AMG PACKAGING AND PAPER COMPANY LIMITED
FINANCIAL STATEMENTS
AUGUST 31, 2023

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AUGUST 31, 2023

Bogle and Company
Chartered Accountants
Worrick Bogle FCCA, FCA, CPA

Independent Auditor's Report

To the Members of AMG Packaging & Paper Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AMG Packaging & Paper Company Limited ("the Company") set out on pages 6 to 33, which comprise the statements of financial position as at August 31 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at August 31 2023 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

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

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Payment of taxes not provided for in prior years.

During the current year the company made payments totaling $10,591,649 for additional taxes assessed for the years 2017,2019,2020 and 2021 (see note 16). This is due to a tax position taken by the company which was later disallowed by the Taxing Administration of Jamaica (TAJ), This disallowance was based on a technical paper which was issued by the TAJ on November 10, 2022.

Other Information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors

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

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

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

Independent Auditor's Report

To the Members of AMG Packaging & Paper Company Limited

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

Bogle

BOGLE & COMPANY
Chartered Accountants
Kingston, Jamaica
November 24, 2023

Appendix to the Independent Auditor's report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

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

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

AMG Packaging & Paper Company Limited

Statement of Financial Position

As at August 31 2023

	Note	2023 $	2022 $
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	6	1,053,047,304	1,088,664,117
TOTAL NON-CURRENT ASSETS		1,053,047,304	1,088,664,117
CURRENT ASSETS			
Inventories	7	156,048,759	393,727,252
Trade and other receivables	8	136,988,996	122,909,615
Cash & cash equivalents	9	296,714,395	122,522,825
TOTAL CURRENT ASSETS		589,752,150	639,159,692
TOTAL ASSETS		1,642,799,454	1,727,823,809
EQUITY			
Share Capital	10	63,250,029	63,250,029
Revaluation Reserve	11	581,267,289	581,267,289
Retained Earnings		628,076,323	538,685,612
TOTAL EQUITY		1,272,593,641	1,183,202,930
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	172,607,266	168,637,792
Long-term loans	13	67,500,000	77,500,000
Lease Liabilities		9,616,733	13,704,292
TOTAL NON-CURRENT LIABILITIES		249,723,999	259,842,084
CURRENT LIABILITIES			
Current portion of long-term loan	13	10,000,000	10,000,000
Lease Liabilities		4,087,559	3,737,355
Trade Payables and accruals	14	84,005,390	259,665,592
Current Tax Liability		22,388,865	11,375,848
TOTAL CURRENT LIABILITIES		120,481,814	284,778,795
TOTAL LIABILITIES		370,205,813	544,620,879
TOTAL LIABILITIES AND EQUITY		1,642,799,454	1,727,823,809

Approved by the Board of Directors on 21/11/2023 and signed on its behalf by:

_______________/ Metry Seaga _______________/Peter Chin

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Profit or Loss and Comprehensive Income

For year ended August 31 2023

	Note	2023	2022
		$	$
Revenue		1,012,105,269	995,703,160
Cost of Sales	15	(690,348,064)	(712,049,135)
Gross Profit		321,757,205	283,654,025
Administration Expenses	16	(128,653,249)	(104,598,996)
Selling and distribution		(13,200,271)	(11,990,078)
Impairment Gain/(Loss)		3,483,046	(1,841,963)
Depreciation	6	(42,595,098)	(30,020,353)
		(180,965,572)	(148,451,390)
(Loss)/Profit from operations		140,791,633	135,202,635
Finance Cost	17	(7,997,699)	(8,702,815)
Other Gains/(Losses)	18	208,484	(3,373,585)
		(7,789,215)	(12,076,400)
Profit before income tax		133,002,418	123,126,235
Income tax expense	19(a)	(43,611,707)	(18,193,360)
Profit after income tax		89,390,711	104,932,875
Other Comprehensive Income			
Those that cannot be reclassified into profit or loss			
Surplus arising from revaluation of property, plant and equipment		-	606,398,857
Deferred taxation of revaluation surplus		-	(136,071,111)
Total Profit or Loss and Other Comprehensive Income		89,390,711	575,260,621
Earnings per share based on average number of shares 511,894,285 (2022 - 511,894,285 shares)		$0.17	$0.20

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Changes in Equity

For the Year Ended August 31 2023

	Share Capital	Revaluation Reserve	Retained Earnings	Total
	$	$	$	$
Balance as at 1 September 2021	63,250,029	110,939,543	433,752,737	607,942,309
Profit for the year			104,932,875	104,932,875
Other comprehensive income for the year	-	-	470,327,746	470,327,746
Total comprehensive income for the year	-	-	575,260,621	575,260,621
Revaluation adjustment (net of tax)	-	470,327,746	(470,327,746)	-
Total other	-	470,327,746	(470,327,746)	-
Balance as at August 31 2022	63,250,029	581,267,289	538,685,612	1,183,202,930
Balance as at 1 September 2023	63,250,029	581,267,289	538,685,612	1,183,202,930
Profit for the year			89,390,711	89,390,711
Total comprehensive income for the year	-	-	89,390,711	89,390,711
Balance as at August 31 2023	63,250,029	581,267,289	628,076,323	1,272,593,641

The accompanying notes form part of these financial statements.

AMG Packaging & Paper Company Limited

Statement of Cash Flows

For the Year Ended August 31 2023

	Note	2023	2022
		$	$
Cash flow from operating activities			
Profit/(Loss) for the year		89,390,711	104,932,875
Items not affecting cash resources:			
Finance Cost		7,997,699	8,702,814
Income Tax Expense		43,611,707	18,193,360
Accounting gain on disposal of Fixed Assets		-	2,987,744
Depreciation		37,787,304	25,478,889
Depreciation -Right of Use Assets		4,807,793	4,541,463
		183,595,214	164,837,145
Decrease in inventories		237,678,493	(172,723,121)
(Increase)/Decrease in trade and other receivables		(14,079,381)	(27,310,098)
Increase/(Decrease) in trade payables and accruals		(175,660,201)	117,130,664
Interest Paid on Lease Liabilities		(2,001,699)	(1,825,785)
Principal Paid on Lease Liabilities		(3,737,357)	(3,324,731)
Taxes Paid		(28,629,215)	(13,272,069)
Net cash inflow from operating activities		197,165,854	63,512,005
Cash flow from investing activities			
Purchase of property, plant and equipment		(6,978,284)	(48,346,517)
Net cash (outflow) from investing activities		(6,978,284)	(48,346,517)
Cash flow from financing activities			
Loan Repayment		(10,000,000)	(16,282,445)
Interest paid on Loans		(5,996,000)	(6,925,410)
Net cash (outflow) from financing activities		(15,996,000)	(23,207,855)
Net increase in cash held		174,191,570	(8,042,367)
Cash and cash equivalents at beginning of financial year		122,522,825	130,565,192
Cash and cash equivalents at end of financial year	9	296,714,395	122,522,825

The accompanying notes form part of these financial statements.

1 Reporting Entity

AMG Packaging & Paper Company Limited was incorporated on the 26th of September 2005, under the Jamaica Companies Act and is a wholly owned Jamaican public company.

Its registered office is located at 9 Retirement Crescent, Kingston 5. The Company was re-registered in July 2011 under the Companies Act 2004 as a public company.

The company is engaged primarily in the manufacturing, distribution and retailing of cartons of various sizes

2 Basis of Preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.
In addition, for financial reporting purposes, fair value measurement are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

3 Functional and presentation currency

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

4 Summary of Significant Accounting Policies

(a) New Accounting Standards for Application in Future Periods

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

Annual Improvements to IFRS Standards 2018–2023	Various standards[1]
Amendments to IFRS 17 Insurance Contracts	Insurance Contracts[1]
Amendments to IAS 1	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]

[1]Effective for annual periods beginning on or after 1 January 2023

[2]Effective for annual periods beginning on or after 1 January 2024.

(b) New and Amended Accounting Policies Adopted

There were no new or amended policies adopted by the Company during the current reporting period.

4 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment

This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.
The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
(a) It is probable that future economic benefits associated with the item will flow to the entity; and
(b) The cost of the item can be measured reliably

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

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

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

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

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

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

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

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

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

Computer	20%
Furniture & fixtures	10%
Machinery and equipment	10%
Buildings	2.5%
Motor vehicle	12.5%

4 Summary of Significant Accounting Policies (cont'd)

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

Land is not depreciated.

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

(d) Inventories

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

(e) Trade and Other Receivables

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

(i) Impairment

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

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

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

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

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

(i) Impairment (cont'd)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

(f) Cash and Cash Equivalents

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

4 Summary of Significant Accounting Policies (cont'd)

(g) Borrowing Costs

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

(h) Related party disclosures

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

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

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

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

4 Summary of Significant Accounting Policies (cont'd)

(i) Trade and Other Payables

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

(j) Foreign Currency Transactions and Balances

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

(k) Revenue and Other Income

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

i. Sale of goods

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

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

4 Summary of Significant Accounting Policies (cont'd)

(k) Revenue and Other Income (cont'd)

ii. Interest Income

The Company recognises interest earned on its cash and cash equivalents held at financial institutions in qualifying accounts.
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(l) Leases

The Company has elected to recognize right-of-use assets and lease liabilities for leases of its motor vehicles, using the modified retrospective approach, whereby the comparative periods are not restated. The asset will be depreciated over the term of the lease. This depreciation is charged to depreciation expense, while the payments made to the lease are charged against the lease liability and any interest charges, charged to administrative expense. See note 4 (b).

4 Summary of Significant Accounting Policies (cont'd)

(m) Fair value measurement

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

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

The principal or most advantageous market must be accessible by the Company.
The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
In addition, for financial reporting purposes, fair value measurement is categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

(n) Taxation

(i) Current tax

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

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

4 Summary of Significant Accounting Policies (cont'd)

(n) Taxation (cont'd)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

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

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

(o) Share Capital

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

4 Summary of Significant Accounting Policies (cont'd)

(p) Comparative Figures

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

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

5 Financial Instruments: Disclosures

(a) Interest rate risk

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

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	Within 3 Months	3 to 12 Months	1 to 5 years	No Maturity	Total
	$	$	$	$	$
Balance as at August 31 2023					
Assets					
Cash	-	-	-	136,736,017	136,736,017
Repurchase agreements	159,978,378	-	-	-	159,978,378
Trade Receivables net	98,681,541	-	-	-	98,681,541
Fixed Assets	-	-	-	1,053,047,304	1,053,047,304
Other Assets	35,874,379	157,924,359	-	557,476	194,356,214
Total Assets	294,534,298	157,924,359	-	1,190,340,797	1,642,799,454
Liabilities					
Loans	-	10,000,000	67,500,000	-	77,500,000
Trade Payables	50,442,730	-	-	-	50,442,730
Lease Liability	-	4,087,559	9,616,733	-	13,704,292
Other Liabilities	-	55,951,525	-	172,607,266	228,558,791
Total Liabilities	50,442,730	70,039,084	77,116,733	172,607,266	370,205,813
Total Equity				1,272,593,641	1,272,593,641
Total Liabilities and Equity	50,442,730	70,039,084	77,116,733	1,445,200,907	1,642,799,454
Asset Liability Gap	244,091,568	87,885,275	(77,116,733)	(254,860,110)	-
Cumulative Asset-Liability Gap	244,091,568	331,976,843	254,860,110	-	1,085,788,631

5 Financial Instruments: Disclosures (cont'd)

(a) Interest rate risk (cont'd)

	Within 3 Months $	3 to 12 Months $	1 to 5 years $	No Maturity $	Total $
Balance as at August 31 2022					
Assets					
Cash	-	-	-	112,552,702	112,552,702
Repurchase agreements	9,970,123	-	-	-	9,970,123
Trade Receivables net	96,133,214	-	-	-	96,133,214
Fixed Assets	-	-	-	1,088,664,117	1,088,664,117
Other Assets	24,354,226	395,602,852	-	546,575	420,503,653
Total Assets	130,457,563	395,602,852	-	1,201,763,394	1,727,823,809
Liabilities					
Loans	-	10,000,000	77,500,000	-	87,500,000
Trade Payables	226,887,410	-	-	-	226,887,410
Lease Liability	-	3,737,355	13,704,292	-	17,441,647
Other Liabilities	-	44,154,030	-	168,637,792	212,791,822
Total Liabilities	226,887,410	57,891,385	91,204,292	168,637,792	544,620,879
Total Equity				1,183,202,930	1,183,202,930
Total Liabilities and Equity	226,887,410	57,891,385	91,204,292	1,351,840,722	1,727,823,809
Asset Liability Gap	(96,429,847)	337,711,467	(91,204,292)	(150,077,328)	-
Cumulative Asset-Liability Gap	(96,429,847)	241,281,620	150,077,328	-	445,006,429

SENSITIVITY ANALYSIS 2023					
Impact of 2% increase in interest rate per tenor bucket	4,881,831	1,757,706	(1,542,335)	(5,097,202)	-
Impact of .5% decrease in interest rate per tenor bucket	(1,220,458)	(439,426)	385,584	1,274,301	-
Impact of 2% increase in interest on cumulative gap	4,881,831	1,757,706	(1,542,335)	(5,097,202)	-
Impact of .5% decrease in interest rate on cumulative gap	(1,220,458)	(1,659,884)	(1,274,301)	-	(5,428,943)

5 Financial Instruments: Disclosures (cont'd)

(b) Credit risk

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

	2023 $	2022 $
Financial Assets		
Cash & cash equivalents	296,714,395	122,522,825
Trade and other receivables	136,988,996	122,909,615
Financial Liabilities		
Amortized cost (including trade payables balance)	365,734,528	544,620,879

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

Trade receivables

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date.

As at 31/08/2023

	Aging of trade receivables	Weighted Average	Impairment Required
Current	58,115,231	0.9%	536,092
1-30 Days	38,702,528	1.6%	625,707
31-60 Days	3,163,842	7.9%	250,884
61-90 Days	142,591	21.0%	29,968
Over 120 days	211,917	100%	211,917
Total	100,336,109		1,654,568

5 Financial Instruments: Disclosures (cont'd)

(b) Credit risk (cont'd)

As at 31/08/2022

	Aging of trade receivables	Weighted Average	Impairment Required
Current	57,257,424	2.0%	1,138,090
1-30 Days	31,648,760	3.0%	935,926
31-60 Days	9,264,278	10.7%	990,308
61-90 Days	248,156	24.5%	60,873
91-120 Days	1,468,010	42.8%	628,217
Over 120 days	1,384,201	100%	1,384,201
Total	101,270,829		5,137,615

(c) Liquidity risk

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

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

	2023	2022
	$	$
Current Assets	589,752,150	639,159,692
Current Liabilities	120,481,814	284,778,795
	4.92	2.24

The liquid asset ratio at the end of the year was 1: 4.92 (2022: 1: 2.24). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk.

5 Financial Instruments: Disclosures (cont'd)

(c) Liquidity risk (cont'd)

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

	2023				
	Carrying amount	Contractual cash flows	0-12 months	1-2 years	2-5 years
Accounts Payable	84,005,390	84,005,390	84,005,390	-	-
Bond	77,500,000	87,465,000	15,236,500	72,228,500	-
	161,505,390	171,470,390	99,241,890	72,228,500	-

	2022				
	Carrying amount	Contractual cash flows	0-12 months	1-2 years	2-5 years
Accounts Payable	259,665,592	259,665,592	259,665,592	-	-
Bank Loan	87,500,000	103,146,000	15,816,000	29,475,000	57,855,000
	347,165,592	362,811,592	275,481,592	29,475,000	57,855,000

(d) Fair values

The following table shows the fair values of financial assets and liabilities and their fair value hierarchy.

August 31 2023

	Level 1	Level 2	Level 3
Financial Assets Measured at Fair Value			
Repurchase agreements	159,978,378	-	-
Land, Buildings & Leasehold Improvement	-	922,474,208	-
Equipment	-	113,145,776	-
	159,978,378	1,035,619,984	-

6 Property, plant & equipment

	Land, Buildings & Leasehold Improvement	Equipment	Computer & Equipment	Furniture, Fixtures & Fittings	Right of Use Asset	Total
	$	$	$	$	$	$
Cost/Valuation						
Balance as at 1 September 2021	292,457,196	134,245,422	5,480,608	12,356,602	18,797,577	463,337,405
Additions	73,374,105	69,874,419	1,371,425	860,515	7,989,869	153,470,333
Disposals	-	(7,357,144)	(536,392)	(175,754)	-	(8,069,290)
Derecognition of ROU Asset	-	-	-	-	(2,748,484)	(2,748,484)
Revaluation	578,968,700	(51,778,258)	-	-	-	527,190,442
Balance as at August 31 2022	944,800,001	144,984,439	6,315,641	13,041,363	24,038,962	1,133,180,406
Additions	-	3,598,839	2,056,976	1,322,469	-	6,978,284
Disposals	-	-	-	(36,445)	-	(36,445)
Balance as at August 31 2023	944,800,001	148,583,278	8,372,617	14,327,387	24,038,962	1,140,122,245
Accumulated Depreciation						
Balance as at 1 September 2021	22,428,712	58,468,716	3,960,246	8,846,011	7,830,697	101,534,382
Charge for the year	6,488,306	17,022,318	724,961	1,243,305	4,541,463	30,020,353
Disposals	-	(4,374,406)	(536,393)	(170,748)	-	(5,081,547)
Derecognition of ROU Asset	-	-	-	-	(2,748,484)	(2,748,484)
Revaluation	(28,917,018)	(50,291,397)	-	-	-	(79,208,415)
Balance as at August 31 2022	-	20,825,231	4,148,814	9,918,568	9,623,676	44,516,289
Charge for the year	22,325,791	14,612,271	562,911	286,331	4,807,793	42,595,097
Disposals	-	-	-	(36,445)	-	(36,445)
Balance as at August 31 2023	22,325,791	35,437,502	4,711,725	10,168,454	14,431,469	87,074,941
Net Book Value August 31 2023	922,474,210	113,145,776	3,660,892	4,158,933	9,607,493	1,053,047,304
Net Book Value August 31 2022	944,800,001	124,159,208	2,166,827	3,122,795	14,415,286	1,088,664,117

i. Included in Land, Building and Leasehold Improvement is Land with a carrying value of $158,800,000 (2022: $158,800,000) which is not depreciated.

6 Property, plant & equipment

a. *Revaluation*

Land, Building and plant equipment have been revalued effective August 31st, 2022.These items were independently valued by well-respected valuation companies.

For each revalued class of property, plant and equipment the carrying amount, that would have been recognized had the assets been carried under the cost model are as follows:

	Land, Building & Leasehold Improvement	Equipment	Total
Carrying Value	336,569,999	125,807,366	462,377,366

A total value of revaluation reserve is $581,267,289 of which $470,327,746 is as of a result of the current period change. The balances are restricted against distribution to shareholders.

7 Inventory

	2023 $	2022 $
Current		
At net realisable value:		
Raw materials	148,466,732	386,686,815
Finished goods	7,582,027	7,040,437
Total current inventories	156,048,759	393,727,252

Total inventories charged to "Cost of Goods Sold" during the reporting period was $416,2119,891 (2022: $435,775,040)

8 Trade and other receivables

	2023 $	2022 $
Current		
Trade receivables	100,336,109	101,270,828
Less: Provision for Doubtful Accounts	(1,654,568)	(5,137,614)
	98,681,541	96,133,214
Prepayments	31,303,085	20,861,628
Deposits	2,414,076	2,414,076
Staff Loans and Advances	3,811,501	2,785,933
Other receivables	778,793	714,764
Total trade and other receivables	136,988,996	122,909,615

(a) Movement in Provision for Doubtful accounts

	2023 $	2022 $
Balance as at 1 September	5,137,614	9,456,274
Additional provisions	-	1,841,963
Amounts reversed	(3,483,046)	-
Write off of uncollectible accounts	-	(6,160,623)
Balance as at August 31	1,654,568	5,137,614

(b) Credit Risk and market risk, and impairment losses

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

9 Cash & cash equivalents

	2023	2022
	$	$
Cash on hand	145,709	50,000
Bank accounts denominated in United States currency		
Bank of Nova Scotia Jamaica Limited - Savings Account	43,443,364	69,531,670
Bank accounts denominated in Jamaican Dollar		
Bank of Nova Scotia Jamaica Limited - Current Accounts	87,674,085	21,227,058
National Commercial Bank Jamaica Limited - Current Account	4,759,980	21,037,850
JN Fund Managers Limited - Savings Account	712,879	706,124
Repurchase agreements		
Sagicor Investment - denominated in United States Currency	8,997,580	8,838,137
Sagicor Investment - denominated in Jamaican Currency	1,142,558	1,131,986
Certificate of Deposit		
Bank of Jamaica 30 day CD	149,838,240	-
	296,714,395	122,522,825

i. Included in the Bank of Nova Scotia Jamaica Limited current accounts is a balance of $498,965 (2022: $520,855) which represents dividends uncollected.

10 Share capital

A. Share capital

	2023	2022
	$	$
In issue at September 1,	63,250,029	63,250,029
Issue for cash	-	-
In issue at August 31, - Fully paid	63,250,029	63,250,029
Authorised at no par	700,000,000	700,000,000

I. All ordinary shares rank equally with regard to the Company's residual assets.

II. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Company are suspended until those shares are reissued.

11 Revaluation reserve

Revaluation reserve results from the difference between the revaluation of land, building and equipment and their carrying value at August 31, 2022. The valuation was carried out by professional appraisers NAI Jamaica Langford and Brown and Stellar Caribbean (Ja.) Limited which are a reputable company in Jamaica.

12 Deferred tax

	2023 $	2022 $
Current		
Current Tax Liability	22,388,865	11,375,848
	22,388,865	11,375,848
Non-current		
Deferred tax liability		
Property, plant and equipment - tax allowance	14,317,708	10,348,234
Fair value gain on Revaluation	158,289,558	158,289,558
	172,607,266	168,637,792

13 Loans

	2023 $	2022 $
Current		
Secured liabilities:		
Proven Wealth	10,000,000	10,000,000
Total current borrowings	10,000,000	10,000,000
Non-current		
Unsecured liabilities:		
Proven Wealth	67,500,000	77,500,000
Total non-current Loans	67,500,000	77,500,000
Total Loans	77,500,000	87,500,000

a) Terms and repayment schedule

	Interest rate %	Year of Maturity	Carrying Value 2023 $	Carrying Value 2022 $
Proven Wealth Limited -Unsecured Loan	7.20	2026	77,500,000	87,500,000
			77,500,000	87,500,000

- Board approved issue of unsecured Bonds bearing interest at a fixed rate of 7.20% per annum and maturing 84 months following the issue. Proven Wealth Limited is listed as "the Trustee". The Bonds are valued at 100 million Jamaican Dollars.

14 Trade Payables

	2023	2022
	$	$
Current		
Unsecured liabilities:		
Trade payables	50,442,730	226,887,410
Other payables & accruals	32,499,327	32,504,598
Customer advances received	1,063,333	273,584
	84,005,390	259,665,592

a. Aging of trade payables
At August 31st, 2023, the ageing of trade payables was as follows

	2023	2022
	$	$
Within 1 Month	50,054,217	225,562,968
31 to 60 Days	36,000	675,943
Over 60 days	352,513	648,499
	50,442,730	226,887,410

15 Cost of Sales

	2023	2022
	$	$
Salaries and related expenses	86,818,585	87,219,697
Cost of materials used	517,116,279	547,550,487
Repairs and maintenance	33,869,086	15,442,359
Equipment rental	800,000	2,548,220
Insurance	9,732,156	5,693,776
Fuel	22,371,463	33,545,634
Water	2,377,593	2,263,561
Electricity	16,496,568	17,372,245
Loose tools	252,534	388,856
Uniforms	513,800	24,300
	690,348,064	712,049,135

16 Expense by Nature

	2023 $	2022 $
Administrative and management remuneration	59,498,156	52,289,414
Selling and distribution	13,200,271	11,990,078
Other staff related costs	14,813,953	14,064,009
Motor vehicle expenses	512,356	1,360,213
Incentive	7,539,843	6,451,667
Utilities	4,178,554	4,023,078
Traveling cost	3,020,435	2,691,679
Legal and Professional Expense	1,356,193	2,908,680
Security	4,723,330	3,477,112
Sanitation	4,935,849	4,639,578
Auditor's Remuneration	3,437,000	2,592,000
Taxes paid not provided for prior	10,591,649	-
Other Expenses	14,045,931	10,101,562
	141,853,520	116,589,070

Taxes paid not provided for prior represents Disallowed Employment Tax Credit (ETC) for the years 2017, 2019, 2020 and 2021 as per Tax Administration Jamaica Technical Paper: " Applicability to Employment Tax Credit (ETC) for Companies listed on the Jamaica Stock exchange (JSE) Junior Market" Issue date: November 10, 2022.

17 Finance Cost

	2023 $	2022 $
Loan Interest	-	165,030
Bond Interest	5,996,000	6,712,000
Interest on Right of Use Asset	2,001,699	1,825,785
	7,997,699	8,702,815

18 Other Revenue

	2023 $	2022 $
Interest	535,610	290,357
Realised (loss) on foreign translation	(327,126)	(676,198)
Loss on Disposal of Assets	-	(2,987,744)
	208,484	(3,373,585)

19 Tax Expense

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

	Note	2023	2022
		$	$
Current tax		(39,642,234)	(15,760,494)
Deferred tax	12	(3,969,473)	(2,432,866)
Income tax expense for the year		(43,611,707)	(18,193,360)

(b) Tax reconciliation

	2023	2022
	$	$
Tax on (loss)/profit at 25% (2022: 25%)	33,250,605	30,781,560
Add tax effect of:		
Non-allowable items	7,325,968	109,925
Deferred tax adjustment	3,969,473	-
Less tax effect of:		
Tax adjustments and credits	934,339	-
Accounting gain on sale of fixed asset	-	746,936
Special credits	-	8,456,238
Deferred tax adjustment	-	3,494,951
Income tax attributable to the entity	43,611,707	18,193,360
The applicable weighted average effective tax rates are as follows:	32.79%	14.78%

20 Statutory Disclosure

	2023	2022
	$	$
Directors' remuneration	10,217,871	12,272,430
Directors' fees	10,880,000	11,440,000
Interest on loans	7,997,699	8,702,815
Depreciation	42,595,098	30,020,353
Auditors' remuneration	3,437,000	2,592,000
	75,127,668	65,027,598

21 Auditor Renumeration

	2023	2022
	$	$
Remuneration of the auditor of the entity for:		
auditing or reviewing the financial statements	3,000,000	2,520,000
Under-provision of prior year audit fees	360,000	-
taxation services provided by related practice of auditor	77,000	72,000
	3,437,000	2,592,000