited and its subsidiary Antillean Foods Inc. are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating the Group’s interest in JP Snacks Caribbean Limited (consolidated).

The Group’s share of intangible assets related to JP Snacks Caribbean Limited includes trademarks, brands, customer relationships with an estimated useful life of 25, 5 and 10 years respectively, as well as goodwill.

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17. Investment in Associate (Continued)

The summarised information for JP Snacks Caribbean Limited (consolidated) that was accounted for using the equity method as at 30 June 2023 is as follows:

Summarised statement of financial position

	2023 $'000	2022 $'000
Current		
Cash and cash equivalents	92,627	25,610
Other current assets (excluding cash)	471,870	440,910
Total current net assets	564,497	466,520
Other current liabilities (including trade payables)	270,111	216,572
Total current liabilities	270,111	216,572
Non-current		
Intangible assets	416,693	465,375
Total non-current assets	814,503	864,306
Total non-current liabilities	847,780	671,024
Net assets	261,109	443,230

Summarised income statement

	Group	Group
	2023 $'000	2022 $'000
Revenue	1,715,082	1,649,308
Depreciation	(67,779)	(74,475)
Amortisation	(59,594)	(60,246)
Interest expense	(25,755)	(20,295)
Loss before income tax	(194,424)	(93,746)
Loss after tax	(194,424)	(93,746)
Total comprehensive income for the year	(190,733)	(75,242)

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17. Investment in Associate (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate

	2023 $'000	2022 $'000
Summarised financial information		
Share Capital	577,580	577,580
Opening Accumulated deficit	(245,890)	(152,144)
Net Loss for the period	(194,424)	(93,746)
Other reserve at the end of the period	123,843	111,540
Total shareholder's equity	261,109	443,230
Interest in associate (%)	30%	30%
Interest in associate (J$)	78,332	132,969
Carrying value	416,780	570,561

Reconciliation of investment in associate to the Company's share of net assets:

	The Group	
	2023 $'000	2022 $'000
Share of net assets	78,332	132,969
Goodwill	338,448	437,592
Carrying value	416,780	570,561

An impairment assessment was conducted by comparing the recoverable amount of the Group's investment in JP Snacks Caribbean Limited to the carrying amount as at 30 June 2023. Management has determined that the investment in JP Snacks Caribbean Limited is impaired as the recoverable amount determined was below the carrying value. The recoverable amount of the investment was determined based on VIU calculations as discussed in Note 4(b).

The VIU calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The key assumptions used in the estimation of value-in-use were as follows:

	The Group	
	2023	2022
Pre-tax discount rate	14%	13%
Terminal value growth rate	3%	3%
Gross profit margin	26%	33%

18. Loans Receivable

A promissory note of US$1,230,555 was issued to JP Snacks Caribbean Limited on 29 April 2019. The note matures 29 April 2026 and interest accrues daily at an interest rate of 3% per annum payable at the maturity date. The carrying amount of $208,630,000 (2022 - $197,974,000) includes interest receivable of $20,052,000 (2022 – $13,969,000).

A promissory note of US$132,000 was issued to Antillean Foods Inc. on 28 April 2021. The note matures 30 June 2024 and interest accrues daily at an interest rate of 6% per annum payable at the maturity date. The carrying amount of $8,372,000 (2022- $14,749,000) includes interest receivable of $75,000 (2022 - $146,000).

A promissory note of US$360,000 was issued to Antillean Foods Inc. on 26 June 2023. The note matures 28 December 2028 and interest accrues daily at an interest rate of 6% per annum payable monthly until December 23, 2023. Commencing January 31, 2024, monthly principal and interest payments of US$6,960 will be made until maturity. The carrying amount of $55,193,000 includes interest receivable of $24,000.

19. Investment Securities

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Equity investment securities measured at fair value through other comprehensive income:		
Quoted	127,660	173,414
	127,660	173,414
Debt investment securities measured at amortised cost:		
Corporate bonds	2,282,325	1,538,707
Total investment securities	2,409,985	1,712,121

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19. Investment Securities (Continued)

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
At beginning of year	1,712,121	1,043,667
Additions	1,170,720	640,367
Disposals	(464,350)	(72,715)
Foreign exchange gains/(losses)	52,813	(13,899)
IFRS 9 impairment adjustment	(15,565)	-
Fair value changes recognized in other reserves	(45,754)	114,701
	2,409,985	1,712,121
Current portion	(1,105,844)	(641,526)
Non-current portion	1,304,141	1,070,595

20. Inventories

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Raw materials	1,931,855	1,574,474
Finished goods	295,230	141,610
Merchandise for resale	2,722,856	2,247,446
	4,949,941	3,963,530
Less: Provision for obsolete inventories	(64,362)	(31,666)
	4,885,579	3,931,864
Goods-in-transit	1,265,529	1,483,475
	6,151,108	5,415,339

Write-downs of inventories amounted to $32,696,000 (2022-$20,190,000). These were included were recognized as an expense during the year ended 30 June 2023 and included in cost of sales in the statement of comprehensive income.

21. Receivables and Prepayments

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables	3,197,274	2,949,110	3,197,274	2,949,110
Less: Provision for doubtful debts	(29,696)	(34,026)	(29,696)	(34,026)
Trade receivables, net	3,167,578	2,915,084	3,167,578	2,915,084
Prepayments	92,642	52,187	92,627	52,172
Receivables from related parties (Note 13(f))	116,896	123,287	116,896	123,287
Principal receivables	180,224	142,312	180,224	142,312
Deposits on fixed assets	1,638,007	604,964	1,638,007	604,964
Other receivables	256,152	179,763	204,276	150,913
	5,451,499	4,017,597	5,399,608	3,988,732

22. Cash and Cash Equivalents

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash and bank balances	2,423,551	2,183,501	2,097,214	1,928,889
Short-term deposits	7,705,665	5,496,235	7,705,665	5,496,235
	10,129,216	7,679,736	9,802,879	7,425,124
Bank overdrafts (Note 24)	(97,422)	(97,372)	(97,422)	(97,372)
	10,031,794	7,582,364	9,705,457	7,327,752

The weighted average effective interest rates on cash and short-term bank deposits at the year-end are as follows:

	2023	2022
	%	%
Short-term deposits –		
J$	7.18	4.13
US$	4.97	4.88

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23. Payables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	2,980,415	3,068,564	2,980,415	3,041,145
Statutory contributions payable	124,639	80,570	124,639	80,570
Dividend payable (Note 33)	863,486	750,825	863,486	750,825
Accrued expenses	800,410	577,126	800,410	472,534
Payables to related parties (Note 13 (f))	1,001,997	1,030,887	1,001,997	1,030,887
Other payables	559,542	490,444	514,417	595,036
	6,330,489	5,998,416	6,285,364	5,970,997

24. Borrowings

(a) Composition of borrowings

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Total borrowings -		
Bank loans -		
Long term	3,843,858	1,304,003
Bank overdraft	97,422	97,372
	3,941,280	1,401,375
Current -		
Bank overdraft (Note 22)	(97,422)	(97,372)
Current portion of long-term loans	(917,450)	(661,950)
Total current borrowings	(1,014,872)	(759,322)
Non-current borrowings	2,926,408	642,053

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24. Borrowings (Continued)

(a) Composition of borrowings (continued)

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Non-current -		
(i) Bank of Nova Scotia (6% - 2023)	72,500	217,500
(ii) National Commercial Bank (6.18% -2023)	152,000	456,000
(iii) Bank of Nova Scotia (5.65%, 2024)	141,490	282,957
(iv) National Commercial Bank (5.5% -2027)	284,757	347,546
(v) Bank of Nova Scotia (6% - 2028)	3,193,111	-
	3,843,858	1,304,003
Less: Current portion	(917,450)	(661,950)
	2,926,408	642,053

Non-current borrowings

(i) This loan is unsecured and attracts interest at a fixed rate of 6% per annum. It is repayable over six years at $36,250,000 principal payments per quarter after an initial moratorium period of up to 15 months from the initial disbursement.

(ii) This loan is unsecured and attracts interest at a fixed rate of 6.18% per annum. It is repayable over seven years at $76,000,000 principal payments per quarter after an initial moratorium period of up to 9 months from the initial disbursement.

(iii) This loan is unsecured and attracts interest at a fixed rate of 5.65% per annum. It is repayable over 5 years at $35,437,500 principal payments per quarter after an initial moratorium period of up to 15 months. The carrying value includes unamortised commitment fees of $260,000 (2022 - $543,000).

(iv) This loan is unsecured and attracts interest at a fixed rate of 5.5% per annum. It is repayable over seven years at $17,800,000 principal payments per quarter. The carrying value includes unamortised commitment fees of $1,643,000 (2022 - $2,054,000).

(v) This loan is unsecured and attracts interest at a fixed rate of 6% per annum. It is repayable over six years at $160,000,000 principal payments per quarter after an initial moratorium period of up to 15 months from the initial disbursement. The carrying value includes unamortised commitment fees of $6,889,000 (2022 - $8,000,000).

24. Borrowings (Continued)

(b) Interest rate risk exposure

The weighted average effective interest rates on borrowings at the year-end were as follows:

	The Group and Company	
	2023	**2022**
	%	**%**
Current -		
Bank overdraft	17.75 – 35.75	17.75 - 35.00
Bank borrowings	5.50 – 6.18	5.50 – 6.18
Non-current -		
Bank borrowings	5.50 – 6.18	5.50 – 6.18

25. Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

	The Group and Company	
	30 June 2023 $'000	**30 June 2022 $'000**
Right-of-use assets		
Land and buildings (Note 14)	151,073	170,607
Lease liabilities		
Current	114,808	63,115
Non-current	40,045	104,913
	154,853	168,028

The right-of-use assets in the statement of financial position relate to warehouse spaces leased for the storage of inventory.

25. Leases (Continued)

(b) Lease liabilities

	The Group and Company
	$'000
1 July 2021	80,292
Additions	207,493
Lease payments	(131,913)
Interest expense	8,725
Foreign exchange translation	3,431
1 July 2022	168,028
Additions	128,874
Lease payments	(160,242)
Interest expense	14,685
Foreign exchange translation	3,508
30 June 2023	154,853

Income arising from the sub-lease of right-of-use assets to a related party amounted to $27,350,000 (2022 - $26,840,000) (Notes 6 and 13).

(c) Amounts recognised in the statement of profit or loss

Included in profit or loss are the following amounts relating to right-of-use assets and lease liabilities:

	The Group and Company	
	2023	2022
	$'000	$'000
Depreciation charge on right-of-use assets		
Land and buildings (Note 14)	143,151	115,522
Interest expense	14,263	8,725

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26. Share Capital

	2023 $'000	2022 $'000
Authorised –		
4,000,000,000 (2022 – 4,000,000,000) Ordinary stock units		
Issued and fully paid –		
3,756,250,000 (2022 – 3,756,250,000) Ordinary stock units at no par value	1,261,259	1,258,319

An additional 6,250,000 ordinary stock units were listed on the Jamaica Stock Exchange on July 1, 2021, increasing the Group's total issued ordinary stock units to 3,756,250,000. Of the 6,250,000 additional stock units 1,963,000 were retained by the Group as Treasury stock units.

27. Other Reserves

	The Group and Company	
	2023	2022
	$'000	$'000
Realised gains	24,998	24,998
Unrealised surplus on revaluation of land and buildings	72,740	72,740
LTIP payments, net of taxes	329,823	240,933
Fair value gains on financial instruments – fair value through other comprehensive income	130,705	176,459
	558,266	515,130

Realised gains
This represents realised gains on the sale of assets.

Unrealised surplus on revaluation of land and building
This represents freehold land and buildings which were valued in 1993 by Stoppi Cairney Bloomfield and the resulting revaluation surplus of $126,400,000 was credited to capital reserve. The revalued amounts were used as the deemed cost of these assets, upon transition to IFRS.

Fair value gains on financial instruments measured at fair value through other comprehensive income and financial instruments
This represents the fair value of quoted equity instruments.

Long Term Incentive Plan payments
The LTIP payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised under the Group's LTIP (Note 35).

28. Translation Reserve

The translation reserve represents an accumulation of exchange differences arising on translation of the Company's foreign-controlled entity and foreign associate. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

29. Net Profit/Retained Earnings

	The Group	
	2023	**2022**
	$'000	**$'000**
At beginning of the year	15,985,222	13,432,757
Net profit attributable to:		
Company	4,840,219	4,015,795
Subsidiary	70,439	66,012
Associate net of impairment loss	11,917	(28,124)
	4,922,575	4,053,683
Dividends	(1,689,400)	(1,501,218)
At end of the year	19,218,397	15,985,222

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30. Deferred Income Taxes

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

The movement on the deferred income tax account is as follows:

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
At the beginning of the year	33,885	99,966
Credited to profit or loss (Note 11)	28,806	(51,421)
Credited to equity	(20,709)	(14,660)
At end of the year	41,982	33,885

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities

	The Group and Company				
	Excess of Capital Allowances over Depreciation	**Unrealised Foreign Exchange Gain**	**Interest Receivable**	**Leases**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2021	140,325	18,355	2,052	-	160,732
Credited to profit or loss	(16,228)	(5,919)	1,476	644	(20,027)
At 30 June 2022	124,097	12,436	3,528	644	140,705
Debited/(Credited) to profit or loss	7,812	(10,503)	1,512	(1,589)	(2,768)
At 30 June 2023	131,909	1,933	5,040	(945)	137,937

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30. Deferred Income Taxes (Continued)

Deferred tax assets

	Accrued vacation $'000	Employee share option scheme	Unrealised Foreign exchange losses $'000	Interest payable $'000	Total $'000
At 1 July 2021	9,816	41,909	8,100	941	60,766
Credited to profit or loss	3,675	-	28,063	(344)	31,394
Credited to equity	-	14,660	-	-	14,660
At 30 June 2022	13,491	56,569	36,163	597	106,820
Credited/(Debited) to profit or loss	2,871	-	(34,445)	-	(31,574)
Credited to equity	-	20,709	-	-	20,709
At 30 June 2023	16,362	77,278	1,718	597	95,955

30. Deferred Income Taxes (Continued)

The amounts shown in the statement of financial position include the following to be recovered or settled after more than twelve months:

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Deferred tax assets to be recovered	77,278	56,569
Deferred tax liabilities to be settled	131,909	124,097

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Deferred tax liabilities	(41,982)	(33,885)
At end of the year	(41,982)	(33,885)

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31. Cash Provided by Operating Activities

Cash provided by operating activities includes the following amounts:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Net profit	4,922,575	4,053,683	4,840,219	4,015,795
Items not affecting cash:				
Share of results of associates (Note 17)	52,103	28,124	-	-
Impairment loss in associates (Note 17)	105,369	-	169,389	-
Depreciation (Note 14)	1,087,901	971,603	1,087,901	971,603
Amortisation (Note 15)	5,272	11,336	5,272	11,336
Amortisation of loan commitment fees	1,805	694	1,805	694
Non-cash employee benefits expense – LTIP payments (Note 8)	69,251	31,406	69,251	31,406
Gain on sale of property, plant and equipment	(26,586)	(5,466)	(26,586)	(5,466)
Interest income (Note 9)	(443,957)	(300,665)	(443,957)	(300,665)
Adjustment to property, plant and equipment (Note 14)	-	19,329	-	19,329
Dividend income (Note 9)	(530)	(593)	(530)	(593)
Interest expense (Note 10)	74,122	108,779	74,122	108,779
Taxation expense (Note 11)	1,390,478	940,769	1,390,478	940,769
Exchange (loss)/gain on foreign currency balances	(58,552)	50,038	(65,255)	49,468
	7,179,251	5,909,037	7,102,109	5,842,455
Changes in operating assets and liabilities:				
Inventories	(735,769)	(1,824,221)	(735,769)	(1,824,221)
Receivables and prepayments	(1,433,902)	(1,382,548)	(1,410,876)	(1,384,319)
Trade and other payables	332,073	1,408,086	314,367	1,402,450
Cash generated from operations	5,341,653	4,110,354	5,269,831	4,036,365
Taxation paid	(1,021,087)	(1,001,905)	(1,021,087)	(1,000,402)
Cash provided by operating activities	4,320,566	3,108,449	4,248,744	3,035,963

31. Cash Provided by Operating Activities (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing.

Amounts represent bank and other loans, excluding bank overdrafts

	The Group and Company	
	2023 **$'000**	**2022** **$'000**
At 30 June 2022	1,304,003	1,973,259
Loans received	3,200,000	-
Commitment fees paid	-	(8,000)
Loans repaid	(661,950)	(661,950)
Amortisation of commitment fees	1,805	694
At 30 June 2023	3,843,858	1,304,003

The principal non-cash transactions include the recognition of right-of-use assets (Note 14).

32. Pension Scheme

The Company participates in a defined contribution pension plan administered by Sagicor Life Jamaica Limited. Members contribute 5% of pensionable earnings which is matched by the employer. The employer also matches additional voluntary contributions, not exceeding 5%, made by members aged 45 and over who have 10 or more years of service. Pension contributions for the year is noted below for the Group and the Company.

	The Group and Company	
	2023 **$'000**	**2022** **$'000**
Pension contributions (Note 8)	195,710	169,672
	195,710	169,672

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33. Dividends

	2023	2022
	$'000	$'000
20 cents per stock unit – 5 August 2022 (declared on 28 June 2022)	-	156
22 cents per stock unit -14 July 2022 (declared on 28 June 2022)	825,914	750,237
23 cents per stock unit – 4 August 2023 (declared 28 June 2023)	863,486	750,825
	1,689,400	1,501,218

34. Segment Reporting

The CODM regularly reviews local versus export sales, however, the local and export sales do not meet the threshold of a reportable segment under IFRS 8 and as such no separate segment information is presented. There are no individual customers that constitute more than 10% of total revenue and the CODM does not review assets and liabilities on a segment basis.

35. Long Term Incentive Plan

On October 1, 2019, the Company established an Long Term Incentive Plan administered by a committee of the Board of Directors. The Company received the approval to authorize a maximum of 5% of the total number of issued shares of no-par value, to be set aside for allocation and sale to the executive and other key management of the Company, at this year’s annual general meeting. The allocation and sale of these shares are governed by the provisions of the Company’s Long-Term Incentive Plan Policy and the plan provides for an equitable adjustment of the allocated number of shares by reason of stock splits, stock dividend, recapitalization, combinations or exchanges of shares.

The plan is designed to provide long term incentives for executive and key management to deliver long-term shareholder returns. Under the plan, participants are granted options which vest when service conditions are met. Participation in the plan is at the board’s discretion, responsibility of which has been delegated to the Corporate Governance and Compensation sub-committee. No individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the Plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary stock unit. The exercise price of options is determined by the Corporate Governance and Compensation Committee.

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35. Long Term Incentive Plan (Continued)

Options granted under the plan during the financial year 2023 are as follows:

	Average exercise price per option $	Number of options
As at 1 July 2021	15.62	22,473,800
Granted during the year	14.06	25,594,000
Exercised during the year	11.94	(4,125,150)
Forfeited during the year	15.23	(2,927,400)
As at 30 June 2022	15.23	41,015,250
Granted during the year	17.45	22,956,400
Exercised during the year	11.94	(161,925)
Forfeited during the year	15.68	(676,000)
As at 30 June 2023	15.68	63,133,725

The number of options vested and exercisable at the year-end is 15,613,250 (2022 – 11,255,800).

No options expired during the period.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2023	Share options 30 June 2022
1 Oct 2019	1 April 2024	7.87	292,000	390,800
1 Oct 2019	1 April 2024	16.00	5,408,325	5,521,450
1 Oct 2019	1 April 2025	23.00	9,651,000	9,701,000
1 Apr 2022	1 April 2027	14.06	25,114,000	25,402,000
1 Mar 2023	1 Jan 2029	17.45	22,668,400	-
Total			63,133,725	41,015,250

35. Long Term Incentive Plan (Continued)

The fair value at the grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2023 included:

(a) Options vest based on defined service period.
(b) Vested options are exercisable for a period of three years after vesting.
(c) Exercise price: $17.45
(d) Grant date: 1 March 2023
(e) Expiry date: 1 January 2029
(f) Share price: $17.46
(g) Expected price volatility: 30.81% (based on historic volatility)
(h) Expected dividend yield: 2.52%
(i) Risk-free interest rate: 3.98%

36. Subsequent Event

The Directors confirm that there have been no material events subsequent to the end of the reporting period that have not been reflected in these financial statements.